

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
12	05/13/13	Open	Action	04/30/13

Subject: Accept Public Comment on Proposed FY 2014 Budget

ISSUE

Accept public comment on Proposed FY 2014 Budget.

RECOMMENDED ACTION

- A. Accept Public Comment on the Proposed FY 2014 Budget; and
- B. Motion: To Continue the Public Hearing to June 24, 2013

FISCAL IMPACT

None as a result of this public hearing,

DISCUSSION

The Proposed Fiscal 2014 Operating and Capital Budgets were released for public review on April 22, 2013. The public hearing notice was published in the **Daily Recorder**. Through this process, the public is offered an opportunity to express opinions regarding the proposed FY 2014 Budgets (Attachment 1). As of this date, no emails, calls or letters have been received asking questions or providing comment on the budgets. Staff will report any public comment or inquiries received between Board meetings on June 24, 2013, when, following the next period for public comment, staff will recommend that the Board close the public hearing and adopt the FY 2014 Operating and Capital budgets.

Staff continues to monitor revenues and refine expenditure projections for the current year as well as the FY 2014 Proposed Budget. There have been no changes to the FY 2014 Preliminary Budgets that were presented to the Board on April 22, 2013. The Governor is expected to release the FY 2013-2014 "May Revise" State Budget on May 14th and any changes affecting RT revenues will be incorporated into the FY 2014 Operating and Capital Budgets. As in previous years, the budget documents will be continuously updated as conditions change until the last board meeting in this fiscal year, June 24th, when the final result of all updates to both budgets will be reported to the board and the documents presented to the Board for adoption.

OPERATING REVENUES

Table 1 provides actual revenues for FY 2011 and FY 2012 as well as the FY 2013 revised Budget and FY 2014 preliminary Budget for operating revenues. The table also provides the change in the FY 2014 preliminary Operating Budget over the FY 2013 Revised Operating Budget with total dollars and percentage changes. Detailed descriptions for key revenues and

Approved:

Presented:

Final 05/08/13

General Manager/CEO

Director of Office Management & Budget

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assumptions are included in Attachment 1, the FY 2014 Abridged Budget on pages 12 to 14. The numbers have not changed since the last Board presentation.

Table 1
Sacramento Regional Transit District
Operating Revenue Comparison
(Dollars in thousands)

	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2013 Projected Year-end	FY 2014 Budget
Fare Revenue	\$ 28,967	\$ 28,964	\$ 29,965	\$ 29,283	\$ 30,086
Contract Services	4,362	5,245	5,651	5,569	5,416
Other	4,042	2,580	3,530	3,389	2,920
State & Local	58,109	69,132	74,574	71,703	77,045
Federal	23,331	24,453	26,328	28,175	27,846
Carryover	1,556	(379)			
Total	\$ 120,367	\$ 129,995	\$ 140,048	\$ 138,119	\$ 143,313
Potential Reserve		\$ (5,245)	\$ (3,290)	\$ (2,361)	\$ (1,177)
Operating Revenue	\$ 120,367	\$ 124,750	\$ 136,758	\$ 135,758	\$ 142,136

OPERATING EXPENDITURES

Table 2 provides actual expenditures for FY 2011 and FY 2012 as well as the FY 2013 Budget and FY 2014 preliminary Budget for operating expenses. The table also provides the change in the FY 2014 preliminary Operating Budget over the FY 2013 revised Operating Budget with total dollars and percentage changes. Detailed descriptions for key expenditures categories and assumptions are included in Attachment 1, the FY 2014 Abridged Budget on pages 15 to 17. The numbers have not changed since the last Board presentation.

Table 2
Sacramento Regional Transit District
Operating Expense Comparison
(Dollars in thousands)

	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2013 Projected Year-end	FY 2014 Budget
Salaries & Benefits	\$ 78,690	\$ 81,751	\$ 85,984	\$ 86,891	\$ 90,288
Professional Services	20,069	20,165	24,720	23,554	25,610
Materials & Supplies	7,915	9,119	9,597	9,618	9,403
Utilities	5,741	5,587	6,081	5,741	6,010
Insurance & Liability	6,540	6,354	8,227	8,227	8,425
Other	1,790	1,774	2,149	1,727	2,400
Total Expenses	\$ 120,746	\$ 124,750	\$ 136,758	\$ 135,758	\$ 142,136

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FINANCIAL HISTORY COMPARISON FOR OPERATIONS

Table 3 provides FY 2010 through FY 2012 actual operating results, FY 2013 Revised Operating Budget, and the preliminary operating budget for FY 2014 for comparison purposes, also includes revenue vehicle hours for each mode of service over this five year time frame:

Table 3
Sacramento Regional Transit District
FY 2010 – FY 2014 Comparison

Categories	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Actuals	FY 2013 Projected Year-End	FY 2014 Preliminary Budget
<u>Operating Revenue</u>					
Fare Revenue	\$ 30,863,701	\$ 28,967,228	\$ 28,964,148	\$ 29,282,912	\$ 30,085,847
Contracted Services	4,598,650	4,361,810	5,244,807	5,568,589	5,416,127
Other	2,893,841	4,041,856	2,579,907	3,389,563	2,920,292
Prior Carryover	5,883,428	1,555,869	(378,567)	-	-
State & Local	58,134,639	58,109,166	69,131,857	71,703,215	77,045,096
Federal	30,913,817	23,331,369	24,453,331	28,175,476	27,845,476
Total Operating Revenue	\$ 133,288,076	\$ 120,367,299	\$ 129,995,484	\$ 138,119,755	\$ 143,312,838
<u>Operating Expenses</u>					
Salaries & Benefits	\$ 90,548,073	\$ 78,690,374	\$ 81,751,427	\$ 86,891,557	\$ 90,288,183
Professional Services	22,510,928	20,068,613	20,165,034	23,553,768	25,609,764
Materials & Supplies	9,127,636	7,915,146	9,119,204	9,617,696	9,402,650
Utilities	5,530,888	5,741,319	5,587,066	5,741,176	6,010,000
Casualty & Liability	2,286,204	6,540,245	6,353,496	8,226,939	8,425,055
Other	1,728,477	1,790,169	1,773,809	1,727,288	2,400,095
Total Operating Expenses	\$ 131,732,207	\$ 120,745,866	\$ 124,750,036	\$ 135,758,424	\$ 142,135,747
Balance/Reserve	\$ 1,555,869	\$ (378,567)	\$ 5,245,448	\$ 2,361,331	\$ 1,177,091
Cumulative Reserve*			\$ 5,245,448	\$ 7,606,779	\$ 8,783,870

* Cumulative Reserve - RT adopted its reserve policy during FY 2012, and this was the first year that the RT Board formally designated reserves, which was \$5.2 million for FY 2012. As shown above the projection is that RT will have approximately \$8.8 million in cumulative reserves by the end of FY 2014.

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**Service Level
(Revenue Vehicle Hours)**

	FY 2010 Actuals	FY 2011 ¹ Actuals	FY 2012 Actuals	FY 2013 ² Budget	FY 2014 ³ Budget
Fixed Route Bus	598,038	486,781	487,790	512,755	521,447
Community Bus Service	30,145	14,408	18,175	26,729	26,932
Light Rail	206,238	191,111	195,769	221,829	224,821
Total	834,421	692,300	701,734	761,313	773,200

¹ Reflects service hour reduction in response to fiscal emergency declared in FY 2011

² Reflects addition of 8th train and implementation of Phase 1 of TransitRenewal in September 2012

³ FY 2014 Budget includes full year of Phase 1 of TransitRenewal

RISK ANALYSIS

One area of continuing concern is the CNG tax rebate, which is included in the FY 2014 Preliminary Operating Budget (\$1.2 million). If no legislative action is taken to continue the rebate, which will expire in December 2013, staff will consider adjusting this revenue item in the FY 2014 revised Operating Budget, which will be in February 2014 to take it out of the revenue projections for the period January 2014 to June 2014, which totals approximately \$600,000.

An additional area of exposure remains with regard to the sales tax projections assumed in the FY 2014 Preliminary Operating Budget. Growth in Measure A in FY 2014 is based on a projection of 5.0% adopted by the Sacramento Transportation Authority back in March 2012; staff is still waiting for current year projections from STA. If this projection proves to be too optimistic, the level of sales tax revenue in the budget will not be realized and will be adjusted downward at mid-year.

Determining the level of State Transit Assistance (STA) to use to calculate RT's share of statewide STA revenue remains a continuing concern. It is largely dependent on the sales tax on diesel fuel and the price of diesel fuel has fluctuated significantly over time. The FY 2014 Preliminary Operating Budget projection for STA is currently based on a statewide amount of \$392 million, the level used in the FY 2014 State proposed budget. The State of California FY 2014 May Revise Budget is expected to be released sometime in mid May 2013. If the Governor's May Revise Budget uses a lower statewide level, a recommendation to change this projection will be brought to the Board on June 24th.

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CAPITAL BUDGET

The potential new capital funding for the FY 2014 is outlined below in Table 4. Details on the capital budget and explanations of project categories are included on pages 23 to 24 in Attachment 1, the FY 2014 Abridged Budget. The numbers have not changed since the last Board presentation.

Table 4
Capital Improvements by Category
 (dollars in Thousands)

Category	FY 2014 Proposed	
System Expansion	\$ 11,579	43.9%
Fleet	7,980	30.2%
Infrastructure	1,362	5.2%
Facilities	1,089	4.1%
Transit Technologies	116	0.4%
Transit Security & Safety	462	1.7%
Other Programs	3,840	14.5%
Total	\$ 26,428	100%

FUTURE BUDGET SCHEDULE:

June 24, 2013 - Continue Public Hearing and Board Adoption

July 1, 2013 - Start of the new fiscal year



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

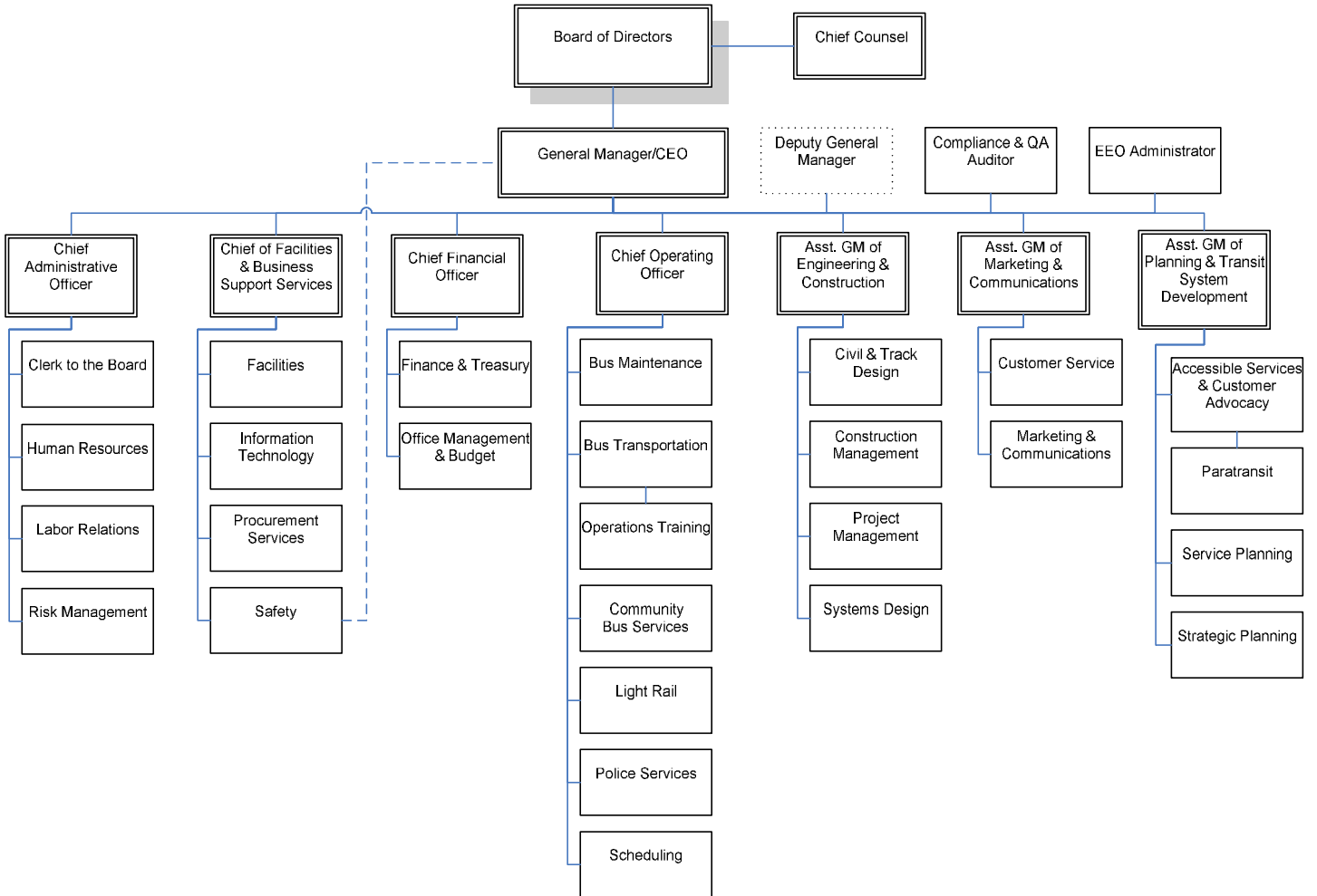
Mark Lonergan
Chief Operating Officer

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

Sacramento Regional Transit District	Constructs, operates, and maintains a comprehensive mass transportation system that serves 418 square miles in Sacramento County
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Bus Service	
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

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

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

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

* Total Fleet

History	
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

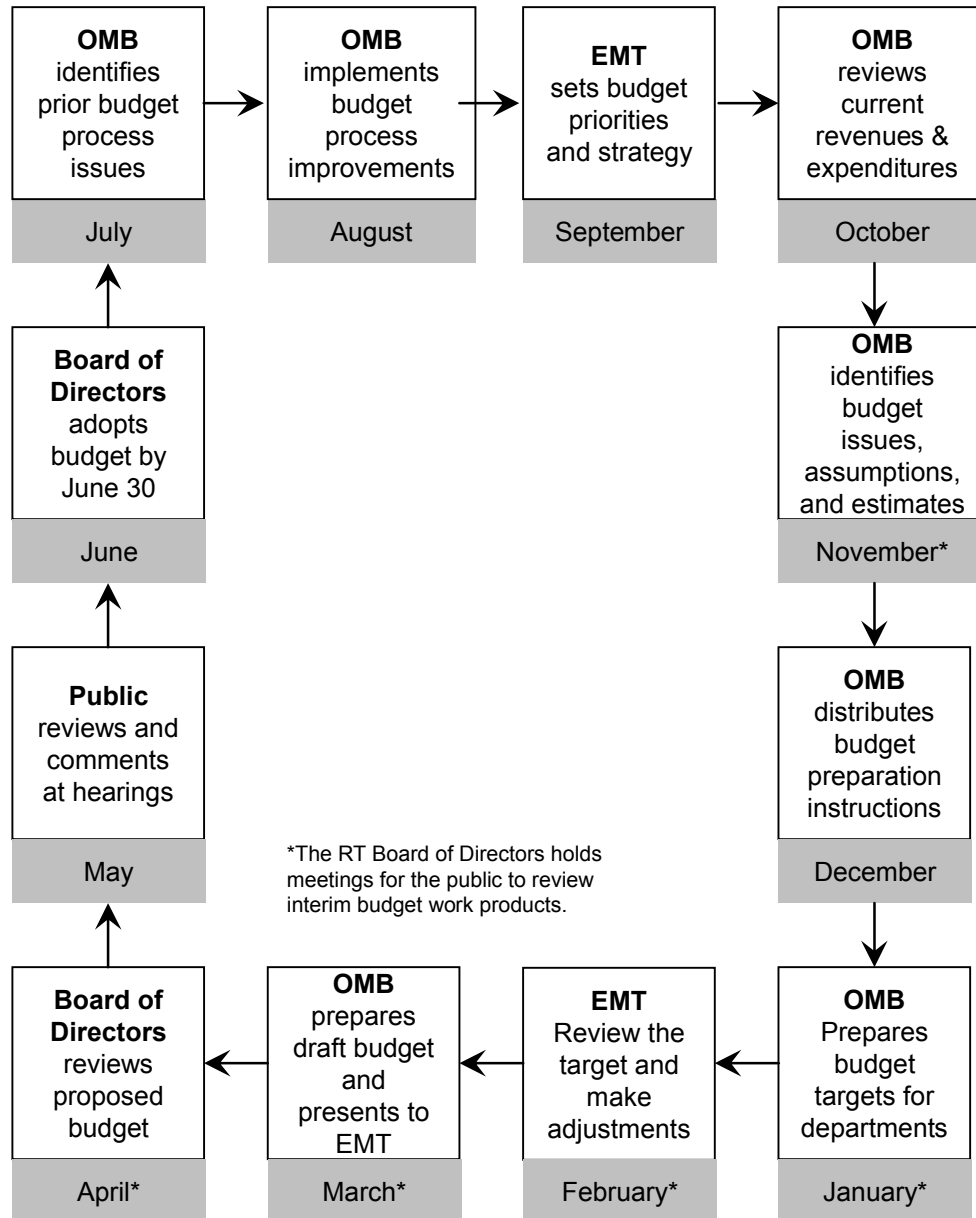
Our Goals

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)	<u>FY 13 Federal Funds Available in the Sacramento MSA</u>	31,475,812						
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>	28,382,812						
Jurisdiction Specific Values								
	<u>City of Sacramento</u>	<u>County of Sacramento</u>	<u>Rancho Cordova</u>	<u>Citrus Heights</u>	<u>Folsom</u>	<u>Elk Grove</u>	<u>Totals:</u>	
102205(b)(10)	<u>Population:**</u>	470,956	560,675	66,093	83,881	72,725	1,408,924	
	<u>Proportionate Population:</u>	33.43%	39.79%	4.69%	5.95%	5.16%	100.00%	
	<u>Member:</u>	Yes	Yes	Yes	No	No	No	
102100.2, 102100.3		4	3	1	1	1	11	
102105.1(d)(2)(D)	<u>Federal Funds Attributed to Entity (Total Federal Funding x Share of Population):</u>	9,487,421	11,294,813	1,331,445	1,689,785	1,465,047	3,114,300	28,382,812
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>	26,258,132	30,288,603	3,685,012	4,583,225	2,994,094	3,393,945	71,203,012
102105.1(d)(2)	<u>Proportionate Financial Contribution:</u>	36.88%	42.54%	5.18%	6.44%	4.21%	4.77%	100.00%
Voting Calculation								
	<u>City of Sacramento</u>	<u>County of Sacramento</u>	<u>Rancho Cordova</u>	<u>Citrus Heights</u>	<u>Folsom</u>	<u>Elk Grove</u>	<u>Totals:</u>	
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>	31.3462	36.1576	4.3991	5.4713	3.5743	4.0516	85.0000
102105.1(d)(3)	<u>Total Shares:</u>	36.3462	41.1576	9.3991	5.4713	3.5743	4.0516	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	
	Member 5	N/A	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

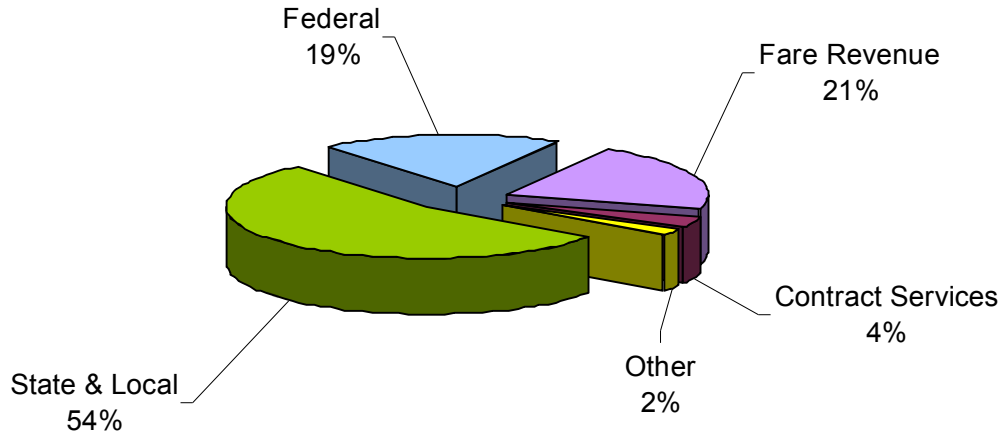
** Population as measured by the population statistics used by SACOG to allocate TDA funds for the same fiscal year for which the budget is adopted.

*** 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 Actual	FY 2012 Actual	FY 2013 Budget	FY 2014 Budget	FY 2014 to FY 2013	
					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	5,598	2,580	3,530	2,920	(610)	-17.3%
State & Local	58,109	69,132	74,574	77,045	2,471	3.3%
Federal	23,331	24,453	26,328	27,846	1,518	5.8%
Carryover		(379)				
Total	\$ 120,367	\$ 129,995	\$ 140,048	\$ 143,313	\$ 3,265	2.3%
Potential Reserve		\$ (5,245)	\$ (3,290)	\$ (1,177)	2,113	
Operating Revenue	\$ 120,367	\$ 124,750	\$ 136,758	\$ 142,136	\$ 5,378	3.9%

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 about \$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 had an 18-month worth 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 \$77.0 million in state and local funding revenue, an increase of \$2.5 million (3.3%) 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 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 \$2.9 million in prior year LTF funds, which is the difference between RT's projected LTF revenue for FY 2013 and the FY 2013 Findings of Apportionments developed by SACOG.

Revenues, cont.

Federal

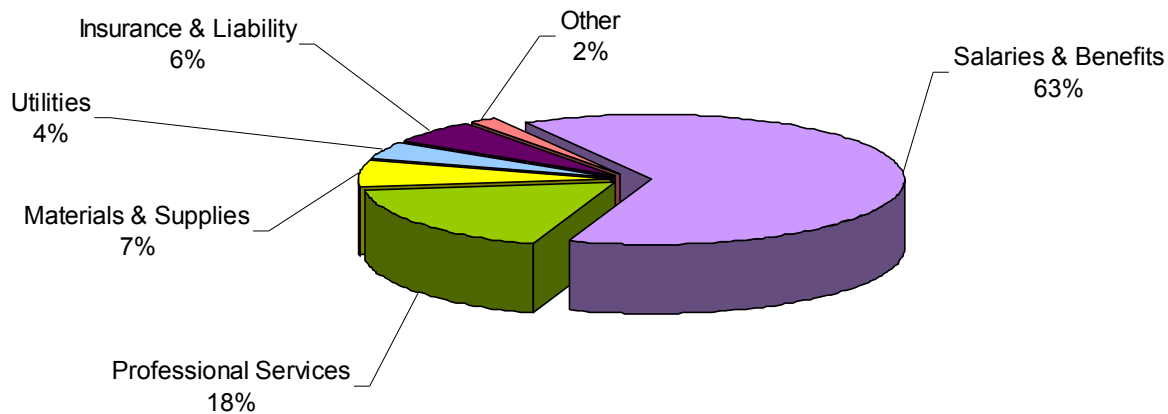
This category includes formula-based allocations to RT from the federal government. Each year Congress authorizes the appropriation and the Federal Transit Administration allocates the dollars to the region. RT can use the funds for operating, planning, and capital, subject to specific regulations.

- The FY 2014 Preliminary Budget proposes \$27.8 million in federal funding, an increase of \$1.5 million (5.8%) 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 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 Light Rail grinding project.

Expenses

Operating Expenses by Expense Category

(Dollars in Thousands)



	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2014 Budget	FY 2014 to FY 2013	
					Amount	Percent
Salaries & Benefits	\$ 78,690	\$ 81,751	\$ 85,984	\$ 90,288	\$ 4,304	5.0%
Professional Services	20,069	20,165	24,720	25,610	890	3.6%
Materials & Supplies	7,915	9,119	9,597	9,403	(194)	-2.0%
Utilities	5,741	5,587	6,081	6,010	(71)	-1.2%
Insurance & Liability	6,540	6,354	8,227	8,425	198	2.4%
Other	1,790	1,774	2,149	2,400	251	11.7%
Total Expenses	\$ 120,746	\$ 124,750	\$ 136,758	\$ 142,136	\$ 5,378	3.9%

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 \$90.3 million for salaries and benefits, an increase of \$4.3 million (5.0%) from the FY 2013 Revised Budget (\$86.0 million).
- Labor increased by \$1.5 million (3.0%) 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 \$3.1 million (7.6%) from the FY 2013 Revised Budget (\$40.8 million). This reflects a \$1.3 million (8.6%) increase in pension costs and a \$1.7 million (16.5%) increase in Medical costs. Capital recovery and indirect costs have increased by \$0.3 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 995 Funded positions, a decrease of 2 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 \$25.6 million for Professional Services, an increase of \$0.9 million (3.6%) from the FY 2013 Revised Budget of \$24.7 million.
- This reflects an increase in Security Services of \$1.2 million.
- This also includes a reduction of \$0.3 million in outside services.
- Purchased Transportation is slightly below FY 2013 Revised Budget since the revised budget includes a prior year adjustment.

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 (2.0%) from the FY 2013 Revised Budget of \$9.7 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 \$6.0 million for Utilities, a decrease of (\$0.1) million (1.2%) from the FY 2013 Revised Budget (\$6.1 million).
- This reflects a decrease in telephone cost.

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 \$8.4 million for casualty and liability insurance, an increase of \$0.2 million (2.4%) from the FY 2013 Revised Budget (\$8.2 million).
- This reflects an increase in insurance premiums.

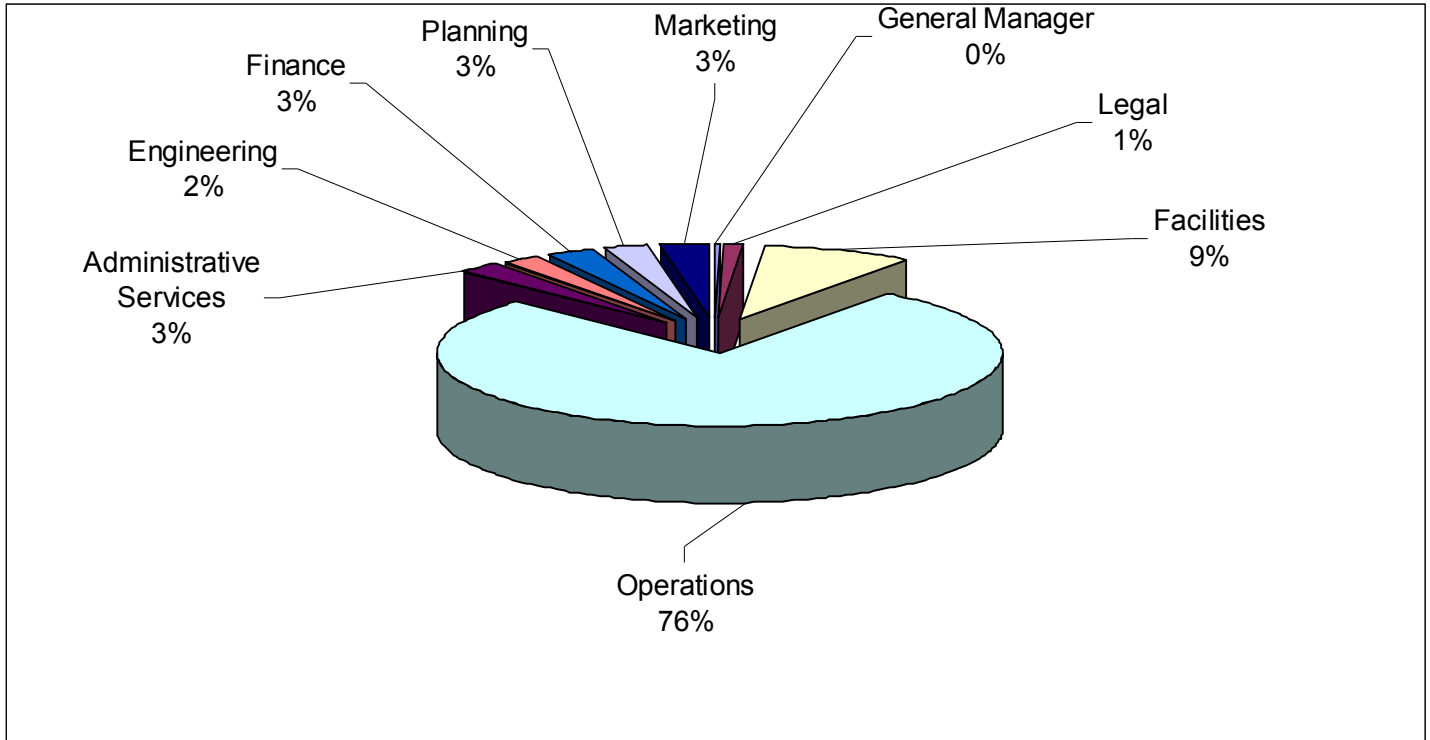
Other

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 986 Board authorized positions that includes 995 fully or partially funded positions which is a decrease of 2 funded positions from the Fiscal Year 2013 Revised Budget of 997 funded positions.



Division	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2014
	Funded	Funded	Funded	Funded	Authorized	Funded
General Manager	3	3	3	4	4	4
Legal	9	10	10	10	10	10
Facilities	90	73	74	82	86	85
Operations	870	719	720	775	760	770
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	986	995

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

One Storekeeper position has been added to the authorized position list to provide future support in the procurement department. However, this position is unfunded at this time.

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.

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)

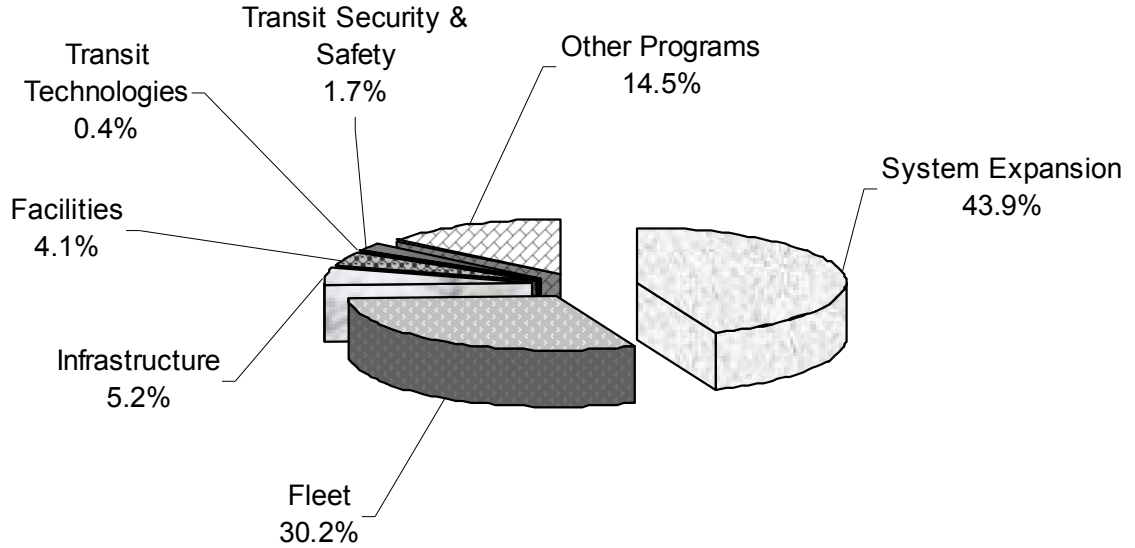
Impact of Capital Improvements on Operating Budget

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	\$ 11,579	43.9%
Fleet	7,980	30.2%
Infrastructure	1,362	5.2%
Facilities	1,089	4.1%
Transit Technologies	116	0.4%
Transit Security & Safety	462	1.7%
Other Programs	3,840	14.5%
Total	\$ 26,428	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 2014
System Expansion Programs						
410	Blue Line to Cosumnes River College	0	\$ 224,340,000	\$ 9,426,964	\$ 36,233,036	\$ 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	11,578,964	36,233,036	277,013,156
Fleet Programs						
B139	40' CNG Bus Procurement	I	10,291,667	7,980,000	41,703,333	59,975,000
Fleet Program Total			10,291,667	7,980,000	41,703,333	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
F018	Rancho Cordova Landscaping	0	-	225,000	-	225,000
F019	Rancho Cordova Utility Building Enhancements	0	-	250,000	-	250,000
Facilities Program Total			737,132	1,089,442	4,694,225	6,520,799
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	\$ 26,427,658	\$ 235,633,458	\$ 504,098,292

* 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	Expended 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.