

General Manager's Report July 24, 2017

GOVERNMENT AFFAIRS UPDATE

FEDERAL

On July 17, the House Appropriations Committee approved a \$56.5 billion FY18 Transportation-Housing funding bill. The week prior to this action, the bill was marked up by the Subcommittee on Transportation, Housing, and Urban Development and Related Agencies (THUD) and subsequently the full committee approved the measure. Currently, the bill includes a total of \$11.7 billion in FY18 to the Federal Transit Administration (FTA) for public transit allocating the full funding for transit formula programs authorized by the FAST Act and \$1.7 billion in funding for the Capital Investment Grant (CIG) program. The \$1.7 billion in House funding measure provides \$549 million less for the CIG program that funds transit new starts, small starts and core capacity projects and the measure did not include funding for the Transportation Investment Generating Economic Recovery (TIGER) grant program.

Last week, the FTA announced it is making available \$226.5 million in competitive funding for bus and bus facilities projects in FY17.

STATE

Cap and Trade – Greenhouse Reduction Program

On Monday, July 17, the Legislature approved two key measures that will guide California's climate change policy until 2030 and a third that would subject, in 2024, a new auction revenue appropriations plan to a one-time, 2/3s vote by the Legislature.

Cap and Trade Extension:

AB 398 (E. Garcia) would extend the state's Cap and Trade program until December 30, 2030, a key objective of Governor Brown's, as cap and trade regulations promulgated under AB 32 are only authorized through December 31, 2020.

In addition, the bill makes a fundamental change to the existing cap and trade program by establishing a price ceiling for auction allowances and limiting the use of "carbon" offsets. This will bring more market-certainty to the state's long-term environmental objectives, ensure that carbon reductions occur in-state, and strengthen the market for Cap and Trade auction proceeds deposited into the Greenhouse Gas Reduction Fund (GGRF).

As a result, the true benefit to transit programs will be realized through a return to the more robust auction proceeds, including the Transit and Intercity Rail Capital Program (TIRCP) and

the Low Carbon Transit Operations Program (LCTOP), which receive 15 percent of all auction proceeds collected annually.

Air Quality, Stationary Sources:

A related bill, AB 617 (Garcia) requires the California Air Resources Board (CARB) to establish a uniform, statewide monitoring and reporting system for air pollutants. Under this bill, local air boards are required to adopt an expedited schedule for facilities that are already covered under the Cap and Trade program to implement Best Achievable Retrofit Control Technology (BARCT). Additionally, the bill requires local air boards with jurisdiction over communities with high levels of criteria pollutants and toxic air contaminants to adopt community emissions reduction programs to achieve cost-effective emissions reductions.

Constitutional Amendment for a Vote on Auction Proceed Allocations:

ACA 1 (Mayes) was also approved last night. If approved by voters, this constitutional amendment would suspend the Cap and Trade Expenditure Plan set forth in 2014 (SB 862), and at the time of the vote in 2024, subject the appropriations to a new, one-time, 2/3s approval. This would then have a direct impact on the present allocation plan related to ongoing appropriations to the (1) High-Speed Rail project, the (2) TIRCP, the (3) LCTOP and the (4) Affordable Housing and Sustainable Communities (AHSC) program.

DISTRICTWIDE PERFORMANCE UPDATE

PowerPoint presentation attached.

SACRT CALENDAR

Regional Transit Board Meeting

August 14, 2017
RT Auditorium
5:30 P.M.

August 28, 2017
RT Auditorium
5:30 P.M.

September 11, 2017
RT Auditorium
5:30 P.M.

Quarterly Retirement Board Meeting

September 13, 2017
RT Auditorium
9:00 A.M.

December 13, 2017
RT Auditorium
9:00 A.M.

Mobility Advisory Council Meeting

September 7, 2017
RT Auditorium
2:30 P.M.

November 2, 2017
RT Auditorium
2:30 P.M.

Paratransit, Inc. Board Meeting

September 28, 2017
2501 Florin Road
6:00 P.M.

June 2017

Finance Update and Key Performance Report

Brent Bernegger

VP of Finance/Chief Financial Officer

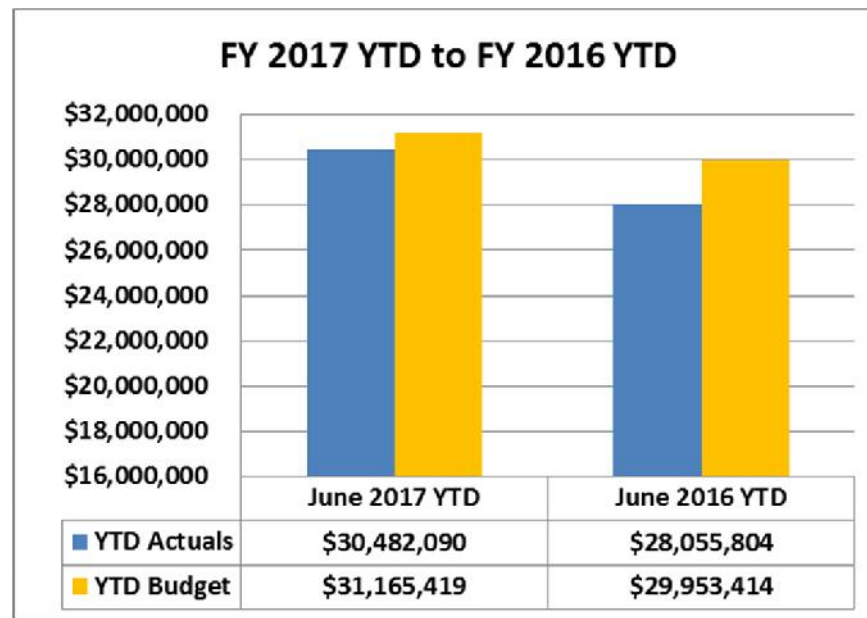
FY 2017 - Budget to Actual Comparison (Preliminary Year-End results)

In thousands Categories	June 2017			FY 2017 Year-End		
	Actual	Budget	Positive <Negative> Variance	Actual	Budget	Positive <Negative> Variance
Income						
Fare Revenue	\$ 2,180	\$ 2,617	\$ (437)	\$ 30,482	\$ 31,165	\$ (683)
Contracted Services	515	508	7	6,260	6,092	168
Other Income	715	593	122	4,211	4,840	(629)
State & Local Revenue	7,961	7,176	785	86,911	86,109	802
Federal Revenue	3,475	2,856	619	34,354	34,272	82
Total	14,846	13,750	1,096	162,218	162,478	(260)
Expenses						
Salaries/Fringes	8,951	9,144	193	106,690	107,805	1,115
Services	2,419	2,421	2	26,657	28,466	1,809
Supplies	838	712	(126)	8,610	8,402	(208)
Utilities	617	733	116	6,566	6,711	145
Insurance/Liability	766	755	(11)	8,974	9,057	83
Other Expenses	63	150	87	2,012	2,037	25
Total	\$ 13,654	\$ 13,915	\$ 261	\$ 159,509	\$ 162,478	\$ 2,969
Net Operating Surplus (Deficit)	1,192	(165)	1,357	\$2,709	-	2,709

Note: These are not audited numbers. They are subject to change due to year-end and audit adjustments, as well as final actuarial results for WC and LI reserves.

Key Performance Indicators

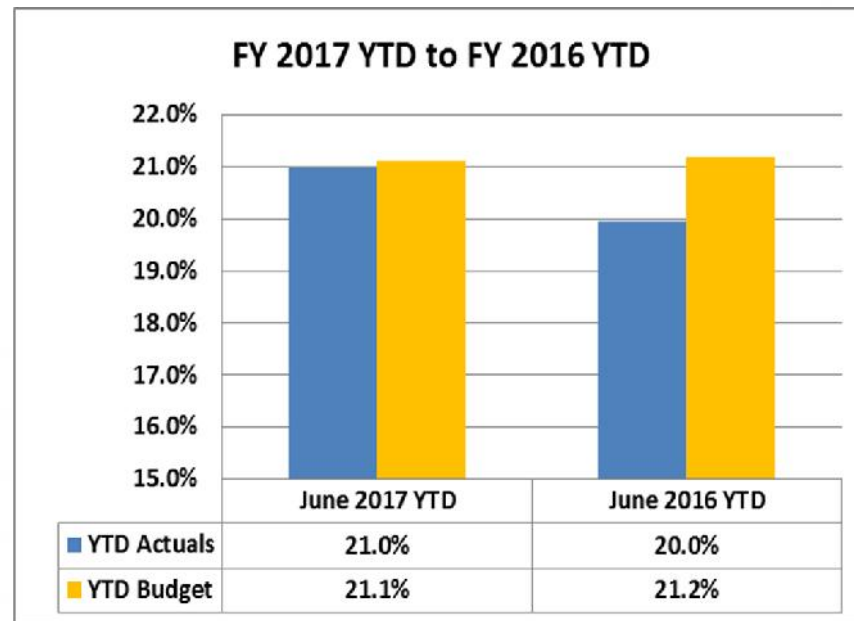
Fare Revenue Comparison



Note: SacRT implemented Fare increase on July 1, 2016.

Key Performance Indicators

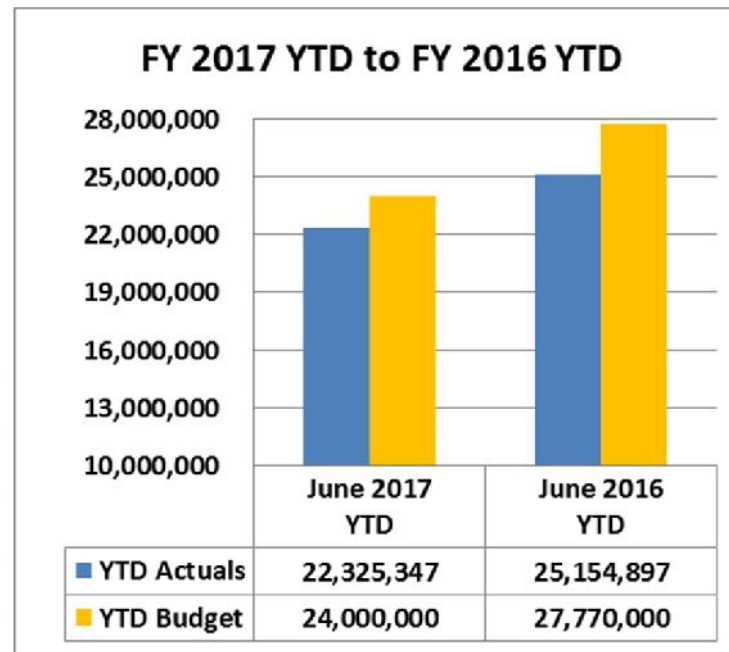
Farebox Recovery Comparison



Note: Farebox Recovery ratio excludes Paratransit cost.

Key Performance Indicators

Total Ridership Comparison



Notes:

- May 2016, SacRT began hiring 25 Transit Agents, which improved fare inspection rates.
- July 1, 2016, SacRT increased Fares.