

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
14	06/10/19	Open	Action	06/03/19

Subject: Approving the Second Amendment to the Fiscal Year 2019 Operating Budget and the Seventh Amendment to the FY 2019 Capital Budget

ISSUE

Whether or not to approve the Second Amendment to the Fiscal Year (FY) 2019 Operating Budget and the Seventh Amendment to the FY 2019 Capital Budget.

RECOMMENDED ACTION

- A. Adopt Resolution No. 19-06-____, Approving the Second Amendment to the Fiscal Year 2019 Operating Budget;
- B. Adopt Resolution No. 19-06-____, Approving the Seventh Amendment to the Fiscal Year 2019 Capital Budget; and
- C. Motion: Accept Notification of General Manager (GM)-Authorized Adjustments Made to FY 2019 Capital Budget During Fiscal Year 2019.

FISCAL IMPACT

Fiscal Year (FY) 2019 Operating Budget Impact

Amendment 2 will result in a reduction of \$1.5 million to the total FY 2019 Operating Budget. The changes to operating budget categories are as follows:

Revenues:

- Increase the Federal Transit Administration (FTA) Section 5307 Urbanized Area revenues by \$405,431.
- Decrease the FTA Section 5337 State of Good Repair revenues by \$740,230.
- Decrease the Measure A Neighborhood Shuttle revenues by \$542,861.
- Increase the Local Transportation Fund (LTF) revenues by \$1,638,236.
- Decrease the Fare Revenue account by \$760,576 to reflect the reduction of revenues from making the recent fare reductions permanent and other small fare initiatives.
- Decrease the State Transit Assistance (STA) revenues by \$1,500,00 so that funds can be moved to the FY 2019 Capital Budget for capital projects.

Expenses:

- Decrease in Budget Stabilization account by \$1,500,000.

Approved:

Presented:

Final 06/05/19

General Manager/CEO

Director, Office of Management & Budget

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Fiscal Year (FY) 2019 Capital Budget Impact

This action results in no net impact to the FY 2019 Capital Budget.

Revenues:

- Increase in FY 2019 STA funding of \$1,500,00 for capital projects (transferred from the Operating Budget).
- Decrease in anticipated future tax revenues of \$1,500,000 for capital projects, to reflect decrease in STA funds in Governor’s May Budget Revision.

Expenses:

- No change to capital expenses as a result of Amendment 7.
- Any impacts to the FY 2019 Capital Budget that were the result of GM-authorized adjustments have already taken place. This item simply fulfills the requirement to notify the Board of adjustments to the Capital Budget under the GM’s authority.

DISCUSSION

SacRT’s annual budgeting process includes Board adoption of budgets that reflect SacRT’s expected funding at the time of preparation. Periodically, changes to funding sources or amounts require revisions to the budget. Staff has identified necessary revisions to the Operating and Capital Budgets due to recent appropriations activity at the federal level and actual sales tax revenues collected at the state and local level.

Second Amendment to FY 2019 Operating Budget

On February 25, 2019, SacRT’s Board approved the 1st Amendment to the FY 2019 Operating Budget, which included the following revenues:

- \$20,721,754 in FTA Section 5307 Urbanized Area;
- \$13,804,359 in FTA Section 5337 State of Good Repair funds;
- \$1,670,216 in Measure A Neighborhood Shuttle funds;
- \$8,736,617 in STA funds;
- \$45,208,909 in LTF funds; and \$25,946,343 in Fare Revenue.

These revenue estimates were based on information available at the time. In March of 2019, FTA released the full year FY 2019 apportionments, which reflected a small increase in funding for the Section 5307 Urbanized Area formula program, and a decrease in funding for the Section 5337 formula program. In addition, in March the Sacramento Area Council of Governments (SACOG) revised the FY 2019 LTF apportionment to reflect both higher than anticipated sales tax revenues collected in FY 2018 and the higher than earlier projected sales tax trend for the current year. Measure A Neighborhood Shuttle revenues are being adjusted downward to reflect a more accurate schedule for the implementation of Neighborhood Shuttle services.

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This amendment also transfers \$1,500,000 of STA funds to the capital budget to cover capital project costs and reduces the Operating Budget Stabilization account by a corresponding \$1,500,000 to balance the budget.

Table below shows the changes to FY 2019 Operating Revenues and Operating Expenses by category.

Categories	FY 2019 Adopted Budget	FY 2019 Budget Amendment #1	FY 2019 Budget Amendment #2	\$ Changes	% Changes
Operating Revenues					
Fare Revenue	\$ 27,941,750	\$ 25,946,343	\$ 25,185,767	\$ (760,576)	-2.9%
Contracted Services	6,379,456	3,830,066	3,830,066	-	0.0%
Other	4,228,000	5,778,000	5,778,000	-	0.0%
State & Local	98,161,278	104,104,791	103,700,166	(404,625)	-0.4%
Federal	32,306,519	36,085,040	35,750,241	(334,799)	-0.9%
Total Operating Revenue	\$169,017,003	\$ 175,744,240	\$ 174,244,240	\$(1,500,000)	-0.9%
Operating Expenses					
Salaries & Benefits	\$ 114,449,254	\$ 117,904,513	\$ 117,904,513	\$ -	0.0%
Professional Services	23,990,253	24,286,629	24,286,629	-	0.0%
Materials & Supplies	10,346,924	10,391,259	10,391,259	-	0.0%
Utilities	7,028,725	7,028,725	7,028,725	-	0.0%
Casualty & Liability	9,182,927	9,231,194	9,231,194	-	0.0%
Other	4,018,920	6,901,920	5,401,920	(1,500,000)	-21.7%
Total Operating Expenses	\$169,017,003	\$ 175,744,240	\$ 174,244,240	\$(1,500,000)	-0.9%
Balance	\$ -	-	-	\$ -	

Staff recommends adjusting funding to the levels shown in the table below.

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Categories	Current FY 2019 Budget	FY 2019 Budget with Amendment	\$ Change	% Change
Operating Revenues				
Fare Revenue	\$ 25,946,343	\$ 25,185,767	\$ (760,576)	-2.9%
Contracted Services	3,830,066	3,830,066	-	0.0%
Other	5,778,000	5,778,000	-	0.0%
State & Local	104,104,791	103,700,166	(404,625)	-0.4%
<i>Measure A - RT General</i>	43,824,000	43,824,000	-	0.0%
<i>Measure A - Neighborhood Shuttle</i>	1,670,216	1,127,355	(542,861)	-32.5%
<i>Local Transp Funds (LTF)</i>	41,950,484	43,470,645	1,520,161	3.6%
<i>LTF Folsom</i>	1,545,674	1,601,685	56,011	3.6%
<i>LTF Citrus Heights</i>	1,712,751	1,774,816	62,065	3.6%
<i>State Transit Assistance (STA & SB1)</i>	8,736,617	7,236,617	(1,500,000)	NA
<i>STA - SGR</i>	2,428,016	2,428,016	-	NA
<i>LCTOP</i>	2,237,033	2,237,033	-	0.0%
Federal	36,085,040	35,750,241	(334,799)	-0.9%
<i>JARC</i>	1,053,871	1,053,871	-	0.0%
<i>5337 SGR</i>	13,804,359	13,064,129	(740,230)	-5.4%
<i>5307 PM RT</i>	20,721,754	20,966,609	244,855	1.2%
<i>5307 PM Folsom</i>	-	160,576	160,576	NA
<i>SECAT</i>	505,056	505,056	-	0.0%
Total Operating Revenue	\$175,744,240	\$174,244,240	\$(1,500,000)	-0.9%

Seventh Amendment to FY 2019 Capital Budget

This amendment transfers \$1,500,000 of FY 2019 STA funds to the capital budget from the operating budget. However, there is no net change in the capital budget because, consistent with the Governor's May Budget Revision, staff anticipates a corresponding \$1,500,000 decrease in future STA revenues. This \$1,500,000 transfer from the operating budget backfills commitments on previously budgeted capital projects.

Adjustments to the FY 2019 Capital Budget

Pursuant to Section 6.2.1.3 of Title VI of SacRT's Administrative Code, with this Issue Paper, SacRT staff is reporting prior GM-authorized adjustments that have been made to the FY 2019 Capital Budget, as detailed in Attachment 1 – Summary of GM-Authorized Adjustments to FY 2019 Capital Budget.

Staff recommends the Board approve the Second Amendment to the FY 2019 Operating Budget and the Seventh Amendment to the FY 2019 Capital Budget, and accept Notification of GM-Authorized Adjustments to FY 2019 Capital Budget.

Attachment 1 - Summary of GM-Authorized Adjustments to FY 2019 Capital Budget

Consistent with Section 6.2.1.3 of the SacRT Administrative Code related to Budget Procedures

ID	Project Name	<u>Administrative Adjustment</u>			FY19 Budget <u>with</u> Admin Adjustment
		FY19 Budget <u>without</u> Admin Adjustment	Amount	Percent	
Increase to FY19 Budget Amount					
F019	Instrument House and Signal Case Wraps	237,626	23,762	10%	261,388
B161	Expansion Services Startup Costs	1,090,000	20,000	2%	1,110,000
F025	Office Relocation: Bell Building to 1225 R Street	419,467	33,206	8%	452,673
R347	Watt I-80 Elevator Replacement	900,000	90,000	10%	990,000
B142	Neighborhood Ride Vehicle Replacements	2,807,302	6,901	0%	2,814,203
Increase to FY19 Budget Amount due to Accrual of Interest on State Grant Funds					
T025	Surveillance and Security Facilities Enhancement	255,889	10,238	4%	266,127
H021	Enhancement of Emergency Power Generation	576,914	3,482	1%	580,396
T022	Handheld Smart Card Reader	117,678	1,048	1%	118,726
T018	Building Access System Upgrade	143,441	1,463	1%	144,904
T051	Telephone System Replacement	307,568	11,879	4%	319,447
T054	Security, Systems & Comm Infr. Upgrade	413,827	4,073	1%	417,900
M009	Radio Communications System Upgrade	2,098,951	44,172	2%	2,143,123
T036	Facilities Safety, Security & Comm. Infr. Upgrades	390,763	5,917	2%	396,680
T052	Track Warrant Controlled Access System	188,873	6,295	3%	195,168
FY19 Budget amount split out from project and/or moved onto another project					
B165	Electric Bus Charging Infrastructure	1,550,110	1,283,940		2,834,050
B158	Franklin Blvd Microtransit 3 Charging Stations	15,900	(15,900)	0%	0
B160	Microtransit - Infrastructure for 10 charging stations	1,054,440	(1,054,440)		0
B163	UC Davis/Med Center ZEB Electric Charging Infrastructure	213,600	(213,600)		0
F021	Facilities Maintenance & Improvements	707,379	(200,000)	0%	507,379
F030	Admin Building Lobby Remodel	0	200,000		200,000
Budget Carryforward Adjustments Resulted in an Addition or Deletion of Project to FY19 Capital Budget					
230	Northeast Corridor Enhancements (Phase 1)	Project Deleted from FY19 Budget due to decrease in Carryforward Amount at end of FY18 (Carryforward = \$0)			
A005	City College Pedestrian/Bicycle Crossing				
A008	Regional Bike Share System				
A012	65th St. / Jackson Properties Oversight				
F015	Mini-High Shelter Improvements: 65th / Marconi				
F027	Metro Roof Replacement				
Q023	Paratransit Inc. Replacement Vehicles				
Q027	Paratransit Inc. Transit Asset Management				
Q040	Paratransit Inc. - Mobile Data Computers				
Q049	El Dorado Transit Bus Replacement				
Q050	FY 2016 Section 5339 Paratransit Inc. - Bus Purchase				
R175	Watt / I-80 Station Improvements				
R313	Mini-High Shelter Improvements: 29th Street				
R341	Fare Vending Machines				
T008	Completion Fiber Optics Communications Backbone				
T013	SacRT - Staff Security Training - Overtime/Backfill				
T027	Video Surveillance System Upgrades				
4005	Butterfield/Mather Mills LR Station Rehabilitation	Project Added to FY19 Capital Budget due to increase in Carryforward Amount at end of FY18 (Carryforward >\$0)			
T053	Connect Card Initial Project Launch				
G135	Server Replacement				
404	Green Line to the River District (GL-1)				
A019	Camellia City Viaduct Overhead Structures				
A001	Watt Avenue / Highway 50 Project Support				
B150	Watt I-80 Station Improvements				

RESOLUTION NO. 19-06-_____

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

June 10, 2019

**APPROVING THE SECOND AMENDMENT TO THE FISCAL YEAR 2019
OPERATING BUDGET**

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

THAT, the Second Amendment to the Fiscal Year 2019 Operating Budget to decrease the federal funds by \$334,799, decrease the state and local funds by \$404,625, decrease the Fare Revenue account by \$760,576, and decrease the budget stabilization account by \$1,500,000 for a net reduction to the total Operating budget by \$1,500,000, is hereby approved.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 19-06-_____

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

June 10, 2019

**APPROVING THE SEVENTH AMENDMENT TO THE FISCAL YEAR 2019
CAPITAL BUDGET**

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

THAT, the Seventh Amendment to the Fiscal Year 2019 Capital Budget to increase the FY 2019 STA revenues by \$1,500,000, and decrease future anticipated tax revenues by \$1,500,000, for a net zero change to the Capital Budget, is hereby approved.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary