

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15	04/25/16	Open	Action	04/19/16

Subject: Preliminary FY 2017 Operating and Capital Budgets

## ISSUE

Authorizing Staff to Release the Sacramento Regional Transit District Preliminary FY 2017 Operating and Capital Budgets and Notice of a Public Hearing for May 23, 2016.

## RECOMMENDED ACTION

Adopt Resolution 16-04-\_\_\_\_, Authorizing Staff to Release the Sacramento Regional Transit District Preliminary FY 2017 Operating and Capital Budgets and Set Notice of a Public Hearing for May 23, 2016.

## FISCAL IMPACT

None as a result of this report.

## DISCUSSION

### **Background:**

On March 28, 2016, staff provided the Board with the FY 2016 Operating Revenues and Expense estimates and the FY 2017 preliminary Operating Budget, based on the knowledge and expectations at that time. Since then, new information has been received and additional analysis has been completed. This staff report will briefly summarize the revised FY 2016 year-end estimates and provide a summary of the updated preliminary FY 2017 Abridged Capital and Operating Budgets. In addition, the report will also provide further discussion regarding updated changes, assumptions and potential risks and uncertainties.

### **Update on FY 2016 Operating Revenues and Expenses**

Based on recent information and updated trends, the anticipated FY 2016 year-end total shortfall is anticipated to be approximately \$3.1 Million.

The total FY 2016 Operating Revenues are trending \$3.3 million below budget. Much of this unanticipated shortfall can be attributed to external factors such as the downward trend in both diesel and sales tax collected for the Sacramento Region. As discussed at the March 14<sup>th</sup> Board meeting, recent information received from the Sacramento Area Council of Governments (SACOG) and the Sacramento Transportation Authority indicated that both diesel tax and sales tax revenues for the region are still anticipated to be short of the original anticipated amounts. This recent decrease in both diesel and sales tax revenues is anticipated to generate a budget variance of approximately \$2.7 million in RT's State and Local Funds. Additionally, because gas prices have been trending downward for some time now, RT and many other transit providers

Approved:

Presented:

Final 04/20/16

General Manager/CEO

Assistant General Manager, Administration

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have also been experiencing a corresponding decrease in ridership. This decrease in ridership has resulted in less than anticipated fare revenues, and as such, estimated fare revenues for FY 2016 are trending below the budget by approximately \$1.9 million. Contracted Services are trending \$0.5 million below budget due to changes to the Elk Grove contract.

Aside from these revenue shortfalls, RT is anticipating positive variances in both Other Operating and Federal Revenues. On December 18, 2015, the federal government passed a 2-year extension to the recently expired Compressed Natural Gas (CNG) tax rebate bill which will allow transit agencies to retroactively apply for 6 months of refunds in addition to the annual 12 month rebate. This, in addition to other positive variances in this category, are anticipated to generate a positive variance of approximately \$1.1 million in Other Revenues. Additionally, with the recent passage of the Federal “Fixing America’s Surface Transportation” (FAST) Act, RT received an approval for an additional \$1.3 million in federal funding for reimbursement of costs related to “State of Good Repair.” However, federal Section 5307 funding for preventive maintenance decreased by \$0.6 million due to earned share allocation by SACOG.

The total FY 2016 estimated Operating expenses are trending slightly lower than initially budgeted by approximately \$0.2 million. The most significant positive and negative variances are anticipated within the categories of Salaries and Benefits, Materials and Supplies, and Casualty and Liability. Approximately \$2.0 million of the (\$3.3) million variance from the category, Salaries and Benefits, is attributed to an actuarial standards methodology change for recording annual Other Post Retirement Benefit (OPEB) expenses. Without this change, Salary and Benefit variances would have been approximately \$1.3 million short, which is reasonable considering that much of this variance can be attributed to costs related to service enhancements brought through the service improvements initiative. To accomplish this initiative, RT has incurred additional overtime and employment costs related to hiring additional employees to assist with RT’s goals of providing safe, clean, and convenient services. Purchased Transportation (Paratransit) is also trending about \$0.3 million over budget due to higher demand for ADA service.

RT is also anticipating some positive expense variances relating to both Materials and Supplies and Casualty and Liability costs. Material and Supplies are trending below the initial FY 2016 budget by approximately \$2.3 million. This positive trend is the result of RT’s strategic decision to implement a 100% CNG large bus fleet, which has allowed RT to capitalize on the low cost of CNG fuel prices. In addition to the lower than anticipated CNG fuel prices, RT has been able to keep the cost of parts and supplies lower than budgeted as a result of the recent transition of acquiring new replacement buses. Utilities are trending under budget by \$0.1 million due to traction power coming lower than expected. Furthermore, based on mid-year information that RT receives from its Casualty and Liability actuary related to self-insurance costs, Casualty and Liability costs for FY 2016 are projected to be \$1.4 million lower because the level of service miles is expected to be lower than originally forecasted.

In summary, these results show that RT has been spending within our means, despite changes caused by external factors. Without these changes, RT has been keeping in-line with budgeted expectations. It is important to stress that RT relies heavily on State and Local funding and the estimates provided by outside agencies to prepare its annual budget and variances from these

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projections cannot be solved within a short time frame as much of our Operations rely on the long term strategic planning to allow us to provide quality and reliable service to our customers.

## FY 2017 Operating Budget

The preliminary FY 2017 Operating Budget includes projections for revenues and expenditures based on existing information on current conditions and expectations, recognizing that several areas of uncertainty still remain. The FY 2017 preliminary Operating and Capital Budgets will be updated as conditions change until June 27, 2016, at which time the final Operating and Capital Budgets will be presented to the Board for adoption.

The primary areas of uncertainty remain: (1) whether or not regional sales and diesel tax projections will hold or exceed the projected levels; (2) the actual fare revenue impacts resulting from the recently adopted fare change; (3) negotiations with vendors for cost reimbursements related to anticipated arena service; and (4) potential savings from budgeted service reductions.

The preliminary FY 2017 Budget is consistent with past year budgets; increases are relatively close to the rate of inflation, with additional funding to enhance the overall safety, security and quality of RT service. The preliminary operating budget also assumes increases in fare inspection and continues RT's focus on cleanliness and an overall positive rider experience. The preliminary operating budget provides full funding for a full year of the new Blue Line service, and full funding for RT's enhanced services to the Golden 1 Center beginning in October 2016.

## Budget Process and History

The FY 2017 formal budget process began in February 2016. Staff thoroughly reviewed the FY 2016 year-to-date revenues and expenditures and developed preliminary FY 2017 projections based on prior year trends, third party information, and projected increases/decreases in significant revenue and expense accounts. Attachment 1 provides an overview of the budget process, strategic budget goals, factors that drive the budget, and an overview of the key revenue and expense categories.

## Operating Revenues

FY 2017 Operating Revenues are projected to be \$163.8 million compared to the FY 2016 year-end estimate of \$152.2 million, which is an increase of 6.4% in total revenues. The majority of the anticipated revenue increase comes from the following categories: \$3.8 million or 13.6% in Fare Revenues, \$6.1 million or 7.7% in State and Local funding, and \$1.1 million or 3.3% in Federal revenues.

The following table includes revenue for the FY 2016 year-end estimates and the proposed preliminary FY 2017 Operating Budget:

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**Table 1**  
Sacramento Regional Transit District  
FY 2016-2017 Operating Revenue

Categories	FY 2015 Actuals	FY 2016 Adopted Budget	FY 2016 Year-End Estimates	FY 2017 Preliminary Budget	% Change FY 2017 to FY 2016 Year-End
<b>Operating Revenue (Baseline)</b>					
Fare Revenue	\$ 28,396,102	\$ 29,953,414	\$ 28,053,414	\$ 31,878,667	13.6%
Contracted Services	5,809,754	6,443,738	5,997,007	6,092,006	1.6%
Other	4,002,137	4,108,292	5,204,959	3,840,000	-26.2%
State & Local	77,394,435	82,968,584	80,258,004	86,404,589	7.7%
Federal	29,766,694	32,031,966	32,675,279	33,742,104	3.3%
<b>Subtotal</b>	<b>\$ 145,369,122</b>	<b>\$ 155,505,994</b>	<b>\$ 152,188,663</b>	<b>\$ 161,957,366</b>	<b>6.4%</b>
<b>Operating Revenue (Supplemental Service)</b>					
Potential Sponsorship	\$ -	\$ -	\$ -	\$ 1,900,000	
<b>Total Operating Revenue</b>	<b>\$ 145,369,122</b>	<b>\$ 155,505,994</b>	<b>\$ 152,188,663</b>	<b>\$ 163,857,366</b>	<b>7.7%</b>

### Fare Revenue

The preliminary FY 2017 Budget proposes \$31.9 million in Fare Revenue, which represents an increase of approximately \$3.8 million (13.6%) from the FY 2016 year-end estimate of \$28.1 million. This increase can be mainly attributed to the following: (1) the Board approved fare increase, which is anticipated to generate approximately \$2.2 million; (2) a \$650,000 increase for the annualized impact of the changes to the Los Rios College Pass Program; (3) a \$315,000 increase in California State University Sacramento (CSUS) Pass Program revenues due to ridership increases among students; and (4) a \$500,000 increase in revenues from a projected increase in the preliminary contractual agreement with the Department of Human Assistance.

### 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 preliminary FY 2017 Budget estimates \$6.1 million in Contracted Services revenue, which is an increase of \$0.1 million (1.6%) from the FY 2016 year-end estimate (\$6.0 million).

### 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, parking revenue, CNG tax rebate, and miscellaneous revenue. This category also includes the sale of low carbon and Renewable Identification Numbers (RIN) credits.

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The preliminary FY 2017 Operating Budget estimates \$3.8 million in Other revenue, which is a reduction of \$1.4 million compared to FY 2016 projections. This decrease can be attributed to budgeting for 6 months of the CNG tax rebate compared to 18 months that is included in FY 2016 projections. The two year extension for this rebate is set to expire on December 31, 2016, and therefore, anticipated revenues for an additional extension should not be assumed for budgeting purposes.

### State & Local Revenue

The revenue in this category represents funds derived from sales taxes collected within Sacramento County by the State of California and returned to the County for transit programs based on established formulas. This category includes RT's 34.5% 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. Also included in this category are the State of California Transportation Development Act (TDA), Local Transportation Funds (LTF), and State Transit Assistance (STA) allocations. Measure A and LTF are sales tax based revenues.

RT monitors sales tax receipts closely and tracks them in 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 receipts over the same period last fiscal year provides the most accurate growth measurement; as of the most recent posting (March 17, 2016), receipts are showing an average of 5.2% growth for LTF and 3.7% growth for Measure A over the prior year's sales tax receipts.

The preliminary FY 2017 Operating Budget includes \$86.4 million in State & Local Funding, which is 6.1 million or 7.7% increase from the FY 2016 year-end estimate of \$80.3 million. RT's estimated Measure A revenue for FY 2017 is projected to generate \$38.6 million, which is a \$1.5 million or 4.0% increase over the FY 2016 projected revenue. This is consistent with the information provided to RT by the Sacramento Transportation Authority. RT's estimated LTF revenue for FY 2017 is projected to generate \$38.1 million, which is a \$1.5 million or 4.1% increase over the FY 2016 projected revenue and is consistent with the SACOG Board of Directors adopted Findings of Apportionment for FY 2017.

STA funding is currently projected at \$315 million statewide for FY 2017, which matches the Governor's proposed FY 2017 State Draft Budget that was released in January 2016. This statewide funding level is projected to be 19% lower than FY 2016 budgeted revenue. RT is projecting to receive \$7.8 million of STA funding in FY 2017, which is \$0.2 million more than the FY 2016 projected revenue of \$7.6 million and is \$1.7 million less than the FY 2016 Adopted Budget of \$9.5 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 2016 and FY 2017.

In addition, historically a portion of STA revenues were programmed to pay the annual debt service for RT's 2012 Revenue Bond, however with the passage of Assembly Bill (AB 133), the debt is anticipated to be paid using Traffic Congestion Relief Program (TCRP) funds.

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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 of funds, and the Federal Transit Administration (FTA) allocates those dollars to the region. The Transit Coordinating Committee (TCC) at SACOG then divides the funds into two categories, formula and discretionary shares. The formula share represents 88% of the total federal allocation which is distributed to all participating transit operators in the region based on an earned share formula. This amount can be used by RT for operating, planning, or capital purposes, subject to specific regulations. The remaining 12% is referred to as a discretionary share, which is awarded to the transit partners in the region on a competitive basis.

The preliminary FY 2017 Operating Budget projects \$33.7 million in federal revenue, which represents an increase of \$1.1 million (3.3%) from the FY 2016 year-end estimate of \$32.7 million.

Federal revenue from the Section 5307 Urbanized Area Formula grant is projected at \$19.1 million for FY 2017 to cover both Preventive Maintenance and a portion of the Americans with Disabilities Act (ADA) costs in the Operating Budget. The current FY 2017 estimate is based on the SACOG TCC's recommended funding level for the Sacramento Urbanized Area for FY 2016, which includes \$24.9 million for the region, of which \$19.0 million is allocated to RT. The FY 2017 preliminary budget includes a 1% increase over the FY 2016 amount of \$19.0 million.

The Section 5337 Formula funds "State of Good Repair" program is projected at \$11.6 million in FY 2017 to cover Light Rail Preventive Maintenance costs in the Operating Budget, which is a 1% increase over the FY 2016 amount of \$11.5 million.

Job Access Reverse Commute (JARC) revenue is projected at \$1.0 million for FY 2017, which is an increase of \$0.4 million compared to the FY 2016 year-end projections. RT staff will be applying for 5307 formula "JARC type projects" for the FY 2017 year through SACOG's discretionary grant process, which staff expects will take place in late 2016. If RT's grant application is not approved and awarded, RT will need to reduce this Federal revenue source for FY 2017. Staff will monitor this closely.

## Potential Sponsorship

The preliminary FY 2017 Operating Budget includes \$1.9 million in anticipated revenues from sponsorships for the additional service to the Golden 1 Center.

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Debt Service

**Table 2**  
Sacramento Regional Transit District  
Debt Service Schedule

	FY 2015 Actuals	FY 2016 Adopted Budget	FY 2016 Year-End Estimates	FY2017 Preliminary Budget
<b>Revenues</b>				
State & Local	\$ 3,213,031	\$ 3,025,143	\$ 3,025,143	\$ -
Federal	3,174,149	2,464,074	2,464,074	-
TCRP	-	-	-	5,490,483
<b>Total Revenues</b>	<b>\$ 6,387,180</b>	<b>\$ 5,489,217</b>	<b>\$ 5,489,217</b>	<b>\$ 5,490,483</b>
<b>Payments</b>				
Bond Payment	(6,387,180)	(5,489,217)	(5,489,217)	(5,490,483)
<b>Net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

A significant portion of the FY 2015 and FY 2016 bond payments were paid with State and Local Funds, more specifically STA revenues. The remaining portion of the payment was made with Federal funding tied to the South Line Phase II extension project which used a Federal New Starts grant. As of July 1, 2016, the Federal grant will no longer pay for interest expense on the revenue bonds; therefore, RT will be required to pay future debt service with other operating sources. RT is anticipating to receive TCRP funds in FY 2017 and a portion of those funds received will be used to pay the entire FY 2017 debt payment, as shown in Table 2 above.

**Operating Expenses**

FY 2017 total Operating Expenses are projected to be \$163.9 million compared to the FY 2016 year-end estimate of \$155.3 million, which is an increase of 4.2% prior to consideration of Supplemental Service and Service Quality enhancements, and 5.5% in total expense after considering all suggested improvements.

This report provides in-depth information on FY 2017 revenue and expense projections, as well as the supplementary information upon which the annual budgets are developed.

Table 3 compares the FY 2016 year-end projected operating costs to the preliminary FY 2017 Operating budget.

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**Table 3**  
Sacramento Regional Transit District  
FY 2016 and FY 2017 Operating Expenses

Categories	FY 2015 Actuals	FY 2016 Adopted Budget	FY 2016 Year-End Estimates	FY 2017 Preliminary Budget	% Change FY 2017 to FY 2016 Year-End
<b>Operating Expenses (Baseline)</b>					
Salaries & Benefits	\$ 96,261,006	\$ 99,178,175	\$ 102,474,905	\$ 107,368,841	4.8%
Professional Services	26,337,719	27,968,449	28,346,843	28,243,415	-0.4%
Materials & Supplies	8,556,338	10,104,973	7,763,192	8,422,223	8.5%
Utilities	5,815,563	6,434,400	6,372,458	6,388,399	0.3%
Casualty & Liability	7,905,996	9,778,687	8,367,082	9,138,165	9.2%
Other	1,938,430	2,041,310	1,929,959	2,201,478	14.1%
<b>Subtotal</b>	<b>\$ 146,815,052</b>	<b>\$ 155,505,994</b>	<b>\$ 155,254,439</b>	<b>\$ 161,762,521</b>	<b>4.2%</b>
<b>Operating Expenses (Supplemental Service and Service Quality Enhancements)</b>					
Potential service reduction TBD				\$ (1,000,000)	
2 Months of Additional Blue Line Service				680,316	
Golden 1 Service				1,894,529	
Service Quality Enhancements				520,000	
<b>Subtotal</b>			<b>\$ -</b>	<b>\$ 2,094,845</b>	
<b>Total Operating Expenses</b>			<b>\$ 155,254,439</b>	<b>\$ 163,857,366</b>	<b>5.5%</b>

\*10 months of Blue Line Service for FY 2016

### Salaries & Benefits

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

The preliminary FY 2017 Operating Budget, prior to budgeting for supplemental Golden 1 service and service quality enhancements, includes \$107.4 million for salaries and benefits, which is an increase of \$4.9 million (4.8%) from the FY 2016 year-end estimate of \$102.5 million. Salary costs are projected to increase due to contractual agreement wage increases and a full year of Transit Agent costs. Benefits costs are anticipated to rise as a result of Pension and Medical rate increases.

The preliminary FY 2017 Operating Budget includes 1,112 positions. Out of 1,112 positions, 1,048 positions are fully funded, 4 positions are partially-funded and 60 positions are not funded. Two Executive Management Team (EMT) level positions have been eliminated due to a recent reorganization. The preliminary FY 2017 Operating Budget includes a full year of funding for up to 30 new Transit Agents, 10 new Light Rail Operators, 3 new Transportation Supervisors, and 1 new Transportation Superintendent – Security. 50 Event Attendants were added to the Personal



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Contract Employee list, with 22 funded positions; 22 Event Attendants will be needed for each major event.

### Professional Services

This category includes Purchased Transportation to comply with ADA, transit security, equipment maintenance, facilities maintenance, legal services, and services provided by outside consultants.

The preliminary FY 2017 Budget includes \$28.24 million for Professional Services, a net decrease of \$0.11 million (0.4%) from the FY 2016 year-end estimates of \$28.35 million. Although the total costs for this category have decreased, included in this category is the projected increase in Paratransit costs of \$0.9 million based on a projected increase in demand for ADA service and an increase in cost per trip. This increase includes a \$300,000 reduction in net contract cost due to the projected fare increase. The Professional Services budget includes a \$1.0 million reduction in Security services due to replacing contracted security services with up to 30 new Transit Agents; this is a cost neutral approach that required RT to reduce the contracted security services cost in order to increase the Salaries and Benefits category by the same amount. The budget also includes \$100,000 in savings from changing RT's provider for federal lobbyist services.

### 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 preliminary FY 2017 Budget includes \$8.4 million for Materials and Supplies. This is an increase of 0.7 million or 8.5% over the FY 2016 year-end estimates of 7.7 million. This includes increases in CNG and parts costs.

### Utilities

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

The preliminary FY 2017 Budget includes \$6.39 million, which is a \$16,000 or 0.3% increase from the FY 2016 year-end estimates (\$6.37 million).

### Casualty & Liability

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

The preliminary FY 2017 Budget includes \$9.1 million for casualty and liability cost, an increase of \$0.7 million (9.2%) from the FY 2016 year-end estimates (\$8.4 million). This reflects an increase in the projected claim reserves for Workers' Compensation for FY 2017 per RT's most recent

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actuary report completed in February 2016. This also reflects a \$0.3 million increase in excess liability premiums due to the required increase in insurance coverage up to \$290 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 preliminary FY 2017 Budget includes \$2.2 million for other expenditures, an increase of approximately \$0.3 million (14.1%) from the FY 2016 year-end estimate of \$1.9 million. This increase can be attributed to an increase in the General Manager’s (GM’s) Contingency fund and the Uniform budget.

**Summary of Preliminary FY 2017 Operating Budget**

Table 4 below provides a summary of the FY 2015 actuals, FY 2016 Adopted Budget, FY 2016 projected Revenues and Expenses, and the preliminary FY 2017 Operating Budget.

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**Table 4**  
Sacramento Regional Transit District  
FY 2017 Preliminary Operating Revenues and Expense Summary

Categories	FY 2015 Actuals	FY 2016 Adopted Budget	FY 2016 Year-End Estimates	FY 2017 Preliminary Budget	\$ Change FY 2017 to FY 2016 Year-End	% Change FY 2017 to FY 2016 Year-End
<b>Operating Revenue</b>						
Fare Revenue	\$ 28,396,102	\$ 29,953,414	\$ 28,053,414	\$ 31,878,667	\$ 3,825,253	13.6%
Contracted Services	5,809,754	6,443,738	5,997,007	6,092,006	94,999	1.6%
Other	4,002,137	4,108,292	5,204,959	5,740,000	535,041	10.3%
State & Local	77,394,435	82,968,584	80,258,004	86,404,589	6,146,585	7.7%
Federal	29,766,694	32,031,966	32,675,279	33,742,104	1,066,825	3.3%
<b>Total Operating Revenue</b>	<b>\$ 145,369,122</b>	<b>\$ 155,505,994</b>	<b>\$ 152,188,663</b>	<b>\$ 163,857,366</b>	<b>\$ 11,668,703</b>	<b>7.7%</b>
<b>Debt Service</b>						
State & Local Revenue	\$ 3,213,031	\$ 3,025,143	\$ 3,025,143	\$ -	\$ (3,025,143)	-100.0%
Federal Revenue	3,174,149	2,464,074	2,464,074	-	(2,464,074)	-100.0%
TCRP Revenue	-	-	-	5,490,483	5,490,483	
Total Revenue	\$ 6,387,180	\$ 5,489,217	\$ 5,489,217	\$ 5,490,483	\$ 1,266	0.0%
<b>Debt Service Payments</b>	<b>\$ (6,387,180)</b>	<b>\$ (5,489,217)</b>	<b>\$ (5,489,217)</b>	<b>\$ (5,490,483)</b>	<b>\$ (1,266)</b>	<b>0.0%</b>
<b>Operating Expenses</b>						
Salaries & Benefits	\$ 96,261,006	\$ 99,178,175	\$ 102,474,905	\$ 110,094,044	\$ 7,619,139	7.4%
Professional Services	26,337,719	27,968,449	28,346,843	28,252,582	(94,261)	-0.3%
Materials & Supplies	8,556,338	10,104,973	7,763,192	8,449,973	686,781	8.8%
Utilities	5,815,563	6,434,400	6,372,458	6,711,124	338,666	5.3%
Casualty & Liability	7,905,996	9,778,687	8,367,082	9,138,165	771,083	9.2%
Other	1,938,430	2,041,310	1,929,959	2,211,478	281,519	14.6%
Potential service reduction TBD				(1,000,000)		
<b>Total Operating Expenses</b>	<b>\$ 146,815,052</b>	<b>\$ 155,505,994</b>	<b>\$ 155,254,439</b>	<b>\$ 163,857,366</b>	<b>\$ 8,602,927</b>	<b>5.5%</b>
<b>Operating Shortfall</b>	<b>\$ (1,445,930)</b>	<b>\$ -</b>	<b>\$ (3,065,776)</b>	<b>\$ -</b>		
<b>Operating Reserve Usage</b>	<b>\$ 1,445,930</b>	<b>\$ -</b>	<b>\$ 3,065,776</b>	<b>\$ -</b>		
<b>Operating Reserve Balance</b>	<b>\$ 3,115,950</b>	<b>\$ 3,115,950</b>	<b>\$ 50,174</b>	<b>\$ 50,174</b>		

After accounting for the FY 2015 \$1.4 million loss shown above, RT's available Operating reserve balance is \$3.1 million. Based on the FY 2016 year-end estimates, it is anticipated that RT may need to use almost the entire \$3.1 million of the available Operating Reserve balance at the end of FY 2016.

As discussed earlier in the issue paper, Tables 1 and 3 provide information on the FY 2017 Revenue and Expenses prior to supplemental Golden 1 service and service quality enhancements. Table 4, shown above, provides a combined presentation of the complete FY 2017 Operating Budget. A detailed explanation of the variances between the Adopted FY 2016 Operating Budget and the combined preliminary FY 2017 Operating Budget can be found in the Abridged Operating and Capital Budget document, Attachment 2.

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Staff will continue to fine tune expense projections and closely monitor all revenue sources over the next few months.

### Service Reductions

Staff is analyzing ridership trends to determine what routes might be performing under our current performance goals to determine what service levels, if any, should/could be considered to be reduced or discontinued. There could be significant savings to the Operating Budget as a result of this analysis and discussion; the projected service reduction impact is a saving of approximately \$1.0 million.

### **Capital Budget - Capital Improvement Plan (CIP)**

The FY 2017 projected Capital Funding Budget is \$89,182,888; including \$60.0 million in State funding, \$24.6 million in carryover revenues from prior years, \$3.7 million in Federal funding, and \$800,000 in Local funding. The largest funding category is Project Development, which includes the Green Line Sacramento Valley Station (SVS) Loop of \$28 million, and the Sacramento-West Sacramento Streetcar Starter Line of \$30 million. This funding totaling \$58 million is pending an allocation for RT's Transit & Inter-City Rail Capital Program (TIRCP) grant application.

The FY 2017 Capital Expenditure Budget for all projects is \$89,182,888. The Capital Expenditure Budget changes year-to-year based on available funding, project development, and timing.

The Abridged Budget document (Attachment 2, beginning on page 22) includes the comprehensive list of proposed capital projects for new funding authorizations and a complete list of all current capital projects forecast to have expenditures in FY 2017.

### **Areas of Risk for FY 2016 and FY 2017**

As discussed with the Board, areas of continuing volatility for both FY 2016 and FY 2017 surrounds fare revenues, State and Local Revenues (as it relates to taxes on collected on diesel sales and sales tax for the region), and the price at which RT is able to sell in the market its Low Carbon and RINs credits. Additional for FY 2017, the additional risks lying in the amount of money RT is able to receive in sponsorship revenues related to the Golden 1 Center as well as the additional low productivity service reductions that will be presented to the Board for review.

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15	04/25/16	Open	Action	04/19/16

Subject: Preliminary FY 2017 Operating and Capital Budgets

**FY 2017 Budget Timeline**

Staff will continue to work diligently to confirm and refine budget assumptions until the FY 2017 Operating Budget is adopted by the Board.

- 4/25/16 Release of a Preliminary FY 2017 Operating and Capital Budget for 60-day Public Review.
- 5/23/16 Public Hearing accepting Public Comment on Preliminary FY 2017 Budgets and Continue Public Hearing to June 27, 2016.
- 6/27/16 Continue Public Hearing to accept Public Comment on the Preliminary FY 2017 Operating and Capital Budgets, and Adopt the FY 2017 Operating and Capital Budgets.

According to the timeline presented above, Staff recommends the release of the FY 2017 Operating and Capital Budget for 60-day public review.



# **FY16 Budget Update and FY17 Preliminary Budget Briefing**

# FY 2016 Budget Status Update

**CURRENT OPERATING RESERVE BALANCE**      **\$ 3.1 million**

FY 2016 Estimated Operating Revenue      \$152.2 million

FY 2016 Estimated Operating Expenses      \$155.3 million

**PROJECTED FY 2016 SHORTFALL**      **\$ 3.1 million**

## Major Contributors to FY 2016 Shortfall

- Total Expenses are trending \$0.2 million below budget:
  - \$3.3 million cost increase in Salaries and Benefits, mainly due to a \$2 million expense as the result of a change in Actuarial assumptions for Other Post Retirement Benefits, and over \$1 million in additional investment in service quality enhancements.
  - \$0.3 million increase in Paratransit costs.
  - \$2.4 million savings in Materials & Supplies and Utilities.
  - \$1.4 million savings in Casualty & Liability and Other costs.
- Total Revenues declined by \$3.3 million:
  - \$2.7 million unfavorable variance in State and Local funds due to a decrease in diesel tax and sales tax revenues.
  - \$1.9 million unfavorable variance in Fare Revenues due to fare evasion, lower ridership due to lower gas prices, the delay of the Connect Card project.
  - \$0.6 million positive variance in Contract Services and Other revenues.
  - \$0.7 million positive variance in Federal revenues.



## FY 2017 Budget Overview

FY 2017 Operating Revenue	\$163,857,000
FY 2017 Operating Expense	\$163,857,000
FY 2017 Capital Expense	\$ 89,182,888
– FY 2017 Capital Funding	\$ 64,627,421
– Carryover revenues (prior years)	\$ 24,555,467

Despite Revenue Shortfalls in STA, Measure A, and LTF, RT plans to:

- (1) add additional service for the opening of the Golden 1 Center
- (2) improve service through various security and cleanliness improvements
- (3) manage its expenses through various cost cutting measures (GM cost containment memo).

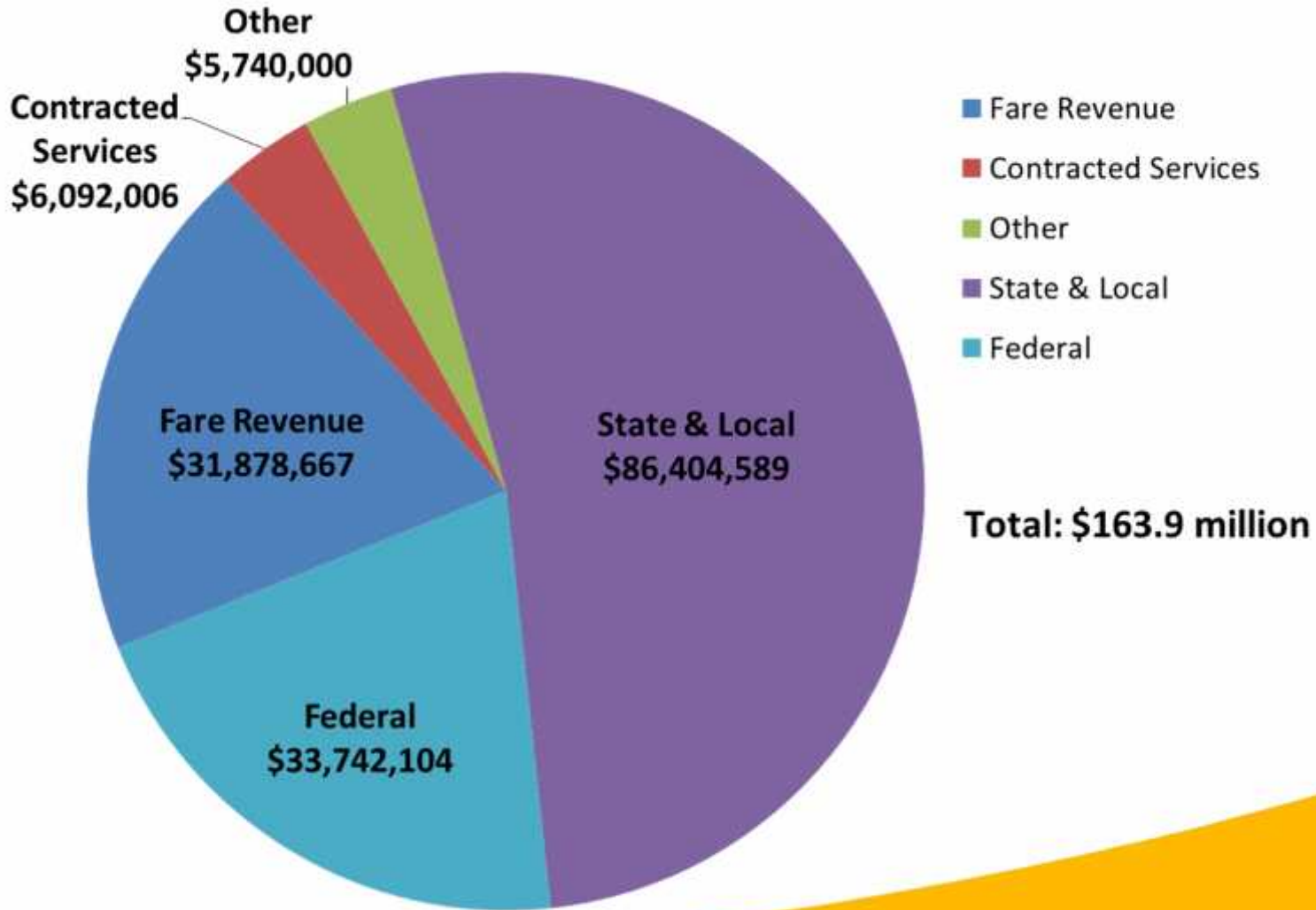
## FY 2017 Strategic Budget Goals

- Recover fares of approximately 23% of RT's operating expenses in order to meet state mandates for farebox recovery.
- Operate a full successful year of additional Blue Line service.
- Begin supplemental service to the Golden 1 Center in October 2016.
- Enhanced focus on safety, security, cleanliness and quality of service.
- Increase fare inspection and improve farebox recovery ratio.
- Continue to implement Systemwide Station Enhancements.
- Continue to implement the new Fiscal Policies to ensure Fiscal Sustainability.
- Serve RT's Strategic Plan: Quality Service & Innovation; Customer Service; Respect & Professionalism; Fiscal Responsibility; Integrity & Accountability; Quality, Diverse & Positive Work Force; Regional Leadership & Coordination; Health & Safety; and Sustainability.

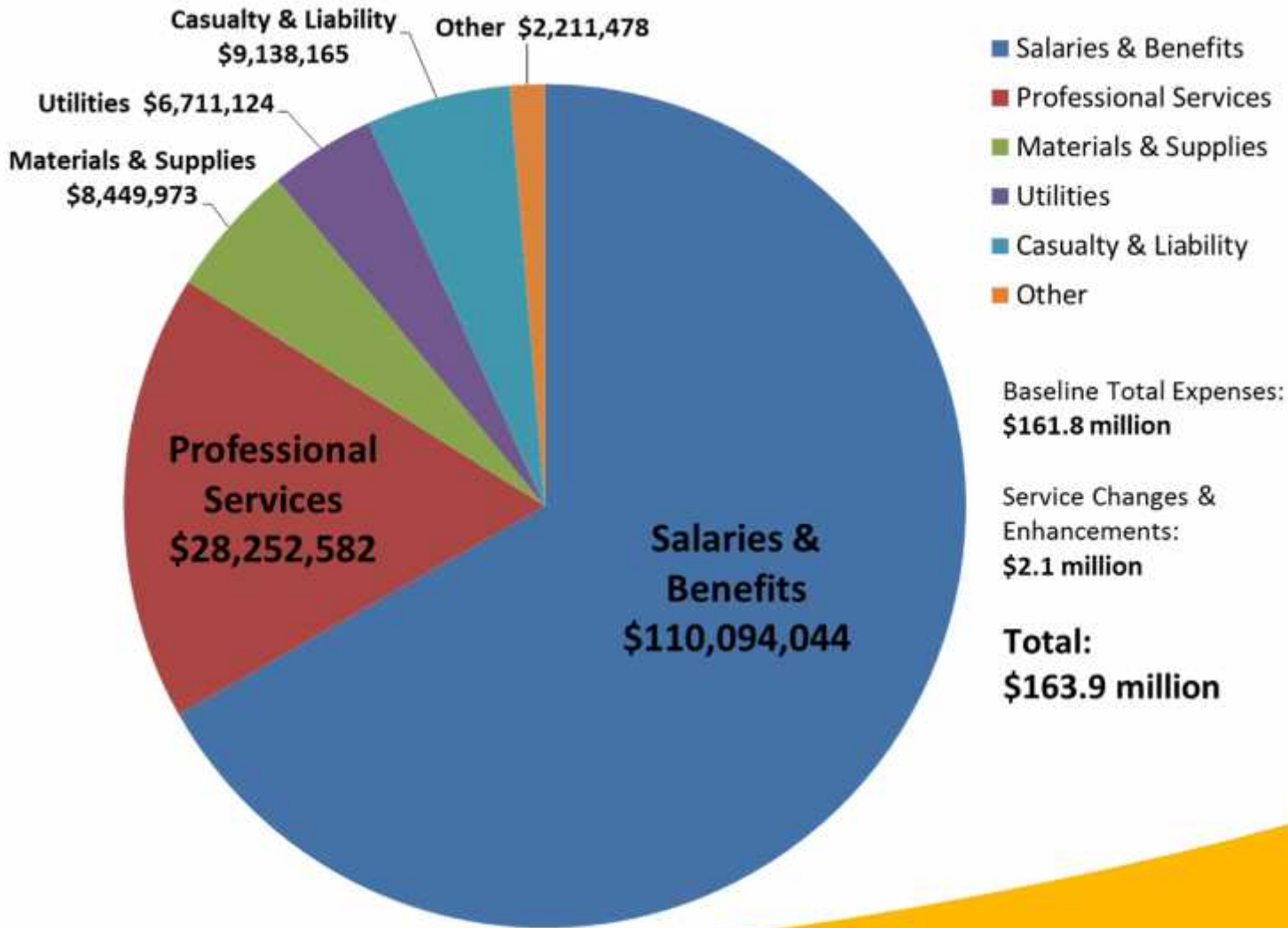
## FY 2017 Budget Cost Drivers and Assumptions

- **Revenues**
  - Fares: Recent fare change, increase in contractual agreements.
  - State and Local: Based on local agencies' allocations.
  - Federal: Historical trends with minor increase.
  - Other: Additional revenues from potential sponsorships.
- **Expenses**
  - Salaries and Benefits: Growth from 59 new positions, contractual obligations, pension, and medical increases.
  - Other: Inflationary rises in materials, supplies and utilities. Insurance and liability cost increases due to actuarial changes and increased insurance coverage.

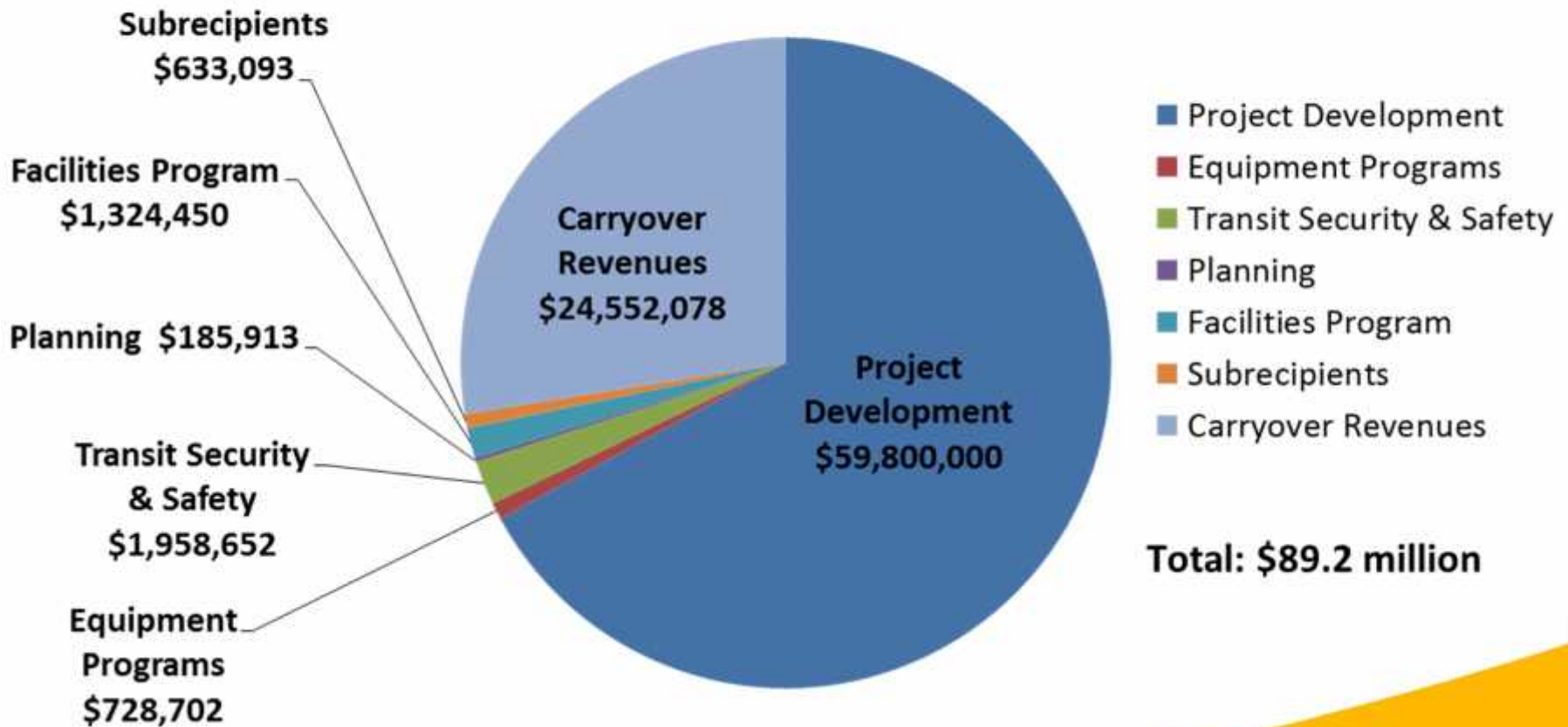
## FY 2017 Preliminary Operating Budget Revenue Allocation



# FY 2017 Preliminary Operating Budget Expense Allocation

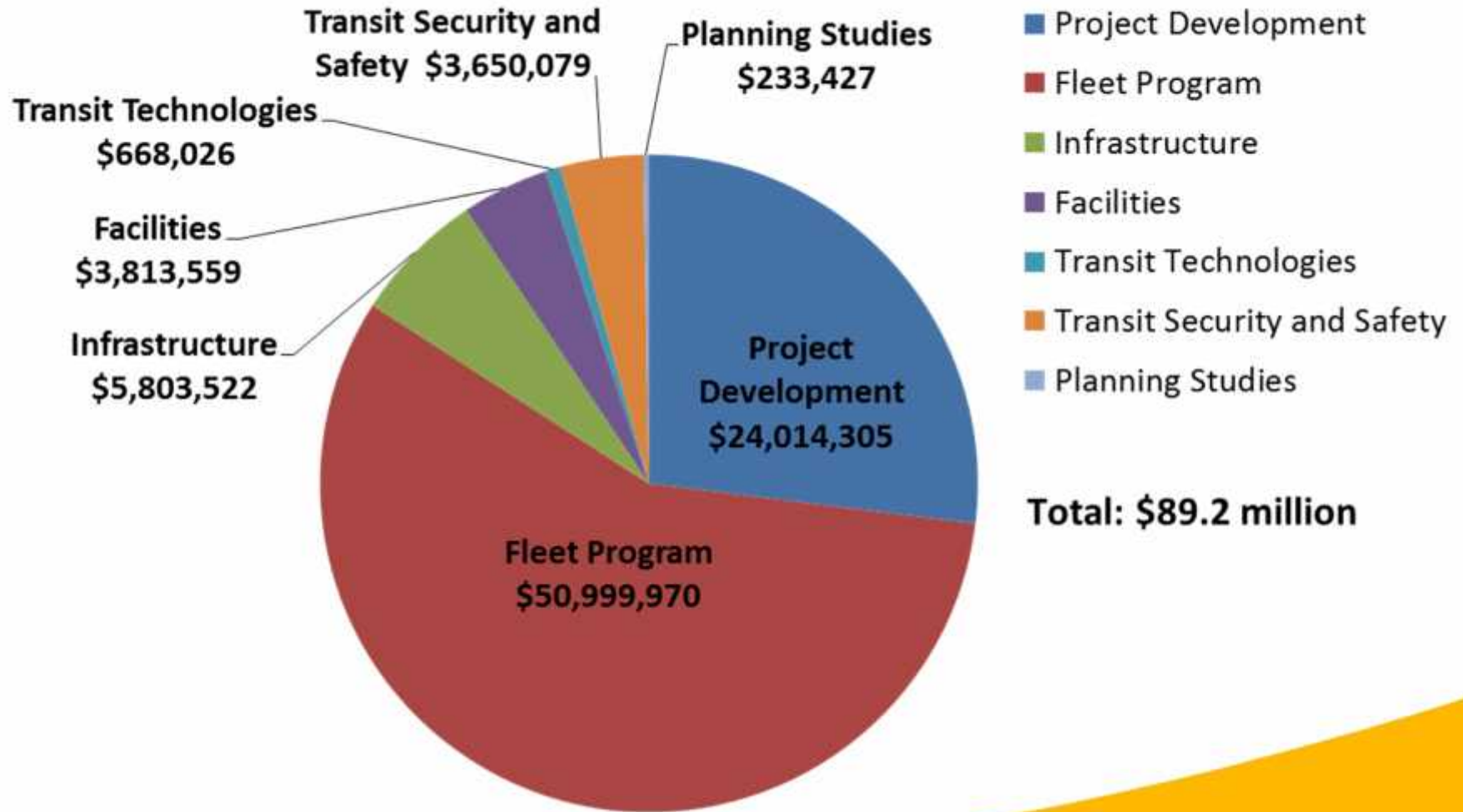


# FY 2017 Preliminary Capital Budget Revenue Projections





## FY 2017 Preliminary Capital Budget Expense Projections



## FY 2017 Budget Schedule

- |                       |  |
|-----------------------|--|
| <b>April 25, 2016</b> | Release of Preliminary FY 2017 Operating and Capital budgets, 60-Day Public Review begins. |
| <b>May 23, 2016</b>   | Public Hearing.  |
| <b>June 27, 2016</b>  | FY 2017 Operating and Capital Budget for adoption by the Board of Directors.               |





# Sacramento Regional Transit District

Preliminary  
Abridged Budget  
Fiscal Year 2016-2017

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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

Jeff Slowey  
City of Citrus Heights

David Sander  
City of Rancho Cordova

## Executive Management Team

Mike Wiley  
General Manager/CEO

Tim Spangler  
Chief Counsel

Laura Ham  
Chief of Staff

Norm Leong  
Chief of Police Services

Henry Li  
Assistant General Manager of Administration

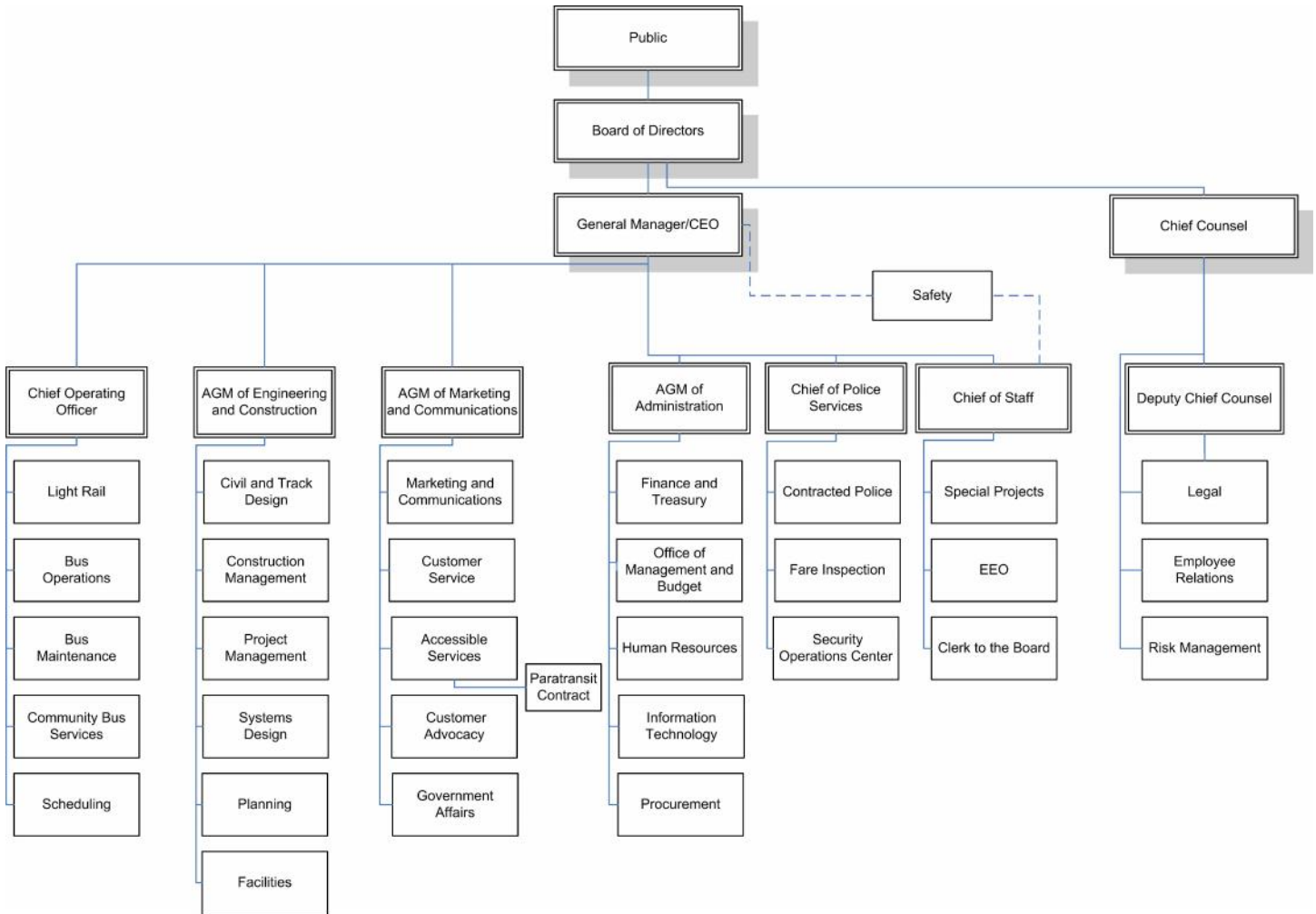
Mark Lonergan  
Chief Operating Officer

Alane Masui  
Assistant General Manager of Marketing and Communications

Diane Nakano  
Assistant General Manager of Engineering and Construction

Olga Sanchez-Ochoa  
Deputy Chief Counsel

## 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
--------------------------------------	--

Bus Service	
Power	Compressed Natural Gas, Diesel, Gasoline
Routes	69
Schedule	4:41 am to 11:38 pm daily
Stops	2,765
Vehicles	209 - 40' CNG Buses 14 - 25' Gasoline Buses 2 - 25' Hybrid Gasoline/Electric Buses 6 - 32' CNG Buses 3 - 28' Diesel Buses
Annual Ridership	13,700,000

Light Rail Service	
Power	Electrical
Miles	41.8
Schedule	3:49 am to 12:59 am daily
Stops	53
Vehicles	90
Annual Ridership	12,100,000

Paratransit	
ADA Passenger Trips Provided	340,370
ADA Vehicle Revenue Miles	3,501,434
Vehicles	102

Passenger Amenities/ Customer Service	
Transfer Centers	36
Park & Ride	21
Annual Customer Service Calls	233,132
Customer Info Line	(916) 321-2877
Website	www.sacrt.com

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
September 2015	Extended light rail from Meadowview to Cosumnes River College

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## 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 21<sup>st</sup> 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 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 will reflect the transportation requirements of the Region. The updated RT Strategic Plan was recently adopted by the Board of Directors and is currently being implemented.

---

## Strategic Plan (continued)

### 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 an 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

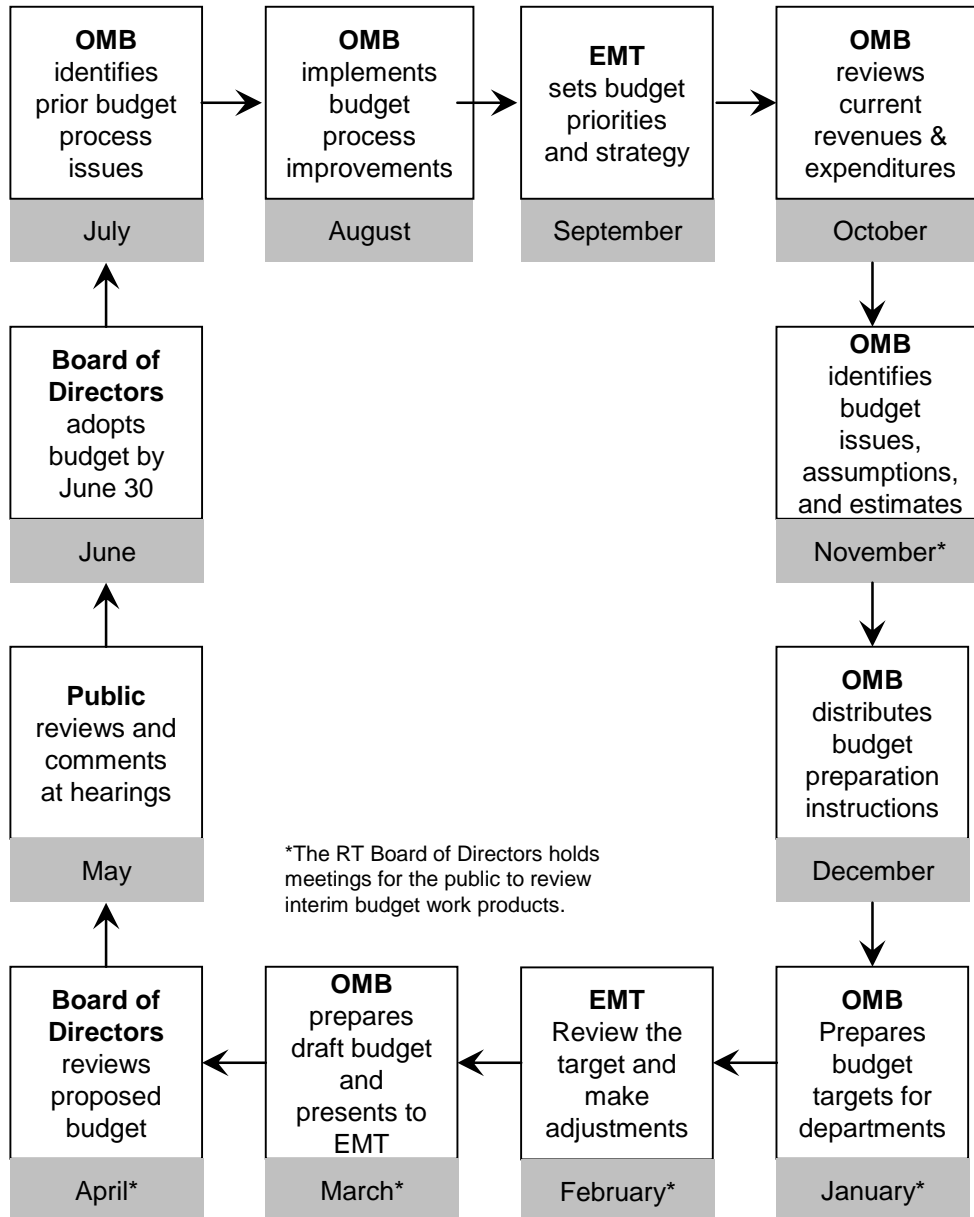
#### Growth Goals

- 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 to 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 2016 Budget and for the FY 2017 preliminary Abridged Budget is shown in the table below. A detailed FY 2017 Schedule of Weighted Voting is shown on the next page.

### Vote Shares By Jurisdiction

<b>Jurisdiction</b>	<b>Status</b>	<b>Shares - FY 2016 Budget</b>	<b>Shares – FY 2017 Proposed</b>
County of Sacramento	Annex	42	42
City of Sacramento	Annex	36	36
City of Rancho Cordova	Annex	10	10
City of Citrus Heights	Contract	5	5
City of Elk Grove	Contract	4	4
City of Folsom	Contract	3	3
<b>Total</b>		<b>100</b>	<b>100</b>



### Voting System (continued)

Fiscal Year 2017 Schedule of Weighted Voting Distribution  
Base Values\*

Federal Financial Information								
Code Section:								
102205(b)(6)	FY 16 Federal Funds Available in the Sacramento MSA	38,647,077						
102205(b)(7)	Allocation of Federal Funds to jurisdictions other than RT	5,971,798						
102205(b)(8)	FY 16 Federal Funds Available for use in RT Service Area:	32,675,279						
Jurisdiction Specific Values								
	City of Sacramento	County of Sacramento	Rancho Cordova	Citrus Heights	Folsom	Elk Grove	Totals:	
102205(b)(10)	Population:**	480,105	573,313	69,112	85,147	74,909	162,899	1,445,485
	Proportionate Population:	33.21%	39.66%	4.78%	5.89%	5.18%	11.27%	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):	10,852,804	12,959,776	1,562,281	1,924,753	1,693,323	3,682,342	32,675,279
102105.1(d)(2)(A), 102205(b)(3)	FY 17 State TDA Funds Made Available to RT:	20,538,698	24,490,147	2,956,584	0	0	0	47,985,429
102105.1(d)(2)(B), 102205(b)(4)	FY 17 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 17 Other Local Funds	0	0	0	0	0	0	0
102105.1(d)(2)	Total Financial Contribution:	31,875,798	37,449,923	4,792,047	5,133,551	3,260,692	4,479,073	86,991,084
102105.1(d)(2)	Proportionate Financial Contribution:	36.64%	43.05%	5.51%	5.90%	3.75%	5.15%	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):	31.1462	36.5928	4.6824	5.0161	3.1861	4.3766	85.0000
102105.1(d)(3)	Total Shares:	36.1462	41.5928	9.6824	5.0161	3.1861	4.3766	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: \$38,596,903 - 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.

## RT Major Goals and Objectives in FY 2017

- System Improvements – The RT Board of Directors and staff have launched a comprehensive initiative designed to make changes, big and small, to improve the quality of transit service countywide. The project has been supported by the substantial effort of the Business Advisory Task Force, which was triggered by a desire to improve service and to make system-wide enhancements prior to the opening of the Entertainment and Sports Center (ESC) in downtown Sacramento in October 2016.
  - Opening of the ESC Golden 1 Center – This is an exciting project for Sacramento. The opening of the ESC will provide RT with the opportunity to introduce the convenience of RT to event attendees who would otherwise not utilize RT's services. To achieve that goal, RT has planned the following: (1) to add supplemental light rail service to accommodate crowds visiting the Golden 1 Center during approximately 85 peak events each year; (2) station enhancements that include upgrades to lighting, security systems, and passenger information; (3) increased cleaning on trains and at stations; (4) additional station and vehicle security; (5) hiring Event Coordinators, who will be located at key light rail stations and bus stops to assist event attendees with directions, fare purchases, and general usage of the system; and (6) hiring Transit Agents to assist with fare inspection and security. Some of these initiatives will be a challenge for RT, especially when finances are tight. However, we are committed to ensuring that we capture the new ridership associated with ESC events.
- Mobile Applications - RT has entered into a contract with a vendor to report crime statistics and facility improvements. This will allow RT to have a customized system for riders to report information about conditions at stations and stops to RT staff. This is projected to go live by July, 2016. In addition, On January 3, 2016, RT began a 6 month pilot mobile fare program for customers using smart phones. The program allows customers to purchase single and daily full and discount tickets and passes. The success of the program has prompted staff to work with the vendor to extend the existing pilot program for another 6 months. In conjunction with this extension, staff has begun the request for proposal process for a permanent solution with the projected go live date of January 1, 2017.
- Connect Card – RT's regional partner SACOG and the vendor INIT are targeting July/August 2016 for a soft launch / pilot of the system provided that the system is functionally ready for operation by June, 2016. Should the system be deemed fully functional and pass soft launch testing, staff could anticipate full system use in early 2017.
- South Line Phase 2 Project – The majority of this project was successfully completed ahead of schedule and under budget. The grand opening ceremony took place on August 24, 2015. There are minor activities that will continue into FY 2017 and the final Station Morrison Creek is anticipated to be completed by December 31, 2017 or development of adjacent property.
- Horn Road and Dos Rios Light Rail Stations – RT was awarded Community Design Grants to complete final design of the facilities in 2017. Staff presented the Horn Road station design concept to the Rancho Cordova City Council in June 2015 for direction on a preferred design concept. Staff is working with Sacramento Housing and Redevelopment Agency (SHRA) to integrate station plans into their adjacent transit oriented development project. Staff will be seeking additional funding through SACOG and the State Cap and Trade programs to construct these facilities.
- Streetcar Project – During FY17, staff will manage several key streetcar items. Working on behalf of the cities of Sacramento and West Sacramento, the Streetcar Project Management Team will work closely with the Federal Transit Administration to secure a Small Starts Grant Agreement by the end of calendar year 2017. Concurrent to this work, staff will be advancing streetcar Final Design efforts, as well as finalizing the specifications and advancing the purchase of the streetcar vehicles.
- Green Line – In FY 2017, at a minimum, a second track will be added to H Street from 7th Street to west of 5th Street continuing in the north-south direction to a single sided station platform constructed on the west side of the

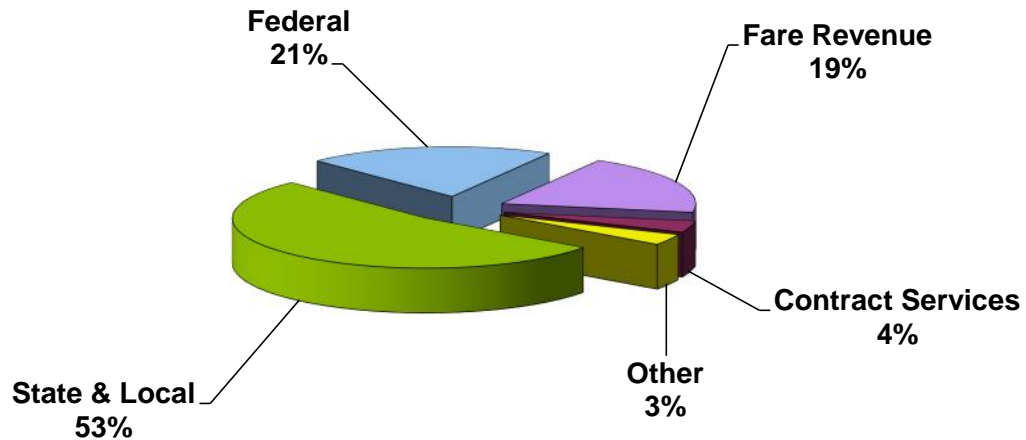
revenue track. A by-pass track will also be constructed in the north-south direction east / parallel to the station track continuing approximately 400' beyond the station platform on to F Street. Two crossovers, (1 temporary) will be added on H Street and south of the station platform to allow flexible operations into and out of the relocated station.

- UTDC Light Rail Vehicle (LRV) Retrofit and Mid Life Refurbishment - Work continues on the UTDC refurbishment. Siemens is scheduled to complete the final LRV in December 2016, however, there is other work that will need to be completed on some of the LRV's refurbished early in the project plus warranty work. In addition, RT has rework and warranty repairs on subsystems that RT supplies to Siemens as owner furnished equipment.
- Siemens Light Vehicle Train Wraps – The Siemens light rail train wrap project will continue through FY17, with 8 LRVs scheduled to be completed each year. This schedule allows time to complete the body work involved to prepare the vehicles for wrap.
- 40' CNG Bus Replacement Project – During FY 2016, RT entered into a contract with Gillig to purchase 96 CNG Buses. RT has received 30 buses during the first half of 2016; the second order of 30 buses is projected for delivery in the Spring of 2016. The final 36 buses are scheduled for completion and delivery by October 2016, and are expected to be in service by December 31, 2016.
- Bus Fare Boxes – When RT entered into a new contract with Gillig to replace 96 CNG buses, RT also evaluated its fare box needs. With the current fare boxes exceeding their useful life and the existing manufacturer indicating that the existing fare boxes would no longer be supported, RT entered into a contract with SPX Corporation to purchase new Genfare Incorporated (GFI) Fast Fare fare boxes. The new fare boxes provides RT with new technology such as improved bill and coin counterfeiting detection, the ability to issue magnetic fare media directly from the fare box, and read the newest technology in Quick Response (QR) codes for smart phones and connect cards. Approximately 30 of these new fare boxes were installed into the 30 new Gillig buses with the remaining 66 to be installed as the new buses are delivered to RT. Additionally, RT entered into a contract with GFI to replace the remaining fareboxes as funding becomes available. During FY 2017, RT has enough funds to replace an additional 53 fare boxes with a delivery date of September 2017. The remaining fare boxes will be replaced as funding becomes available.
- Radio Upgrade – In order to meet Sacramento County's Project 25 (P25) requirements, several equipment improvements will be needed in FY17. All Gold Elite radio consoles will need to be replaced with new models that are P25 compliant as well as replacing numerous portable radios with APX-6000 and APX-4000 models. The majority of the mobile radios are P25 compliant but will need to be programmed and flashed with new templates.

## Revenues

### FY 2017 Operating Revenue by Funding Source

(Dollars in Thousands)



	FY 2014 Actual	FY 2015 Actual	FY 2016 Budget	FY 2017 Budget	FY 2017 to FY 2016	
					\$ Change	% Change
Fare Revenue	\$ 29,157	\$ 28,396	\$ 29,953	\$ 31,879	\$ 1,926	6.4%
Contract Services	5,530	5,810	6,444	6,092	(352)	-5.5%
Other	2,834	4,002	4,108	5,740	1,632	39.7%
State & Local	75,296	77,394	82,969	86,404	3,435	4.1%
Federal	28,970	29,767	32,032	33,742	1,710	5.3%
<b>Total</b>	<b>\$ 141,786</b>	<b>\$ 145,369</b>	<b>\$ 155,506</b>	<b>\$ 163,857</b>	<b>\$ 8,351</b>	<b>5.4%</b>
Operating Reserve*	\$ 3,380	\$ 1,446				
<b>Operating Revenue</b>	<b>\$ 145,166</b>	<b>\$ 146,815</b>	<b>\$ 155,506</b>	<b>\$ 163,857</b>	<b>\$ 8,351</b>	<b>5.4%</b>

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

## Revenues (continued)

### Fare Revenue

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

- The FY 2017 Preliminary Budget proposes \$31.9 million in Fare Revenue, an increase of \$1.9 million (6.4%) from the FY 2016 Budget of \$30.0 million.
- This includes Board adopted fare increase to different fare categories effective July 1, 2016.
- This reflects an increase in Los Rios Student pass program in the amount of \$1.2 million due to changes in the contract approve by the students.
- This reflects an increase in Sacramento State Student and Employee Transit Pass Program with an estimated revenue in the amount of \$0.3 million due to increased ridership among students.
- This includes \$0.5 million in revenues from a projected increase in the preliminary contractual agreement with the Department of Human Assistance.

### 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 2017 Preliminary Budget proposes \$6.1 million in Contracted Services revenue, an decrease of \$0.3 million (5.5%) from the FY 2016 Budget of \$6.4 million.
- This reflects a 2.6% increase in the Citrus Heights contract due to an increase in TDA revenue.
- This also reflects a decrease in the Elk Grove contract of \$0.3 million due to the recently adopted changes to the 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 2017 Preliminary Budget includes \$5.7 million in other revenue, which is an increase of \$1.6 million (39.7%) from the FY 2016 Budget of \$4.1 million.
- The FY 2017 Preliminary Budget includes \$1.9 million in projected revenue from sponsorship agreements.
- This includes \$0.2 million for the sale of Federal Renewable Identification Numbers for RT's CNG Bio-Gas fuel and \$1.0 million for the sale of Low Carbon Credits through the State Cap and Trade program.
- This includes 6 months of CNG tax rebate because of December 2016 expiration date for the program.

---

## Revenues (continued)

### 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 2017 Preliminary Budget proposes \$86.4 million in state and local funding revenue, an increase of \$3.4 million (4.1%) from the FY 2016 Budget of \$83.0 million.
- This reflects a 2.1% or \$0.8 million increase in sales tax estimates for Measure A over the FY 2016 Budget, based on the Sacramento Transportation Authority preliminary budget projections.
- This also reflects a 4.1% or \$1.5 million increase in sales tax estimates for TDA-LTF.
- This includes a 17.7% or \$1.7 million decrease in the TDA-STA Revenue compared to the FY 2016 Budget due to low diesel prices.
- This Budget assumes that TCRP funds are to be used for the Revenue Bond payment in the amount of \$5.5 million.
- This includes \$1.9 million in the Low Carbon Transit Operations Program (LCTOP) revenue, which is a cap-and-trade program established in 2014 that provides funds to public transportation agencies throughout California for operations that reduce greenhouse gas emissions.

### 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.

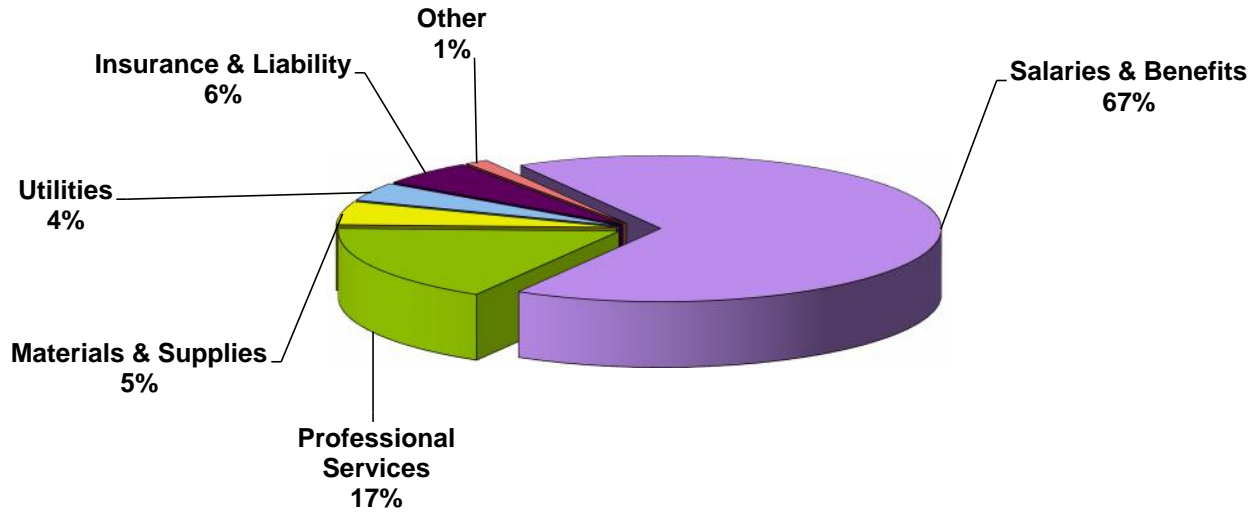
- The FY 2017 Preliminary Budget proposes \$33.7 million in federal funding, an increase of \$1.7 million (5.3%) from the FY 2016 Budget of \$32.0 million.
- This includes \$2.0 million in Congestion Mitigation Air Quality (CMAQ) revenue for South Line Phase 2, which is a \$0.4 million increase over FY 2016.
- This includes \$1.0 million in Job Access/Reverse Commute funding, which is a \$0.4 million increase over FY 2016.
- Section 5307 Urbanized Area federal funding is projected to decrease by \$0.4 million due to changes in SACOG allocation methodology based on earned share.
- Section 5337 State of Good Repair funding is projected to increase by \$1.4 million due to higher allocation to the Region by FTA.



## Expenses

### FY 2017 Operating Expenses by Expense Category

(Dollars in Thousands)



	FY 2014 Actual	FY 2015 Actual	FY 2016 Budget	FY 2017 Budget	FY 2017 to FY 2016 \$ Change	FY 2017 to FY 2016 % Change
Salaries & Benefits	\$ 94,018	\$ 96,261	\$ 99,178	\$ 110,094	\$ 10,916	11.0%
Professional Services	24,933	26,338	27,969	28,253	284	1.0%
Materials & Supplies	10,198	8,556	10,105	8,450	(1,655)	-16.4%
Utilities	5,646	5,816	6,434	6,711	277	4.3%
Insurance & Liability	8,343	7,906	9,779	9,138	(641)	-6.6%
Other	2,029	1,938	2,041	2,211	170	8.3%
Potential Service Reduction	TBD			(1,000)	(1,000)	
<b>Operating Expenses</b>	<b>\$ 145,167</b>	<b>\$ 146,815</b>	<b>\$ 155,506</b>	<b>\$ 163,857</b>	<b>\$ 8,351</b>	<b>5.4%</b>

## Expenses (continued)

### 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 2017 Preliminary Budget proposes \$110.1 million for salaries and benefits, an increase of \$10.9 million (11.0%) from the FY 2016 Budget of \$99.2 million.
- The Fiscal Year 2017 Preliminary Budget includes 1,052 fully or partially funded positions, which is an increase of 46 positions from the Fiscal Year 2016 Budget of 1,006 fully or partially funded positions. See Positions section on page 20 for details.
- Labor increased by \$4.4 million (8.0%) from the FY 2016 Budget of \$55.8 million. This reflects various District position salary adjustments, salaries for new positions, increase in overtime cost based on higher wages.
- Fringe Benefits increased by \$5.8 million (11.9%) from the FY 2016 Budget of \$48.7 million. This reflects increases of 1.6 million in Pension costs, increases of \$1.3 million in Medical costs, increase of 2.0 million in post-retirement benefits, increase of \$0.6 million in vacation and sick leave accrual, etc.
- Capital recovery and indirect costs have decreased by \$0.6 million over the FY 2016 Budget. This represents labor charged to capital projects, a decrease in which will increase the operating budget labor costs. Staff is working with Engineering Division on analyzing capital labor recovery opportunities.

### 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 2017 Preliminary Budget proposes \$28.3 million for Professional Services, an increase of \$0.3 million (1.0%) from the FY 2016 Budget of \$28.0 million.
- This reflects an increase in Paratransit, Inc. 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 \$1.3 million decrease in security services cost based on the assumption that Security Guards are replaced by newly hired Transit Agents.
- There are other minor increases 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 2017 Preliminary Budget proposes \$8.5 million for materials and supplies, a decrease of \$1.7 million (16.4%) from the FY 2016 Budget of \$10.1 million.
- This includes a \$0.5 million reduction in CNG cost and \$0.1 million reduction in gasoline cost.
- This also includes a \$0.7 million reduction in bus parts and \$0.3 million reduction in light rail vehicle parts.
- The changes in other general ledger accounts make up the remaining difference.

## Expenses (continued)

### Utilities

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

- The FY 2017 Preliminary Budget proposes \$6.7 million for Utilities, an increase of \$0.3 million (4.3%) from the FY 2016 Budget of \$6.4 million.
- This includes traction power costs of \$0.2 million associated with Golden 1 service.
- This includes increases in costs for water, electricity and telephone.

### Insurance & Liability

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

- The FY 2017 Preliminary Budget proposes \$9.1 million for Insurance & Liability, a decrease of approximately \$0.6 million (6.6%) from the FY 2016 Budget of \$9.8 million.
- This reflects a decrease of \$1.0 million in the projected claims reserves for Property and Liability for FY 2017, per RT's most recent actuary report completed in February 2016.
- This also reflects an increase of \$0.3 million in excess liability insurance premium due to an increase in the required insurance coverage up to \$290 million.
- This reflects the updated insurance premium costs.

### 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.

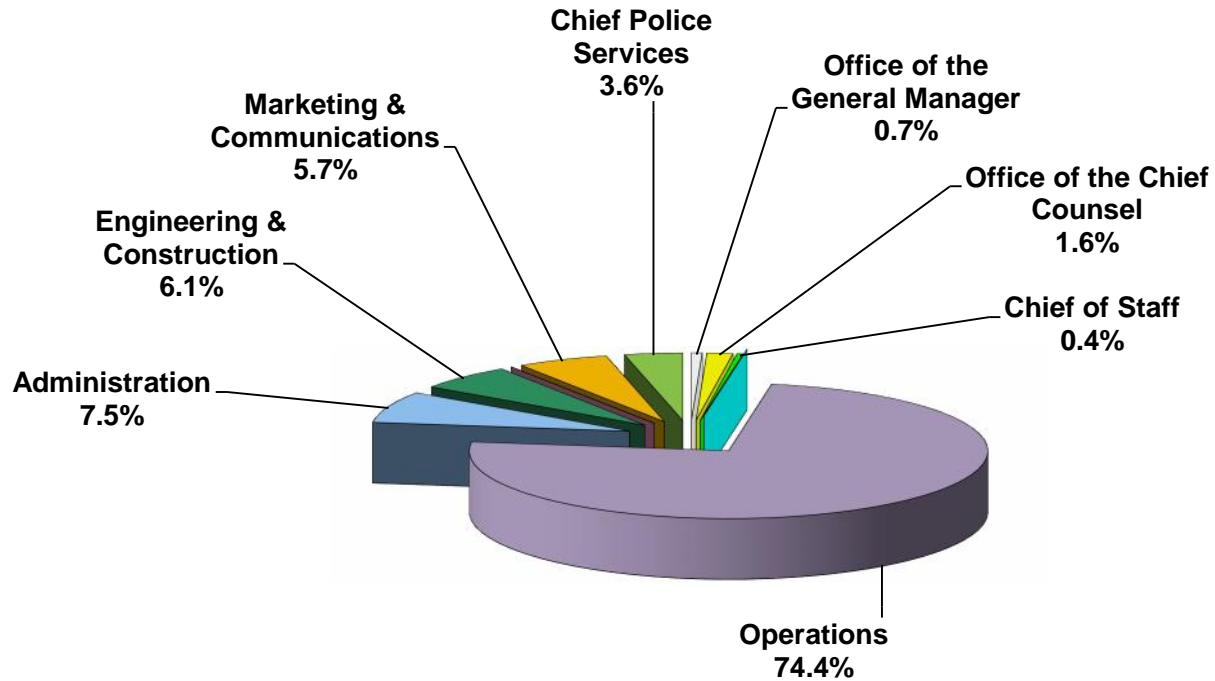
- The FY 2017 Preliminary Budget proposes \$2.2 million for other expenditures, an increase of \$0.2 million (8.3%) from the FY 2016 Budget of \$2.0 million.
- This includes increases in Uniform costs, banking fees, interest expense, property taxes, etc.

### Potential Service Reduction

Staff is analyzing ridership trends to determine what routes might be under performing as compared to our current performance goals to determine what service levels, if any, should/could be considered to be reduced or discontinued. There could be significant savings to the Operating Budget as a result of this analysis and discussion; the projected service reduction impact in FY 2017 is an estimated savings of approximately \$1.0 million.

## Positions

The Fiscal Year 2017 Preliminary Budget includes 1,052 fully or partially funded positions, which is a decrease of 9 positions from the Fiscal Year 2016 Projected Budget of 1,061 funded positions.



Division	FY 2014 Funded	FY 2015 Funded	FY 2016 Funded	FY 2016 Projected *	FY 2017 Funded
Office of the General Manager	4	4	3	6	7
Office of the Chief Counsel	10	10	9	18	17
Chief of Staff	0	0	0	3	4
Facilities & Business Support Services	87	86	84	2	0
Operations	783	790	792	801	783
Administration	26	27	24	79	79
Engineering & Construction	24	23	19	66	64
Finance	27	26	25	2	0
Planning & Transit System Development	24	24	24	2	0
Marketing & Communications	27	27	26	39	60
Chief Police Services	0	0	0	43	38
<b>Total</b>	<b>1,012</b>	<b>1,017</b>	<b>1,006</b>	<b>1,061</b>	<b>1,052</b>

\* Reflects Reorganizational Changes.

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## Positions (continued)

Changes reflected in the FY 2017 preliminary budget are as follows:

- General Manager division had a net increase of 1 funded position. 1 GM Assistant position was added to support the new General Manager.
- Chief Counsel division had a net decrease of 1 funded position. 1 Senior Paralegal position was unfunded.
- Chief of Staff division had a net increase of 1 funded position. This division was created during FY 2016 reorganization. 1 Senior Administrative Assistant was transferred from Facilities division to Chief of Staff.
- Facilities division had a net decrease of 2 funded positions and was eliminated during the FY 2016 reorganization. The changes are as follows: transfer 1 Senior Administrative Assistant to Chief of Staff division and eliminate the Chief of Facilities and Business Support Services position.
- Operations division had a net decrease of 18 funded positions. The changes are as follows: fund 2 Transportation Supervisors in Bus Transportation and 1 Mechanic B, unfund 1 Bus Service Worker and 1 Mechanic C, convert 1 Painter to Mechanic A Body/Fender that is unfunded in Bus Maintenance. In Light Rail, unfund 1 Light Rail Service Worker, 1 Lineworker Technician, 1 Mechanic A Body/Fender and 1 Rail Maintenance Worker and fund 2 Lineworker Technician – HLC. Eliminate 15 Part-Time Cleaners.
- Administration division had no change in a number of funded positions even though numerous changes took place. This division was created during the FY 2016 reorganization. Total of five departments were combined into this division, including Human Resources, Finance and Treasure, Office of Management and Budget (OMB), Information Technology (IT), and Procurement. The position changes are as follows: add 1 Human Resources Analyst II for Pension Administration in Human Resources, unfund 1 Revenue Clerk and 1 Revenue Analyst, fund 1 Director of OMB in Office of Management and Budget, fund 1 Communications Infrastructure Specialist in IT, unfund 1 Materials Management Superintendent and 1 Procurement Analyst II in Procurement, transfer 1 Senior Administrative Assistant from Finance division.
- Engineering division had a net decrease of 2 funded positions. During the FY 2016 reorganization, three departments were added to this division: Facilities, Strategic Planning and Long Range Planning. The position changes are as follows: unfund 1 Administrative Assistant II and 1 Associate Civil Engineer - HLC, and transfer 1 Senior Administrative Assistant from Planning. Staff continues evaluate staffing needs in this division.
- Finance division was combined into the Administration division due to the FY 2016 reorganization. As a result of reorganization, 1 Chief Financial Officer was eliminated and 1 Senior Administrative Assistant was transferred to Administration division.
- Planning division was transferred to the Engineering division during the FY 2016 reorganization. The position changes are as follows: eliminate 1 AGM of Planning and Transit Systems Development, transfer 1 Senior Administrative Assistant to Engineering division.
- Marketing division had a net increase of 21 funded positions. During the FY 2016 reorganization, Purchased Transportation and Accessible Services were transferred to this division. The position changes are as follows: unfund 1 Director of Accessible Services and Customer Advocacy, add 22 Event Attendants for Golden 1 Service Center Initiative.

## Capital Improvement Plan

The following tables represent the Capital Budget spending plan for the FY 2017 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 2017 through 2021, and beyond to 2047.

The FY 2017 Capital Budget includes projects focused on the following priorities (please see page 12-13 of this document for project descriptions for FY 2017):

### Project Development Program:

- Horn Road and Dos Rios Light Rail Stations
- Streetcar Project
- Green Line Project

### Fleet Program:

- UTDC Light Rail Vehicle Retrofit and Mid Life Refurbishment
- Siemens Light Rail Vehicle Wraps
- 40' CNG Bus Procurement
- Bus Fare Box Replacement
- Low Floor Rail Cars

### Transit Technologies Program:

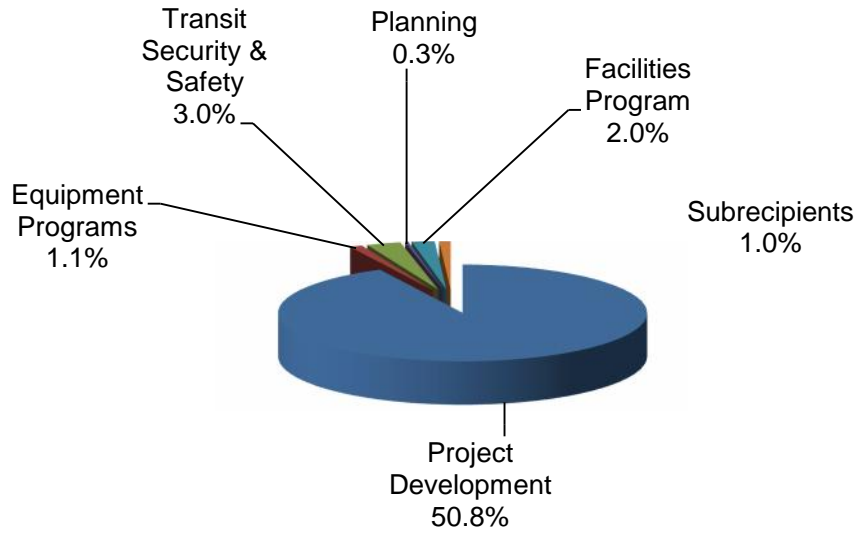
- Radio Communications Systems Upgrade
- Connect Card
- Mobile Ticketing

## 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 on-going maintenance and, in case of new service lines, additional and on-going 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 on-going operating and maintenance costs are projected using current year baseline dollars.

### Capital Improvements by Category



(Dollars in Thousands)

Category	FY 2017	
	Proposed	
Project Development	\$ 59,800	92.6%
Equipment Programs	729	1.1%
Transit Security & Safety	1,959	3.0%
Planning	186	0.3%
Facilities Program	1,324	2.0%
Subrecipients	633	1.0%
<b>Total</b>	<b>\$ 64,631</b>	<b>100.0%</b>

## Capital Improvement Funding Additions

Program	Project Name	Tier	Funded Through FY 2016	FY 2017 Funding Budget	Future Funding Additions	Total Project Funding Through FY 2017
<b>Project Development Programs</b>						
R055	Light Rail Station at Dos Rios	I	\$ 900,000	\$ 800,000	\$ 17,800,000	\$ 19,500,000
R135	Light Rail Station at Horn	I	\$ 600,000	\$ 1,000,000	\$ 6,000,000	\$ 7,600,000
R321	Green Line Draft & Final EIS/R for SITF Segment	0	\$ 3,504,000	\$ (519,786)	\$ 519,786	\$ 3,504,000
R322	Green Line Draft Environmental Clearance and Project Development	0	\$ 3,109,156	\$ -	\$ 400,000	\$ 3,509,156
TBD10	Green Line SVS Loop	II	\$ -	\$ 28,000,000	\$ -	\$ 28,000,000
S010	Sacramento-West Sacramento Streetcar Starter Line	I	\$ 1,734,933	\$ 30,519,786	\$ -	\$ 32,254,719
<b>Project Development Total</b>			<b>9,848,089</b>	<b>59,800,000</b>	<b>24,719,786</b>	<b>94,367,875</b>
<b>Equipment Programs</b>						
B143	Fare Box Replacements		2,911,791	728,702	\$ -	\$ 3,640,493
<b>Equipment Program Total</b>			<b>2,911,791</b>	<b>728,702</b>	<b>-</b>	<b>3,640,493</b>
<b>Transit Security &amp; Safety</b>						
TBD1	Phone System Replacement	0	-	305,250	-	305,250
TBD2	Track Warrant Controlled Access System	0	-	187,450	-	187,450
TBD3	Radio Communications System Upgrade	0	-	1,117,017	-	1,117,017
TBD4	Upgrades to Transit Security Systems	0	-	15,480	-	15,480
TBD5	Anti-Terrorism Directed Patrols	0	-	181,735	-	181,735
TBD6	License Plate Reader Camera Packages (3)	0	-	33,120	-	33,120
TBD7	Hand Held Portable Radios	0	-	106,509	-	106,509
TBD8	Security Awareness Training	0	-	12,091	-	12,091
<b>Transit Security &amp; Safety Total</b>			<b>-</b>	<b>1,958,652</b>	<b>-</b>	<b>1,958,652</b>
<b>Planning / Studies</b>						
R335	Watt/I-80 Transit Center Master Plan	0	24,087	185,913	-	210,000
<b>Planning Total</b>			<b>24,087</b>	<b>185,913</b>	<b>-</b>	<b>210,000</b>
<b>Facilities Program</b>						
TBD9	BMF #1 Fueling Facility Upgrades	II	-	1,324,450	-	1,324,450
<b>Facilities Programs Total</b>			<b>-</b>	<b>1,324,450</b>	<b>-</b>	<b>1,324,450</b>
<b>Subrecipient</b>						
Q044	FY 2015 Section 5307 El Dorado Transit - Bus Acquisition	0	-	308,771	-	308,771
Q045	FY 2015 Section 5307 City of Folsom - PM/ADA/OPS Assistance	0	-	324,322	-	324,322
<b>Subrecipient Total</b>			<b>-</b>	<b>633,093</b>	<b>-</b>	<b>633,093</b>
<b>Total</b>			<b>\$ 12,783,967</b>	<b>\$ 64,630,810</b>	<b>\$ 24,719,786</b>	<b>\$ 102,134,563</b>

\* All project expenditures are subject to available funding.



## Capital Project Expenditure Plan

Program	Project Name	Tier	Expended Through FY 2016	FY 2017 Budget Expenditures	Future Expenditures	Total Project Cost through FY 2017
<b>Project Development</b>						
404	Green Line to the River District (GL-1)	0	49,573,657	188,343	-	49,762,000
410	Blue Line to Cosumnes River College	0	251,616,792	18,500	18,364,708	270,000,000
R055	Light Rail Station at Dos Rios	I	458,643	1,241,357	17,800,000	19,500,000
R135	Light Rail Station at Horn	I	480,051	1,119,949	6,000,000	7,600,000
R321	Green Line Draft & Final EIS/R for SITF Segment	0	1,124,290	173,679	2,206,031	3,504,000
R322	Green Line Draft Environmental Clearance and Project Development	0	1,608,260	627,753	1,273,143	3,509,156
TBD10	Green Line SVS Loop	II	-	10,000,000	18,000,000	28,000,000
R323	Retrofit Light Rail Vehicle (LRV) Hoist	0	2,727	30,273	-	33,000
S010	Sacramento-West Sacramento Streetcar Starter Line		1,668,132	10,614,451	19,972,136	32,254,719
<b>Project Development Total</b>			<b>306,532,552</b>	<b>24,014,305</b>	<b>83,616,018</b>	<b>414,162,875</b>
<b>Fleet Programs</b>						
651	Siemens Light Rail Vehicle Mid-Life Overhaul	0	7,423,652	5,000	2,517,760	9,946,412
B139	40' CNG Bus Procurement	I	17,943,241	39,445,943	-	57,389,184
B141	Non-Revenue Vehicles - P1B Restricted	0	2,925,643	1,072,759	664,892	4,663,294
B142	Neighborhood Ride Vehicle Replacement - 14 Vehicles	0	1,854,714	64,400	-	1,919,114
G225	Non-Revenue Vehicle Replacement	I	1,626,842	220,000	32,719	1,879,561
P007	Paratransit Vehicle Replacement - CNG" project	0	10,005	1,561,195	-	1,571,200
R001	CAF/Siemens Light Rail Vehicle Painting/Exterior Work	0	104,747	890,253	-	995,000
R085	UTDC Light Rail Vehicle Retrofit and Mid Life Refurbishment	I	23,362,822	2,236,239	-	25,599,061
R086	UTDC Light Rail Vehicle Retrofit and Mid Life Refurbishment - 7 Vehicles	I	2,529,819	5,504,181	-	8,034,000
<b>Fleet Program Total</b>			<b>57,781,485</b>	<b>50,999,970</b>	<b>3,215,371</b>	<b>111,996,826</b>
<b>Infrastructure Programs</b>						
A006	Natoma Overhead Widening Project	0	150,054	53,696	66,500	270,250
A007	Easton Development Grade Crossing	0	14,548	10,000	25,452	50,000
G237	Across the Top System Modification	0	317,213	357,643	-	674,856
G238	Repairs per Biennial Bridge Inspection	I	110,726	55,000	1,603,446	1,769,172
R010	Light Rail Crossing Enhancements	I	448,931	94,183	2,956,886	3,500,000
R280	Signal - Infrastructure Improvements for Future Gold Line Limited Stop Serv.	I	398,778	5,000	13,696,222	14,100,000
R336	Light Rail Station Enhancements	0	1,500,000	5,228,000	-	6,728,000
<b>Infrastructure Program Total</b>			<b>2,940,250</b>	<b>5,803,522</b>	<b>18,348,506</b>	<b>27,092,278</b>
<b>Facilities Programs</b>						
715	Bus Maintenance Facility #2 (Phase 1&2)	I	22,329,083	2,189,636	37,153,722	61,672,441
4007	ADA Transition Plan Improvements	I	355,239	200,000	5,232,761	5,788,000
4011	Facilities Maintenance & Improvements	I	2,791,194	41,429	18,743,497	21,576,120
A002	Louis Orlando Transit Center	0	610,358	1,715	-	612,073
A010	Louis Orlando - Construction	0	-	167,667	-	167,667
A011	12th Street Corridor Safety Improvements	0	183,418	14,448	-	197,866
A012	Construction Oversight Properties at 65th St.	0	3,000	7,000	-	10,000
B134	Fulton Ave. Bus Shelters	0	-	169,435	-	169,435
F014	Bike Racks	0	170,570	23,165	-	193,735
F015	Facilities New Freedom Tasks-Add Mini-Hi's to Light Rail Stations	I	31,802	139,701	313,796	485,299
F018	Rancho Cordova Landscaping	0	31,366	100,000	10,275	141,641
F019	Rancho Cordova Utility Building Enhancements	0	596	115,000	109,404	225,000
Q029	Citrus Heights Bus Stop Improvements	0	629,784	211,658	-	841,442
R175	Watt Avenue Station Improvements	0	255,623	14,755	-	270,378
R313	29th Street Light Rail Station Enhancements	0	41,152	93,500	145,848	280,500
TBD9	BMF #1 Fueling Facility Upgrades	II	-	324,450	1,500,000	1,824,450
<b>Facilities Program Total</b>			<b>27,433,185</b>	<b>3,813,559</b>	<b>63,209,303</b>	<b>94,456,047</b>
<b>Transit Technologies Programs</b>						
964	Trapeze Implementation (TEAMS)	0	1,840,467	323,745	-	2,164,212
G035	Fiber/50-Fig Installation, Maintenance, & Repair	I	266,148	64,220	-	330,368
T017	Audio Light Rail Passenger Information Signs	0	708,870	100,000	577,380	1,386,250
T022	Handheld Smart Card Reader	0	25,939	90,061	-	116,000
T040	RT IT Support for Connect Card	0	-	90,000	-	90,000
<b>Transit Technologies Program Total</b>			<b>2,841,424</b>	<b>668,026</b>	<b>577,380</b>	<b>4,086,830</b>

Capital Project Expenditure Plan (continued)

Program	Project Name	Tier	Expended Through FY 2016	FY 2017 Budget Expenditures	Future Expenditures	Total Project Cost through FY 2017
<b>Transit Security &amp; Safety</b>						
H021	Enhancement of Emergency Power Generation	0	311,904	200,000	56,206	568,110
T005	CPUC General Order 172 - LRV Camera	0	153,996	41,486	-	195,482
T006	LRV System AVL Equipment	0	75,654	150,000	175,371	401,025
T018	Building Access System Upgrade	0	7,653	103,854	-	111,507
T025	Surveillance and Security Facilities Enhancement	0	585	251,415	-	252,000
T026	WiFi Security Systems Enhancement	0	17,799	72,175	54,376	144,350
T027	Video Surveillance System Upgrades	0	67,170	48,750	-	115,920
T028	LR Digital Messaging Control System	0	51,625	51,625	-	103,250
T029	Upgrade Bus Fleet Digital Video Recorders	0	-	171,493	171,494	342,987
T034	Computer Aided Dispatching System	0	11,265	384,000	372,735	768,000
T036	Facilities Safety, Security and Communications Infrastructure Upgrades	0	-	193,098	193,097	386,195
T037	Operations Computer Systems Replacements	0	-	142,800	-	142,800
T038	Upgrades to Security Video and Data Systems	0	-	88,756	88,756	177,512
T042	Connect Card Implementation Consulting	0	-	25,000	-	25,000
T043	Emergency Drills	0	-	65,430	-	65,430
T044	Public Awareness Info Videos	0	-	35,000	-	35,000
TBD1	Phone System Replacement	0	-	305,250	-	305,250
TBD2	Track Warrant Controlled Access System	0	-	187,450	-	187,450
TBD3	Radio Communications System Upgrade	0	-	1,117,017	-	1,117,017
TBD4	Upgrades to Transit Security Systems	0	-	15,480	-	15,480
TBD5	Anti-Terrorism Surge Patrols	0	-	170,000	-	170,000
TBD6	License Plate Reader Camera Packages (3)	0	-	35,000	-	35,000
TBD7	Hand Held Portable Radios	0	-	150,000	-	150,000
TBD8	Security Awareness Training	0	-	20,000	-	20,000
<b>Transit Security &amp; Safety Total</b>			<b>697,651</b>	<b>3,650,079</b>	<b>1,112,035</b>	<b>5,459,765</b>
<b>Planning/Studies Program</b>						
A008	Regional Bike Share System	II	-	30,000	160,000	190,000
A009	Folsom Streetscape	0	21,573	28,427	-	50,000
R335	Watt/I-80 Transit Center Master Plan	0	-	175,000	35,000	210,000
<b>Planning/Studies Program Total</b>			<b>21,573</b>	<b>233,427</b>	<b>195,000</b>	<b>450,000</b>
<b>Total</b>			<b>\$ 398,248,120</b>	<b>\$ 89,182,888</b>	<b>\$ 170,273,613</b>	<b>\$ 657,704,621</b>

\* All project expenditures are subject to available funding.

RESOLUTION NO. 16-04-\_\_\_\_\_

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

April 25, 2016

**AUTHORIZING STAFF TO RELEASE THE SACRAMENTO REGIONAL TRANSIT DISTRICT PRELIMINARY FY 2017 OPERATING AND CAPITAL BUDGETS AND SET NOTICE OF A PUBLIC HEARING FOR MAY 23, 2016**

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 preliminary Operating and Capital Budgets for FY 2017, 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 23, 2016.

\_\_\_\_\_  
JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary