

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
9	04/13/15	Open	Action	04/08/15

Subject: Release Fiscal Year 2016 Operating and Capital Budgets

ISSUE

Authorizing Staff to Release the Sacramento Regional Transit District Proposed FY 2016 Operating and Capital Budgets and Notice of a Public Hearing for May 11, 2015.

RECOMMENDED ACTION

Adopt Resolution 15-04-____, Authorizing Staff to Release the Sacramento Regional Transit District Proposed FY 2016 Operating and Capital Budgets and Set Notice of a Public Hearing for May 11, 2015.

FISCAL IMPACT

None as a result of this report.

DISCUSSION

Staff presented the FY 2016 draft Operating Budget projections for revenues and expenses to the Board on March 23, 2015 based on the knowledge and expectations at that time. There are several areas of uncertainty that still remain. This report attempts to address the potential variables and provide scenarios that will play out based on the ultimate resolution of those areas of uncertainty. The FY 2016 Operating and Capital Budgets will be updated as conditions change. The budgets will be presented to the Board for adoption at its June 22, 2015 Board Meeting.

To summarize, the primary areas of uncertainty are: (1) whether or not the Compressed Natural Gas (CNG) rebate is legislatively continued beyond December 31, 2014; (2) whether or not sales tax projections will hold at or exceed the projected levels; (3) the impacts of a potential fare change to increase RT's average fare and fare revenue; and (4) the potential impact of service reductions on the FY 2016 Operating Budget.

Budget Process and History

FY 2016 Budget discussions with RT's General Manager/CEO began in early January, and non-labor cost discussions with the Executive Management Team (EMT) began in February 2015.

Operating Revenues are projected to be \$154.2 million in FY 2016 compared to \$146.9 million in the FY 2015 Amended Budget, which is an increase of 5.0% in total revenues. This estimate includes \$3.9 million in revenue for South Line Phase 2, which includes fare revenue estimates, Low Carbon Transit Operations Program (LCTOP) grant funding, and Federal Congestion Mitigation Air Quality (CMAQ) funding.

Approved:

Presented:

Final 04/08/15

General Manager/CEO

Chief Financial Officer, Acting

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The total Operating Expense Budget is projected to be \$156.9 million in FY 2016 compared to \$146.9 million in the FY 2015 Amended Budget, which is an increase of 6.8% in total expenses. This estimate includes \$3.9 million in South Line Phase 2 costs. This estimated cost is based on 27 fully funded South Line positions with a 17% capital recovery rate, as well as a \$1.4 million increase in non-labor expenses for traction power, maintenance and other costs.

The major cost drivers in the proposed FY 2016 Operating Budget are Labor increases due to contractual obligations, an increase in Paratransit costs of \$1.0 million, an increase in security costs of approximately \$900,000, an increase in insurance premiums and reserves for workers' compensation and liability claims of \$1.2 million, and South Line Phase 2 costs of \$3.9 million.

This report provides in-depth information on FY 2016 revenue and expense projections as well as the supplemental information upon which the annual budgets are developed. Please refer to the Abridged Budget for FY 2016 (Attachment 1).

Service Plan

The budget development process starts with a service plan for the year. The FY 2016 Service Plan assumes that RT will operate 528,792 annual revenue hours of bus service, 26,176 revenue hours for Community Bus Service, and 241,973 revenue vehicle hours of light rail service. Bus service levels are essentially unchanged as a result of RT enacting cost-neutral bus service changes for September 2015. Light rail revenue vehicle hours are projected to increase by 27,964 (12.8%) annually and by 23,304 (10.7%) in FY 2016 as a result of the Blue Line to Cosumnes River College extension, which is scheduled to open in September 2015.

Voting System

Each year as part of the budget process, staff evaluates potential changes in the voting distribution among RT Board members. On March 12, 2007, the Board of Directors adopted the new Schedule of Weighted Voting Distribution. The schedule for all subsequent years is included in the proposed budget document and is distributed to the voting agencies at least 60 days in advance of budget adoption. A detailed Proposed FY 2016 Schedule of Weighted Voting is included in the Abridged Budget.

After applying the methodology for determining the revenues attributable to each jurisdiction, the changes in the weighted voting compared to the FY 2015 Revised Budget voting distribution include; City of Sacramento, -1, City of Rancho Cordova, +1, Cities of Elk Grove, Folsom and Citrus Heights, no change, and the County of Sacramento, no change.

This schedule is subject to change with revenue changes.

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Operating Revenues

The following table includes revenues for the FY 2015 Amended Budget and the FY 2016 Preliminary Budget:

Table 1
Sacramento Regional Transit District
FY 2015 - 2016 Operating Revenue

Categories	FY 2015 Amended Budget	FY 2016 Draft Base Budget	FY 2016 Base Budget % Changes	FY 2016 Draft South Line	FY 2016 Draft Budget Total	FY 2016 Total Budget % Changes
Operating Revenue						
Fare Revenue	\$ 28,834,224	\$ 29,270,639	1.5%	\$ 594,458	\$ 29,865,097	3.6%
Contracted Services	5,664,819	6,330,374	11.7%	-	6,330,374	11.7%
Other	4,701,369	3,818,536	-18.8%	1,482,747	5,301,283	12.8%
State & Local	77,560,824	80,699,146	4.0%	-	80,699,146	4.0%
Federal	30,173,615	30,393,610	0.7%	1,638,356	32,031,966	6.2%
Total Operating Revenue	\$ 146,934,851	\$ 150,512,305	2.4%	\$ 3,715,561	\$ 154,227,866	5.0%

Fare Revenue

The FY 2016 Preliminary Budget proposes \$29.9 million in Fare Revenue, which represents an increase of \$1.0 million (3.6%) from the FY 2015 Amended Budget (\$28.8 million). This is due to a projected increase in ridership due to the startup of the South Line Phase 2 operation beginning in September 2015, which is projected to increase fare revenue in the amount of \$594,000. The remaining increase is due to the anticipated launch of the Connect Card in 2016; staff is projecting that this will provide a minor increase in system-wide ridership and fare revenues.

Contracted Services

The Contracted Services category includes transit service contracts with the Cities of Citrus Heights, Elk Grove, Folsom, and Rancho Cordova, as well as the Granite Park and North Natomas shuttle services. The FY 2016 Preliminary Budget proposes \$6.3 million in Contracted Services revenue, an increase of \$0.7 million (11.7%) from the FY 2015 Amended Budget (\$5.7 million). This reflects a 3.9% increase in the Citrus Heights contract TDA revenue of \$120,000 and an increase in the recently adopted Elk Grove contract of \$500,000 in FY 2016.

Other

The Other Revenue 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 2016 Preliminary Budget proposes \$5.3 million in other revenue, which is an increase of \$0.6 million (12.8%) from the FY 2015 Amended Budget (\$4.7 million). FY 2016 Preliminary Budget includes 12-months of CNG tax rebates amounting to \$1.4 million, however this rebate expired in December 2014. Staff is anticipating that Federal legislation will extend the rebate to include the period of January 1 to June 30 in FY 2015 and the entirety of

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FY 2016. It also includes \$1.8 million from the LCTOP Cap and Trade program, of which \$1.5 million is associated with South Line Phase 2 service, and the remainder is projected to fund the new expanded service portion of bus routes 65 and 28. FY 2016 does not include the sale of excess property of \$1.5 million for the Cemo Circle property because that revenue is included in the FY 2015 Budget.

State & Local Revenue

These funds are derived from sales taxes collected within Sacramento County by the State of California, which are returned to the County to fund transit programs based on established formulas. This category includes RT's 38.2% share of the revenues from Measure A, a local half cent sales tax initiative originally authorized by Sacramento County voters in 1988 and renewed in 2004. This category also includes the State of California Transportation Development Act (TDA), which includes both Local Transportation Funds (LTF) and State Transit Assistance (STA) allocations.

Measure A and LTF funds are sales tax based revenues. Sales tax receipts county-wide were posted on March 18th and reflected February collections. RT monitors sales tax receipts closely and tracks them several different ways including month-to-month (prior year), quarter-to-quarter (prior year), and comparisons of current fiscal year-to-date to prior fiscal year-to-date. Staff believes that the cumulative fiscal year-to-date sales tax receipts over the same period last fiscal year provides the most accurate growth measurement; as of the most recent posting, receipts are up 4.9% over the prior year.

RT's proposed Measure A revenue for FY 2016 is \$37.8 million, which is a 5.6% increase over the FY 2015 Amended Budget.

The Sacramento Area Council of Governments' (SACOG) adopted Findings of Apportionment (FOA) for FY 2016 is \$36.6 million, which is a 4.6% increase over the FY 2015 Amended Budget. RT will continue to work with SACOG and the County of Sacramento to ensure that the LTF FOA is more closely aligned with Sacramento County actual sales tax receipts. In February 2015, the SACOG Board of Directors adopted the Findings of Apportionment of LTF for FY 2016.

Statewide STA funding is currently projected at \$388 million for FY 2016, which is the same level as in the Governor's proposed FY 2016 State Budget that was released in January. This Statewide level is projected to be slightly higher than FY 2015 levels. RT is projecting \$9.3 million of STA funding in FY 2016, which is \$0.5 million more than the FY 2015 Amended Budget (\$8.8 million). This may change as projections at the State level become more certain. Staff is monitoring the State budget closely, along with projections of diesel fuel sales for FY 2015 and FY 2016. The FY 2016 preliminary revenue projections reflect a transfer of STA funds to capital in the amount of \$3.0 million for the annual Revenue Bond payment.

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Federal Revenue

Federal revenues include all formula-based allocations to RT from the federal government. Each year, Congress authorizes an appropriation, and the FTA allocates the dollars to the region. RT can use the funds for operating, planning, or capital purposes, subject to specific regulations. The FY 2016 Preliminary Budget proposes \$32.0 million in federal revenue, which represents an increase of \$1.9 million (6.2%) from the FY 2015 Amended Budget of \$30.2 million. This includes an increase of \$1.5 million in South Line Phase 2 CMAQ revenue for operating costs.

Federal revenue from the Section 5307 Urbanized Area Formula grant is projected at \$19.6 million for FY 2016 to cover Preventive Maintenance costs in the Operating Budget. The FY 2016 proposed budget includes a slight increase over the FY 2015 Amended Budget amount of \$19.4 million.

The Section 5337 Formula funds “State of Good Repair” program (a new program under MAP 21), is projected at \$10.2 million in FY 2016, which is a 1% increase over the FY 2015 Amended Budget amount of \$10.1 million.

Job Access Reverse Commute (JARC) revenue is projected at \$599,196 for FY 2016, which is a decrease of \$75,000 compared to the FY 2015 Amended Budget. RT staff will be applying for 5307 formula “JARC type projects” for the FY 2016 year through SACOG’s discretionary grant process, which staff expects to take place in late 2015. If RT’s grant application is not approved and awarded, RT will need to reduce this Federal revenue source for FY 2016. Staff will monitor this closely.

Operating Expenditures

Table 2 compares operating expenses in the FY 2015 Amended Operating Budget and the proposed FY 2016 Preliminary Operating Budget:

Table 2
Sacramento Regional Transit District
FY 2015 and FY 2016 Operating Expenses

Categories	FY 2015 Amended Budget	FY 2016 Draft Base Budget	FY 2016 Base Budget % Changes	FY 2016 Draft South Line	FY 2016 Draft Budget Total	FY 2016 Total Budget % Changes
Operating Expenses						
Salaries & Benefits	\$ 95,045,703	\$ 98,310,786	3.4%	\$ 2,267,732	\$ 100,578,518	5.8%
Professional Services	25,899,283	27,718,510	7.0%	229,829	27,948,339	7.9%
Materials & Supplies	9,494,600	9,733,750	2.5%	541,500	10,275,250	8.2%
Utilities	5,757,900	5,757,900	0.0%	676,500	6,434,400	11.7%
Casualty & Liability	8,603,540	9,772,996	13.6%	-	9,772,996	13.6%
Other	2,133,825	1,966,345	-7.8%	-	1,966,345	-7.8%
Total Operating Expenses	\$ 146,934,851	\$ 153,260,287	4.3%	\$ 3,715,561	\$ 156,975,848	6.8%

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Salaries & Benefits includes payroll and benefits for all positions authorized by the Board. It accounts for wages, overtime, pension, dental, medical, FICA, vision, and all other RT-paid employee benefits.

The FY 2016 Preliminary Budget proposes \$100.6 million for salaries and benefits, an increase of \$5.5 million (5.8%) from the FY 2015 Amended Budget of \$95 million.

- The FY 2016 Preliminary Budget includes 1,032 funded or partially-funded positions, which is an increase of 15 positions from the FY 2015 Amended Budget of 1,017 fully-funded or partially-funded positions.
- Labor increased by \$2.1 million (3.8%) from the FY 2015 Amended Budget projection of \$54.4 million, which is related to District position salary adjustments within ranges and a full year of labor costs for 27 fully-funded positions for the Blue Line to Cosumnes River College light rail extension, which has a startup date of September 2015. Of the \$2.1 million increase in Labor cost, \$1.4 million is due to South Line Phase 2 positions.
- Fringe Benefits increased by \$1.2 million (2.4%) over the FY 2015 Amended Budget projection of \$48.1 million. This includes \$0.8 million in costs for 27 South Line Phase 2 positions. This increase also reflects a \$270,000 increase in pension costs and a \$250,000 increase in Medical costs.
- Capital recovery (labor charged to capital projects) and indirect costs have decreased by \$2.3 million compared to the FY 2015 Amended Budget. This reduction in RT's total capital recovery is due to the opening of the South Line Phase 2 extension in September 2015. Once the project is complete, the cost of the positions will no longer be charged to the Capital Budget, and will instead be charged to the Operating Budget, which will increase Operating labor costs.

Professional Services 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 2016 Preliminary Budget proposes \$27.9 million for Professional Services, an increase of \$2.0 million (7.6%) from the FY 2015 Revised Budget of \$25.9 million.

- Purchased Transportation increased by \$1.1 million based on a projected increase in demand and ridership, as well as an increase in costs per ADA trip.
- Security services increased by \$900,000 based on contractual cost increases.
- This also includes an increase of \$200,000 in South Line Phase 2 related costs.
- There are reductions in various general ledger accounts that make up the difference.

Materials & Supplies includes fuel, bus and light rail parts, small maintenance tools and equipment, cleaning supplies, printing materials, and general office supplies.

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The FY 2016 Preliminary Budget proposes \$10.3 million for materials and supplies, a decrease of (\$0.8) million (8.2%) from the FY 2015 Amended Budget of \$9.5 million.

- This includes an increase of \$500,000 in South Line Phase 2 related costs and a slight increase in CNG, gasoline, and bus parts costs.

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

The FY 2016 Preliminary Budget proposes \$6.4 million for Utilities, an increase of \$0.7 million (11.7%) from the FY 2015 Amended Budget of \$5.8 million.

- This reflects an increase in traction power costs of \$700,000 associated with South Line Phase 2 costs.

Insurance & Liability includes premiums and claims costs 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 2016 Preliminary Budget proposes \$9.8 million for casualty and liability insurance, an increase of \$1.2 million (13.6%) from the FY 2015 Amended Budget of \$8.6 million.

- Projected claims reserves for Property and Liability for FY 2016 increased by approximately \$0.7 million from the FY 2015 Amended Budget amount, per RT's most recent actuary report completed in February 2015.
- Projected claims reserves for Workers' Compensation for FY 2016 increased by approximately \$0.4 million from the FY 2015 Amended Budget amount, per RT's most recent actuary report completed in February 2015.

Other 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 2016 Preliminary Budget proposes \$2.0 million for other expenditures, a decrease of \$0.1 million (4.3%) from the FY 2015 Amended Budget (\$2.1 million).

- This includes a decrease in staff training costs of \$180,000 in FY 2016; the training took place and will be completed in FY 2015, therefore is not budgeted in FY 2016.

Summary of the FY 2016 Preliminary Operating Budget

Table 3 provides a summary of the FY 2015 Amended Budget and the FY 2016 Preliminary Operating Budget.

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Table 3
Sacramento Regional Transit District
FY 2016 Operating Revenues and Expense Summary

Categories	FY 2015 Amended Budget	FY 2016 Draft Base Budget	FY 2016 Base Budget % Changes	FY 2016 Draft South Line	FY 2016 Draft Budget Total	FY 2016 Total Budget % Changes
<u>Operating Revenue</u>						
Fare Revenue	\$ 28,834,224	\$ 29,270,639	1.5%	\$ 594,458	\$ 29,865,097	3.6%
Contracted Services	5,664,819	6,330,374	11.7%	-	6,330,374	11.7%
Other	4,701,369	3,818,536	-18.8%	1,482,747	5,301,283	12.8%
State & Local	77,560,824	80,699,146	4.0%	-	80,699,146	4.0%
Federal	30,173,615	30,393,610	0.7%	1,638,356	32,031,966	6.2%
Total Operating Revenue	\$ 146,934,851	\$ 150,512,305	2.4%	\$ 3,715,561	\$ 154,227,866	5.0%
<u>Operating Expenses</u>						
Salaries & Benefits	\$ 95,045,703	\$ 98,310,786	3.4%	\$ 2,267,732	\$ 100,578,518	5.8%
Professional Services	25,899,283	27,718,510	7.0%	229,829	27,948,339	7.9%
Materials & Supplies	9,494,600	9,733,750	2.5%	541,500	10,275,250	8.2%
Utilities	5,757,900	5,757,900	0.0%	676,500	6,434,400	11.7%
Casualty & Liability	8,603,540	9,772,996	13.6%	-	9,772,996	13.6%
Other	2,133,825	1,966,345	-7.8%	-	1,966,345	-7.8%
Total Operating Expenses	\$ 146,934,851	\$ 153,260,287	4.3%	\$ 3,715,561	\$ 156,975,848	6.8%
Shortfall TBD	\$ -	\$ (2,747,982)		\$ -	\$ (2,747,982)	

The preliminary FY 2016 Budget includes total Revenues of \$154.2 million and total expenses of \$157.0 million, which nets to expenses exceeding revenues by \$2.7 million. Staff is proposing various options to consider in order to balance RT's FY 2016 revenues with projected expenses. Staff will continue to fine-tune expense projections and closely monitor all revenue sources over the next 60 days.

Reserve Balance

RT's cumulative Reserve balance is \$4.6 million as of June 2014. The Reserve is projected to remain at \$4.6 million through June 30, 2015; however, there are items that could require the use of Reserves in FY 2015. The key items include:

- RT's Cemo Circle property sale (projected at \$1.7 million) is estimated to be completed before June 30th. RT's FY 2015 Amended Budget included \$1.5 million of this amount in other revenue from this sale of this property to balance RT's FY 2015 budget.
- If the FY 2015 final SACOG Finding of Apportionment (FOA) is not adjusted to RT's Budgeted 4% growth level, there could be an additional reduction in LTF sales tax revenue

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of approximately \$1.0 million in FY 2015. SACOG is expecting to revise the FY 2015 FOA again in May, however the exact adjustment amount is not known at this time.

- RT's Workers' Compensation and Liability actuarial year-end results could result in additional costs of approximately \$1.3 million in FY 2015.

The first two items listed above are based on timing; if they don't come into place by June 30, 2015, these revenue items are expected to be received in FY 2016.

Potential Ways to Balance the FY 2016 Operating Budget

The following are areas of potential cost savings and revenue opportunities that RT could implement in order to balance the FY 2016 Operating Budget. Staff will continue to look for further cost reductions over the next 60 days.

Potential Labor Savings

RT could reduce staffing in administrative support departments, which would not affect RT service levels. The reduction of 15 staff positions could have a projected savings of approximately \$1.7 million.

Fare Revenues

RT's Fare Structure Committee has been meeting for months discussing the District's fare policy and has brought a draft fare policy to this meeting for discussion and input. Staff plans to bring a full proposal of potential fare structure changes to the Board to consider and provide input at the Board meeting on April 27th. This will include fare increases, opportunities to reduce the current school discounts over the next two years, as well as a discussion on discount fares. The estimated fiscal impact of a 10% increase in fares effective January 2016, would increase fares in the range of \$1.0 to \$1.5 million in FY 2016. This estimate is a rough number that needs to be fine-tuned in the months ahead, in alignment with the fare policy and fare structure discussion with the Board.

RIN's

Another potential new funding source for RT is through the United States Congress Environmental Protection Agency (EPA). The EPA is responsible for ensuring that all gasoline sold in the U.S. contains the applicable volume of renewable fuel required by the Energy Policy Act of 2005. The Act led to the creation of the Federal Renewable Fuel Standard in September 2007. This raised the amount of renewable fuels to be used in gasoline in the United States from 8 billion gallons to 36 billion gallons by 2022. In order to monitor this mandate, the EPA required that each gallon of renewable fuel produced would be issued a unique serial number. These Renewable Identification Numbers (RINs) are turned in to the EPA each year to track the renewable fuels. These RINs can be bought and sold, similar to the State Cap and Trade Carbon Credits. RT is currently in the process of applying for approval to earn RINs for our CNG fuel usage. Staff will soon have more

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information about the potential revenue from this funding source and the projected fiscal impact, at which time a report will be presented to the Board. The current projected revenue from this source is in the range of \$84,000 to \$480,000 annually. Staff will monitor this closely in the months ahead.

Sale of Excess Property

Staff currently has the old I-5 Right of Way Property for sale. Staff is working with the City of Sacramento to have an appraisal completed and the value of the property should be determined in the next 45 days. The City of Sacramento has shown interest in purchasing this property from RT. The sale price would likely be paid over a three year time frame and there would potentially be some revenue received in FY 2016. Staff will continue to monitor this one-time revenue source in the months ahead.

Service Reductions

Staff has done some analysis of ridership trends to determine what routes might be performing under our current performance goals to determine what service levels could be considered to be reduced or discontinued.

If service cuts were employed as a means of closing RT’s budget deficit, staff estimates that roughly 3 to 4 percent of systemwide bus service could be cut by making modifications such as decreasing frequency of service and eliminating select segments of service on some routes. Assuming January 2016 implementation, limited service reductions would reduce RT’s budget deficit by approximately \$500,000 in FY 2016. Staff estimates that ridership loss would be approximately 250,000 riders annually for a reduction of this nature. A larger cut that would include elimination of most routes that are not currently meeting service standards would result in a service reduction of approximately 8 percent and would save an estimated \$2.1 million annually, approximately \$1.0 million in FY 2016, and result in a ridership loss of approximately 500,000 riders annually.

Parking Fee Increase

Staff is researching the feasibility of raising the current \$1.00 per day and \$15.00 per month parking fees to a higher amount in the near future. Staff will take this into consideration along with the potential fare structure change discussions in the months ahead.

Office Space

Staff is exploring the possibility of building additional office space in RT-owned buildings in an effort to move staff from leased buildings into RT-owned buildings. The goal over time is to reduce RT’s lease costs in the Operating Budget.

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Areas of Risk for FY 2016

One area of continuing concern for both FY 2015 and FY 2016 is the CNG tax rebate, which is included in the FY 2016 Preliminary Operating Budget in the amount of \$1.4 million. The CNG tax rebate expired in December 2014. If no congressional action is taken to continue the rebate, staff will consider adjusting this revenue item in the FY 2016 Budget during the 60-day review period. Alternatively, staff may make the adjustment in the Revised Operating Budget for FY 2016, which will be in February 2016. This would take the rebate out of the revenue projections for the period of July 2015 to June 2016, for a total adjustment of \$1.4 million.

An additional area of exposure exists with regard to the sales tax projection assumptions in the FY 2016 Preliminary Operating Budget. Growth in Measure A and LTF in FY 2016 is based on a projection 4.6% for LTF revenue and 5.6% Measure A revenue, which is the same as the STA's preliminary estimates for FY 2016 for Measure A sales tax growth and also the same as SACOG's FY 2016 Finding of Apportionment for LTF funding. Staff will continue to monitor sales tax closely.

Capital Budget

Capital Improvement Plan (CIP)

On September 22, 2014, the Board adopted a comprehensive 5-Year CIP, which represents the District's efforts to strategically plan and prioritize capital projects from FY 2015 to FY 2019. The CIP is reviewed, updated, and reissued in its entirety on an annual basis, as one year drops and a new year is added. As part of the annual budget process, the current year (FY 2016) proposed Capital Budget will become the first year of the next 5-Year CIP for FY 2016 to FY 2020, which will be updated in the Fall of 2015.

The Abridged Budget document (Attachment 1, pages 20 and 21) includes a comprehensive list of proposed capital projects for new funding authorization and a complete list of all current capital projects forecasted to have expenditures in FY 2016. The FY 2016 Capital Budget projects \$35.1 million of new funding for capital projects; \$34.7 million in State funding; and \$400,000 in local funding. The largest funding category is System Expansion (\$23.1 million). The key project represented is the Green Line Sacramento Intermodal Transit Facility High Speed Rail (SITF HSR) Connectivity Improvements of \$22.7 million.

In addition, the Fleet funding category includes \$7.5 million in funding. The key project in this category is the UTDC Light Rail Retrofit and Mid Life Refurbishment.

Looking Ahead

The FY 2016 preliminary budget goal is to have a balanced budget. Currently there is a projected shortfall of \$2.7 million, which could be covered some with the potential use of operating reserves. However, staff's goal is to balance the budget over the next 60 days through further cost reductions, including the items discussed above in this issue paper. Staff will continue to work

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diligently to confirm and modify plans within the Federal and State budget constraints. This will include closely monitoring actual results with fare revenue projections and sales tax growth projections throughout FY 2016.

Budget Schedule

- 4/27/15 Board Discussion
- 5/11/15 Public Hearing accepting Public Comment on Proposed FY 2016 Budgets and Continue Public Hearing to June 22, 2015.
- 6/8/15 Board Discussion
- 6/22/15 Continue Public Hearing to accept Public Comment on the Proposed FY 2016 Operating and Capital Budgets, and Adopt the FY 2016 Operating and Capital Budgets

Public Hearing Process

Pursuant to Section 102205(c) and (d) of RT’s Enabling Legislation, the proposed budget must be submitted to each voting entity represented on the Board not less than 60 days prior to its adoption, and the Board must adopt the budget at a public hearing that is advertised in a newspaper of general circulation 15 days prior to the hearing. Staff is requesting Board authorization to release the FY 2016 Budget on April 13, 2015. In addition to the hearing required by RT’s Enabling Legislation when the budget is adopted, staff recommends that the Board set a budget hearing prior to the adoption of the budget in order to obtain public comment earlier in the budget development process. Staff recommends that a hearing on the preliminary budget be conducted at RT’s regular Board meeting beginning at 6:00 p.m. on May 11, 2015. The public hearing will be advertised in a newspaper of general circulation, on RT’s website www.sacrt.com, and in an RT news release.

In addition to the foregoing, RT’s Standard Operating Procedure FI-SOP-03-001 contains notification procedures required by FTA regulations pertaining to a grant recipient’s program of projects (capital projects). Since RT adopts a combined Operating and Capital Budget, RT must comply with the FTA’s notification requirements pertaining to RT’s program of projects. Pursuant to FI-SOP-03-001, the preliminary Capital Budget must be released for at least a 30-day review period before action is taken by the Board of Directors. The notice of availability for the preliminary capital budget will be distributed via first-class mail to incorporated cities within the District, the County of Sacramento, neighboring cities adjacent to the District, interested special districts within the District, public transit operators, and private transportation providers. The notice will also be published in a newspaper of general circulation and minority-focused newspapers, as well as on mini-posters for display inside bus and light rail vehicles.

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9	04/13/15	Open	Action	04/08/15

Subject: Release Fiscal Year 2016 Operating and Capital Budgets

Staff Recommendation

Staff recommends that the Board authorize staff to release the Sacramento Regional Transit District Proposed FY 2016 Operating and Capital Budgets for a sixty day review and set notice of a Public Hearing for May 11, 2015.



Sacramento Regional Transit District

Abridged Budget
Fiscal Year 2015-2016

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Board of Directors

Jay Schenirer, Chair
City of Sacramento

Andy Morin, Vice Chair
City of Folsom

Linda Budge
City of Rancho Cordova

Jeff Harris
City of Sacramento

Steve Hansen
City of Sacramento

Pat Hume
City of Elk Grove

Rick Jennings II
City of Sacramento

Roberta MacGlashan
County of Sacramento

Steve Miller
City of Citrus Heights

Don Nottoli
County of Sacramento

Phil Serna
County of Sacramento

Board of Directors Alternates

Steve Detrick
City of Elk Grove

Mel Turner
City of Citrus Heights

David Sander
City of Rancho Cordova

Executive Team

Mike Wiley
General Manager/CEO

Tim Spangler
Chief Counsel

Dan Bailey
Chief Administrative Officer

Les Tyler
Chief Financial Officer, Acting

RoseMary Covington
Assistant General Manager of Planning and Transit System Development

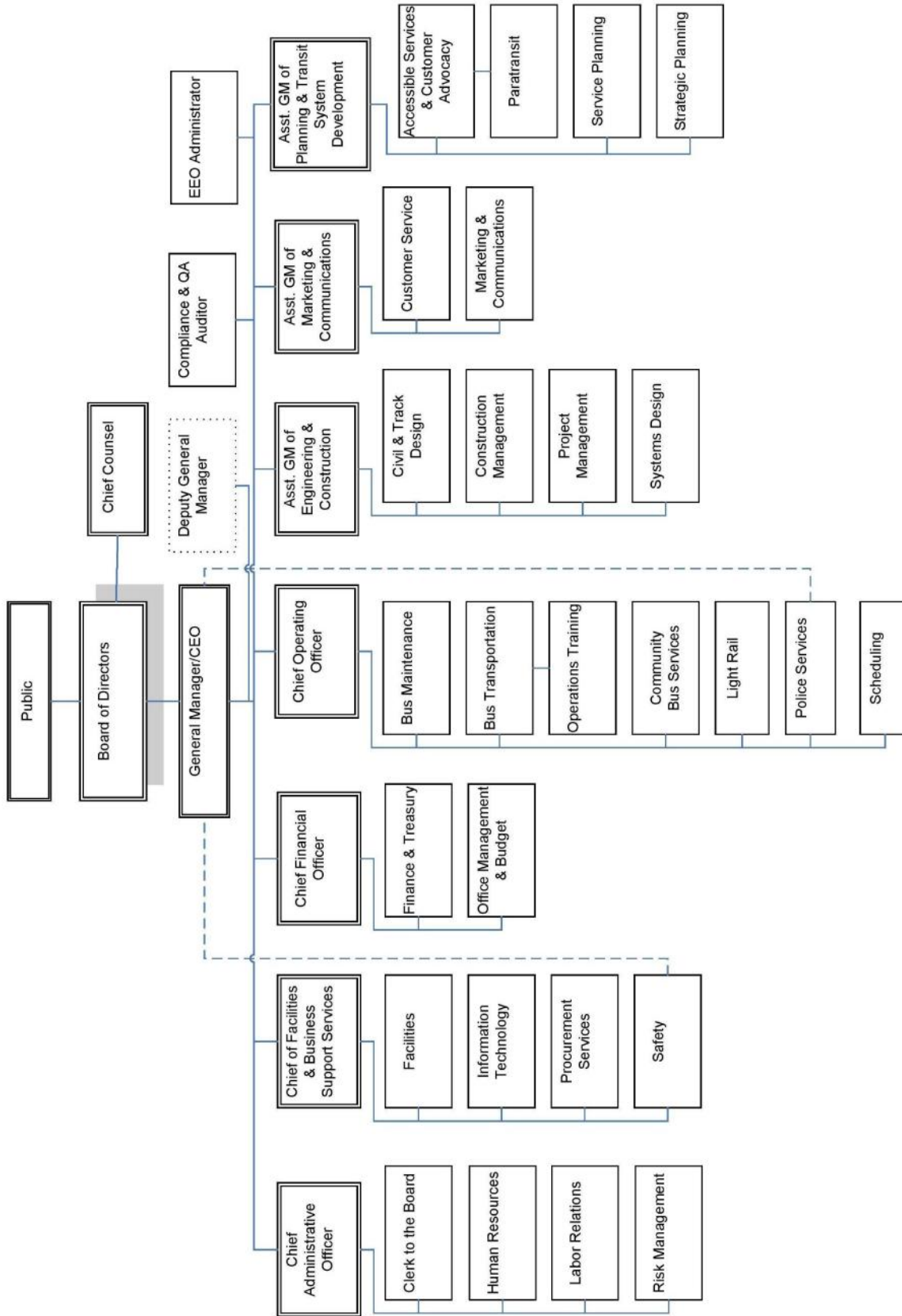
Mark Lonergan
Chief Operating Officer

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	69
Schedule	4:41 am to 11:38 pm daily
Stops	3,145
Vehicles *	199 CNG buses; 20 shuttle vans; 3 29' diesel buses
Annual Ridership	13,790,000

Light Rail Service	
Power	Electrical
Miles	38.6
Schedule	3:53 am to 12:47 am daily
Stops	50
Vehicles	76
Annual Ridership	13,980,000

Paratransit	
ADA Passenger Trips Provided	321,161
ADA Vehicle Revenue Miles	3,171,315
Vehicles	131

Passenger Amenities/ Customer Service	
Transfer Centers	31
Park & Ride	18
Annual Customer Service Calls	233,317
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 2015, RT's Strategic Plan reaffirms RT's commitment to improve access in the Sacramento region by providing fiscally responsible transit service.

The Strategic Plan outlines the way RT will navigate challenges and explore opportunities as it seeks to connect people to resources with consideration and support of regional goals.

RT's Strategic Plan requires RT to shape activities to support identified Values and Goals, responsibly manage all agency actions and commitment of resources, and measure performance.

RT acts as the Region's focal point for transit research and development, strategic planning and system assessment, 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. RT will accomplish this through regional leadership and by providing quality service in a respectful and sustainable manner. 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. RT will continue to challenge itself to meet the growing transportation needs of the Sacramento Region.

The RT's Strategic Plan's Mission, Vision, Values, and Goals are listed on the following page. The plan is best seen as an evolving process, not a rigid or fixed document. This plan will change as the needs of the Region change and reflect the transportation requirements of the Region. The updated RT Strategic Plan was recently adopted and is currently being implemented.

Strategic Plan, cont.

Mission Statement:

The purpose of the Sacramento Regional Transit District is to promote and improve access in the Sacramento region by providing safe, reliable, and fiscally responsible transit service that links people to resources and opportunities.

Vision Statement:

The Sacramento Regional Transit District strives to connect people to resources and opportunities while stimulating livable communities and supporting economic development by providing technologically current, efficient and fiscally sustainable transit system that attracts and serves riders by offering an appealing transportation choice.

Values

- Quality Service & Innovation
- Customer Service
- Respect & Professionalism
- Fiscal Responsibility
- Integrity & Accountability
- Quality, Diverse & Positive Work Force
- Regional Leadership & Coordination
- Sustainability

Goals

Fundamental Goals

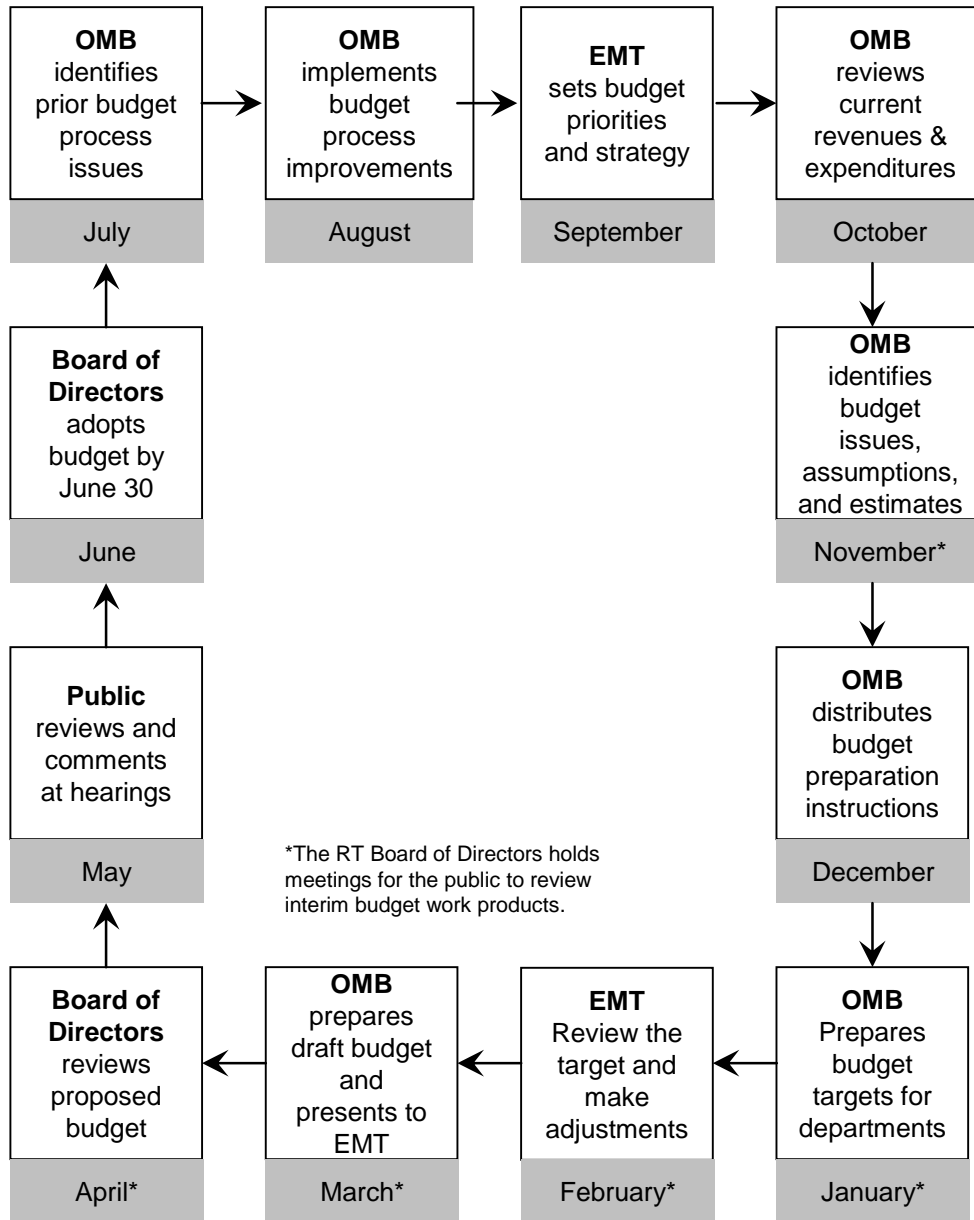
- Ensure Financial Stability
- Meet or Exceed Expectations for Safe & Quality Service in a Cost-Effective Manner
- Operate in an Ethical Manner
- Invest in the Attraction, Development & Retention of a Quality Workforce

Growth Goals

- Improve Access Within and Between Communities (in the Sacramento Region) in a Cost-Effective Manner
- Increase Transit Market Share (in the Sacramento Region)
- Adjust to Legislative & Regulatory Changes and Stakeholder & Community Initiatives and Support Complementary Efforts

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 the FY 2015 Budget and for the FY 2016 preliminary Abridged Budget is shown in the table below. A detailed FY 2016 Schedule of Weighted Voting is shown on the next page.

Vote Shares By Jurisdiction

Jurisdiction	Status	Shares - FY 2015 Budget	Shares – FY 2016 Proposed
County of Sacramento	Annex	42	42
City of Sacramento	Annex	37	36
City of Rancho Cordova	Annex	9	10
City of Citrus Heights	Contract	5	5
City of Elk Grove	Contract	4	4
City of Folsom	Contract	3	3
Total		100	100

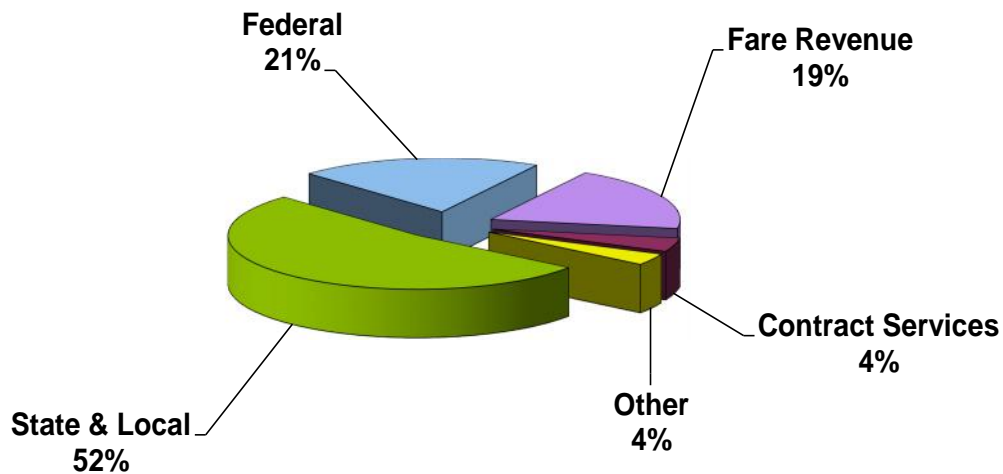
Voting System, cont.

Fiscal Year 2016 Schedule of Weighted Voting Distribution								
Base Values*								
Federal Financial Information								
Code Section:								
102205(b)(6)	FY 15 Federal Funds Available in the Sacramento MSA	34,834,829						
102205(b)(7)	Allocation of Federal Funds to jurisdictions other than RT	4,761,667						
102205(b)(8)	FY 15 Federal Funds Available for use in RT Service Area:	30,073,162						
Jurisdiction Specific Values								
		City of Sacramento	County of Sacramento	Rancho Cordova	Citrus Heights	Folsom	Elk Grove	Totals:
102205(b)(10)	Population:**	475,122	567,095	67,839	84,544	74,014	160,688	1,429,302
	Proportionate Population:	33.24%	39.68%	4.75%	5.92%	5.18%	11.24%	100.00%
	Member:	Yes	Yes	Yes	No	No	No	
102100.2, 102100.3		4	3	1	1	1	1	11
102105.1(d)(2)(D)	Federal Funds Attributed to Entity (Total Federal Funding x Share of Population):	9,996,782	11,931,936	1,427,363	1,778,844	1,557,288	3,380,948	30,073,162
102105.1(d)(2)(A), 102205(b)(3)	FY 16 State TDA Funds Made Available to RT:	18,492,328	21,035,012	2,640,376	0	0	0	42,167,716
102105.1(d)(2)(B), 102205(b)(4)	FY 16 Funds Provided Under Contract:	484,296	0	273,182	3,208,798	1,567,369	796,731	6,330,376
102105.1(d)(2)(C), 102205(b)(5)	FY 16 Other Local Funds	0	0	0	0	0	0	0
102105.1(d)(2)	Total Financial Contribution:	28,973,406	32,966,948	4,340,921	4,987,642	3,124,657	4,177,679	78,571,254
102105.1(d)(2)	Proportionate Financial Contribution:	36.88%	41.96%	5.52%	6.35%	3.98%	5.32%	100.00%
Voting Calculation								
		City of Sacramento	County of Sacramento	Rancho Cordova	Citrus Heights	Folsom	Elk Grove	Totals:
102105.1(d)(1)	Incentive Shares (5 for member jurisdictions)	5	5	5	0	0	0	15
102105.1(d)(2)	Financial Contribution Shares (Proportionate Financial Share x Remainder of 100 shares):	31.3440	35.6643	4.6961	5.3957	3.3803	4.5195	85.0000
102105.1(d)(3)	Total Shares:	36.3440	40.6643	9.6961	5.3957	3.3803	4.5195	100.0000
102105.1(d)(4)(i)	Shares After Rounding:	36	41	10	5	3	4	99
102105.1(d)(4)(i), 102105.1(d)(4)(ii)	Share Adjustment (To Ensure 100 Shares):	36	42	10	5	3	4	100
102105.1(d)(7)	Distribution of Shares Among Members (Assuming All Members Present to Vote):***							
	Member 1	9	14	10	5	3	4	
	Member 2	9	14	N/A	N/A	N/A	N/A	
	Member 3	9	14	N/A	N/A	N/A	N/A	
	Member 4	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	
	Total Votes:	36	42	10	5	3	4	100
* In addition to the funding identified above, RT projects the following funds for operating purposes: \$37,820,931 - 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 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2016 Budget	FY 2016 to FY 2015 Amount	FY 2016 to FY 2015 Percent
Fare Revenue	\$ 29,759	\$ 29,157	\$ 28,834	\$ 29,865	\$ 1,031	3.6%
Contract Services	5,607	5,530	5,665	6,330	666	11.7%
Other	3,443	2,834	4,701	5,301	600	12.8%
State & Local	71,275	75,296	77,561	80,699	3,138	4.0%
Federal	28,970	28,970	30,174	32,032	1,858	6.2%
Total	\$ 139,053	\$ 141,786	\$ 146,935	\$ 154,228	\$ 7,293	5.0%
Operating Reserve*	\$ (2,667)	\$ 3,380	(0)			
Shortfall TBD				\$ 2,748		
Operating Revenue	\$ 136,387	\$ 145,167	\$ 146,935	\$ 156,975	\$ 7,293	5.0%

*Operating Reserve: Positive indicates use of the reserve. Negative indicates an increase in the reserve.

Revenues, cont.

Fare Revenue

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

- The FY 2016 Preliminary Budget proposes \$29.9 million in Fare Revenue, an increase of \$1.0 million (3.6%) from the FY 2015 Revised Budget of \$28.8 million.
- This reflects a \$0.6 million increase due to the startup of South Line Phase 2 operations in September 2015.
- The remaining increase of \$0.4 million is due to the assumption that the launch of the Connect Card sometime in 2016 will provide a minor increase in systemwide ridership and fare revenues.

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 2016 Preliminary Budget proposes \$6.3 million in Contracted Services revenue, an increase of \$0.6 million (11.7%) from the FY 2015 Revised Budget of \$5.7 million.
- This reflects a 3.9% increase in the Citrus Heights contract due to a \$120,000 increase in TDA revenue.
- This also reflects an increase in the Elk Grove contract of \$0.5 million due to the recently adopted new contract.

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 2016 Preliminary Budget proposes \$5.3 million in other revenue, which is an increase of \$0.6 million (12.8%) from the FY 2015 Revised Budget of \$4.7 million.
- This includes 12-months of Compressed Natural Gas (CNG) tax rebates in the amount of \$1.4 million.
- The FY 2016 Preliminary Budget also includes \$1.8 million in LCTOP revenue, \$1.5 million of which is associated with the new South Line Phase 2 service, and the remainder is projected to fund the new expanded service portion of bus route 65.
- The FY 2016 Preliminary Budget also includes the sell back of \$0.4 million of Low Carbon Credits through the State Cap and Trade program.

Revenues, cont.

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 2016 Preliminary Budget proposes \$80.7 million in state and local funding revenue, an increase of \$3.1 million (4.0%) from the FY 2015 Revised Budget of \$77.6 million.
- This reflects a 5.6% or \$2.0 million increase in sales tax estimates for Measure A over the FY 2015 Revised Budget, based on the Sacramento Transportation Authority preliminary budget projections.
- This also reflects a 4.6% or \$0.4 million increase in sales tax estimates for TDA-LTF.
- This includes a 5.4% or \$0.5 million increase in the TDA-STA Revenue compared to the FY 2015 Revised Budget.
- This also reflects a transfer of STA funds to capital in the amount of \$3.0 million for RT's Revenue Bond payment for FY 2016.

Federal

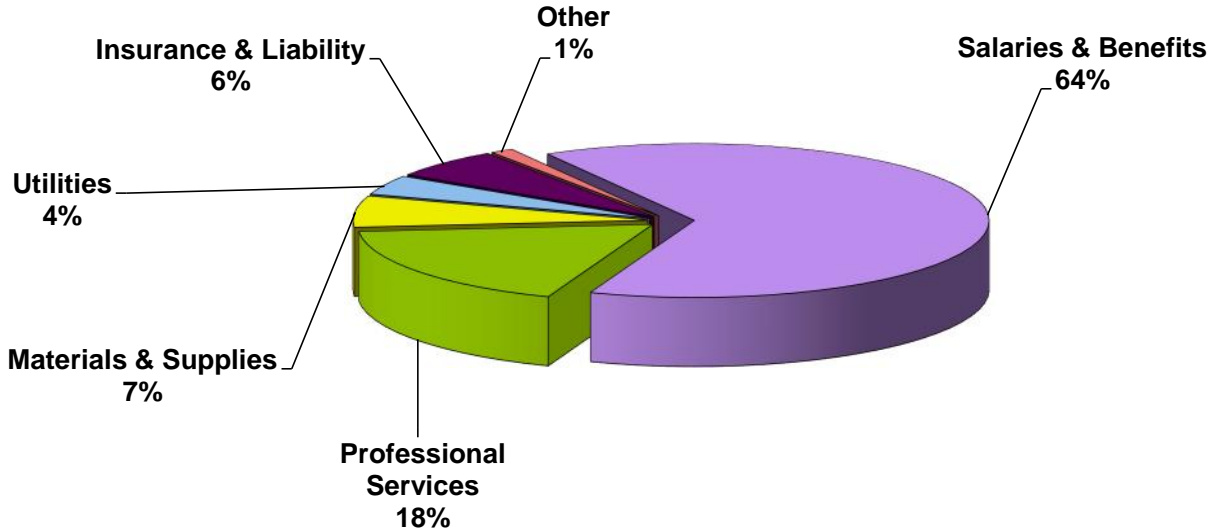
This category includes formula-based allocations to RT from the federal government. Each year Congress authorizes the appropriation, and the Federal Transit Administration allocates the dollars to the region. RT can use the funds for operating, planning, and capital, subject to specific regulations.

- The FY 2016 Preliminary Budget proposes \$32.0 million in federal funding, an increase of \$1.8 million (6.2%) from the FY 2015 Revised Budget of \$30.2 million.
- This includes \$1.6 million in CMAQ revenue for South Line Phase 2.
- Section 5307 Urbanized Area federal funding is projected to increase by \$0.2 million due to higher allocation to the s Region and RT.
- Section 5337 State of Good Repair funding is projected to increase by \$0.1 million due to higher allocation to the Region.

Expenses

Operating Expenses by Expense Category

(Dollars in Thousands)



	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2016 Budget	FY 2016 to FY 2015 Amount	FY 2016 to FY 2015 Percent
Salaries & Benefits	\$ 87,715	\$ 94,018	\$ 95,045	\$ 100,579	\$ 5,534	5.8%
Professional Services	23,647	24,933	25,979	27,948	1,969	7.6%
Materials & Supplies	9,692	10,198	9,495	10,275	780	8.2%
Utilities	5,639	5,646	5,758	6,434	676	11.7%
Insurance & Liability	7,910	8,343	8,604	9,773	1,169	13.6%
Other	1,784	2,029	2,054	1,966	(88)	-4.3%
Operating Expenses	\$ 136,387	\$ 145,167	\$ 146,935	\$ 156,975	\$ 10,041	6.8%

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 2016 Preliminary Budget proposes \$100.6 million for salaries and benefits, an increase of \$5.6 million (5.8%) from the FY 2015 Revised Budget of \$95.0 million.
- Labor increased by \$2.1 million (3.8%) from the FY 2015 Revised Budget of \$54.4 million. This reflects various District position salary adjustments including 27 fully funded positions for Blue Line to Cosumnes River College Light Rail extension with a startup date of September 2015.
- Fringe Benefits increased by \$1.2 million (2.4%) from the FY 2015 Revised Budget of \$48.1 million. This reflects a \$0.3 million (1.5%) increase in pension costs and a \$0.3 million (1.9%) increase in Medical costs.
- Capital recovery and indirect costs have decreased by \$2.3 million over the FY 2015 Revised Budget. This represents labor charged to capital projects, a decrease in which will increase the operating budget labor costs.
- The Fiscal Year 2016 Preliminary Budget includes 1,032 fully or partially funded positions, which is an increase of 15 positions from the Fiscal Year 2015 Revised Budget of 1,017 fully or partially funded positions.

Professional Services

This category includes purchased transportation (Paratransit, Inc.) 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 2016 Preliminary Budget proposes \$27.9 million for Professional Services, an increase of \$2.0 million (7.6%) from the FY 2015 Revised Budget of \$25.9 million.
- This reflects an increase in Purchased Transportation cost of \$1.1 million, based on a projected increase in demand for ADA service and an increase in cost per trip.
- This includes a \$0.9 million increase in Security services based on contractual cost increases.
- This also includes \$0.2 million in South Line Phase 2 related costs.
- There are reductions in various general ledger (GL) accounts that make up the difference.

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 2016 Preliminary Budget proposes \$10.3 million for materials and supplies, an increase of \$0.8 million (8.2%) from the FY 2015 Revised Budget of \$9.5 million.
- This includes \$0.5 million in South Line Phase 2 related costs.
- This also includes a slight increase in CNG, gasoline, and bus parts costs.

Expenses, cont.

Utilities

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

- The FY 2016 Preliminary Budget proposes \$6.4 million for Utilities, an increase of \$0.6 million (11.7%) from the FY 2015 Revised Budget of \$5.8 million.
- This reflects an increase in traction power costs of \$0.7 million associated with South Line Phase 2 costs.
- All other general ledger (GL) accounts are budgeted at the same level as the FY 2015 Revised Budget.

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 2016 Preliminary Budget proposes \$9.8 million for Insurance & Liability, an increase of approximately \$1.2 million (13.6%) from the FY 2015 Revised Budget of \$8.6 million.
- This reflects an increase in the projected claims reserves for Property and Liability for FY 2016, per RT's most recent actuary report completed in February 2015. This amount exceeds the FY 2015 Revised Budget amount for Property and Liability by approximately \$0.7 million.
- Also, this reflects an increase in the projected claims reserve for Workers' Compensation for FY 2016, per RT's most recent actuary report completed in February 2015. This amount exceeds the FY 2015 Revised Budget amount for Workers' Compensation by approximately \$0.4 million.

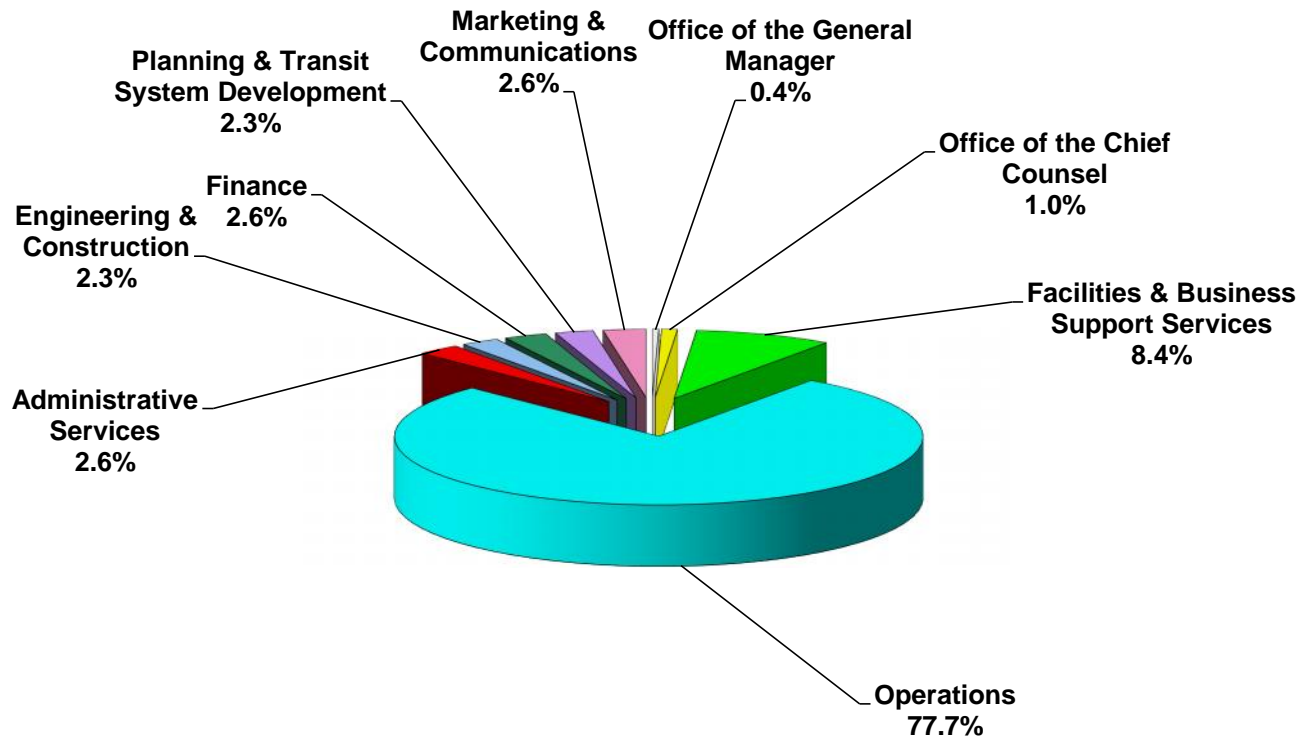
Other

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 2016 Preliminary Budget proposes \$2.0 million for other expenditures, a decrease of \$0.1 million (4.3%) from the FY 2015 Revised Budget of \$2.1 million.
- This includes a decrease in staff training cost of \$180,000 in FY 2016; the training took place and will be completed in FY 2015 and is not budgeted in FY 2016.

Positions

The Fiscal Year 2016 Preliminary Budget includes 1,032 fully or partially funded positions, which is an increase of 15 positions from the Fiscal Year 2015 Revised Budget of 1,017 funded positions.



Division	FY 2012 Funded	FY 2013 Funded	FY 2014 Funded	FY 2015 Funded	FY 2016 Funded
Office of the General Manager	3	4	4	4	4
Office of the Chief Counsel	10	10	10	10	10
Facilities & Business Support Services	74	82	87	86	87
Operations	720	775	783	790	802
Administrative Services	21	25	26	27	27
Engineering & Construction	21	22	24	23	24
Finance	26	27	27	26	27
Planning & Transit System Development	21	25	24	24	24
Marketing & Communications	25	27	27	27	27
Total	921	997	1,012	1,017	1,032

Positions, cont.

Changes reflected in the FY 2016 preliminary budget are as follows:

- FY 2015 Operating Budget included 15 unfunded positions (10 Operator positions and 5 support positions). In the FY 2016 Operating Budget, all vacant positions are funded at 50%.
- With the Light Rail extension of the Blue Line to Cosumnes River College, 27 positions in the Light Rail department will be funded by the operating budget effective September 2015. In the FY 2015 Operating Budget, these positions were funded by South Line project.
- Evaluation of staffing needs in various departments is currently in process, therefore all vacant positions are currently frozen.

Capital Improvement Plan

The following tables represent the Capital Budget spending plan for the FY 2016 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 2016 through 2020, and beyond to 2046.

The FY 2016 Capital Budget includes projects focused on the following priorities:

System Expansion program:

- Blue Line to Cosumnes River College
- Green Line Draft & Final EIS/R for the "Sacramento Intermodal Facility" Segment
- Green Line Draft Environmental Clearance and Project Development
- Sacramento-West Sacramento Streetcar Starter Line

Fleet Program:

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

Facilities Program:

- Bus Maintenance Facility #2 (Phase 1)

Transit Technologies Program:

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

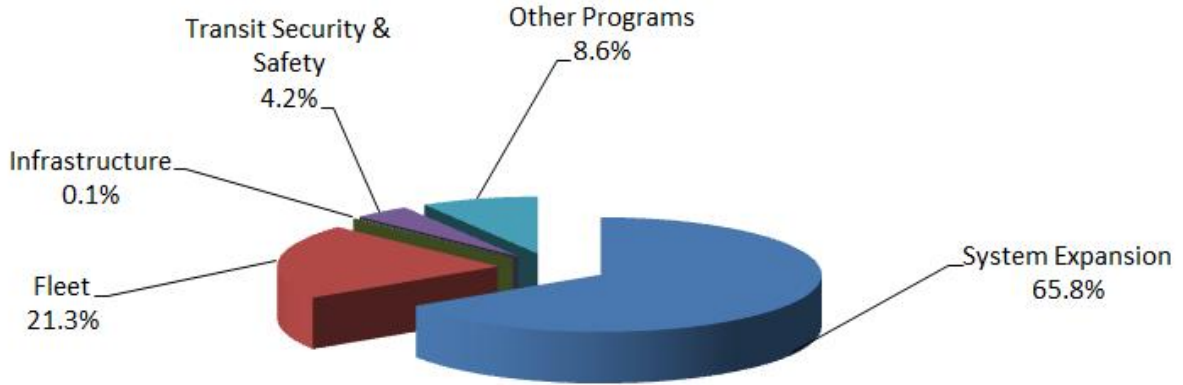
Impact of Capital Improvements on the Operating Budget

Capital projects that are approved in the current year budget will 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 2016 Funding Additions by Category



(Dollars in Thousands)

Category	FY 2016 Proposed	
System Expansion	\$ 23,101	65.8%
Fleet	7,500	21.3%
Infrastructure	40	0.1%
Transit Security & Safety	1,475	4.2%
Other Programs	3,025	8.6%
Total	\$ 35,141	100.0%

Capital Improvement FY 2016 Funding Additions

Program	Project Name	Tier	Funded Through FY 2015	FY 2016 Funding Budget	Future Funding Additions	Total Project Funding Through FY 2046
System Expansion Programs						
R322	Green Line Draft Environmental Clearance and Project Development	0	\$ 3,109,156	\$ 400,000	\$ -	\$ 3,509,156
R327	Green Line SITF HSR Connectivity Improvements (Final Design & Construction)	I	-	22,701,000	34,163,000	56,864,000
System Expansion Total			3,109,156	23,101,000	34,163,000	60,373,156
Fleet Programs						
R085	UTDC Light Rail Vehicle Retrofit and Mid Life Refurbishment	I	23,917,226	7,500,000	1,733,319	33,150,545
Fleet Program Total			23,917,226	7,500,000	1,733,319	33,150,545
Transit Technologies Program						
T039	Connect Card - Software Maintenance Support	0	-	40,000	-	40,000
Infrastructure Program Total			-	40,000	-	40,000
Transit Security & Safety						
T034	Computer Aided Dispatching System	0	-	768,000	-	768,000
T036	Facilities Safety, Security and Communications Infrastructure Upgrades	0	-	386,195	-	386,195
T037	Operations Computer Systems Replacements	0	-	142,800	-	142,800
T038	Upgrades to Security Video and Data Systems	0	-	177,512	-	177,512
Transit Security & Safety Total			-	1,474,507	-	1,474,507
Other Programs						
M004	Revenue Bond, Series 2012 Payment	I	5,042,439	3,025,298	144,105,945	152,173,682
Other Programs Total			5,042,439	3,025,298	144,105,945	152,173,682
Total			\$ 32,068,821	\$ 35,140,805	\$ 180,002,264	\$ 247,211,890

* All project expenditures are subject to available funding.

Capital Project 2016 Expenditure Plan

Program	Project Name	Tier	Expended Through FY 2015	FY 2016 Budget Expenditures	Future Expenditures	Total Project Cost through FY 2016
System Expansion Programs						
410	Blue Line to Cosumnes River College	0	224,667,880	45,332,120	-	270,000,000
R321	Green Line Draft & Final EIS/R for SITF Segment	0	498,090	2,351,617	654,293	3,504,000
R322	Green Line Draft Environmental Clearance and Project Developme	0	839,123	2,202,120	467,913	3,509,156
R055	Light Rail Station at Dos Rios	I	22,914	877,086	8,600,000	9,500,000
R135	Light Rail Station at Horn	I	82,263	517,737	3,168,000	3,768,000
404	Green Line to the River District (GL-1)	0	49,057,393	704,607	-	49,762,000
R323	Retrofit Light Rail Vehicle (LRV) Hoist	0	2,727	30,273	-	33,000
S010	Sacramento-West Sacramento Streetcar Starter Line		1,700,630	5,581,953	-	7,282,583
System Expansion Total			276,871,020	57,597,513	12,890,206	347,358,739
Fleet Programs						
B139	40' CNG Bus Procurement	I	17,868,800	27,126,342	22,117,918	67,113,060
R001	CAF/Siemens Light Rail Vehicle Painting/Exterior Work	0	176,000	220,000	599,000	995,000
B136	Neighborhood Ride Hybrid Bus Purchase Project	0	149,265	60,735	-	210,000
B142	Neighborhood Ride Vehicle Replacement - 14 Vehicles	0	46,805	1,839,309	647,886	2,534,000
G225	Non-Revenue Vehicle Replacement	I	1,439,576	439,985	33,956,831	35,836,392
B141	Non-Revenue Vehicles - P1B Restricted	0	2,736,162	1,927,132	-	4,663,294
P007	Paratransit Vehicle Replacement - CNG" project	0	5,132	1,566,068	-	1,571,200
R110	Siemens E & H Ramp Replacement	0	900,296	419,704	-	1,320,000
651	Siemens Light Rail Vehicle Mid-Life Overhaul	0	7,430,983	558,087	1,957,342	9,946,412
R085	UTDC Light Rail Vehicle Retrofit and Mid Life Refurbishment	I	13,989,996	6,057,010	13,103,539	33,150,545
Fleet Program Total			44,743,015	40,214,372	72,382,516	157,339,903
Infrastructure Programs						
G237	Across the Top System Modification	0	313,469	361,387	-	674,856
R280	Amtrak-Folsom Limited Stop Service	I	401,234	35,005	13,663,761	14,100,000
A003	Caltrans Camellia City Viaduct Rehab Deck	0	9,879	15,121	-	25,000
A005	City College Light Rail Station Pedestrian/Bicycle Crossing Project	0	36,405	38,595	-	75,000
A007	Easton Development Grade Crossing	II	20,895	29,105	-	50,000
R327	Green Line SITF HSR Connectivity Improvements (Final Design & I	I	-	2,973,572	53,890,428	56,864,000
R010	Light Rail Crossing Enhancements	I	405,318	94,682	3,000,000	3,500,000
A006	Natoma Overhead Widening Project	II	83,301	60,449	60,000	203,750
R330	Rail Profiling	0	1,568	298,432	-	300,000
G238	Repairs per Biennial Bridge Inspection	I	92,126	63,874	1,613,172	1,769,172
Infrastructure Program Total			1,364,195	3,970,222	72,227,361	77,561,778
Facilities Programs						
R313	29th Street Light Rail Station Enhancements	0	38,483	149,701	92,316	280,500
4007	ADA Transition Plan Improvements	I	352,676	200,000	5,235,324	5,788,000
F014	Bike Racks	0	195,860	21,717	156,308	373,885
715	Bus Maintenance Facility #2 (Phase 1&2)	I	21,829,610	1,684,258	31,888,880	55,402,748
Q029	Citrus Heights Bus Stop Improvements	0	456,522	65,691	-	522,213
4011	Facilities Maintenance & Improvements	I	2,715,181	57,882	18,803,057	21,576,120
F015	Facilities New Freedom Tasks-Add Mini-Hi's to Light Rail Stations	I	3,516	481,783	-	485,299
B134	Fulton Ave. Bus Shelters	0	-	169,435	-	169,435
A010	Louis Orlando - Construction	II	-	167,667	-	167,667
A002	Louis Orlando Transit Center	0	592,309	19,764	-	612,073
645	Major Light Rail Station Enhancements	I	5,184,474	100,000	29,900,000	35,184,474
F018	Rancho Cordova Landscaping	0	363	141,278	-	141,641
F019	Rancho Cordova Utility Building Enhancements	0	352	224,648	-	225,000
R175	Watt Avenue Station Improvements	0	235,139	34,239	43,122	312,500
Facilities Program Total			31,604,484	3,518,063	86,119,008	121,241,555
Transit Technologies Programs						
T017	Audio Light Rail Passenger Information Signs	0	758,631	627,619	-	1,386,250
T039	Connect Card - Software Maintenance Support	0	-	40,000	-	40,000
T023	Connect Card-Technical Support	0	33,153	46,847	-	80,000
G035	Fiber/50-Fig Installation, Maintenance, & Repair	I	206,244	71,942	199,224	477,410
T022	Handheld Smart Card Reader	0	-	58,000	58,000	116,000
964	Trapeze Implementation (TEAMS)	0	1,864,462	299,750	-	2,164,212
Transit Technologies Program Total			2,862,490	1,144,158	257,224	4,263,872

Capital Project 2016 Expenditure Plan Cont.

Program	Project Name	Tier	Expended Through FY 2015	FY 2016 Budget Expenditures	Future Expenditures	Total Project Cost through FY 2016
Transit Security & Safety						
T033	Active Shooter Training	II	-	29,029	-	29,029
T018	Building Access System Upgrade	0	-	111,507	-	111,507
T034	Computer Aided Dispatching System	0	-	384,000	384,000	768,000
T005	CPUC General Order 172 - LRV Camera	0	192,677	112,805	-	305,482
H021	Enhancement of Emergency Power Generation	0	276,937	281,063	-	558,000
T036	Facilities Safety, Security and Communications Infrastructure Upg	0	-	193,098	193,098	386,195
T028	LR Digital Messaging Control System	0	-	51,625	51,625	103,250
T006	LRV System AVL Equipment	0	1,069	399,956	-	401,025
T035	Operation Lifesaver, Inc. (OLI)	0	-	21,429	-	21,429
T037	Operations Computer Systems Replacements	0	-	71,400	71,400	142,800
T007	Rail Infrastructure Hardening, Surveillance and Monitoring #2	0	284,682	32,318	-	317,000
T012	RT - Emergency Preparedness Drills	0	22,256	6,052	-	28,308
T025	Surveillance and Security Facilities Enhancement	0	-	252,000	-	252,000
T000	Transit Security Project - TBD Formula & Regional	III	-	575,205	2,876,028	3,451,233
T029	Upgrade Bus Fleet Digital Video Recorders	0	-	171,494	171,493	342,987
T024	Upgrade Data Back Up Systems	0	-	104,320	-	104,320
T038	Upgrades to Security Video and Data Systems	0	-	88,756	88,756	177,512
T027	Video Surveillance System Upgrades	0	-	115,920	-	115,920
T026	WiFi Security Systems Enhancement	0	-	72,175	72,175	144,350
Transit Security & Safety Total			777,621	3,074,152	3,908,575	7,760,347
Planning/Studies Program						
M010	Encouraging Active Transportation with Transit Access Enhancem	IV	-	133,333	66,667	200,000
A009	Folsom Streetscape	0	28,315	21,685	-	50,000
A008	Regional Bike Share System	II	-	100,000	90,000	190,000
Planning/Studies Program Total			28,315	255,018	156,667	440,000
Other Programs						
4024	General Construction Management Support Services	II	366,313	11,376	3,107,311	3,485,000
4025	General Engineering Support Services	II	316,510	7,063	1,900,116	2,223,689
M004	Revenue Bond, Series 2012 Payment	I	8,255,470	3,025,298	140,892,914	152,173,682
Other Program Total			8,938,293	3,043,737	145,900,341	157,882,371
Total			\$ 367,189,435	\$ 112,817,233	\$ 393,841,897	\$ 873,848,565

* All project expenditures are subject to available funding.

RESOLUTION NO. 15-04-_____

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

April 13, 2015

AUTHORIZING STAFF TO RELEASE THE SACRAMENTO REGIONAL TRANSIT DISTRICT PROPOSED FY 2016 OPERATING AND CAPITAL BUDGETS AND SET NOTICE OF A PUBLIC HEARING FOR MAY 11, 2015

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

THAT, the General Manager/CEO or his designee is hereby authorized to release the proposed Operating and Capital Budgets for FY 2016, including the information described in paragraphs (3) to (10) of Public Utilities Code Section 102205(b) and a draft apportionment of votes, and notice a public hearing for said budgets to be held on May 11, 2015.

JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary