

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	06/13/16	Open	Information	06/07/16

Subject: FY 2017 Operating Budget Update

ISSUE

Discussion of updates to the FY 2017 Operating Budget since the May 23rd Board Meeting.

RECOMMENDED ACTION

Information only.

FISCAL IMPACT

None as a result of this item.

DISCUSSION

The purpose of this Staff report is to provide the Board with updated changes to the FY 2017 Preliminary Operating Budget. The budget will continue to be updated as conditions change up until the Board meeting on June 27th, at which time the revised Budgets will be presented to the Board for adoption.

The Preliminary Fiscal Year 2017 Operating and Capital Budgets were released for public review on April 25, 2016. The public hearing notice was published in the Sacramento Bee. Through this process, the public is offered an opportunity to express opinions regarding the Preliminary Abridged FY 2017 Budget. As of this date, staff has not received any comments or questions from the public. On June 27, 2016, staff will report any public comment or inquiries received and will recommend that the Board close the public hearing and adopt the FY 2017 Operating and Capital budgets.

Operating Budget Revisions

Table 1 below provides a summary of the changes in Revenues and Expenses for the upcoming fiscal year:

Approved:

Presented:

Final 06/08/16

General Manager/CEO

AGM, Administration

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Table 1
Sacramento Regional Transit District
Summary of FY 2017 Budget Changes

Categories	FY 2017 04-25-16 Budget	FY 2017 06-13-16 Budget	FY 2017 \$ Changes	FY 2017 % Changes
Operating Revenue				
Fare Revenue	\$31,878,667	\$31,252,448	(626,219)	-2.0%
Contracted Services	6,092,006	6,092,006	-	0.0%
Other	5,740,000	4,840,000	(900,000)	-15.7%
State & Local	86,404,589	87,404,589	1,000,000	1.2%
Federal	33,742,104	33,271,670	(470,434)	-1.4%
Total Operating Revenue	\$ 163,857,366	\$ 162,860,713	\$ (996,653)	-0.6%
Operating Expenses				
Salaries & Benefits	\$ 110,094,044	\$ 108,362,034	(1,732,010)	-1.6%
Professional Services	28,252,582	28,087,889	(164,693)	-0.6%
Materials & Supplies	8,449,973	8,449,973	-	0.0%
Utilities	6,711,124	6,711,124	-	0.0%
Casualty & Liability	9,138,165	9,057,035	(81,130)	-0.9%
Other	2,211,478	2,192,658	(18,820)	-0.9%
Service Reduction TBD	(1,000,000)	-	1,000,000	-100.0%
Total Operating Expenses	\$ 163,857,366	\$ 162,860,713	\$ (996,653)	-0.6%
Balance	\$ -	\$ -	\$ -	

Revenues

A net decrease of \$996,653 in projected total revenues is due to the following:

- *Fare Revenue* decreased by \$626,219 due to a reduction in estimated Department of Human Assistance (DHA) contract revenues and to reflect downward trends in Fare Revenue in the current fiscal year.
- *Other Revenue* decreased by \$900,000 due to a reduction in estimated revenue from sponsorship agreements. RT is still actively in negotiations seeking additional revenues; however, to be conservative for budgeting purposes, staff has reduced the budgeted amount.
- *State & Local Revenue* increased by \$1,000,000 as a result of grant revenues associated with the Sacramento Emergency Clean Air Transportation Program (SECAT).
- *Federal Revenue* decreased by \$470,434 due to a lower allocation of Job Access Reverse Commute (JARC) funds to RT.

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Expenses

A net decrease of \$996,653 in projected total expenses is due to the following:

- *Salary & Benefits* budget decreased by \$1,732,010 due to a planned reduction in the RT work force to enhance business efficiencies and increase service quality, a reduction in funding level for vacant authorized position (fully funded vacant positions are changed to partially funded or unfunded), and limiting salary increases for certain union groups.
- *Professional Services* budget decreased by \$164,693 due to a reduction in Paratransit Americans with Disabilities Act (ADA) service cost estimates, a reduction in Security guard deployment, and an increase for RT web-site redesign as part of the effort to rebrand RT.
- *Casualty & Liability* budget decreased by \$81,130 due to a reduction in insurance premiums. The final quotes from the insurance companies were slightly lower than originally projected.
- *Other Expenses* budget decreased by \$18,820 due to a reduction in promotional sponsorship dues and subscriptions.
- *Service Reduction* savings have been removed from the budget since RT has been able to find other ways to bridge the budget gap through various cost savings and additional revenues.

Looking Ahead

Staff's goal is to have a balanced budget for FY 2017. The Preliminary Operating Budget presented to the Board in April was balanced. Staff is continuously working to identify further cost reductions, and where possible, to pursue other revenue opportunities in FY 2017.

Future Budget Schedule

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|---------------|---|
| June 27, 2016 | 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. |
| July 1, 2016 | Beginning of Fiscal Year 2017. |