

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
13	05/13/19	Open	Action	05/01/19

Subject: Accept Public Comment on the Preliminary FY 2020 Operating and Capital Budgets, and Continue Public Hearing

ISSUE

Accept Public Comment on the Sacramento Regional Transit District Preliminary Fiscal Year 2020 Operating and Capital Budget.

RECOMMENDED ACTION

- A. Accept Public Comment on the Sacramento Regional Transit District Preliminary FY 2020 Operating and Capital Budget; and
- B. Motion: To Continue the Public Hearing to June 10, 2019

FISCAL IMPACT

None as a result of this public Hearing.

DISCUSSION

The Preliminary FY 2020 Operating and Capital Budget was released for public review on April 8, 2019. The public hearing notice was published in the Sacramento Bee and advertised on SacRT's website. Through this process, the public is afforded an opportunity to express opinions regarding the Preliminary Abridged FY 2020 Budget (Attachment 1). On June 10, 2019, Staff will report any public comment or inquires received and will recommend that the Board close the public hearing and adopt the FY 2020 Operating and Capital budgets.

The preliminary budget that was presented to the Board in April was based on information and data available as of that date. Staff will continue to work diligently to confirm and refine budget assumptions until the FY 2020 Operating Budget is adopted by the Board.

Summary of Preliminary FY 2020 Operating Budget

Tables 1A and 1B provide summaries of the preceding two years actual results, the current year amended budget, and the FY 2020 preliminary budget amounts.

Approved:

Final 05/08/19

General Manager/CEO

Presented:

Director, Office of Management & Budget

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Table 1A - Revenues (Thousands)

	FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	FY 2020 to FY 2019 \$ Change	FY 2020 to FY 2019 % Change
Fare Revenue	\$ 30,487	\$ 27,276	\$ 25,946	\$ 27,052	\$ 1,106	4.3%
Contract Services	6,260	6,420	3,830	7,686	3,856	100.7%
State & Local	86,911	93,339	104,105	115,511	11,406	11.0%
Federal	34,467	37,060	36,085	35,623	(462)	-1.3%
Other	4,357	5,006	5,778	4,835	(943)	-16.3%
Total	\$ 162,482	\$ 169,101	\$ 175,744	\$ 190,707	\$ 14,963	8.5%
Operating Surplus/(Deficit)	2,159	9,172				
Operating Revenue	\$ 160,323	\$ 159,929	\$ 175,744	\$ 190,707	\$ 14,963	8.5%
<i>Working Capital</i>	-	4,000				
<i>Operating Reserve Change</i>	2,159	5,172				

Table 1B - Expenses (Thousands)

	FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	FY 2020 to FY 2019 \$ Change	FY 2020 to FY 2019 % Change
Salaries & Benefits	\$ 106,940	\$ 109,150	\$ 117,905	\$ 131,813	\$ 13,908	11.8%
Professional Services	26,423	22,331	24,327	25,830	1,503	6.2%
Materials & Supplies	8,932	9,309	10,390	11,251	861	8.3%
Utilities	6,619	6,995	7,029	7,505	476	6.8%
Insurance & Liability	9,317	9,300	9,231	10,025	794	8.6%
Other	2,092	2,845	6,862	4,283	(2,579)	-37.6%
Operating Expenses	\$ 160,323	\$ 159,930	\$ 175,744	\$ 190,707	\$ 14,963	8.5%

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Summary of Preliminary FY 2020 Capital Budget

Program	Project Name	Previously Budgeted (Board-Approved)	FY20 Budget Request	Funding Additions				Board Authorized Amount
				Federal	State	Local	TBD	
Facilities Program								
F020	HVAC Replacements - Admin & Maint Buildings	-	40,625		40,625			40,625
F021	Facilities Maintenance & Improvements	507,379	400,000		400,000			907,379
R354	Fare Vending Machine (FVM) Enhancements	7,526,000	600,000		600,000			8,126,000
		<u>8,033,379</u>	<u>1,040,625</u>	<u>-</u>	<u>1,040,625</u>	<u>-</u>	<u>-</u>	<u>9,074,004</u>
Fleet Program								
B100	Existing Bus Fleet Replacement (2020 - 2035)	500,000	21,499,000				21,499,000	21,999,000
R115	Siemens 1st Series LRV Fleet Replacement (26)	68,400,000	79,800,000				79,800,000	148,200,000
R125	CAF LRV Fleet Mid-Life Component Overhaul	-	24,000,000				24,000,000	24,000,000
R358	Gold Line Service Expansion Light Rail Vehicles	36,800,000	20,200,000				20,200,000	57,000,000
		<u>105,700,000</u>	<u>145,499,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,499,000</u>	<u>251,199,000</u>
Infrastructure Program								
B165	Electric Bus Charging Infrastructure	2,834,050	4,165,950				4,165,950	7,000,000
R314	Light Rail Station Low Floor Vehicle Conversion	32,000,000	54,250,000				54,250,000	86,250,000
R359	Gold Line Side Track	48,400,000	18,900,000				18,900,000	67,300,000
		<u>83,234,050</u>	<u>77,315,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,315,950</u>	<u>160,550,000</u>
Other Program								
M004	Revenue Bond, Series 2012 Payment	13,429,925	3,432,725		3,432,725		-	16,862,650
		<u>13,429,925</u>	<u>3,432,725</u>	<u>-</u>	<u>3,432,725</u>	<u>-</u>	<u>-</u>	<u>16,862,650</u>
Total		<u>210,397,354</u>	<u>227,288,300</u>	<u>-</u>	<u>4,473,350</u>	<u>-</u>	<u>222,814,950</u>	<u>437,685,654</u>

Outlook for FY 2020

As discussed in the April 8, 2019 issue paper and Board presentation, the budgetary outlook for FY 2020 includes:

- 1) SB1 tax revenue – more certain
- 2) Debt service continues
- 3) Building reserves and lowering need for line-of-credit
- 4) Lack of Federal fund growth

The General Manager's goal is to present a balanced budget for FY 2020 that maintains service levels and includes new service expansions while addressing the pressing need to fund our operating reserve and reduce our reliance on a line of credit to pay our bills. We will continue to relentlessly pursue efficiency improvements and business optimizations and revenue opportunities in the upcoming year.

FY 2020 Budget Timeline

June 10, 2019 Continue Public Hearing to accept public comment on the Preliminary FY 2020 Budget and adopt the FY 2020 Budget.



Sacramento Regional Transit District

Abridged Budget
Fiscal Year 2019-2020

April 8, 2019

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Board of Directors

Patrick Kennedy, Chair
County of Sacramento

Steve Hansen, Vice Chair
City of Sacramento

Linda Budge
City of Rancho Cordova

Jeff Harris
City of Sacramento

Kerri Howell
City of Folsom

Pat Hume
City of Elk Grove

Rick Jennings II
City of Sacramento

Steve Miller
City of Citrus Heights

Don Nottoli
County of Sacramento

Jay Schenirer
City of Sacramento

Phil Serna
County of Sacramento

Board of Directors Alternate

Steven Detrick
City of Elk Grove

Mike Kozlowski
City of Folsom

David Sander
City of Rancho Cordova

Jeff Slowey
City of Citrus Heights

Executive Management Team

Henry Li
General Manager/CEO

Brent Bernegger
VP, Finance/CFO

Alva Carrasco
VP, Transit Maintenance

Douglas Cook
VP, Transit Operations

Laura Ham
VP, Planning and Accountability

Neil Nance
VP, Engineering and Facilities

Justin Risley
Chief, Security Operations and Police Services

Devra Selenis
VP, Communications and Partnerships

Shelly Valenton
Chief of Staff

Office of Management & Budget Team

David Goldman
Director, Office Management & Budget

Maureen Ring
Grants Manager

Nadia Mokhov
Senior Financial Analyst

Carol Cherry
Senior Grants Analyst

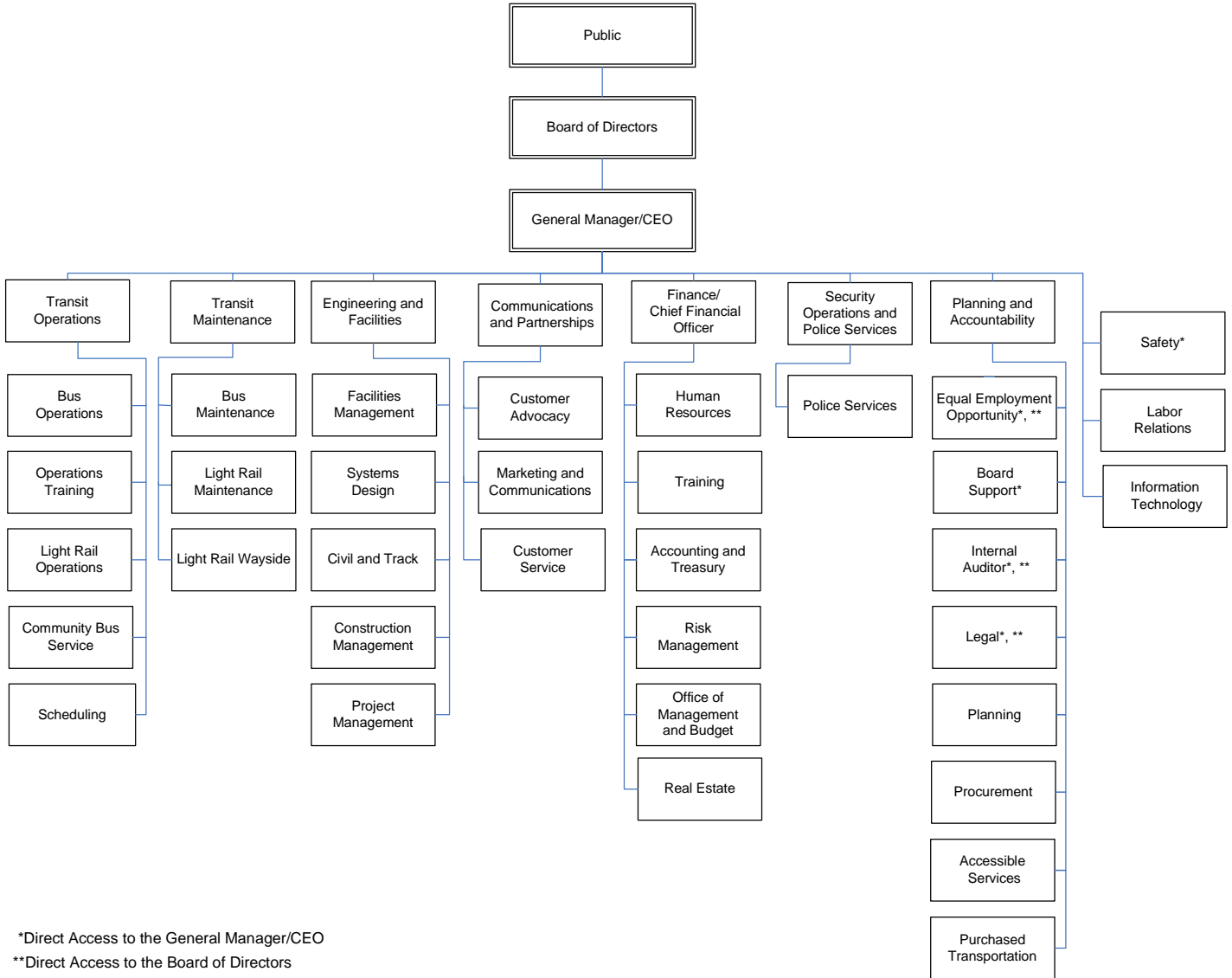
Judy Wong
Senior Financial Analyst

Joe Paglieroni
Senior Grants Analyst

Kristen Mazur
Senior Grants Analyst

Organizational Structure

(Cost Center Based)



*Direct Access to the General Manager/CEO

**Direct Access to the Board of Directors

District Overview District Profile

Facts

<p style="text-align: center;">Sacramento Regional Transit District (SacRT)</p>	<p>Constructs, operates, and maintains a comprehensive mass transportation system that serves 367 square miles in Sacramento County</p>
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Bus Service	
Power	Compressed Natural Gas, Diesel, Gasoline
Routes	70
Schedule	4:41 am to 11:38 pm daily
Stops	3,100+
Vehicles	192 - 40' CNG Buses 34 - Shuttle Vans
Annual Ridership	10,500,000

Light Rail Service	
Power	Electrical
Miles	44.9
Schedule	3:49 am to 12:59 am daily
Stops	52
Vehicles	97
Annual Ridership	10,400,000

Paratransit	
ADA Passenger Trips Provided	282,909
ADA Vehicle Revenue Miles	3,427,446
Vehicles	101

Passenger Amenities/ Customer Service	
Transfer Centers	32
Park & Ride	22
Annual Customer Service Calls	118,961
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
February 2018	Started Microtransit/SmarRT Ride services
January 2019	Annexed Citrus Heights and Folsom services
July 2019	Will provide Elk Grove services under contract

Strategic Plan

Adopted by the Board of Directors in January 2015, SacRT's Strategic Plan reaffirms SacRT's commitment to improve access in the Sacramento region by providing fiscally responsible transit service.

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

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

SacRT acts as the Region's focal point for transit research and development, strategic planning and system assessment, and transit education and safety training. SacRT's programs involve multiple modes of transportation.

This plan is SacRT's commitment to the people of the Sacramento Region. SacRT will accomplish this through regional leadership and by providing quality service in a respectful and sustainable manner. SacRT will continue to focus on customer service and provide safe, clean, and reliable transportation service. To prepare for future needs in the 21st Century, SacRT will build and continuously develop a highly skilled transportation workforce. SacRT will continue to challenge itself to meet the growing transportation needs of the Sacramento Region.

The SacRT 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.



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: SacRT is committed to providing safe, reliable, and cost efficient public transit services, and initiating innovative technologies to improve service effectiveness.
- Customer Service: SacRT places customers first by providing quality transit services and amenities with convenient and easily understood access at an affordable price.
- Respect & Professionalism: SacRT is committed to treating its customers and employees with dignity and respect, recognizing the importance and value of each individual.
- Fiscal Responsibility: SacRT is committed to the pursuit of efficient use of resources and of secure and stable funding sources.
- Integrity & Accountability: SacRT acknowledges its responsibility for actions and performance with an uncompromising commitment to truth, honesty and high ethical standards. SacRT is committed to compliance with regulatory requirements and industry standards and efforts to improve upon existing practices.
- Quality, Diverse & Positive Work Force: SacRT is committed to increasing employee effectiveness and satisfaction through effective communication, teamwork, appropriate resource availability, appreciation of varied abilities, and professional development opportunities.
- Regional Leadership & Coordination: SacRT is committed to work with area stakeholders to create a “world class” transit system that supports livable communities and related efforts.
- Health and Safety: SacRT is committed to achieve an optimal level of safety for our employees, customers and the general public by minimizing risk of injury and property loss and promoting a sound safety culture throughout the organization.
- Sustainability: SacRT is committed to environmentally sensitive services and practices.

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

Strategic Plan (continued)

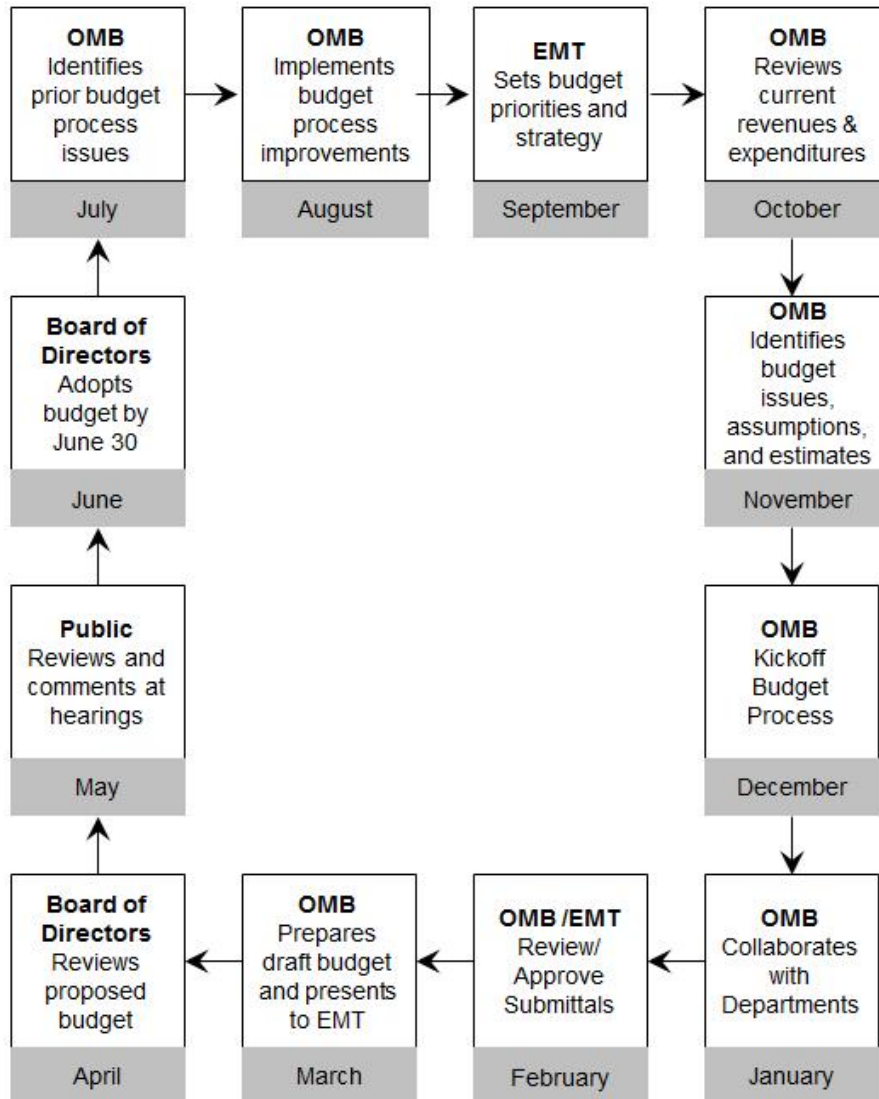
Growth Goals

- 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

SacRT uses the annual budget to help measure and account for taxpayer dollars. The budget, as adopted by the Board of Directors, authorizes SacRT to spend funds. It details how SacRT allocates tax resources to expenditures, and serves as a benchmark for evaluating accomplishments and assessing fiscal responsibility.



Voting System

SacRT is governed by an eleven-member Board of Directors. Six entities (5 cities and 1 county) make appointments to SacRT’s Board. Eight directors are appointed by “member entities” and represent jurisdictions annexed into SacRT’s district. Three directors are appointed by “participating entities” and represent jurisdictions that contract with SacRT to receive transit service.

In January 2006, the SacRT 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 SacRT. Assembly Bill 2137 established the new weighted voting system.

The system creates 100 voting shares. SacRT 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 SacRT 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 Preliminary budget document and distributed to voting entities at least 60 days in advance of budget adoption. A summary of the tabulated vote shares effective for FY 2019 and for the FY 2020 Preliminary Abridged Budget is shown in the table below. A detailed FY 2020 Schedule of Weighted Voting is shown on the next page.

Vote Shares By Jurisdiction

Jurisdiction	Status	Shares - FY 2019 Budget Annexations	Shares – FY 2020 Preliminary
County of Sacramento	Annex	37	37
City of Sacramento	Annex	32	32
City of Rancho Cordova	Annex	9	9
City of Citrus Heights	Contract	10	10
City of Elk Grove	Contract	3	3
City of Folsom	Contract	9	9
Total		100	100

Voting System (continued)

Fiscal Year 2020 Schedule of Weighted Voting Distribution

Base Values*

Federal Financial Information

Code Section:	<u>FY 19 Federal Funds Available in the Sacramento MSA¹</u>	40,039,523	1. Federal Funds are draft only and subject to change based on SACOG's approval of the apportionments prior to final budget adoption.				
102205(b)(6)							
102205(b)(7)	<u>Allocation of Federal Funds to jurisdictions other than RT</u>	4,633,763					
102205(b)(8)	<u>FY 19 Federal Funds Available for use in RT Service Area:</u>	35,405,760					

Jurisdiction Specific Values

	City of Sacramento	County of Sacramento	Rancho Cordova	Citrus Heights	Folsom	Elk Grove	Totals:	
102205(b)(10) Population:**	501,344	588,798	74,210	87,731	78,447	172,116	1,502,646	
Proportionate Population:	33.36%	39.18%	4.94%	5.84%	5.22%	11.45%	100%	
Member:	Yes	Yes	Yes	Yes	Yes	No		
102100.2, 102100.3	4	3	1	1	1	1	11	
102105.1(d)(2)(D)	<u>Federal Funds Attributed to Entity (Total Federal Funding x Share of Population):</u>	11,811,362	13,871,977	1,749,045	2,067,696	1,848,181	4,053,960	35,402,221
102105.1(d)(2)(A), 102205(b)(3)	<u>FY 20 State TDA Funds Made Available to RT:</u>	25,453,320	28,309,025	3,767,654	4,335,527	4,027,295	0	65,892,821
102105.1(d)(2)(B), 102205(b)(4)	<u>FY 20 Funds Provided Under Contract:</u>	350,000	-	450,000	0	0	350,000	1,150,000
102105.1(d)(2)(C), 102205(b)(5)	<u>FY 20 Other Local Funds</u>	0	0	0	0	0	0	0
102105.1(d)(2)	<u>Total Financial Contribution:</u>	37,614,682	42,181,002	5,966,699	6,403,223	5,875,476	4,403,960	102,445,042
102105.1(d)(2)	<u>Proportionate Financial Contribution:</u>	36.72%	41.17%	5.82%	6.25%	5.74%	4.30%	100%

Voting Calculation

	City of Sacramento	County of Sacramento	Rancho Cordova	Citrus Heights	Folsom	Elk Grove	Totals:	
102105.1(d)(1)	<u>Incentive Shares (5 for member jurisdictions)</u>	5	5	5	5	5	0	25
102105.1(d)(2)	<u>Financial Contribution Shares (Proportionate Financial Share x Remainder of 100 shares):</u>	27.5400	30.8775	4.3650	4.6875	4.3050	3.2250	75
102105.1(d)(3)	<u>Total Shares:</u>	32.5400	35.8775	9.3650	9.6875	9.3050	3.2250	100
102105.1(d)(4)(i)	<u>Shares After Rounding:</u>	32	36	9	10	9	3	99
102105.1(d)(4)(i), 102105.1(d)(4)(ii)	<u>Share Adjustment (To Ensure 100 Shares):</u>	32	37	9	10	9	3	100
102105.1(d)(7)	<u>Distribution of Shares Among Members (Assuming All Members Present to Vote):***</u>							
Member 1	8	13	9	10	9	3		
Member 2	8	12	N/A	N/A	N/A	N/A		
Member 3	8	12	N/A	N/A	N/A	N/A		
Member 4	8	N/A	N/A	N/A	N/A	N/A		
Member 5	N/A	N/A	N/A	N/A	N/A	N/A		
	<u>Total Votes:</u>	32	37	9	10	9	3	100

* In addition to the funding identified above, RT projects the following funds for operating purposes: \$48,413,127 - 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.

SacRT Major Goals and Objectives in FY 2020

- Operator Attendance Control – As part of negotiations with the Amalgamated Transit Union (ATU), SacRT and ATU have agreed to work together to put into place new attendance control measures with the objective of reducing missed trips, improving customer service, reducing costs, streamline SacRT's processes, and improving service reliability.
- Route Optimization Study (ROS) - With recent downward ridership trends, staff is working on a project to find ways to increase ridership. This project will have many phases and include extensive community engagement. The goal will be to re-imagine SacRT's system to be consistent with current travel patterns, increase ridership, and reallocate any additional resources. The effort will also seek public input regarding the expansion and customer service priorities for SacRT with increases in funding. We will be implementing the first phase of the ROS in FY 2020.
- Paratransit Business Model – SacRT understands that lower costs means additional funding, which can be put into service improvements. Finding new ways to provide high quality service to the public, as well as individuals with disabilities, and seniors, in the most cost effective manner will ensure the sustainability of this critical service.
- IT Modernization – SacRT wants to be on the cutting edge of technology. Offering innovative rider tools to our customers will improve the customer experience by making it easier to ride, quicker to get train information, and provide for faster payment options, including a permanent mobile fare app; real time light rail train arrival information; smart card fare payment system; free Wi-Fi; expanded public information systems; and a secondary light rail warning system.
- Security Program – SacRT has been very focused on making our system more secure. This starts with additional staff presence on the trains and 24 hour monitoring in the security operations center. There will be increased inspections to reduce theft on the system and improved crime reporting statistics.
- Safety Program – Using technology to improve safety efforts is critical. Better training, and employee and community safety awareness is key. The goal will be to reduce the number of accidents per mile and reduce any findings and recommendations from the Public Utilities Commission (PUC).
- Strategic Communications – Ensuring that our customers can easily navigate SacRT's bus and light rail system and understand how easy it is to pay and ride is critical to attracting new customers. This will involve launching new programs and incentive options that will encourage more people to try transit. This will be done through creative partnership and incentive programs. This effort will also serve to educate the general public regarding the benefits of transit to the community as a whole.
- Employee and Labor Relations – Salaries and benefits continue to be the largest cost factor for transit agencies, as this is the operational engine behind a successful system. Maintaining an open line of communication with our employees improves productivity and morale, which equates to new ideas and dedication that benefits all. We will develop our priorities and provide new forums for members to give feedback and listen to their concerns.

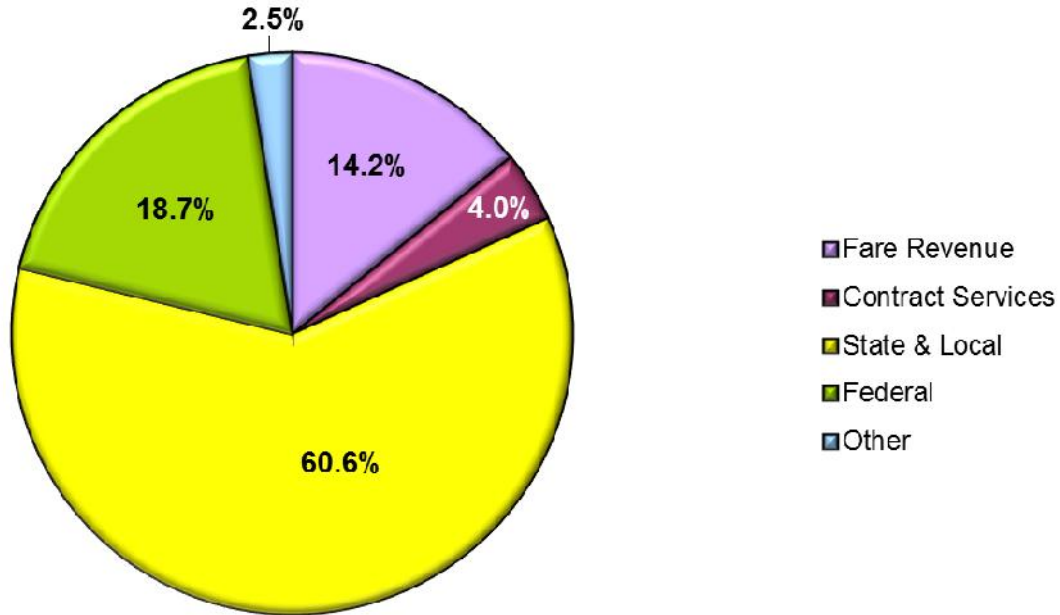
SacRT Major Goals and Objectives in FY 2020 (continued)

- Organizational Excellence and Culture Change – We are striving to be a “world class” organization that attracts and retains a quality workforce while providing the necessary training and mobility opportunities for employees to succeed. We will foster professional development and keep up with industry best practices. Motivation, partnership and teamwork will be a message that all employees will hear. All of this will help improve performance in areas such as increased revenues, reduced expenses, improved on time performance, increased inspection rates, and the creation of new jobs.
- Campus Master Plan – SacRT will examine ways to modernize our facilities. This will include a comprehensive plan to relocate all administrative staff to one central facility to improve communication. This will improve morale and efficiency.
- Transit Oriented Development – We are examining our various surplus properties to determine if they can be sold to developers that could use the land for purposes that encourage transit use and potentially increase our ridership.
- Sustainability and Business Process Optimization – SacRT has adopted new fiscal policies to improve its long-term financial position. We are dedicated to strengthening our finances by tapping innovative revenue sources and conducting relentless organizational optimization to fund maintenance and capital investments and to build reserves. Moving forward, we will continue to strive to find new ways to improve our business processes, keep expenses down, and generate opportunities to boost operating revenues. We are implementing a strategic effort to educate the public about the benefits of transit and how local funding is important to create a “world class” public transit system.

Operating Budget Summary

Revenues

FY 2020 Operating Revenue by Funding Source



(Dollars in Thousands)

	FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	FY 2020 to FY 2019	
					\$ Change	% Change
Fare Revenue	\$ 30,487	\$ 27,276	\$ 25,946	\$ 27,052	\$ 1,106	4.3%
Contract Services	6,260	6,420	3,830	7,686	3,856	100.7%
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<i>Working Capital</i>	-	4,000				
<i>Operating Reserve Change</i>	2,159	5,172				

Revenues (continued)

Fare Revenue

This category includes the revenues from carrying passengers. This is money paid by the transit riders to use transit services, but also includes special transit fares from Los Rios Community College District (Los Rios) and California State University, Sacramento (CSUS) Student pass programs.

The FY 2020 Preliminary Budget proposes \$27.0 million in Fare Revenue, an increase of \$1.1 million (4.3%) from the FY 2019 Amended Budget of \$25.9 million.

- Fare Revenue is anticipated to increase due to implementation of additional SmarT ride service, full year of operating Folsom service.
- This also assumes an increase in ridership as a result of implementation of numerous ridership initiatives.

Contracted Services

This category includes contracts with the Cities of Citrus Heights, Elk Grove, Folsom, Rancho Cordova, as well as North Natomas shuttle services. These cities and service areas purchase SacRT transit services.

The FY 2020 Preliminary Budget proposes \$7.7 million in Contracted Services revenue, an increase of \$3.9 million (100.7%) from the FY 2019 Amended Budget of \$3.8 million.

- This reflects an increase of \$6.4 million in Elk Grove contracted services due a new contract for e-Tran services..
- This also reflects a decrease of \$0.7 million and \$2.0 million in Folsom and Citrus Heights contracted services respectively due to annexation agreements with Cities of Folsom and Citrus Heights effective January 1, 2019.
- This reflects an increase of \$0.2 million in North Natomas contract due to service level for the second year of the contract.

State & Local

This category includes formula-based allocations to SacRT from state and local government sales taxes. SacRT receives funding from the California Transportation Development Act Local Transportation Fund (TDA-LTF), the Transportation Development Act State Transit Assistance Program (TDA-STA), Sacramento County Measure A and State Cap and Trade Program revenue.

The FY 2020 Preliminary Budget proposes \$115.5 million in state and local funding revenue, an increase of \$11.4 million (11.0%) from the FY 2019 Amended Budget of \$104.1 million.

- This reflects a \$1.6 million or 3.7% increase in sales tax estimates for Measure A over the FY 2019 Amended Budget.
- This also reflects a \$1.3 million increase in Neighborhood Shuttle Measure A for SmarT Ride service.
- This includes a \$2.9 million or 5.5% increase in TDA revenue (LTF and STA) allocated to SacRT not including Cities of Folsom and Citrus Heights.
- This budget includes \$4.3 million of TDA revenue for City of Citrus Heights and \$4.0 million for City of Folsom.

Revenues (continued)

- This also includes a \$1.3 million increase in the Low Carbon Transit Operations Program (LCTOP) revenue, which is a State Cap and Trade program established in 2014 that provides funds to public transportation agencies throughout California for operations that reduce greenhouse gas emissions.
- This includes a reduction of \$3.4 million in TDA-STA for Revenue Bond payment.

Federal

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

The FY 2020 Preliminary Budget proposes \$35.6 million in federal funding, a reduction of \$0.5 million (1.4%) from the FY 2019 Amended Budget of \$36.1 million.

- This includes \$1.1 million in Job Access/Reverse Commute funding, which is the similar level of funding as in FY 2019.
- Section 5307 Urbanized Area federal funding is projected to increase \$0.5 million (2.5%) compared to last year.
- Section 5337 State of Good Repair funding is projected to decrease \$0.5 million (3.8 %) compared to last year.
- This budget reflects elimination of Sacramento Energy Clean Air (SECAT) funding due to the expenditure of funds in FY 2019..

Other

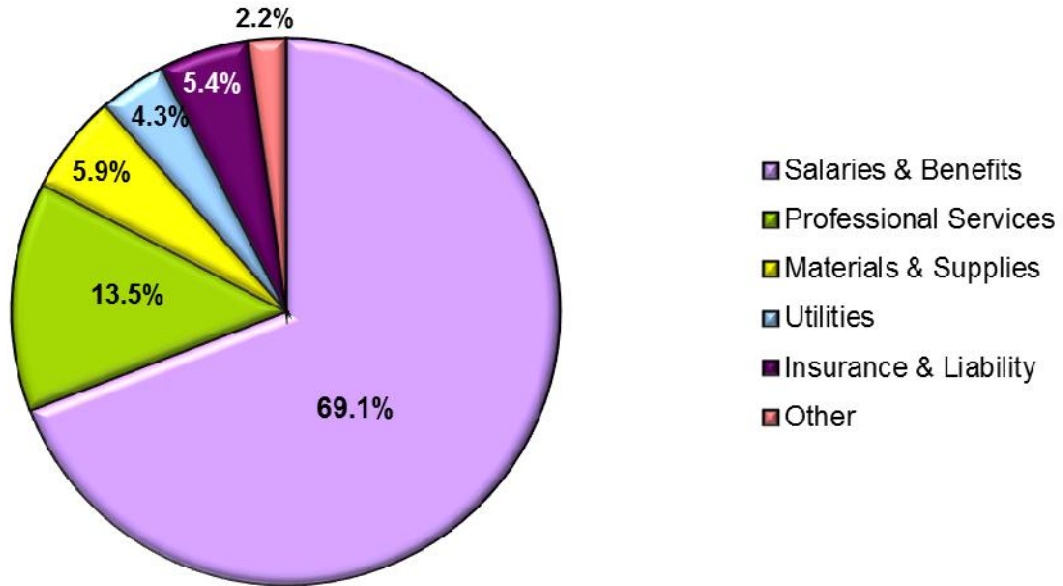
This category includes investment income, commercial real estate leases, advertising income, bus book sales, fare evasion fines, promotional item sales, photo identification activities, and parking revenue.

The FY 2020 Preliminary Budget includes \$4.8 million in other revenue, which is a reduction of \$0.9 million (22.3%) from the FY 2019 Amended Budget of \$5.8 million.

- This includes \$0.6 million in ECOS settlement revenue for Folsom late night service.
- This includes \$1.7 million for the sale of Low Carbon Credits through the State Cap and Trade program, which is the same as FY 2019 Amended Budget.
- This includes elimination of Park N Ride revenue.
- This includes a reduction of \$0.8 million in Miscellaneous Income due to one-time revenue received in FY 2019 and eliminating those revenue sources in FY 2020.

Expenses

FY 2020 Operating Expenses by Expense Category



(Dollars in Thousands)

	FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2020 Budget	FY 2020 to FY 2019	
					\$ Change	% Change
Salaries & Benefits	\$ 106,940	\$ 109,150	\$ 117,905	\$ 131,813	\$ 13,908	11.8%
Professional Services	26,423	22,331	24,327	25,830	1,503	6.2%
Materials & Supplies	8,932	9,309	10,390	11,251	861	8.3%
Utilities	6,619	6,995	7,029	7,505	476	6.8%
Insurance & Liability	9,317	9,300	9,231	10,025	794	8.6%
Other	2,092	2,845	6,862	4,283	(2,579)	-37.6%
Operating Expenses	\$ 160,323	\$ 159,930	\$ 175,744	\$ 190,707	\$ 14,963	8.5%

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 SacRT-paid employee benefits.

The FY 2020 Preliminary Budget proposes \$131.8 million for salaries and benefits, an increase of \$13.9 million (11.8%) from the FY 2019 Amended Budget of \$117.9 million.

- The Fiscal Year 2020 Preliminary Budget includes 1,260 funded positions, which is an increase of 70 funded positions from the Fiscal Year 2019 Amended Budget of 1,190 funded positions. See Positions section on page 21 for details.
- Total salaries, overtime and personal service contract costs increased by \$8.3 million (12.3%) from the FY 2019 Amended Budget of \$67.4 million. This reflects various District position salary adjustments and the cost of additional positions for SacRT new services such as Elk Grove, Folsom, SacForward and expansion of SmaRT ride services.
- Fringe Benefit costs increased by \$5.0 million (9.3%) from the FY 2019 Amended Budget of \$54.1 million. This reflects an increase of \$0.7 million in FICA costs, \$1.2 million in pension costs, \$1.8 million in medical, dental and vision costs, and \$0.7 million in vacation and sick leave accrual, etc.
- Capital recovery and indirect savings have resulted in a reduction of \$0.6 million (17.2%) compared to the FY 2019 Amended Budget. This represents labor charged to capital projects and other initiatives such as the Connect Card Consortium which results in a reduction in costs.

Professional Services

This category includes purchased transportation (ADA paratransit) to comply with the Americans with Disabilities Act (ADA), transit security, equipment maintenance, facilities maintenance, legal services, and services provided by outside consultants.

The FY 2020 Preliminary Budget proposes \$25.8 million for Professional Services, an increase of \$1.5 million (6.2%) from the FY 2019 Amended Budget of \$24.3 million.

- This reflects the same cost for ADA Paratransit cost as in FY 2019 Amended Budget.
- This includes a \$0.3 million increase in security services cost due to contractual wage increases and Folsom late night service.
- This includes a \$0.9 million increase for Media Advertising for public outreach events to promote new services.
- This includes additional cost for SacForward, SmaRT Ride, Folsom and Elk Grove services.
- This reflects the FY 2020 portion of multi-year contracts for professional 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 FY 2020 Preliminary Budget proposes \$11.3 million for materials and supplies, an increase of \$0.9 million (8.3%) from the FY 2019 Amended Budget of \$10.4 million.

Expenses (continued)

- This reflects an increase in CNG cost of \$0.5 million.
- This includes a \$0.2 million increase in bus parts due to new services.

Utilities

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

The FY 2020 Preliminary Budget proposes \$7.5 million for Utilities, an increase of \$0.5 million (6.8%) from the FY 2019 Amended Budget of \$7.0 million.

- This includes increases in costs for natural gas, water, electricity, garbage, and LRV traction power.
- It also includes an increase of \$0.3 million in traction power due to annualized impact of Folsom late night service and light rail 15-minute weekend service.

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 2020 Preliminary Budget proposes \$10.0 million for Insurance & Liability, an increase of approximately \$0.8 million (8.6%) from the FY 2019 Amended Budget of \$9.2 million.

- This reflects an increase of \$0.5 million in the projected claims reserves for Property and Liability for FY 2020 related to new service.
- This also reflects a decrease of \$0.1 million in the projected claims reserves for Workers' Compensation for FY 2020.
- This also reflects the estimated FY 2020 insurance premium costs.

Other

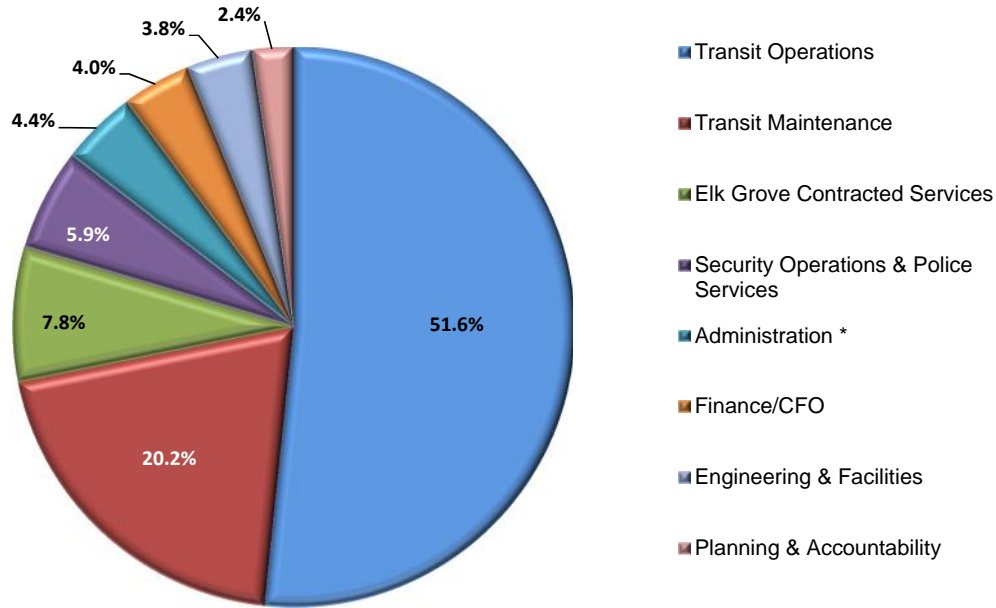
This category includes but is not limited to travel and training, seminars, dues and subscriptions, awards and ceremonies, building leases, equipment leases, taxes, freight, advertising, legal notices, and banking fees.

The FY 2020 Preliminary Budget proposes \$4.3 million for other expenditures, a decrease of \$2.6 million (-37.6%) from the FY 2019 Amended Budget of \$6.9 million.

- This includes \$0.85 million in Connect Card fees, which is SacRT's portion of running the Connect Card Regional Service Center. This is a \$0.1 million increase in cost compared to FY 2019 Amended Budget. It should be noted that most of these costs are recovered via cost recovery in the salary and benefits section.
- This reflects an increase of \$0.1 million in events and sponsorships.
- This also reflects a reduction of \$3.5 million for the Budget Stabilization account and an increase of \$0.5 million in Contingency.

Positions

The Fiscal Year 2020 Preliminary Budget includes total of 1,260 full time and part time positions, which is an increase of 70 positions from the Fiscal Year 2019 Amended Budget of 1,190 positions .



* Administration includes Office of the General Manager, Office of the Chief Counsel, Administration and Communications & Partnerships

Division	FY 2017 Funded	FY 2018 Funded	FY 2019 Funded	FY 2020 Funded	FY 2020 to FY 2019
Office of the General Manager	6	7	26	26	0
Office of the Chief Counsel	16	11	0	0	0
Planning & Accountability	4	20	28	30	2
Transit Operations	779	792	856	651	-205
Transit Maintenance	0	0	0	254	254
Administration	73	25	0	0	0
Engineering & Facilities	57	46	48	48	0
Finance/CFO	0	39	48	50	2
Communications & Partnerships	33	28	30	29	-1
Security Operations & Police Services	37	70	73	74	1
Elk Grove Contracted Services	0	0	81	98	17
Total	1,005	1,038	1,190	1,260	70

Positions (continued)

From FY 2019 to FY 2020, SacRT had a net increase of 71 funded positions. The changes reflected in the FY 2020 Proposed budget are as follows:

Planning and Accountability Division had a net increase of 2 funded positions. The position change is as follows:

- Added 1 Assistant VP, Planning & Accountability
- Added 1 Senior Manager Procurement Services

During FY 2019, continuing GM reorganization, the Transit Services/COO Division was split into two divisions: Transit Operations and Transit Maintenance. Furthermore, Light Rail department was also split into three departments: Light Rail Operations, Light Rail Maintenance, and Light Rail Wayside.

Transit Operations Division had a net decrease of 205 funded positions. The position changes are as follows:

- Added 20 Bus Operators: 15 Sac Forward initiatives and 5 for Route 51x and new school trippers.
- Funded 27 positions: 2 Transportation Supervisors in Light Rail, 24 Community Bus Service Operator – SmartRT Ride and 1 Community Bus Services Operator - Folsom
- Unfunded 1 Director, Operations Projects.
- Transferred 251 positions to Transit Maintenance: 111 in Bus Maintenance, 1 in Transit Operations, 100 and 39 in Transit and Light Rail Operations to Light Rail Maintenance and Light Rail Wayside respectively.

Transit Maintenance Division had a net increase of 254 funded positions. The position changes are as follows:

- Transferred 251 positions from Transit Operations: 111 in Bus Maintenance, 1 in Transit Maintenance, 100 in Light Rail Maintenance and 39 in Light Rail Wayside.
- Funded 3 positions: 1 Bus Service Worker and 2 Storekeepers.

Finance/Chief Financial Officer (CFO) Division had a net increase of 3 funded position. The position changes are as follows:

- Funded 2 positions: 1 Administrative Assistant I in Human Resources, and 1 Capital and Project Control Administrator in Office of Management and Budget.
- Transferred 1 Treasury Clerk from Communication and Partnerships Division and converted to Accounts Payable Clerk.
- Unfunded 1 Revenue Analyst in Finance.

Communications and Partnerships Division had a net decrease of 1 funded position. The position changes are as follows:

- Transferred 1 Treasury Clerk to Finance Division.

Security Operations and Police Services Division had a net increase of 1 funded positions:

- Added 1 VP, Security Operations and Police Services.

Elk Grove Contracted Services had a net increase of 17 positions: Effective July 1, 2019, SacRT will provide services for City of Elk Grove e-Tran services. SacRT created four departments: Vehicle Operations, Vehicle Maintenance, Facilities Maintenance, and General Administrations in line with NTD reporting for better cost tracking purposes. The positions changes are as follows:

- Funded 17 positions: 5 Mechanic A, 1 Mechanic B, 2 Mechanic C, 8 Bus service Workers and 1 Facilities Service Worker.

Capital Improvement Plan

Project Overview

The following tables and chart represent the Capital Budget as it pertains to the FY 2020 Budget for the projects listed. The full five-year Capital Improvement Program (CIP) will be adopted by a separate Board action and will cover capital funding priorities between fiscal years 2020 through 2024, and beyond to 2050.

The amounts contained in the FY 2020 Preliminary Budget only pertain to items where anticipated funding sources have been identified and are programmed for FY 2020, or where SacRT has applied for, or intends to apply for, competitive grant funds for the project, and grant funds will be available in FY 2020 if awarded.

The FY 2020 Capital Budget includes projects focused on the following priority programs:

Facilities Program

- F020 HVAC Replacements - Admin & Maintenance Buildings
- F021 Facilities Maintenance & Improvements
- R354 Fare Vending Machine (FVM) Enhancements

Fleet Program

- B100 Existing Bus Fleet Replacement (2020 - 2035)
- R115 Siemens 1st Series LRV Fleet Replacement (26 LRVs)
- R125 CAF Fleet Mid-Life Component Overhaul
- R358 Gold Line Service Expansion Light Rail Vehicles

Infrastructure Program

- B165 Electric Bus Charging Infrastructure
- R314 Light Rail Station Low Floor Vehicle Conversion
- R359 Gold Line Side Track

Other Program

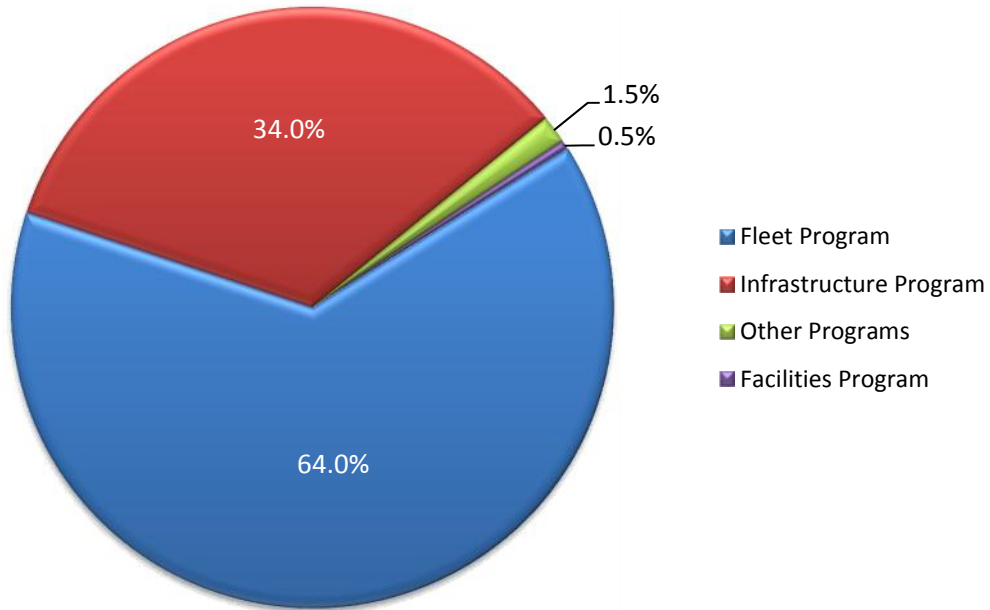
- M004 Revenue Bond, Series 2012 Payment

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 services, 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



Program	FY20 Budget Request (\$ in Thousands)	
Fleet Program	145,499	64.0%
Infrastructure Program	77,316	34.0%
Other Programs	3,433	1.5%
Facilities Program	1,041	0.5%
Grand Total	227,288	100.0%

Capital Improvement Revenues and Expenditures

Program	Project Name	Previously Budgeted (Board-Approved)	FY20 Budget Request	Funding Additions ¹		Board Authorized Amount
				State	TBD	
Facilities Program						
F020	HVAC Replacements - Admin & Maint Bldgs	-	40,625	40,625		40,625
F021	Facilities Maintenance & Improvements	507,379	400,000	400,000		907,379
R354	Fare Vending Machine (FVM) Enhancements	7,526,000	600,000	600,000		8,126,000
		<u>8,033,379</u>	<u>1,040,625</u>	<u>1,040,625</u>	<u>-</u>	<u>9,074,004</u>
Fleet Program						
B100	Existing Bus Fleet Replacement (2020 - 2035)	500,000	21,499,000		21,499,000	21,999,000
R115	Siemens 1st Series LRV Fleet Replacement	68,400,000	79,800,000		79,800,000	148,200,000
R125	CAF LRV Fleet Mid-Life Component Overhaul	-	24,000,000		24,000,000	24,000,000
R358	Gold Line Service Expansion LRVs	36,800,000	20,200,000		20,200,000	57,000,000
		<u>105,700,000</u>	<u>145,499,000</u>	<u>-</u>	<u>145,499,000</u>	<u>251,199,000</u>
Infrastructure Program						
B165	Electric Bus Charging Infrastructure	2,834,050	4,165,950		4,165,950	7,000,000
R314	Light Rail Station Low Floor Vehicle Conversion	32,000,000	54,250,000		54,250,000	86,250,000
R359	Gold Line Side Track	48,400,000	18,900,000		18,900,000	67,300,000
		<u>83,234,050</u>	<u>77,315,950</u>	<u>-</u>	<u>77,315,950</u>	<u>160,550,000</u>
Other Program						
M004	Revenue Bond, Series 2012 Payment	13,429,925	3,432,725	3,432,725	-	16,862,650
		<u>13,429,925</u>	<u>3,432,725</u>	<u>3,432,725</u>	<u>-</u>	<u>16,862,650</u>
Total		<u>210,397,354</u>	<u>227,288,300</u>	<u>4,473,350</u>	<u>222,814,950</u>	<u>437,685,654</u>

Notes:

1. There are no funding additions in the Federal or Local funding category

Capital Project Funding Addition Descriptions

- B100 Existing Bus Fleet Replacement (2020 - 2035) – Replace 31, or approximately one-third, of the 91 Model Year 2008 CNG 40-foot buses with new CNG buses. The remaining 60 buses will be budgeted for replacement in FY21 and FY22.
- B165 Electric Bus Charging Infrastructure – Implement Phases 1 and 2 of SacRT’s electric bus charging infrastructure project. In Phase 1, SacRT will install a 4000 Amp service for charging buses at Bus Maintenance Facility 1, which will provide capacity for SacRT’s initial electric bus procurements. In Phase 2, SacRT will install a 21 kV Primary Service at Bus Maintenance Facility 1, which will have the capacity to charge a significant number of electric buses.
- F020 HVAC Replacements - Admin & Maintenance Buildings – HVAC replacements at the Administrative Building, Wayside Building, and Metro Building.
- F021 Facilities Maintenance & Improvements – Make general facilities enhancements and maintain facilities throughout the district. Scope includes building repairs, equipment repair/replacement, etc.
- M004 Revenue Bond, Series 2012 Payment – Annual payment for Revenue Bond issuance from FY 2013 to FY 2042.
- R115 Siemens 1st Series LRV Fleet Replacement (26) – Increase the budget to reflect the latest cost estimate to replace all 26 replacement LRVs for Siemens 1st Series Fleet (1987 vehicles). Previously the budget only included the 13 1st Series Siemens vehicles that received partial funding from the 2018 Transit and Intercity Rail Capital Program (TIRCP) grant.
- R125 CAF LRV Fleet Mid-Life Component Overhaul – Overhaul of major subsystems/components on the CAF Light Rail Vehicle fleet. The 40 CAF LRVs were placed in service in 2003 and are 15 years old, which is beyond halfway through their FTA-defined 25-year useful life. This level of funding will be adequate to overhaul all components of eight LRVs, or to overhaul just select components of a greater number of vehicles. The remaining CAF vehicles and/or components will be budgeted for overhaul in FY21 through FY24.
- R314 Light Rail Station Low Floor Vehicle Conversion – Increase the budget to reflect the latest cost estimate to convert all light rail stations systemwide to low-floor. Previously the budget only included the cost to convert the stations along the Gold Line to low-floor because the 2018 TIRCP and Congested Corridors grant awards were focused on delivering enhanced service frequencies on the Gold Line.
- R354 Fare Vending Machine (FVM) Enhancements – Increase the budget to include the purchase and installation of approximately twelve (12) new Fare Vending Machines (FVMs) at light rail stations along the Gold and Green Lines. Previously the budget included only the cost to purchase and install FVMs in the Northeast Corridor NEC/Blue Line because the available grant funding was restricted to those lines. New FVMs will be more reliable and inexpensive to maintain, and will accept debit/credit payment.
- R358 Gold Line Service Expansion Light Rail Vehicles – Increase the budget to reflect the latest cost estimate to procure all ten of the expansion LRVs that are needed to enable Gold Line frequency enhancements (increasing service frequencies from 30 minutes to 15 minutes between Sunrise Station and Historic Folsom Station). The previous budget included only the seven expansion LRVs that received partial funding from the 2018 TIRCP grant.
- R359 Gold Line Side Track – Increase the budget to reflect the latest cost estimate. The cost estimate has been increased to be consistent with the high construction costs that are being seen nationwide