

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
16	06/24/13	Open	Action	06/17/13

Subject: Adopt Fiscal Year 2014 Operating and Capital Budget

ISSUE

Whether to adopt the FY 2014 Operating and Capital Budgets and authorize the filing of the Transportation Development Act (TDA) claim based on the adopted FY 2014 Budget.

RECOMMENDED ACTION

- A. Accept Public Comment; and
- B. Adopt Resolution No. 13-06-____, Approving the Sacramento Regional Transit District FY 2014 Operating and Capital Budgets and Vote Allocation; and
- C. Adopt Resolution No.13-06-____, Authorizing the Filing of the FY 2014 Transportation Development Act (TDA) Claim Based on the Adopted Budget.

FISCAL IMPACT

Budgeted:	No	This FY:	\$ N/A
Budget Source:	Operating/Capital	Next FY:	\$ 160.9 million
Funding Source:	Various	Annualized:	\$ N/A
Cost Cntr/GL Acct(s) or Capital Project #:	Various	Total Amount:	\$ 160.9 million
Total Budget:	Operating \$142.3 million Capital \$ 18.6 million		

DISCUSSION

This report presents RT's FY 2014 Operating and Capital Budgets for adoption. These are steady-state budgets that control costs. The FY 2014 Operating and Capital Budgets are based on conservative assumptions and plan for an operating reserve of \$0.4 million. When combined with the projected FY 2013 cumulative reserve of \$8.5 million, the total projected FY 2014 cumulative reserve is \$8.9 million.

The Preliminary FY 2014 Operating and Capital Budgets (see Exhibit A) were released for a sixty-day public review on April 22, 2013. The Public Hearing was opened on May 13, 2013, and the public was offered an opportunity to express opinions regarding the proposed FY 2014 Abridged Budget. Staff reported to the Board at that time no public comment had been received via letter or e-mail. Additionally, there has been no public comment via letter or e-mails on the Preliminary FY 2014 Operating and Capital Budget since the May 13th Board meeting.

Approved:

Presented:

Final 06/19/13
General Manager/CEO

Chief Financial Officer

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Staff has continued to refine the expenditure plan and monitor revenue projections since the release of the Preliminary FY 2014 Operating and Capital Budgets. Both revenue and expenditure projections have fluctuated and, as a result, staff proposes the following summary changes in the revenue and expenditure budgets for the upcoming fiscal year.

**Table 1
FY 2014 Operating Budget Comparison**

Categories	FY 2014 Preliminary Budget	FY 2014 Final Budget	FY 2014 \$ Changes	FY 2014 % Changes
<u>Operating Revenue</u>				
Fare Revenue	\$ 30,085,847	\$ 30,085,847	\$ -	0.0%
Contracted Services	5,416,127	5,416,127	-	0.0%
Other	2,920,292	2,920,292	-	0.0%
State & Local	77,045,096	76,118,440	(926,656)	-1.2%
Federal	27,845,476	28,142,128	296,652	1.1%
Total Operating Revenue	\$ 143,312,838	\$ 142,682,834	\$ (630,004)	-0.4%
<u>Operating Expenses</u>				
Salaries & Benefits	\$ 90,288,183	\$ 90,983,542	695,359	0.8%
Professional Services	25,609,764	25,213,421	(396,343)	-1.5%
Materials & Supplies	9,402,650	9,367,650	(35,000)	-0.4%
Utilities	6,010,000	5,810,000	(200,000)	-3.3%
Casualty & Liability	8,425,055	8,528,942	103,887	1.2%
Other	2,400,095	2,400,095	-	0.0%
Total Operating Expenses	\$ 142,135,747	\$ 142,303,650	\$ 167,903	0.1%
Potential Reserve	\$ 1,177,091	\$ 379,184	\$ (797,907)	

Major Operating Budget Revisions:

A net decrease in projected total revenues of \$0.7 million due to:

- A decrease of \$0.9 million in State & Local Revenue due to a reduction in LTF funding by recognizing the revenue in FY 2013 rather than FY 2014.
- A net increase of \$0.3 million in Federal Revenue due to an increase in the 5337 “State of Good Repair” final apportionment for FY 2013, which increased projections for FY 2014.

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A net increase of \$0.2 million in projected total operating expenses due to:

- A net increase of \$0.7 million in Salaries & Benefits due to adding a Storekeeper position; adding a vacancy factor for capital labor recovery \$0.3 million, changing vacancy saving calculation \$0.3 million, and updating the employee pension contribution calculation.
- A net decrease of \$0.4 million in Professional Services due to a reduction in Paratransit cost projections of \$0.3 million, a reduction in Security Services of \$48 thousand and a reduction in Professional Services in Marketing of \$75 thousand.
- A decrease of \$35 thousand in Material & Supplies due to a reduction in fare vending machine parts.
- A decrease of \$200 thousand in Utilities due to a reduction in Traction power estimates.
- An increase of \$104 thousand in Casualty & Liability due to an increase in the actual insurance premiums over earlier estimates.

Summary of Revenues and Expenses

The FY 2013 Revised Operating Budget and Projected Year-end results as well as FY 2014 Operating Budget are provided below in Table 2.

**Table 2
Summary of Revenues and Expenses**

Categories	FY 2013 Revised Budget	FY 2013 Projected Year-end	FY 2014 Budget	% change
Revenues	\$ 140,047,725	\$ 139,479,720	\$ 142,682,834	2.3%
Expenses				
Labor	85,984,260	87,314,262	90,983,542	4.2%
Non-labor	50,773,359	48,866,867	51,320,108	5.0%
Total cost	136,757,619	136,181,129	142,303,650	4.5%
Reserve	\$ 3,290,106	\$ 3,298,591	\$ 379,184	
Cumulative Reserve *	\$ 8,535,554	\$ 8,544,039	\$ 8,923,223	

* Cumulative Reserve includes FY 2012 declared reserve of \$5,245,448. The budgeted potential cumulative reserves at the end of FY 2014 are \$8.9 million.

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Personnel Changes

The FY 2014 Preliminary Budget includes 1009 fully or partially funded positions which is an increase of 12 funded positions from the FY 2013 Revised Budget of 997 funded positions. District-wide staffing changes have resulted in a net decrease of one (1) position and thirteen (13) additional positions needed to prepare for the Blue Line to Consumnes River College light rail extension.

FY 2014 Capital Budget

The FY 2014 Capital Budget is \$18,551,997. The FY 2014 Preliminary Capital Budget approved by the Board on April 22nd was \$26.4 million. The changes to the Capital Budget are the result of moving Capital funding from FY 2014 to FY 2013. The changes include: 1) Reduction in Blue Line to Consumnes River College (project #410) Federal funding of \$6.9 million, 2) Reduction in 40" CNG Bus Replacements (project B139) Federal funding of \$0.4 million; 3) Reduction in Rancho Cordova Landscaping and Utility Building Enhancements (projects F018 and F019), funding of \$0.5 million.

This amount reflects a decrease over the revised FY 2013 Capital Funding Budget of \$146,391,226. The FY 2014 Capital Expenditure Budget for all projects is \$153,885,583. The Capital Funding Budget changes year-to-year based on available funding, project development and timing. Details on the Capital Budget are included on pages 20 to 24 in Exhibit A, the FY 2014 Abridged Budget.

Recommended Board Action

Staff recommends that the Board close the Public Hearing and adopt the FY 2014 Operating and Capital Budgets and vote allocation.

Consistent with past practice, staff recommends the Board delegate authority to the General Manager/CEO to file the FY 2014 Transportation Development Act (TDA) claim in an amount not to exceed the District's apportionment sufficient to claim all available current and prior year funds available for RT.

Note: The District's TDA claim includes the annual allocation amount of \$1,453,076 to SACOG for transportation planning purposes. These funds are not included in the District's FY 2014 Operating Budget as they are paid directly to SACOG.

RESOLUTION NO. 13-06-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

June 24, 2013

**APPROVING THE SACRAMENTO REGIONAL TRANSIT DISTRICT
FY 2014 OPERATING AND CAPITAL BUDGETS AND VOTE ALLOCATION**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby finds the level of service to be rendered in each city and county in which the Sacramento Regional Transit District will operate is commensurate with the level of tax and financial support to be derived from each such city and county.

THAT, the Sacramento Regional Transit District's FY 2014 Operating Budget of \$142.3 million and Capital Budget of \$18.6 million as set forth in attached Exhibit A is hereby approved.

THAT, the following voting distribution for FY 2014 as tabulated in the "Schedule of Weighted Voting Distribution" in the attached Exhibit A, is hereby approved.

Jurisdiction	Votes
County of Sacramento	42
City of Sacramento	37
City of Rancho Cordova	9
City of Citrus Heights	5
City of Elk Grove	4
City of Folsom	3
Total	100

PATRICK HUME, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 13-06-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

June 24, 2013

**AUTHORIZING THE FILING OF THE FY 2014 TRANSPORTATION DEVELOPMENT
ACT CLAIM BASED ON THE ADOPTED BUDGET**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby authorizes the General Manager/CEO to file a claim with the Sacramento Area Council of Governments (SACOG) for Transportation Development Act funds in the amount not to exceed SACOG's funding apportionments for RT for FY 2014 and from said amount, RT may claim \$1,453,076 on behalf of SACOG for transportation planning purposes.

PATRICK HUME, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary



Sacramento Regional Transit District

**Abridged Budget
Fiscal Year 2013-2014**

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Board of Directors

Pat Hume, Chair
City of Elk Grove

Phil Serna, Vice Chair
County of Sacramento

Don Nottoli
County of Sacramento

Bonnie Pannell
City of Sacramento

Steve Miller
City of Citrus Heights

Steve Cohn
City of Sacramento

Jay Schenirer
City of Sacramento

Steve Hansen
City of Sacramento

Roberta MacGlashan
County of Sacramento

Andy Morin
City of Folsom

Linda Budge
City of Rancho Cordova

Board of Directors Alternates

Steve Detrick
City of Elk Grove

David Sander
City of Rancho Cordova

Mel Turner
City of Citrus Heights

Executive Team

Mike Wiley
General Manager/CEO

Bruce Behrens
Chief Counsel

Dan Bailey
Chief Administrative Officer/EEO Officer

Dee Brookshire
Chief Financial Officer

RoseMary Covington
Assistant General Manager of Planning and Transit System Development

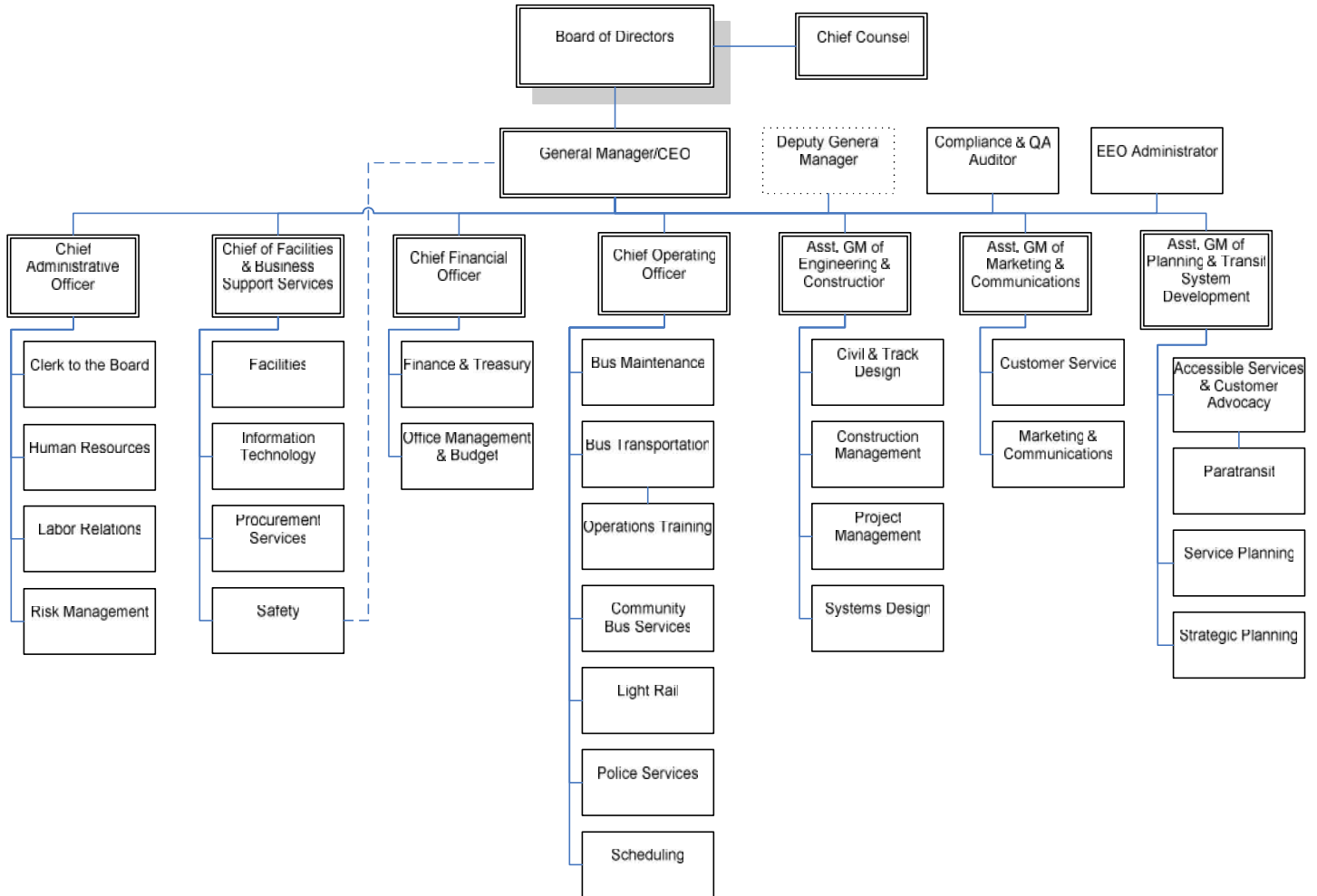
Mark Lonergan
Chief Operating Officer

Alane Masui
Assistant General Manager of Marketing and Communications

Mike Mattos
Chief of Facilities and Business Support Services

Diane Nakano
Assistant General Manager of Engineering and Construction

Organizational Structure



District Profile

Facts

<i>Sacramento Regional Transit District</i>	Constructs, operates, and maintains a comprehensive mass transportation system that serves 418 square miles in Sacramento County
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<i>Bus Service</i>	
Power	Compressed Natural Gas, Diesel, Gasoline
Routes	65
Schedule	4:38 am to 9:46 pm daily
Stops	3,500
Vehicles *	212 CNG buses; 4 CNG replica "trolleys"; 14 shuttle vans; 3 29' diesel buses
Annual Ridership	13,749,980

<i>Light Rail Service</i>	
Power	Electrical
Miles	36.89
Schedule	3:50 am to 10:38 pm daily
Stops	48
Vehicles	76
Annual Ridership	14,500,000

<i>Paratransit</i>	
ADA Passenger Trips Provided	330,616
ADA Vehicle Revenue Miles	3,102,585
Vehicles	109

<i>Passenger Amenities/ Customer Service</i>	
Transfer Centers	26
Park & Ride	18
Annual Customer Service Calls	950,904
Customer Info Line	(916) 321-2877
Website	www.sacrt.com

* Total Fleet

<i>History</i>	
Apr 1, 1973	Began operations by acquiring the assets of Sacramento Transit Authority
1973	Completed new maintenance facility and purchased 103 new buses
1987	Opened the 18.3-mile light rail system, linking the northeastern Interstate 80 and southeastern Highway 50 corridors with Downtown Sacramento
Sep 1998	Completed the first light rail extension to Mather Field/Mills Station along the Gold Line corridor
Sep 2003	Opened the South Line, extending light rail to South Sacramento
Jun 2004	Extended light rail from Mather Field/Mills to Sunrise Boulevard
Oct 2005	Extended light rail from Sunrise Boulevard to Folsom, including four new stations
Dec 2006	Extended light rail from downtown Sacramento to Sacramento Amtrak station
Jun 2012	Opened the Green Line, connecting downtown Sacramento to the River District

Strategic Plan

Adopted by the Board of Directors in January 2004, the RT strategic plan establishes RT's commitment to become a more efficient and competitive public transportation provider in the Sacramento region.

The Strategic Plan outlines the way RT will implement the Regional Metropolitan Transportation plan and defines RT's vision and mission. These purposes require that RT align its goals with the Region's, shape activities to support the goals, responsibly manage the things that are done, commit resources, and measure performance.

RT acts as the Region's focal point for transit research and development, strategic planning and system assessment, intermodal research coordination and facilitation, and transit education and safety training. RT's programs involve multiple modes of transportation.

This plan is RT's commitment to the people of the Sacramento Region to make their lives better. RT will accomplish this through regional leadership, ethical and sound business practices, and financial sustainability. RT will continue to focus on customer service and provide safe, clean, and reliable transportation service. To prepare for future needs in the 21st Century, RT will build and continuously develop a highly skilled transportation workforce, and will increase our readiness to respond to transportation emergencies that disrupt communities and affect our customers throughout the region. RT will continue to challenge itself to meet the growing transportation needs of the Sacramento Region.

The RT's Strategic Plan summary of Mission, Vision, Values, and Goals are on the following page and is the result of the hard work of many of RT's employees and partners who are dedicated to leading the way to transportation excellence in the 21st Century. The plan is best seen as an evolving process, not a rigid or fixed document. This strategic plan will change as the needs of the Region change and reflect the transportation requirements of the Region. The strategic plan is currently under review and will be updated in the near future.

Strategic Plan, cont.

Our Mission

To promote and enhance regional mobility and serve the public by providing quality transit services and solutions that improve the overall quality of life in the Sacramento region.

Our Vision

A coordinated regional public transportation system that delivers quality and environmentally sensitive transit services that are an indispensable part of the fabric of communities throughout the Sacramento region.

Our Values

- Financial Sustainability
- Customer Service
- Regional Leadership
- Quality Workforce
- Ethical and Sound Business Practices

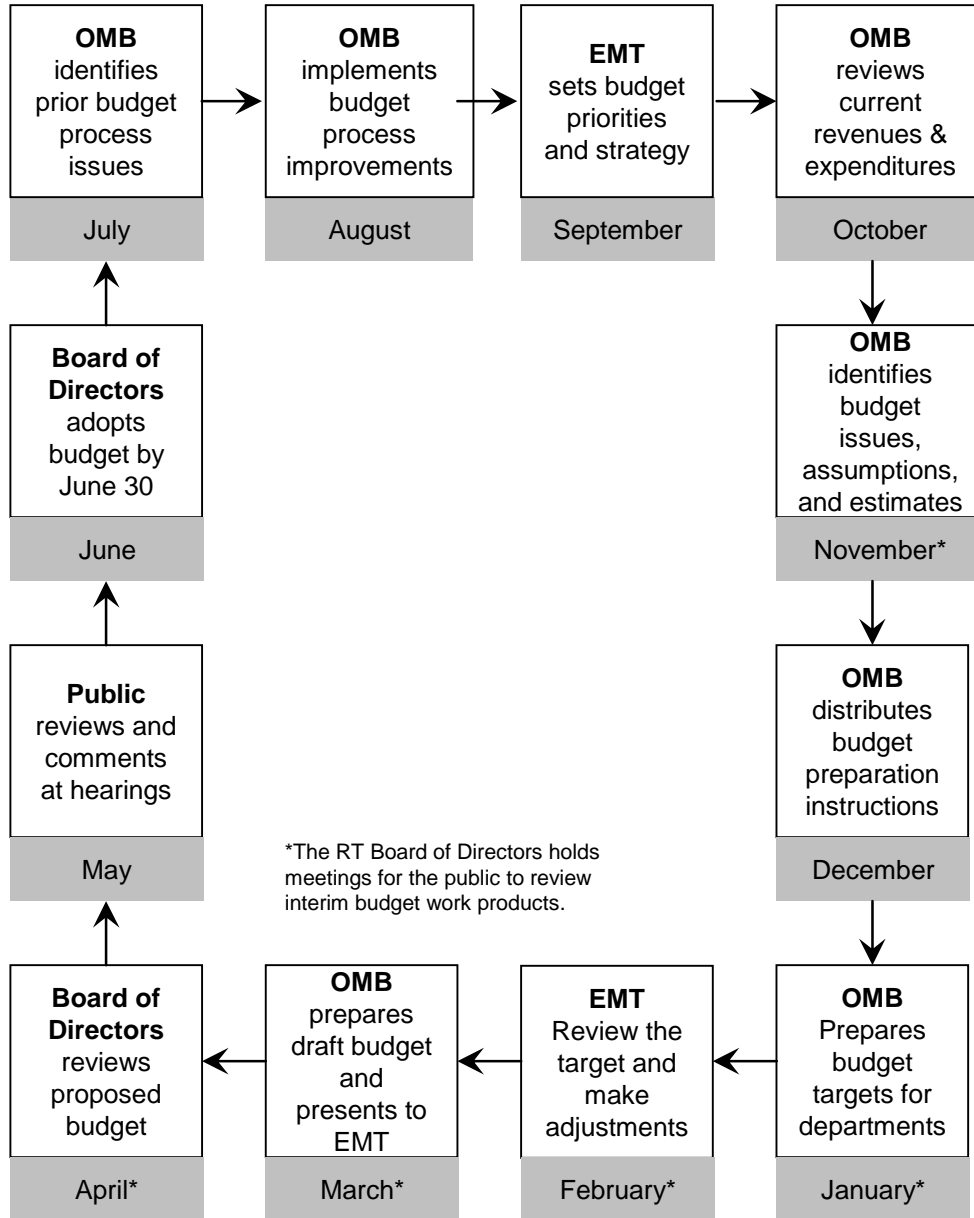
Our Goals

1. Secure the financial means to deliver our services and programs.
2. Provide total quality customer service.
3. Create a "World Class" regional transit system.
4. Be a great workplace, attract and retain a qualified, talented and committed workforce.
5. Conduct our business in a sound and ethical matter.



Budget Process

RT uses the annual budget to help measure and account for taxpayer dollars. The budget, as adopted by the Board of Directors, authorizes RT to spend funds. It details how RT allocates tax resources to expenditures and serves as a benchmark for evaluating accomplishments and assessing fiscal responsibility.



Voting System

RT is governed by an eleven-member Board of Directors. Six entities (5 cities and 1 county) make appointments to RT's Board. Eight directors are appointed by "member entities" and represent jurisdictions annexed into RT's district. Three directors are appointed by "participating entities" and represent jurisdictions that contract with RT to receive transit service.

In January 2006, the RT Board directed staff to pursue legislation to change the voting system from a one-member-one-vote system to one that provides for weighted voting based upon the financial contribution made by each entity to RT. Assembly Bill 2137 established the new weighted voting system.

The system creates 100 voting shares. RT allocates the shares to jurisdictions and their members as follows:

- Five shares to each annexed jurisdiction
- Remaining shares to all jurisdictions based on financial contribution of Transit Development Act funds, funds through contracts, other local funds, and federal funds

On March 12, 2007, the RT Board of Directors adopted the new Schedule of Weighted Voting Distribution for the remainder of FY 2007. For all subsequent years, the Schedule is to be included in the proposed budget document and distributed to voting entities at least 60 days in advance of budget adoption. A summary of the tabulated vote shares adopted for FY 2013 Budget and for FY 2014 preliminary Abridged Budget is shown in the table below. A detailed FY 2014 Schedule of Weighted Voting is shown on the next page.

Vote Shares By Jurisdiction

Jurisdiction	Status	Shares - FY 2013 Budget	Shares – FY 2014 Proposed
County of Sacramento	Annex	41	42
City of Sacramento	Annex	36	37
City of Rancho Cordova	Annex	9	9
City of Citrus Heights	Contract	6	5
City of Elk Grove	Contract	4	4
City of Folsom	Contract	4	3
Total		100	100

Voting System, cont.

Fiscal Year 2014 Schedule of Weighted Voting Distribution

Base Values*

Federal Financial Information

Code Section:							
102205(b)(6)	-	31,772,464	-	-	-	-	-
102205(b)(7)	<u>Allocation of Federal Funds to jurisdictions other than RT</u>	3,093,000					
102205(b)(8)	<u>FY 13 Federal Funds Available for use in RT Service Area:</u>	28,679,464					

Jurisdiction Specific Values

	City of Sacramento	County of Sacramento	Rancho Cordova	Citrus Heights	Folsom	Elk Grove	Totals:
102205(b)(10) <u>Population:**</u>	470,956	560,675	66,093	83,881	72,725	154,594	1,408,924
<u>Proportionate Population:</u>	33.43%	39.79%	4.69%	5.95%	5.16%	10.97%	100.00%
<u>Member:</u>	Yes	Yes	Yes	No	No	No	
102100.2, 102100.3	4	3	1	1	1	1	11
102105.1(d)(2)(D) <u>Federal Funds Attributed to Entity (Total Federal Funding x Share of Population):</u>	9,586,582	11,412,864	1,345,361	1,707,446	1,480,359	3,146,850	28,679,464
102105.1(d)(2)(A), 102205(b)(3) <u>FY 14 State TDA Funds Made Available to RT:</u>	16,770,711	18,993,790	2,353,567	0	0	0	38,118,068
102105.1(d)(2)(B), 102205(b)(4) <u>FY 14 Funds Provided Under Contract:</u>	0	0	0	2,893,440	1,529,047	279,645	4,702,132
102105.1(d)(2)(C), 102205(b)(5) <u>FY 14 Other Local Funds</u>	0	0	0	0	0	0	0
102105.1(d)(2) <u>Total Financial Contribution:</u>	26,357,293	30,406,654	3,698,928	4,600,886	3,009,406	3,426,495	71,499,664
102105.1(d)(2) <u>Proportionate Financial Contribution:</u>	36.86%	42.53%	5.17%	6.43%	4.21%	4.79%	100.00%

Voting Calculation

	City of Sacramento	County of Sacramento	Rancho Cordova	Citrus Heights	Folsom	Elk Grove	Totals:
102105.1(d)(1) <u>Incentive Shares (5 for member jurisdictions)</u>	5	5	5	0	0	0	15
102105.1(d)(2) <u>Financial Contribution Shares (Proportionate Financial Share x Remainder of 100 shares):</u>	31.3340	36.1479	4.3973	5.4696	3.5776	4.0735	85.0000
102105.1(d)(3) <u>Total Shares:</u>	36.3340	41.1479	9.3973	5.4696	3.5776	4.0735	100.0000
102105.1(d)(4)(i) <u>Shares After Rounding:</u>	36	41	9	5	3	4	98
102105.1(d)(4)(i), 102105.1(d)(4)(ii) <u>Share Adjustment (To Ensure 100 Shares):</u>	37	42	9	5	3	4	100
102105.1(d)(7) <u>Distribution of Shares Among Members (Assuming All Members Present to Vote):***</u>							
Member 1	9	14	9	5	3	4	
Member 2	10	14	9	5	3	4	
Member 3	9	14	N/A	N/A	N/A	N/A	
Member 4	9	14	N/A	N/A	N/A	N/A	
Member 5	9	N/A	N/A	N/A	N/A	N/A	
<u>Total Votes:</u>	37	42	9	5	3	4	100

* In addition to the funding sources set forth below, RT projects following funds for operating purposes: \$34,817,643 - Measure A

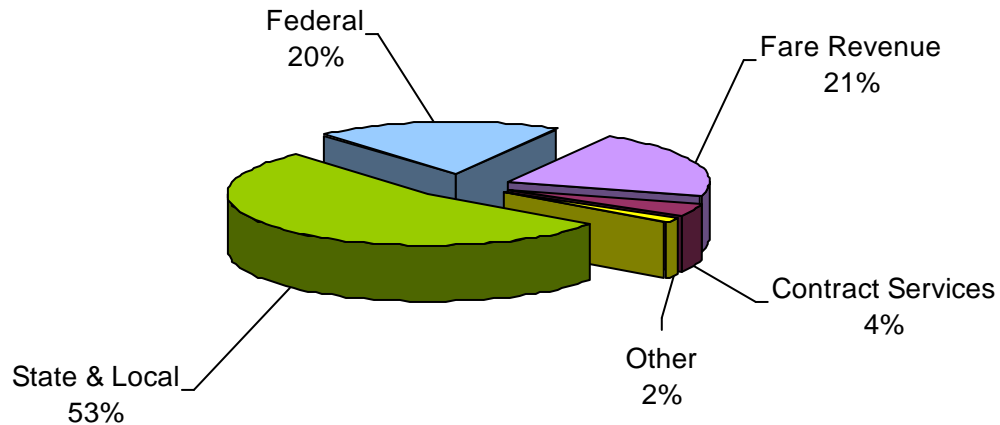
** Population as measured by the population statistics used by SACOG to allocate TDA funds for the same fiscal year for which the budget is adopted.

*** If, in any vote allocation, any member would have more than 15 votes, that jurisdiction will be given an additional seat and the votes will be reallocated to the larger number of members.

Revenues

Operating Revenue by Funding Source

(Dollars in Thousands)



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2014 to FY 2013	
	Actual	Actual	Budget	Budget	Amount	Percent
Fare Revenue	\$ 28,967	\$ 28,964	\$ 29,965	\$ 30,086	\$ 121	0.4%
Contract Services	4,362	5,245	5,651	5,416	(235)	-4.2%
Other	4,042	2,580	3,530	2,920	(610)	-17.3%
State & Local	58,109	69,132	74,574	76,119	1,545	2.1%
Federal	23,331	24,453	26,328	28,142	1,814	6.9%
Carryover	1,556	(379)				
Total	\$ 120,367	\$ 129,995	\$ 140,048	\$ 142,683	\$ 2,635	1.9%
Potential Reserve		\$ (5,245)	\$ (3,290)	\$ (379)	2,911	
Operating Revenue	\$ 120,367	\$ 124,750	\$ 136,758	\$ 142,304	\$ 5,546	4.1%

Revenue cont.

Fare Revenue

This category includes rider monies deposited in the fare box and the sale of tickets and passes.

- The FY 2014 Preliminary Budget proposes \$30.1 million in Fare revenue, an increase of \$0.1 million (0.4%) from the FY 2013 Revised Budget (\$30.0 million).
- This reflects a slight increase in Fare Revenue due to a full year of Phase I Transit Renewal.

Contracted Services

This category includes contracts with the cities of Citrus Heights, Elk Grove, Folsom, Rancho Cordova, as well as Granite Park and North Natomas shuttle services. These cities and service areas purchase RT transit services.

- The FY 2014 Preliminary Budget proposes \$5.4 million in Contracted Services revenue, a decrease of \$0.2 million (4.2%) from the FY 2013 Revised Budget (\$5.7 million).
- This reflects a 3% increase in Granite Park and North Natomas shuttle contracts.
- This also reflects a decrease in Folsom contract of \$0.3 million due to a small true-up to actual cost for FY 2012 compared to FY 2013 Budget, which included a large \$0.3 million true-up for the FY 2011.

Other

This category includes investment income, commercial real estate leases, advertising income, bus book sales, fare evasion fines, promotional item sales, photo identification activities, and parking revenue.

- The FY 2014 Preliminary Budget proposes \$2.9 million in other revenue, a decrease of \$0.6 million (17.3%) from the FY 2013 Revised Budget (\$3.5 million).
- FY 2014 Preliminary Budget includes a 12-month worth of CNG tax rebate of \$1.2 million, while the FY 2013 Revised Budget included 18-months (January 2012 to June 2013) of CNG tax rebate revenue.

State & Local

This category includes formula-based allocations to RT from state and local government sales taxes. RT receives funding from the California Transportation Development Act Local Transportation Fund (TDA-LTF), the Transportation Development Act State Transit Assistance Program (TDA-STA), and Sacramento County Measure A.

- The FY 2014 Preliminary Budget proposes \$76.1 million in state and local funding revenue, an increase of \$1.5 million (2.1%) from the FY 2013 Revised Budget of \$74.6 million.
- This reflects a 5.0% increase in sales tax growth estimates for Measure A and LTF revenues from the FY 2013 Revised Budget.
- This also reflects a transfer of STA funds to capital in the amount of \$3.75 million for Revenue Bond payment, partial funding for Light Rail grinding (\$60K), and a local match (\$95K) for Transit Enhancement funds for two capital projects in Rancho Cordova.
- This includes \$1.9 million in prior year LTF funds, which is the difference between RT's projected LTF revenue for FY 2013 and the FY 2013 Final Findings of Apportionments developed by SACOG.

Revenues, cont.

Federal

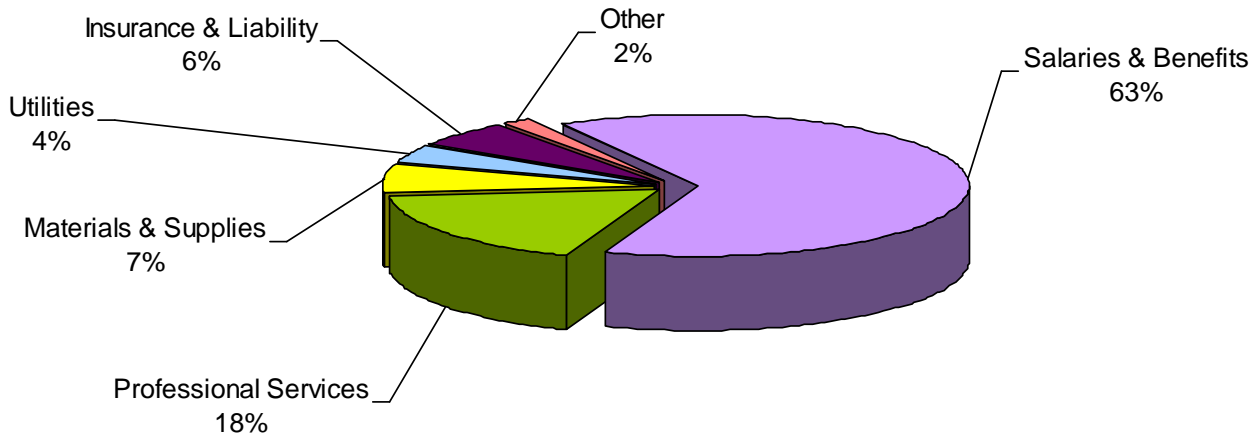
This category includes formula-based allocations to RT from the federal government. Each year Congress authorizes the appropriation and the Federal Transit Administration allocates the dollars to the region. RT can use the funds for operating, planning, and capital, subject to specific regulations.

- The FY 2014 Preliminary Budget proposes \$28.1 million in federal funding, an increase of \$1.8 million (6.9%) from the FY 2013 Revised Budget of \$26.3 million.
- Section 5307 Urbanized Area federal funding is projected to increase by \$1.85 million due to higher allocation to the region and RT.
- JARC revenue is projected to decrease by \$0.09 million (18.0%).
- This also reflects \$0.24 million in transfer of 5337 “State of Good Repair” Funding to capital for the Light Rail grinding project.

Expenses

Operating Expenses by Expense Category

(Dollars in Thousands)



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2014 to FY 2013	
	Actual	Actual	Budget	Budget	Amount	Percent
Salaries & Benefits	\$ 78,690	\$ 81,751	\$ 85,984	\$ 90,984	\$ 5,000	5.8%
Professional Services	20,069	20,165	24,720	25,213	493	2.0%
Materials & Supplies	7,915	9,119	9,597	9,368	(229)	-2.4%
Utilities	5,741	5,587	6,081	5,810	(271)	-4.5%
Insurance & Liability	6,540	6,354	8,227	8,529	302	3.7%
Other	1,790	1,774	2,149	2,400	251	11.7%
Operating Expenses	\$ 120,746	\$ 124,750	\$ 136,758	\$ 142,304	\$ 5,546	4.1%

Expenses, cont.

Salaries & Benefits

This category includes payroll and benefits for all positions authorized by the Board of Directors. It accounts for wages, overtime, pension, dental, medical, FICA, vision and all other RT-paid employee benefits.

- The FY 2014 Preliminary Budget proposes \$91.0 million for salaries and benefits, an increase of \$5.0 million (5.8%) from the FY 2013 Revised Budget (\$86.0 million).
- Labor increased by \$2.3 million (4.5%) from the FY 2013 Revised Budget (\$50.4 million). Which is related to the elimination of labor concessions in various labor contracts in FY 2013 in the amount of \$1.5 million.
- Fringe Benefits increased by \$3.4 million (8.2%) from the FY 2013 Revised Budget (\$40.8 million). This reflects a \$1.3 million (9.1%) increase in pension costs and a \$1.8 million (17.3%) increase in Medical costs. Capital recovery and indirect costs have increased by \$0.6 million over FY 2013 Revised Budget. This represents labor charged to capital projects, which reduces the operating budget labor costs.
- The Fiscal Year 2014 Preliminary Budget includes 1009 Funded positions, an increase of 12 positions from the Fiscal Year 2013 Revised Budget of 997 fully or partially funded positions.

Professional Services

This category includes: purchased transportation (Paratransit) to comply with the Americans with Disabilities Act (ADA), transit security, equipment maintenance, facilities maintenance, legal services, and services provided by outside consultants.

- The FY 2014 Preliminary Budget proposes \$25.2 million for Professional Services, an increase of \$0.5 million (2.0%) from the FY 2013 Revised Budget of \$24.7 million.
- This reflects an increase in Security Services of \$1.1 million.
- This also includes a reduction of \$0.3 million in outside services.
- Purchased Transportation is \$0.3 million below FY 2013 Revised Budget since the revised budget includes a prior year adjustment of \$0.7 million.

Materials & Supplies

This category includes fuel, bus and light rail parts, small maintenance tools and equipment, cleaning supplies, printing materials, and general office supplies.

- The FY 2014 Preliminary Budget proposes \$9.4 million for materials and supplies, a decrease of (\$0.2) million (2.4%) from the FY 2013 Revised Budget of \$9.6 million.
- This reflects slight decreases in multiple accounts to reflect the current year trending.

Expenses, cont.

Utilities

This category includes electricity, water, gas, refuse, and telephone for bus, light rail, and administrative facilities.

- The FY 2014 Preliminary Budget proposes \$5.8 million for Utilities, a decrease of (\$0.3) million (4.5%) from the FY 2013 Revised Budget (\$6.1 million).
- This reflects a slight decrease in telephone cost and traction power.

Insurance & Liability

This category includes: premiums, claims, and attorney fees related to personal liability insurance, property damage insurance, worker's compensation claims, and commercial insurance for amounts in excess of self-insured amounts.

- The FY 2014 Preliminary Budget proposes \$8.5 million for casualty and liability insurance, an increase of \$0.3 million (3.7%) from the FY 2013 Revised Budget (\$8.2 million).
- This reflects an increase in insurance premiums.

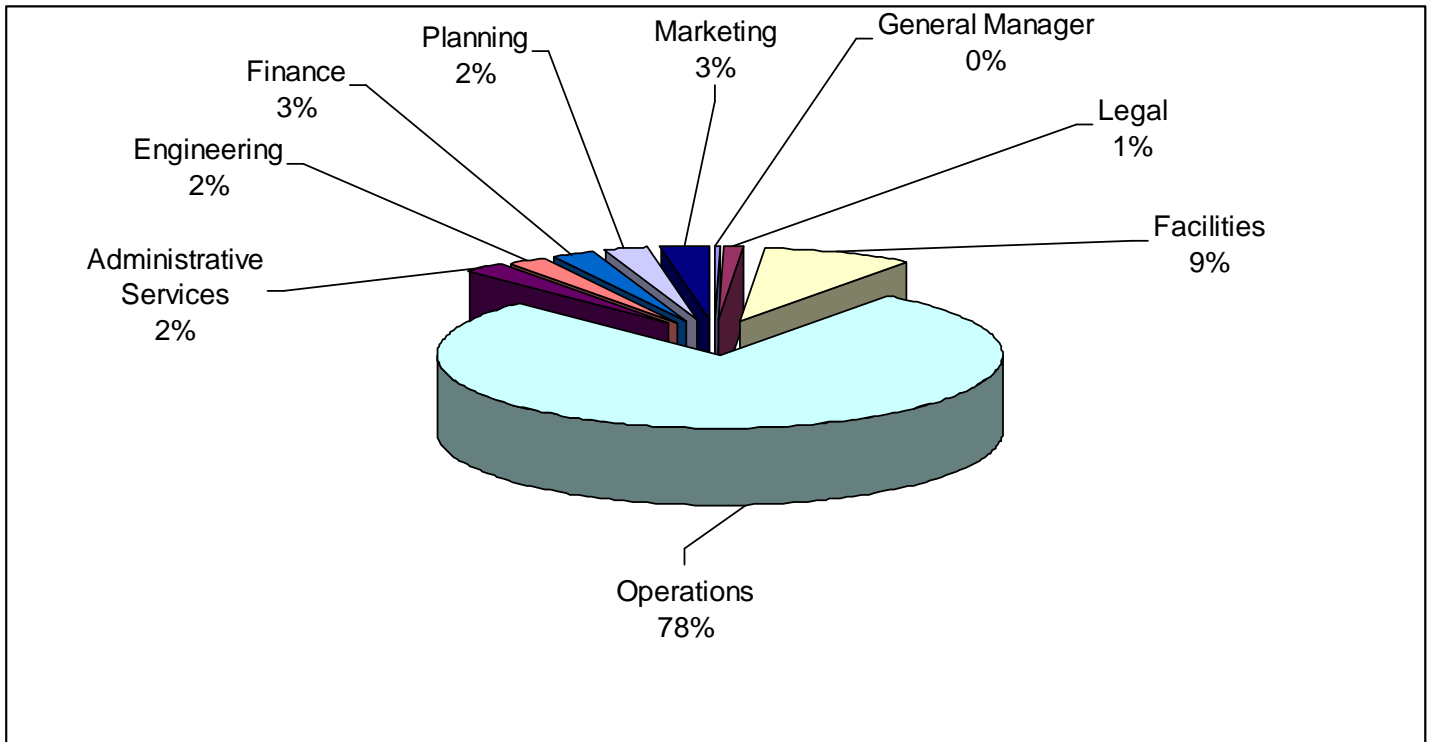
Other

This category includes, but is not limited to, travel and training, seminars, dues and subscriptions, awards and ceremonies, building leases, equipment leases, taxes, freight, advertising, legal notices, and bad debt.

- The FY 2014 Preliminary Budget proposes \$2.4 million for other expenditures, an increase of \$0.2 million (11.7%) from the FY 2013 Revised Budget (\$2.2 million).
- This includes an increase of \$0.4 million in Interest Expense.
- Small reductions in other accounts make up the remaining difference.

Positions

The Fiscal Year 2014 Preliminary Budget includes 1009 fully or partially funded positions which is an increase of 12 funded positions from the Fiscal Year 2013 Revised Budget of 997 funded positions.



Division	FY 2010 Funded	FY 2011 Funded	FY 2012 Funded	FY 2013 Funded	FY 2014 Authorized	FY 2014 Funded
General Manager	3	3	3	4	4	4
Legal	9	10	10	10	10	10
Facilities	90	73	74	82	86	86
Operations	870	719	720	775	773	783
Administrative Services	24	21	21	25	25	25
Engineering	34	24	21	22	22	22
Finance	29	25	26	27	27	27
Planning	35	21	21	25	25	25
Marketing	35	26	25	27	27	27
Total	1,129	922	921	997	999	1,009

FY 2014 Position Changes and Additions

Changes reflected in the FY 2014 preliminary budget are as follows:

Facilities and Business Support Services Division

Facilities Department

Three Facilities Maintenance Mechanic positions have been added to RT's authorized positions to provide support to the Facilities Department. These positions will replace three current Personal Service Contract positions, which are currently working on capital projects for RT, thus approximately 90% of the costs of these positions for FY 2014 will be paid for with capital funding.

Procurement Department

As a result of an IBEW grievance settlement for the Storekeeper classification relevant to Article 4, Section 4.5, one (1) Storekeeper position has been added to provide support in the procurement department.

Operations Division

Security Department

To enhance RT's security on our system, the method of security services has been changed to focus on more sworn police officers. An additional 4 sworn police officers that are under contract with the City of Sacramento have been added to the security services budget in FY 2014. Due to this change, 5 transit security officers' positions have been eliminated from the authorized positions in FY 2014.

Operations Training Department

In a continued effort to keep highly trained operators on our system, 10 Operator training positions are added to the FY 2014 budget to alleviate the continued attrition of our operators. This allows our staff the time needed to train new employees to become qualified Operators prior to being placed in full-time operations. These training positions are part of the mix of Authorized Operator positions therefore not added as additional Authorized positions.

Blue Line Extension

Staff has determined that in order to support Regional Transit's Light Rail Blue Line Extension project, additional staffing would be required. The FY 2014 includes thirteen (13) additional positions to train before revenue service begins in September 2015 to support the Blue Line as follows: One (1) Maintenance Supervisor-Light Rail position, one (1) Maintenance Supervisor-Wayside position, one (1) Light Rail Assistant Mechanic position, six (6) Light Rail Vehicle Technician positions and four (4) Lineworker III positions.

Capital Improvement Plan

The following tables represent the Capital Budget spending plan for the FY 2014 Operating Budget for the projects listed. The full five-year CIP will be adopted by a separate Board action and will cover capital funding priorities between fiscal years 2014 through 2018, and beyond to 2044.

The FY 2014 Budget includes projects focused on the following capital priorities:

System Expansion program:

- Blue Line to Cosumnes River College
- Green Line Draft & Final EIS/R for SITF Segment
- Green Line Draft Environmental Clearance and Project Development

Fleet Program:

- UTDC Light Rail Vehicle Retrofit
- 40' CNG Bus Procurement

Infrastructure Program:

- Traction Power Upgrades

Facilities Program:

- Bus Maintenance Facility #2 (Phase 1)

Transit Technologies Program:

- Light Rail Station Video Surveillance and Recording System
- Connect Card (various projects)

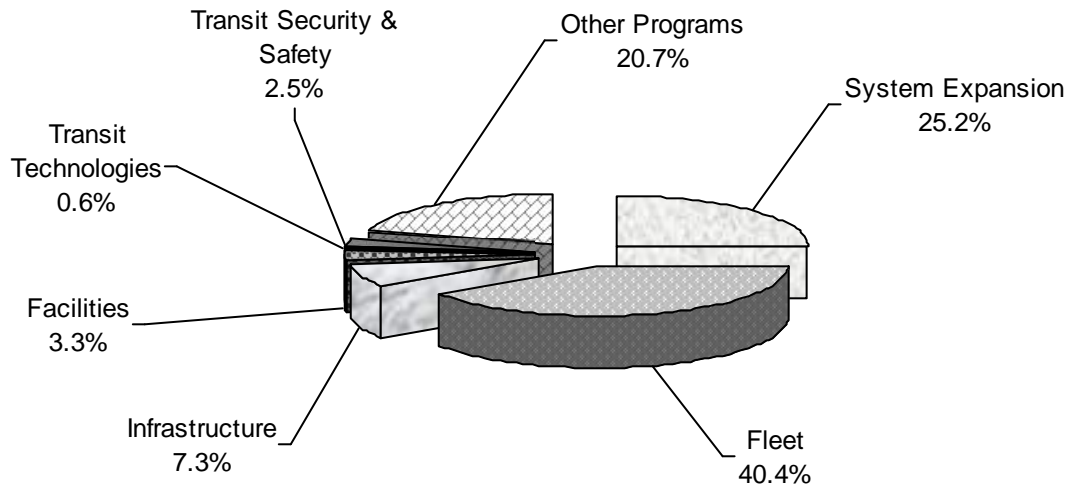
Impact of Capital Improvements on Operating Budget

Capital projects approved in the current year budget impact future operating and capital budgets as follows:

1. Capital projects completed in the current year will require ongoing maintenance and, in case of new service lines, additional and ongoing operating costs.
2. Capital projects that are not completed in the current year will require additional capital funding that may require balancing with operating funding if additional capital funds are not available.
3. Capital projects that are not completed in the current year will affect future years' budgets with increased operating costs in the year of completion. Future ongoing operating and maintenance costs are projected using current year baseline dollars.

Capital Improvements

FY 2014 Funding Additions by Category



(Dollars in Thousands)

Category	FY 2014	
	Proposed	
System Expansion	\$ 4,658	25.2%
Fleet	7,500	40.4%
Infrastructure	1,362	7.3%
Facilities	614	3.3%
Transit Technologies	116	0.6%
Transit Security & Safety	462	2.5%
Other Programs	3,840	20.7%
Total	\$ 18,552	100%

Capital Improvement FY 2014 Funding Additions

Program	Project Name	Tier	Funded Through FY 2013	FY 2014 Budget Funding	Future Funding Additions	Total Project Funding Through FY 2044
System Expansion Programs						
410	Blue Line to Cosumnes River College	0	\$ 224,340,000	\$ 2,506,303	\$ 43,153,697	\$ 270,000,000
R322	Green Line Draft Environmental Clearance and Project Development	0	3,109,156	400,000	-	3,509,156
R321	Green Line Draft & Final EIS/R for SITF Segment	0	1,752,000	1,752,000	-	3,504,000
System Expansion Total			229,201,156	4,658,303	43,153,697	277,013,156
Fleet Programs						
B139	40' CNG Bus Procurement	I	10,291,667	7,500,000	42,183,333	59,975,000
Fleet Program Total			10,291,667	7,500,000	42,183,333	59,975,000
Infrastructure Programs						
R330	Rail Grinding	0	-	300,000	-	300,000
M002	University/65th Street Transit Center Relocation	I	360,000	1,061,531	3,038,469	4,460,000
Infrastructure Program Total			360,000	1,361,531	3,038,469	4,760,000
Facilities Programs						
4007	ADA Transition Plan Improvements	I	737,132	356,643	4,694,225	5,788,000
T016	Facilities New Freedom Tasks-Audiable Feature Signal	0	-	257,799	-	257,799
Facilities Program Total			737,132	614,442	4,694,225	6,045,799
Transit Technologies Programs						
T022	Handheld Smart Card Reader		-	116,000	-	116,000
Transit Technologies Program Total			-	116,000	-	116,000
Transit Security & Safety						
T018	Building Access System Upgrade	0	-	111,507	-	111,507
T020	Operations Computer Systems Upgrades	0	-	205,000	-	205,000
T019	Video Surveillance System Enhancement	0	-	145,000	-	145,000
Transit Security & Safety Total			-	461,507	-	461,507
Other Programs						
G075	ERP System Disaster Response	I	-	245,000	-	245,000
M004	Revenue Bond, Series 2012 Payment	I	1,447,221	3,595,214	149,964,395	155,006,830
Other Programs Total			1,447,221	3,840,214	149,964,395	155,251,830
Total			\$ 242,037,176	\$ 18,551,997	\$ 243,034,119	\$ 503,623,292

* All project expenditures are subject to available funding.

Capital Project 2014 Expenditure Plan

Program	Project Name	Tier	Expended Through FY 2013	FY 2014 Budget Expenditures	Future Expenditures	Total Project Cost through FY 2014
System Expansion Programs						
F	Amtrak/Folsom Light Rail Extension	I	\$ 267,786,717	626,340	\$ -	\$ 268,413,057
410	Blue Line to Cosumnes River College	0	82,588,663	94,988,647	92,422,690	270,000,000
R321	Green Line Draft & Final EIS/R for SITF Segment	0	20,000	946,080	2,537,920	3,504,000
R322	Green Line Draft Environmental Clearance and Project Development	0	46,656	1,274,754	2,187,746	3,509,156
404	Green Line to the River District (GL-1)	0	44,909,725	4,090,275	-	49,000,000
230	Northeast Corridor Enhancements (Phase 1)	I	24,951,398	1,940,167	12,525,026	39,416,590
S010	Sacramento-West Sacramento Streetcar Starter Line	I	-	64,780	-	64,780
System Expansion Total			420,303,159	103,931,043	109,673,381	633,907,583
Fleet Programs						
B139	40' CNG Bus Procurement	I	28,719	1,500,000	58,446,281	59,975,000
R001	CAF Light Rail Vehicle Painting	0	-	360,000	635,000	995,000
R320	Light Rail Bucket & Platform Trucks	0	1,832	430,647	-	432,479
B136	Neighborhood Ride Hybrid Bus Purchase Project	0	152,284	57,716	-	210,000
B040	Neighborhood Ride Vehicle Replacement	I	1,501,789	17,012	20,381,216	21,900,017
B041	Neighborhood Ride Vehicle Replacement (Hybrid)	0	498,816	329,323	78,824	906,963
G225	Non-Revenue Vehicle Replacement	I	1,065,536	1,702,683	38,169,100	40,937,319
771	Paratransit Vehicle Replacement (Up to 50)	0	4,693,961	276,198	-	4,970,159
R110	Siemens E & H Ramp Replacement	0	244	659,922	659,834	1,320,000
651	Siemens Light Rail Vehicle Mid-Life Overhaul	0	7,251,142	1,367,478	1,327,793	9,946,412
R085	UTDC Light Rail Vehicle Retrofit and Mid Life Refurbishment	I	3,523,717	13,463,589	6,929,920	23,917,226
Fleet Program Total			18,718,041	20,164,568	126,627,966	165,510,575
Infrastructure Programs						
R071	A019 Instrument House Improvements	0	15,493	32,462	-	47,955
G237	Across the Top System Modification	0	273,027	281,758	120,071	674,856
R280	Amtrak-Folsom Limited Stop Service	I	346,511	5,000	11,648,489	12,000,000
A003	Caltrans Camellia City Viaduct Rehab Deck	0	5,615	19,385	-	25,000
A005	City College Light Rail Station Pedestrian/Bicycle Crossing Project	0	-	50,000	25,000	75,000
G238	Repairs per Biennial Bridge Inspection	I	53,732	101,600	1,721,668	1,877,000
R330	Rail Grinding	0	-	300,000	-	300,000
R255	Richards Blvd/12th & 16th St Grade Xing	0	1,185,598	647,205	-	1,832,803
0578	Traction Power Upgrades	0	551,332	338,861	-	890,193
Infrastructure Program Total			2,431,308	1,776,271	13,515,228	17,722,807
Facilities Programs						
R313	29th Street Light Rail Station Enhancements	0	-	280,500	-	280,500
4007	ADA Transition Plan Improvements	I	360,156	200,000	5,227,845	5,788,000
F014	Bike Racks	0	-	373,885	-	373,885
715	Bus Maintenance Facility #2 (Phase 1&2)	I	20,667,275	13,874,829	20,860,645	55,402,748
4005	Butterfield/Mather Mills LR Station Rehabilitation	0	96,942	37,547	-	134,489
Q029	Citrus Heights Bus Stop Improvements	0	-	541,824	-	541,824
Q030	Citrus Heights Transit Enhancements	II	-	541,824	958,176	1,500,000
4011	Facilities Maintenance & Improvements	I	2,468,973	444,744	18,662,403	21,576,120
F015	Facilities New Freedom Tasks-Add Mini-Hi's to Light Rail Stations	0	-	237,070	387,930	625,000
B134	Fulton Ave. Bus Shelters	0	-	169,435	-	169,435
R319	Light Rail Station Rehab Project	0	6,416	106,000	46,585	159,000
A002	Louis Orlando Transit Center	0	465,807	399,803	21,890	887,500
F018	Rancho Cordova Landscaping	0	-	180,000	45,000	225,000
F019	Rancho Cordova Utility Building Enhancements	0	-	200,000	50,000	250,000
R323	Retrofit Light Rail Vehicle (LRV) Hoist	0	3,750	29,250	-	33,000
TE07	Transit Enhancements	0	199,544	20,717	-	220,261
R175	Watt Avenue Station Improvements	0	195,306	117,194	-	312,500
Facilities Program Total			24,464,168	17,754,622	46,260,472	88,479,262

Capital Project 2014 Expenditure Plan Cont.

Program	Project Name	Tier	Expense Through FY 2013	FY 2014 Budget Expenditures	Future Expenditures	Total Project Cost through FY 2044
Equipment Program						
B020	Shop Equipment - Bus	I	81	120,912	3,504,007	3,625,000
Equipment Program Total			81	120,912	3,504,007	3,625,000
Transit Technologies Programs						
G240	Additional Fare Vending Machines/Spares	0	547,510	652,490	-	1,200,000
T017	Audio Light Rail Passenger Information Signs	0	-	177,900	1,008,350	1,186,250
T014	Connect Card Data & Communications Systems	0	55	640,940	563,005	1,204,000
T004	Connect Card Light Rail Platform Preparations	0	688,995	914,005	-	1,603,000
T021	Connect Card-- Mobile Access Routers	0	-	800,000	-	800,000
G075	ERP System Disaster Response	I	-	245,000	-	245,000
G035	Fiber/50-Fig Installation, Maintenance, & Repair	0	204,876	25,000	247,534	477,410
T022	Handheld Smart Card Reader	0	-	116,000	-	116,000
A004	Transportation Security Enterprises (TSE) Demo Project	0	16,983	27,954	15,063	60,000
964	Trapeze Implementation (TEAMS)	I	1,612,192	100,000	526,917	2,239,109
Transit Technologies Program Total			3,070,611	3,699,289	2,360,869	9,130,769
Transit Security & Safety						
T011	Anti-Terrorism Directed Patrols	0	144,032	240,880	-	384,912
T018	Building Access System Upgrade	0	-	111,507	-	111,507
B133	Bus Lot Improvements	0	100,129	230,984	308,887	640,000
T008	Completion Fiber Optics Communications Backbone	0	1,563	185,733	230,604	417,900
T005	CPUC General Order 172 - LRV Camera	0	-	305,482	-	305,482
T009	Data Center Redundancy & Reliability	0	-	53,709	-	53,709
H021	Enhancement of Emergency Power Generation	0	109,275	320,725	-	430,000
T010	Light Rail Facility Hardening	0	-	75,904	94,880	170,784
T006	LRV System AVL Equipment	0	-	222,792	178,233	401,025
T001	LRV Video Surveillance System Upgrade	0	6,556	394,509	124,285	525,350
T020	Operations Computer Systems Upgrades	0	-	205,000	-	205,000
H023	Rail Infrastructure Hardening, Surveillance and Monitoring #1	I	282,095	2,814	-	284,909
T007	Rail Infrastructure Hardening, Surveillance and Monitoring #2	0	22,000	189,333	105,667	317,000
T012	RT - Emergency Preparedness Drills	0	16,443	11,865	-	28,308
T013	RT - Staff Security Training - Overtime/Backfill	0	1,394	63,585	-	64,979
T019	Video Surveillance System Enhancement	0	-	145,000	-	145,000
Transit Security & Safety Total			683,487	2,759,822	1,042,556	4,485,865
Planning/Studies Program						
M003	Sacramento Regional Transit Internship Program	0	-	33,020	-	33,020
A001	Watt Ave/Hwy 50 Plan Review	0	39,178	50,822	-	90,000
Planning/Studies Program Total			39,178	83,842	-	123,020
Other Programs						
M004	Revenue Bond, Series 2012 Payment	I	1,442,221	3,595,214	149,969,395	155,006,830
Other Program Total			1,442,221	3,595,214	149,969,395	155,006,830
Total			\$ 471,152,254	\$ 153,885,583	\$ 452,953,874	\$ 1,077,991,711

* All project expenditures are subject to available funding.