



STAFF REPORT

DATE: May 10, 2021
TO: Sacramento Regional Transit Board of Directors
FROM: Brent Bernegger, VP, Finance/CFO
SUBJ: ACCEPT PUBLIC COMMENT ON THE SACRAMENTO REGIONAL TRANSIT DISTRICT PRELIMINARY FY 2021-2022 OPERATING AND CAPITAL BUDGET AND CONTINUE THE PUBLIC HEARING TO JUNE 14, 2021.

RECOMMENDATION

Motion to Approve.

RESULT OF RECOMMENDED ACTION

Approval will continue the public hearing to the June 14, 2021 Board meeting where the final FY 2021-2022 Operating and Capital Budget will be presented for adoption.

FISCAL IMPACT

None as a result of this action.

DISCUSSION

Staff is proud to submit a balanced preliminary budget for Fiscal Year 2021-2022. The budget has been updated since the April 12th meeting and now includes the impacts of the approved annexation of Elk Grove transit services into SacRT (Attachment 1). The budget presented this evening is considered a draft, with the final budget being submitted for approval at the June 14, 2021 Board meeting.

Despite the continued challenges and global uncertainty due to COVID-19, SacRT's budget has modest growth to account for minor service expansions in the ever-popular Smart Ride service and slight increases in key positions with no layoffs or furloughs. This is possible through a combination of strong fiscal discipline and management of expenditures, continued strength in the Sacramento Region's sales tax collections, and strong federal support for the transit industry.

On March 27, 2020, the President signed the 2020 Cares Act which provided \$25B in relief funding for public transit agencies across the nation. SacRT's portion of this funding was \$95M, of which \$28.8M is allocated to FY 2021-2022. Additionally, on December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), which included \$14B in supplemental appropriations for the transit industry, was signed into law. SacRT's portion of this funding is \$37.9M, of which the full amount is allocated to FY 2021-2022. These allocations will fully offset any revenue losses for

FY 2021-2022 while allowing SacRT to continue to provide the highest level of service to the community. Budget highlights are provided within this staff report.

Assumptions Built into the FY 2022 Budget

The Operating Budgeting process is a tedious project that requires input from various operational staff members, consideration of economic conditions, goals, and objectives by the Board, all balanced by the need to keep costs within estimated revenue projections. This year, the revenue projections remain complex due to the continued impacts of the COVID 19 pandemic. The assumptions used in this budget were built on a variety of sources.

These assumptions are as follows:

-) Service levels have been budgeted without reductions, allowing for some minor service expansions such as SmartRide.
-) The budget will support SacRT strategic priorities such as our customers first approach to services and business optimization.
-) CARES Act and CRRSAA funding is being used to offset the loss of fares and other revenues.
-) The hiring freeze implemented in FY 2021 has been lifted to meet the expanded needs of the organization.
-) All merit increases will be received by employees per Collective Bargaining Agreements (CBA).
-) There will be no fare rate adjustments.

Summary of FY 2022 Operating Budget

Tables 1A and 1B provide summaries of the preceding two years actual results, the current year budget, and the FY 2022 proposed budgeted amounts. Revenues and expenditures each increased in total by \$7.6M or 3.7% compared to the amended FY 2021 budget. State & Local sales tax based revenues are increasing \$9.4M or 8.6% as the local economy is projected to remain strong, while the District's dependency on Federal funds is projected to decrease by \$2.8M or 3.9%. Salaries & Benefits are increasing \$8.6M or 6.0%, which is attributed to net salary increases of 4.6% across all Collective Bargaining Agreements, the addition of 27 new positions, and a proposed actuarial rate change related to the unfunded pension liability.

Table 1A - Revenues (Thousands)

	FY 2019 Actual	FY 2020 Actual	FY 2021 Budget	FY 2022 Budget	FY 2021 to FY 2022	
					\$ Change	% Change
Fare Revenue	\$ 25,428	\$ 20,999	\$ 12,177	\$ 11,847	\$ (330)	-2.7%
Contract Services	3,731	7,125	6,380	600	(5,780)	-90.6%
State & Local	104,031	114,880	109,728	124,095	14,367	13.1%
Federal	35,750	35,080	71,247	72,205	958	1.3%
Other	8,551	16,417	4,876	5,540	664	13.6%
Total	\$ 177,492	\$ 194,501	\$ 204,408	\$ 214,287	\$ 9,879	4.8%
Operating Surplus/(Deficit)	3,297	12,793	-	-		
Operating Revenue	\$ 174,195	\$ 181,708	\$ 204,408	\$ 214,287	\$ 9,879	4.8%

Table 1B - Expenses (Thousands)

		FY 2019	FY 2020	FY 2021	FY 2022	FY 2021 to FY 2022	
		Actual	Actual	Budget	Budget	\$ Change	% Change
Salaries & Benefits	\$	116,540	\$ 128,291	\$ 143,575	\$ 152,505	\$ 8,930	6.2%
Professional Services		22,776	22,137	19,628	18,621	(1,007)	-5.1%
Materials & Supplies		10,844	11,490	13,818	13,304	(514)	-3.7%
Utilities		6,761	6,821	7,828	8,018	190	2.4%
Insurance & Liability		14,011	9,931	14,917	17,036	2,119	14.2%
Other		3,262	3,038	4,642	4,803	161	3.5%
Operating Expenses	\$	174,195	\$ 181,708	\$ 204,408	\$ 214,287	\$ 9,879	4.8%

Capital Budget

Unlike the Operating Budget, the Capital Budget consists of projects that often take multiple years to complete, and in some cases take multiple years to fully fund. Funds approved for a project that are not spent in the previous fiscal year are typically carried over to the following fiscal year. Similarly, when the Board approves the budget for a large multi-year project in one fiscal year's budget, the project continues to have Board-approved budget authority rolled over from year to year, less any funds that have been spent on the project. These carry forward figures were not included in the FY 2022 Preliminary Capital Budget due to the uncertainty of carry forward amounts at this point in the fiscal year. The estimated amounts to be carried over from FY 2021 will be reported to the Board as part of the five-year Capital Improvement Plan later this year. Table 2 below provides a summary of the preliminary Capital Budget for FY 2022.

Table 2 - Summary of FY 2021 Capital Budget

ID	Project Name	Previous Budgeted (Board Approved)	Previous Released (Funded)	FY 22 Budget Request	Previous TBD	Funding Additions				Board Authorized Amount
						Federal	State	Local	TBD	
Revenue Vehicles										
R100	Replacement Light Rail Vehicles (18)	74,100,000	48,594,078	108,560,000	25,505,922	41,000,000	9,260,000	-	9,705,922	108,560,000
		74,100,000	48,594,078	108,560,000	25,505,922	41,000,000	9,260,000	-	9,705,922	108,560,000
Maintenance Building										
B165	Electric Bus Charging Infrastructure	7,000,000	2,212,103	9,380,000	4,787,897	-	-	-	7,167,897	9,380,000
		7,000,000	2,212,103	9,380,000	4,787,897	-	-	-	7,167,897	9,380,000
Passenger Stations										
B150	Watt I-80 Transit Center Improvements	10,410,780	8,506,071	10,915,071	1,904,709	2,409,000	-	-	-	10,915,071
M018	Bus Stop Improvement Plan	225,000	-	250,000	225,000	-	221,325	28,675	-	250,000
R055	Dos Rios Light Rail Station Design	19,687,600	19,787,996	23,000,000	-	-	-	-	3,212,004	23,000,000
		30,323,380	28,294,067	34,165,071	2,129,709	2,409,000	221,325	28,675	3,212,004	34,165,071
Other										
M008	Transit Action (Long-Range) Plan Update	200,000	-	226,000	200,000	-	200,000	26,000	-	226,000
		200,000	-	226,000	200,000	-	200,000	26,000	-	226,000
Totals:		111,623,380	79,100,248	152,331,071	32,623,528	43,409,000	9,681,325	54,675	20,085,823	152,331,071

Outlook for FY 2022

The COVID-19 pandemic continues to have a negative impact on several of SacRT's revenue sources, however, with vaccinations available to larger groups of people throughout the region, these impacts are forecast to lessen in the coming year. The revenues presented in the budget reflect these expectations. SacRT's fare based revenues are forecast to remain low through Fiscal Year 2021-2022, however sales tax based (State & Local) revenues have rebounded and are forecast to increase during that same period. Overall, SacRT's dependency on Federal funds is projected to decrease, while at the same time additional Federal funding is being made available due to the continued impacts of the COVID-19 pandemic. In addition to the two Federal stimulus packages noted in the opening discussion, a third round of Federal stimulus funding is currently in process. The exact amount of funding this will provide to SacRT is not known at this time but will be available to cover potential revenue shortfalls for FY 2022-2023.

The General Manager/CEO is presenting a balanced budget for FY 2021-2022 tonight that maintains service levels and includes new service expansions, while addressing the pressing need to fund SacRT's operating reserve and reduce our reliance on a line of credit to pay our bills. We will continue to relentlessly pursue efficiency improvements, business optimizations, and new revenue opportunities in the upcoming year.



Sacramento Regional Transit District

Abridged Budget
Fiscal Year 2021-2022

May 10, 2021

Table of Contents

Board of Directors.....	3
Executive Management Team	4
Office of Management & Budget Team.....	4
Organizational Structure	5
District Overview.....	6
District Profile.....	6
Strategic Plan	7
Budget Process	9
Voting System.....	10
SacRT Major Goals and Objectives in FY 2022.....	12
Operating Budget Summary	14
Revenues.....	14
Expenses.....	18
Positions.....	21
Capital Improvement Plan.....	24
Project Overview.....	24
Impact of Capital Improvements on the Operating Budget	25
Capital Improvements by Category.....	26
Capital Improvement Revenues.....	27
Capital Project Funding Addition Descriptions	28



Board of Directors

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County of Sacramento

Linda Budge
City of Rancho Cordova

Jeff Harris
City of Sacramento

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City of Folsom

Pat Hume
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City of Folsom

Stephanie Nguyen
City of Elk Grove

David Sander
City of Rancho Cordova

Tim Schaefer
City of Citrus Heights

Executive Management Team

Henry Li
General Manager/CEO

Brent Bernegger
VP, Finance/CFO

Carmen Alba
VP, Bus Operations

Laura Ham
VP, Planning and Engineering

Lisa Hinz
VP, Safety, Security and Customer Satisfaction

Shelly Valenton
VP, Integrated Services and Strategic Initiatives/Chief of Staff

Devra Selenis
VP, Communications and Partnerships

Edna Stanley
VP, Light Rail Operations

Office of Management & Budget Team

Jason Johnson
Director, Office of Management & Budget

Erik Reitz
Grants Manager

Nadia Mokhov
Senior Financial Analyst

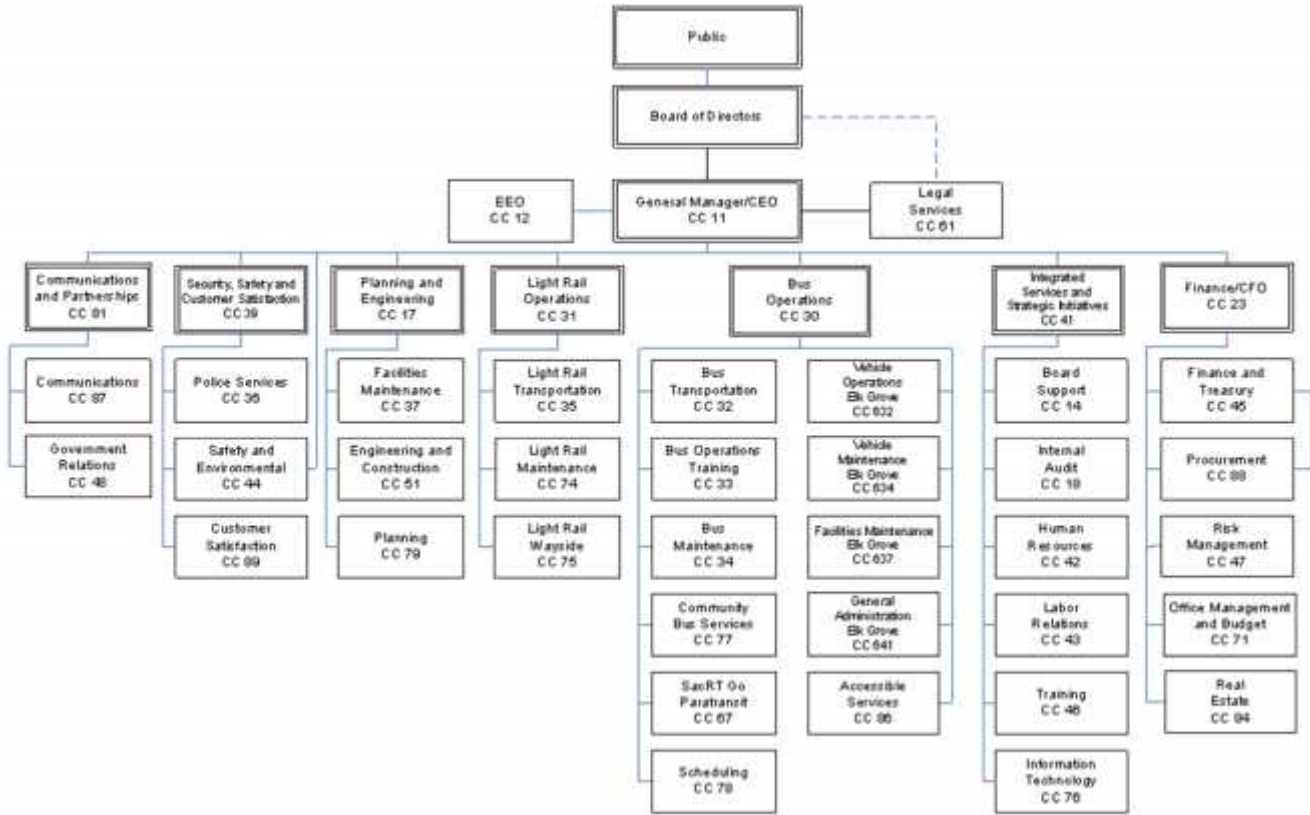
Carol Cherry
Senior Grants Analyst

Judy Wong
Senior Financial Analyst

Joe Paglieroni
Senior Grants Analyst

Organizational Structure

(Cost Center Based)



CC = Cost Center

District Overview

District Profile

Facts

Sacramento Regional Transit District (SacRT)	Constructs, operates, and maintains a comprehensive mass transportation system that serves 367 square miles in Sacramento County
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Bus Service	
Power	CNG, Diesel, Gasoline, Electric
Routes	63
Schedule	4:59 am to 11:15 pm daily
Stops	3,100+
Vehicles	186 - 40' CNG Buses 180 - Electric, Gasoline shuttles and Diesel small buses, SacRT maintains 56 buses under Elk Grove contract
Annual Ridership	5,500,000

Light Rail Service	
Power	Electrical
Miles	44.9
Schedule	3:49 am to 12:59 am daily
Stops	52
Vehicles	97
Annual Ridership	6,300,000

Paratransit	
ADA Passenger Trips Provided	208,860
ADA Vehicle Revenue Miles	1,418,528
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/SmaRT Ride services
January 2019	Annexed Citrus Heights and Folsom services
July 2019	Started Elk Grove services under contract
June 2020	Started SacRT GO paratransit service
July 2021	Annexed Elk Grove services

Strategic Plan

Adopted by the Board of Directors in October 2020, Sacramento Regional Transit's (SacRT) Strategic Plan details SacRT's strategic initiatives, key performance indicators, and identifies tactics that teams and individuals within the agency will work on to achieve strategic goals over the 2021-25 fiscal years.

Following a months-long collaborative internal planning process with staff and board members, SacRT's five-year Strategic Plan will serve as the guiding vision for post-pandemic strategic success. SacRT strives to balance the delivery of high-quality customer experience with value to taxpayers, and this strategic plan offers a platform from which the agency will take aim at these two high level aspirations.

This strategic plan is crafted for personnel at all levels of the organization and its contents convey objectives for the fiscal year and how SacRT will work to achieve them. The plan enables SacRT to shape activities to support identified strategic priorities and to help narrow focus on areas of service and operations that most closely align with stated goals. Departments develop work plan tactics that encompass projects and programs SacRT teams will strive to complete over the coming years.

The strategic plan introduces a comprehensive performance scorecard that SacRT management and division leaders will monitor and report on to track projects and programs of strategic importance. The performance scorecard is comprised of metrics that are significant to the quest for service excellence and value to taxpayers and which tie directly to the four strategic priority areas: Operational Excellence, Community Value, Employee Engagement, and Customer Satisfaction. With the scorecard all members of the workforce can see how their efforts support the success of the entire agency.

The SacRT Strategic Plan's Mission Statement, Vision Statement, Organizational Values, and Goals are listed on the following pages. 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 our riders.



Strategic Plan (continued)

Mission Statement

Moving you where you want to go, when you want to go.

Vision Statement

A leader in providing mobility options for our community.

Organizational Values

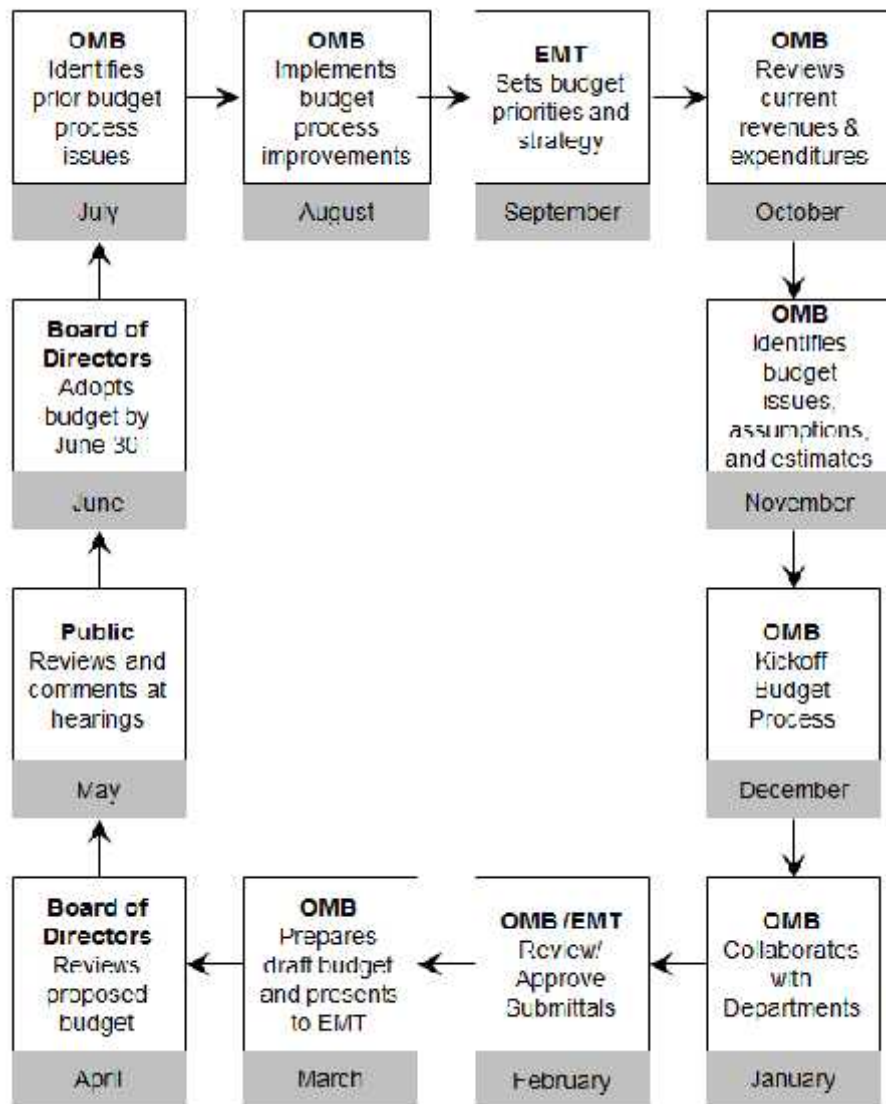
Six core principles guide individuals, teams, and the entire SacRT organization:

- Collaboration - I work with a collaborative spirit to help my colleagues and our customers to succeed.
- Diversity - I recognize and honor diversity and social justice, and seek out and listen for voices different than mine.
- Innovation - I challenge the easy and inspire myself and others to look for innovative solutions.
- Respect - I communicate clearly, respectfully, and honorably -- in a way that would make my family proud -- to my colleagues and our customers.
- Trust - I trust my teammates and empower them to make decisions that improve the quality of life for their colleagues, our customers, and the community that supports us.
- Excellence - I work to deliver excellence to our customers through clean, safe, reliable, and convenient service.



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. Eleven directors are appointed by “member entities” and represent jurisdictions annexed into SacRT’s district.

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 2021 and for the FY 2022 Preliminary Abridged Budget is shown in the table below. A detailed FY 2022 Schedule of Weighted Voting is shown on the next page.

Vote Shares by Jurisdiction

Jurisdiction	Status	Shares - FY 2021 Budget	Shares – FY 2022 Budget
County of Sacramento	Annex	37	32
City of Sacramento	Annex	32	28
City of Rancho Cordova	Annex	9	9
City of Citrus Heights	Annex	10	9
City of Elk Grove	Contract/Annex	3	13
City of Folsom	Annex	9	9
Total		100	100



Voting System (continued)

Fiscal Year 2022 Schedule of Weighted Voting Distribution

Base Values*

Federal Financial Information

Code Section:								
102205(b)(6)	FY 21 Federal Funds Available in the Sacramento MSA ¹	40,451,196	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)(7)	Allocation of Federal Funds to jurisdictions other than RT	3,291,917						
102205(b)(8)	FY 21 Federal Funds Available for use in RT Service Area:	37,159,279						

Jurisdiction Specific Values

	City of Sacramento	County of Sacramento	Rancho Cordova	Citrus Heights	Folsom	Elk Grove	Totals:
102205(b)(10) Population:**	510,931	593,801	78,381	87,811	81,610	176,154	1,528,688
Proportionate Population:	33.42%	38.84%	5.13%	5.74%	5.34%	11.52%	100%
Member:	Yes	Yes	Yes	Yes	Yes	Yes	
102100.2, 102100.3	4	3	1	1	1	1	11
102105.1(d)(2)(D)	12,418,631	14,432,664	1,906,271	2,132,943	1,984,306	4,280,749	37,155,564
102105.1(d)(2)(A), 102205(b)(3)	26,316,911	30,615,004	4,037,230	4,522,948	4,223,158	8,755,004	78,470,255
102105.1(d)(2)(B), 102205(b)(4)	115,000	-	450,000	0	0	0	565,000
102105.1(d)(2)(C), 102205(b)(5)	0	0	0	0	0	0	0
102105.1(d)(2)	38,850,542	45,047,668	6,393,501	6,655,891	6,207,464	13,035,753	116,190,819
102105.1(d)(2)	33.44%	38.77%	5.50%	5.73%	5.34%	11.22%	100%

Voting Calculation

	City of Sacramento	County of Sacramento	Rancho Cordova	Citrus Heights	Folsom	Elk Grove	Totals:
102105.1(d)(1)	5	5	5	5	5	5	30
102105.1(d)(2)	23.4080	27.1390	3.8500	4.0110	3.7380	7.8540	70
102105.1(d)(3)	28.4080	32.1390	8.8500	9.0110	8.7380	12.8540	100
102105.1(d)(4)(i)	28	32	9	9	9	13	100
102105.1(d)(4)(i), 102105.1(d)(4)(ii)	28	32	9	9	9	13	100
102105.1(d)(7)							
Distribution of Shares Among Members (Assuming All Members Present to Vote):***							
Member 1	7	11	9	9	9	13	
Member 2	7	11	N/A	N/A	N/A	N/A	
Member 3	7	10	N/A	N/A	N/A	N/A	
Member 4	7	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:	28	32	9	9	9	13	100

* In addition to the funding identified above, RT projects the following funds for operating purposes: \$51,636,000 - 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 2022

Strategic Initiatives

The Strategic Plan provides the management team and stakeholders with strategic priorities, projects, and programs to be implemented in the short term to achieve longer-term outcomes. The march to organizational success rests in great part on the completion of tactics which align directly with at least one of the four strategic priorities:

Operational Excellence - SacRT is dedicated to providing innovative mobility solutions and developing and implementing programs that provide best in class service that puts customers first. As public transportation services continue to evolve, SacRT is committed to providing the highest standards in transportation by implementing industry best practices and ensuring clean, safe, reliable, and convenient service for our customers.

These team tactics illustrate how annual goals will be attained for aspects of operations that are most critical to the delivery of high-quality transportation service:

- Project and Performance Management
- Stabilizing Technology Infrastructure
- Refining Finance KPI standards
- Creating Efficiencies in the Procurement Process
- ADA Service Transition
- Proactive Facility Maintenance Planning
- Scheduling to Allow Safety Measures and Achievable Schedule
- Transit Asset Management Planning
- Implementation of Safety Management Systems

Community Value - SacRT is committed to expanding regional partnerships and providing excellent public transit service to promote SacRT as our region's premier public transit agency. SacRT will continue to promote programs and incentive options that will encourage more people to try transit, build our ridership, demonstrate our value and economic impact as a community partner, and educate the public about the benefits of transit and how local funding is important to create a world class public transit system.

These team tactics illustrate how annual goals will be attained for delivering value to the entire community:

- Rebuild Ridership Trust and Customer Confidence
- Community Perception of SacRT's Value to the Region
- Communications Planning for Ongoing Pandemic
- Zero Emission Bus Fleet Program
- Long Range Planning
- Economic Impact in Station Areas (TOD) and Community Benefit
- Police Services Providing Resources to Homeless Population
- Transit Supportive Legislation/Initiatives

SacRT Major Goals and Objectives in FY 2022 (continued)

Employee Engagement - SacRT is dedicated to providing a positive and collaborative workplace that enables us to build a strong workforce of highly satisfied and performing individuals. We recognize that the work our employees do every day, in every single position, has a potentially significant impact on the quality of life in the Sacramento region. Our employees are foundational to our success and we are committed to hiring the best people and supporting them throughout their careers at SacRT.

These team tactics illustrate how annual goals will be attained for organizational performance as it pertains to engaging members of the workforce:

- Employee Retention Program
- Employee Engagement and Implementation Actions
- Employee Training Programs
- Safety and Service Employee Recognition Award Programs

Customer Satisfaction - Ensuring that SacRT customers have access to high quality mobility options that they actively and increasingly use is a priority for SacRT. We want to ensure that our system provides customers with mobility options that get them where they want to go, when they want to go there.

These team tactics illustrate how annual goals will be attained for assessing delivery of high-quality transportation services to customers:

- Ongoing Enhanced System Sanitation Programs
- Customer Satisfaction and Post Pandemic Surveys
- Paratransit Implementation Customer Satisfaction Survey
- Microtransit Customer Satisfaction Survey
- Customer Service Resolution of Customer Requests
- Uniform Survey Standards Implementation
- System Cleanliness Perception

Operating Budget Summary

Revenues

FY 2022 Operating Revenue by Funding Source



(Dollars in Thousands)

	FY 2019 Actual	FY 2020 Actual	FY 2021 Budget	FY 2022 Budget	FY 2021 to FY 2022	
					\$ Change	% Change
Fare Revenue	\$ 25,428	\$ 20,999	\$ 12,177	\$ 11,847	\$ (330)	-2.7%
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Operating Surplus/(Deficit)	3,297	12,793	-	-		
Operating Revenue	\$ 174,195	\$ 181,708	\$ 204,408	\$ 214,287	\$ 9,879	4.8%

Revenues (continued)

COVID-19 Impacts

The values in the Revenues table on page 14, and the summaries below, reflect the estimated continued impacts of COVID-19. Staff is forecasting a small reduction in fare revenues for FY 2021-2022 which will be down approximately \$330K compared to FY 2020-2021. State & Local revenues have rebounded and are forecast to be \$14.4M above FY 2020-2021 (approximately \$5M of this increase is attributed to the annexation of Elk Grove with a corresponding decrease in Contract Services revenues). To address the impacts of COVID-19 on the public transit industry, on March 27, 2020 the President signed the 2020 Cares Act which provided \$25B in relief funding for public transit agencies across the nation. SacRT's portion of this funding was \$95M, of which \$31.1M is allocated to FY 2021-2022. Additionally, on December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), which included \$14B in supplemental appropriations for the transit industry, was signed into law. SacRT's portion of this funding is \$37.9M, of which the full amount is allocated to FY 2021-2022. These allocations will fully offset any revenue losses for FY 2021-2022.

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 2022 Preliminary Budget proposes \$11.8 million in Fare Revenue, a decrease of \$0.4 million (2.8%) from the FY 2021 Adopted Budget of \$12.2 million.

) A small decrease in Fare Revenue is anticipated due to the continued impact of COVID-19 on ridership.

Contracted Services

This category includes the City of Rancho Cordova contract for transit services, as well as UC Davis Causeway Connection shuttle services.

The FY 2022 Preliminary Budget proposes \$0.6 million in Contracted Services revenue, a reduction of \$5.8 million (90.6%) from the FY 2021 Adopted Budget of \$6.4 million.

-) This reflects a reduction of \$5.9 million in Elk Grove contracted services due to City of Elk Grove annexation.
-) This reflects an increase of \$0.2 million in Rancho Cordova contract due to current service level.
-) This also reflects a decrease of \$0.1 million in UC Davis revenue for Causeway Connection service due to reduced service level.
-) This also reflects elimination of North Natomas contracted revenue due to discontinuing the service.

Revenues (continued)

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 2022 Preliminary Budget proposes \$124.1 million in state and local funding revenue, an increase of \$14.4 million (13.1%) from the FY 2021 Adopted Budget of \$109.7 million.

-) This reflects a \$3.2 million or 6.5% increase in sales tax estimates for Measure A over the FY 2021 Adopted Budget to reflect trends in sales tax collection.
-) This budget includes \$4.4 million in Measure A for Paratransit SacRT Go service.
-) This budget includes \$5.0 million in Neighborhood Shuttle Measure A for SmaRT Ride service.
-) This budget reflects a \$14.8 million or 32.4% increase in TDA-LTF over the FY 2021 Adopted Budget to reflect trends in sales tax collection and the City of Elk Grove annexation.
-) This also includes a \$0.8 million reduction 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 \$3.7 million in TDA-STA, which eliminates TDA-STA from operating budget and transfers it to capital budget with exceptions of \$0.1 million of Elk Grove STA.

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 2022 Preliminary Budget proposes \$72.2 million in federal funding, an increase of \$1.0 million (1.3%) from the FY 2021 Adopted Budget of \$71.2 million.

-) This budget includes \$1.1 million in Job Access/Reverse Commute funding, which is the same level of funding as in FY 2021.
-) SacRT Section 5307 Urbanized Area funds and Section 5337 State of Good Repair funds are budgeted on capital with exception of \$1.4 million of Section 5307 for Elk Grove that are budgeted in operating budget.
-) This budget includes \$31.1 million in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds, which is a reduction of \$38.3 million from FY 2021.
-) This budget includes \$37.9 million in the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) funds, which is a new revenue source in FY 2022.
-) This budget includes \$0.7 million in Congestion Mitigation and Air Quality Improvement funds (CMAQ) for Causeway Connection new service to UC Davis.

Revenues (continued)

Other

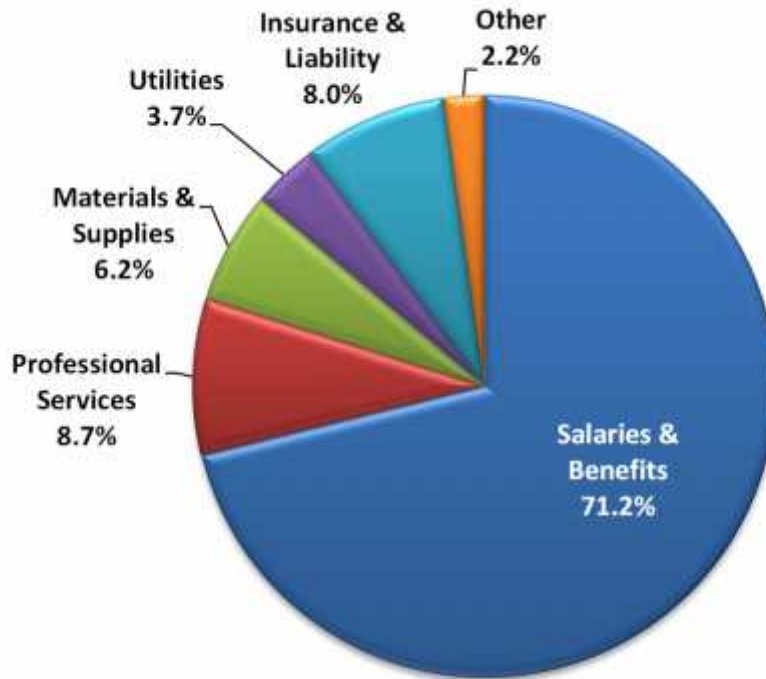
This category includes investment income, commercial real estate leases, advertising income, bus book sales, fare evasion fines, promotional item sales, photo identification activities, and parking revenue.

The FY 2022 Preliminary Budget includes \$5.5 million in other revenue, which is an increase of \$0.6 million (13.6%) from the FY 2021 Adopted Budget of \$4.9 million.

-) This includes \$0.6 million in ECOS settlement revenue for Folsom late-night service.
-) This includes \$1.5 million for the sale of Low Carbon Credits through the State Cap and Trade program, which is an increase of \$0.03 million over the FY 2021 Adopted Budget.
-) This includes a decrease of \$0.1 million in Investment income.
-) This reflects a decrease of \$0.2 million in Advertising revenue.
-) This reflects an increase of \$1.1 million in Miscellaneous Income due to extension of CNG tax rebate program.

Expenses

FY 2022 Operating Expenses by Expense Category



(Dollars in Thousands)

	FY 2019 Actual	FY 2020 Actual	FY 2021 Budget	FY 2022 Budget	FY 2021 to FY 2022	
					\$ Change	% Change
Salaries & Benefits	\$ 116,540	\$ 128,291	\$ 143,575	\$ 152,505	\$ 8,930	6.2%
Professional Services	22,776	22,137	19,628	18,621	(1,007)	-5.1%
Materials & Supplies	10,844	11,490	13,818	13,304	(514)	-3.7%
Utilities	6,761	6,821	7,828	8,018	190	2.4%
Insurance & Liability	14,011	9,931	14,917	17,036	2,119	14.2%
Other	3,262	3,038	4,642	4,803	161	3.5%
Operating Expenses	\$ 174,195	\$ 181,708	\$ 204,408	\$ 214,287	\$ 9,879	4.8%

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 2022 Preliminary Budget proposes \$152.5 million for salaries and benefits, an increase of \$8.9 million (6.2%) from the FY 2021 Adopted Budget of \$143.6 million.

- J The Fiscal Year 2022 Preliminary Budget includes 1,449 funded positions, which is an increase of 26 funded positions from the Fiscal Year 2021 Adopted Budget of 1,423 funded positions. See Positions section on page 22 for details.
- J Straight time pay, overtime and personal service contract costs increased by \$3.9 million (4.9%) from the FY 2021 Adopted Budget of \$81.0 million. This reflects various District position salary adjustments and the cost of additional positions for SacRT new Paratransit service.
- J Fringe Benefit costs increased by \$4.5 million (7.0%) from the FY 2021 Adopted Budget of \$64.6 million. This reflects an increase of \$0.4 million in FICA costs, \$2.6 million in pension costs, \$0.9 million in medical, dental, life and vision costs, and \$0.6 million in vacation and sick leave accrual, etc.
- J Capital recovery and indirect savings decreased by \$0.4 million (-21.3%) from the FY 2021 Adopted Budget of \$2.1 million. 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 transit security, equipment maintenance, facilities maintenance, legal services, and services provided by outside consultants.

The FY 2022 Preliminary Budget proposes \$18.6 million for Professional Services, a reduction of \$1.0 million (-5.1%) from the FY 2021 Adopted Budget of \$19.6 million.

- J This budget includes \$6.5 million in security services cost.
- J This budget includes \$3.1 million in outside services cost.
- J This also includes \$1.2 million in software/cloud services cost.
- J This includes \$0.6 million in Paratransit maintenance cost.
- J This budget includes a reduction of \$2.1 million in Contract maintenance due to numerous IT upgrades included in FY 2021 Amended budget that are not on-going operating cost.
- J This reflects a \$0.1 million increase in tire lease cost due to additional tires needed for Paratransit vehicles.
- J This reflects the FY 2022 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 2022 Preliminary Budget proposes \$13.3 million for materials and supplies, a reduction of \$0.5 million (-3.7%) from the FY 2021 Adopted Budget of \$13.8 million.

Expenses (continued)

-) This budget includes a reduction of \$1.2 million in gasoline cost to reflect paratransit vehicles fueling needs.
-) This budget includes a reduction of \$0.3 million in COVID-19 supplies cost.
-) This budget reflects a \$0.8 million increase in CNG cost due to additional Elk Grove buses that need to be fueled.
-) This also includes an increase of \$0.2 million in bus parts due to an increased number of vehicles serviced.

Utilities

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

The FY 2022 Preliminary Budget proposes \$8.0 million for Utilities, an increase of \$0.2 million (2.4%) from the FY 2021 Adopted Budget of \$7.8 million.

-) This budget includes a reduction of \$0.4 million in electricity cost for electric bus charging to reflect spending trend.
-) This budget reflects an increase of \$0.3 million in telephone cost due to higher cell phone usage.
-) This budget also reflects an increase in traction power and facilities electricity cost by \$0.1 million each to reflect increases in SMUD rates.

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 2022 Preliminary Budget proposes \$17.0 million for Insurance & Liability, an increase of approximately \$2.1 million (14.2%) from the FY 2021 Adopted Budget of \$14.9 million.

-) This budget reflects an increase of \$0.3 million in the projected claim reserves for Property and Liability for FY 2022.
-) This also reflects a reduction of \$0.6 million in the projected claim reserves for Workers' Compensation for FY 2022.
-) The budget includes an increase of \$1.7 million in excess liability insurance cost due to challenging market conditions.
-) The budget also includes an increase of \$0.6 million in property insurance premium due to increased number of revenue vehicles in service.
-) This also reflects increases in FY 2022 estimated insurance premium costs due to a tighter and more competitive insurance market.

Other

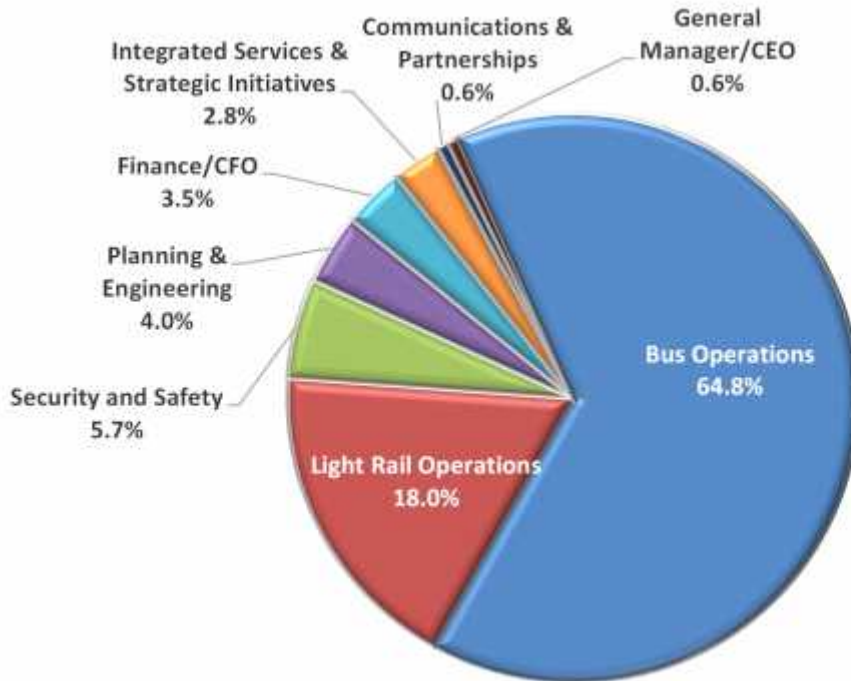
This category includes but is not limited to travel and training, seminars, dues and subscriptions, awards and ceremonies, building leases, equipment leases, taxes, freight, advertising, legal notices, and banking fees.

The FY 2022 Preliminary Budget proposes \$4.8 million for other expenditures, an increase of \$0.2 million (3.5%) from the FY 2021 Adopted Budget of \$4.6 million.

-) This budget includes a reduction of \$0.2 million in Connect card fees due to lower usage with ridership declines.
-) This budget reflects a reduction of \$0.2 million in interest expense due to lower line of credit usage.
-) This budget reflects a reduction of \$0.1 million in banking fees due to SacRT improved financial condition.
-) This budget reflects an increase of \$0.5 million in property leases due to Elk Grove facility lease cost.
-) This budget reflects an increase of \$0.1 million in Contingency account.

Positions

FY 2022 Positions by Division



Division	FY 2019 Funded	FY 2020 Funded	FY 2021 Funded	FY 2022 Funded	FY 2021 to FY 2022
General Manager/CEO	26	19	16	9	-7
Planning & Engineering	28	22	57	57	0
Bus Operations	937	1063	1196	939	-257
Light Rail Operations	0	0	0	261	261
Integrated Services & Strategic Initiatives	0	55	33	41	8
Engineering & Facilities	48	0	0	0	0
Finance/CFO	48	45	47	51	4
Communications & Partnerships	30	0	0	9	9
Security, Safety and Customer Satisfaction	73	53	74	82	8
Total	1,190	1,257	1,423	1,449	26

Positions (continued)

From FY 2021 to FY 2022, SacRT had a net increase of 26 funded positions. The changes reflected in the FY 2022 Preliminary Budget are as follows:

General Manager/CEO Division had a net decrease of 7 funded positions. The position change is as follows:

-) Transferred Senior Community & Government Affairs Officer and Senior Community Relations Officer to Communications and Partnerships Division.
-) Funded 1 Attorney I.
-) Transferred 1 Senior Attorney from Procurement.
-) Transferred 7 positions from GM/CEO to Communications and Partnerships Division.

Planning and Engineering Division had a net zero change. The position change is as follows:

-) Transferred 1 Internal Auditor to Integrated Services and Strategic Initiatives Division.
-) Unfunded 1 Facilities Service Worker.
-) Added and funded 6 positions: 1 Facilities Supervisor, 1 Facilities Maintenance Mechanic, 1 Storekeeper, 1 Administrative Technician, 1 Assistant Resident Engineer and 1 Sr. Planner.
-) Transferred 4 Scheduling to Bus Operations Division.

Operations Division split into Bus Operations and Light Rail Operations Divisions for a net increase of 4 positions.

Bus Operations Division had a net decrease of 257 funded positions. The position changes are as follows:

-) Eliminated 2 AVP positions: 1 Bus Operations and 1 Light Rail Operations.
-) Converted VP, Operations to VP, Bus Operations.
-) Added 2 funded positions: 1 Administrative Technician and 1 Program Analyst.
-) Transferred 119 Light Rail Transportations, 102 Light Rail Maintenance and 40 Light Rail Wayside to Light Rail Operations Division.
-) Transferred 4 Scheduling from Planning and Engineering Division.

Light Rail Operations Division had a net increase of 261 funded positions. The position changes are as follows:

-) Added VP, Light Rail Operations.
-) Transferred 119 Light Rail Transportations, 102 Light Rail Maintenance and 40 Light Rail Wayside from Bus Operations Division.
-) Unfunded 1 black box Light Rail Vehicle Technician.

Integrated Services and Strategic Initiatives Division had a net increase of 8 positions. The position changes are as follows:

-) Added and funded 7 positions: 1 Administrative Assistant II – HLC, 1 Administrative Technician, 1 Senior Manager, Training, 1 Training Analyst, 1 Network Operations Technician, 1 Senior Cybersecurity Engineer, and 1 Senior Network Operations Engineer.
-) Transfer 1 Internal Auditor from Planning and Engineering Division.
-) Reclass 1 IT Technician II to 1 IT Network Operations Technician; 1 Human Resources Analyst II to 1 Senior Human Resources Analyst; 1 Manager, Network and End User Operations to Senior Manager, Network and End User Operations.

Finance/Chief Financial Officer (CFO) Division had a net increase of 4 funded positions. The position changes are as follows:

-) Added and funded 5 positions: 1 Payroll Analyst, 1 Manager, Capital and Project Control and 3 Procurement Analyst II.
-) Swap funding from Risk Technician to Risk Analyst II.
-) Transferred 1 Senior Attorney to General Manager Division.

Positions (continued)

Communications and Partnerships Division was reinstated. It had a net increase of 9 positions. The position changes are as follows:

-) Transferred Senior Community and Government Affairs Officer and Senior Community Relations Officer from General Manager Division.
-) Reclass Chief, Communications Officer to VP, Communications and Partnerships.
-) Transferred 7 positions to Communications from General Manager Division.

Security, Safety and Customer Satisfaction Division had a net increase of 8 funded positions:

-) Added and funded 6 positions: 1 Social Worker, 4 Transit Ambassador and 1 Safety Specialist II.
-) Eliminated 2 Transit Fare Inspectors.
-) Converted and added 3 SOC Security Leads.
-) Reclass 1 Senior Safety Specialist to 2 Safety Specialist I.

Capital Improvement Plan

Project Overview

The following tables and chart represent the Capital Budget as it pertains to the FY 2022 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 2022 through 2026, and beyond to 2052.

The amounts contained in the FY 2022 Preliminary Budget only pertain to items where anticipated funding sources have been identified and are programmed for FY 2022, 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 2022 if awarded.

The FY 2022 Capital Budget includes the addition of the following projects:

Revenue Vehicles

R100 Replacement New Low-Floor LRVs

Maintenance Building

B165 Electric Bus Charging Infrastructure

Passenger Stations

B150 Watt/I-80 On-Site Transit Center Improvements

M018 Bus Stop Improvement Plan

R314 Light Rail Station Low Floor Vehicle Conversion

Other

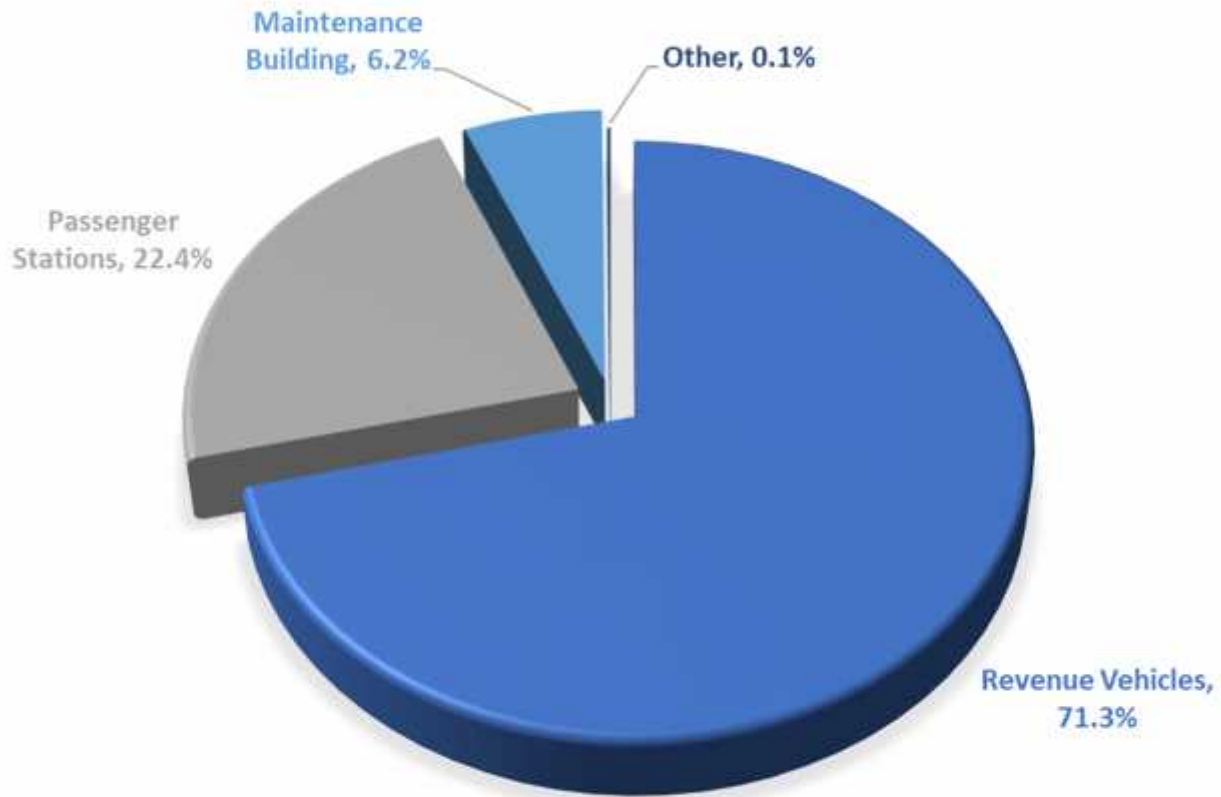
M008 Transit Action (Long-Range) Plan Update

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



FY 22 Capital Budget by Categories

	# of Projects	Total Budget	% of Total
Revenue Vehicles	1	\$108,560,000	71.3%
Passenger Stations	3	\$34,165,071	22.4%
Maintenance Building	1	\$9,380,000	6.2%
Other	1	\$226,000	0.1%
	6	\$152,331,071	100.0%

Capital Improvement Revenues

ID	Project Name	Previous Budgeted (Board Approved)	Previous Released (Funded)	FY 22 Budget Request	Previous TBD	Funding Additions				Board Authorized Amount
						Federal	State	Local	TBD	
Revenue Vehicles										
R100	Replacement Light Rail Vehicles (18)	74,100,000	48,594,078	108,560,000	25,505,922	41,000,000	9,260,000	-	9,705,922	108,560,000
		<u>74,100,000</u>	<u>48,594,078</u>	<u>108,560,000</u>	<u>25,505,922</u>	<u>41,000,000</u>	<u>9,260,000</u>	<u>-</u>	<u>9,705,922</u>	<u>108,560,000</u>
Maintenance Building										
B165	Electric Bus Charging Infrastructure	7,000,000	2,212,103	9,380,000	4,787,897	-	-	-	7,167,897	9,380,000
		<u>7,000,000</u>	<u>2,212,103</u>	<u>9,380,000</u>	<u>4,787,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,167,897</u>	<u>9,380,000</u>
Passenger Stations										
B150	Watt I-80 Transit Center Improvements	10,410,780	8,506,071	10,915,071	1,904,709	2,409,000	-	-	-	10,915,071
M018	Bus Stop Improvement Plan	225,000	-	250,000	225,000	-	221,325	28,675	-	250,000
R055	Dos Rios Light Rail Station Design	19,687,600	19,787,996	23,000,000	-	-	-	-	3,212,004	23,000,000
		<u>30,323,380</u>	<u>28,294,067</u>	<u>34,165,071</u>	<u>2,129,709</u>	<u>2,409,000</u>	<u>221,325</u>	<u>28,675</u>	<u>3,212,004</u>	<u>34,165,071</u>
Other										
M008	Transit Action (Long-Range) Plan Update	200,000	-	226,000	200,000	-	200,000	26,000	-	226,000
		<u>200,000</u>	<u>-</u>	<u>226,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>26,000</u>	<u>-</u>	<u>226,000</u>
Totals:		<u>111,623,380</u>	<u>79,100,248</u>	<u>152,331,071</u>	<u>32,623,528</u>	<u>43,409,000</u>	<u>9,681,325</u>	<u>54,675</u>	<u>20,085,823</u>	<u>152,331,071</u>

Capital Project Funding Addition Descriptions

Revenue Vehicles

R100 Replacement New Low-Floor LRVs – Purchase eighteen (18) new replacement Low-Floor Light Rail Vehicles to replace vehicles that have exceeded their useful life.

Maintenance Building

B165 Electric Bus Charging Infrastructure – Construct 4000 AMP, 480V electrical service and 120/208 Volt distribution system, powering fifteen to thirty-five 150kw/480V chargers.

Passenger Stations

B150 Watt/I-80 On-Site Transit Center Improvements – Construct and improve bicycle, pedestrian, and bus access from the Watt Ave Station Plaza to the Watt/I-80 Light Rail Station.

M018 Bus Stop Improvement Plan – SacRT, in partnership with Walk Sacramento, will identify and prioritize bus stop improvement projects, and generate a capital improvement plan to address bus stop improvements throughout SacRT bus system.

R055 Dos Rios Light Rail Station Design – Construct a new light rail station in the conjunction with the new Mirasole Village housing Development located in the Rivers District just North of downtown Sacramento and east of the Rail Yard Project.

Other

M008 Transit Action (Long-Range) Plan Update – Hire consultants to update SacRT's 2009 Transit Action (Long Range) Plan.

FY 2022 Budget Briefing



SacRT has received the distinguished budget award now for the past 18 years



FY 2022 Budget Assumptions



- 🚌 Includes Elk Grove Annexation
- 🚌 Services are budgeted without reductions
- 🚌 The budget will support SacRT strategic priorities
 - *Customers first*
 - *Business optimization*
- 🚌 CARES Act and CRRSAA funding used to offset local revenue losses
- 🚌 **No reductions to staffing levels**
- 🚌 ***No fare rate adjustments***

FY 2022 Operating and Capital Budgets



Operating Budget - \$214.3M



- Cost split:
 1. 78% Operations
 2. 22% Admin Support



Capital Budget – \$152.3M



- Highlighted projects FY 2021
 1. Replacement New Low-Floor LRVs
 2. Light Rail Station Low Floor Vehicle Conversion
 3. Electric Charging Infrastructure



FY 2022 Budget Changes from April to May

(\$ in thousands)

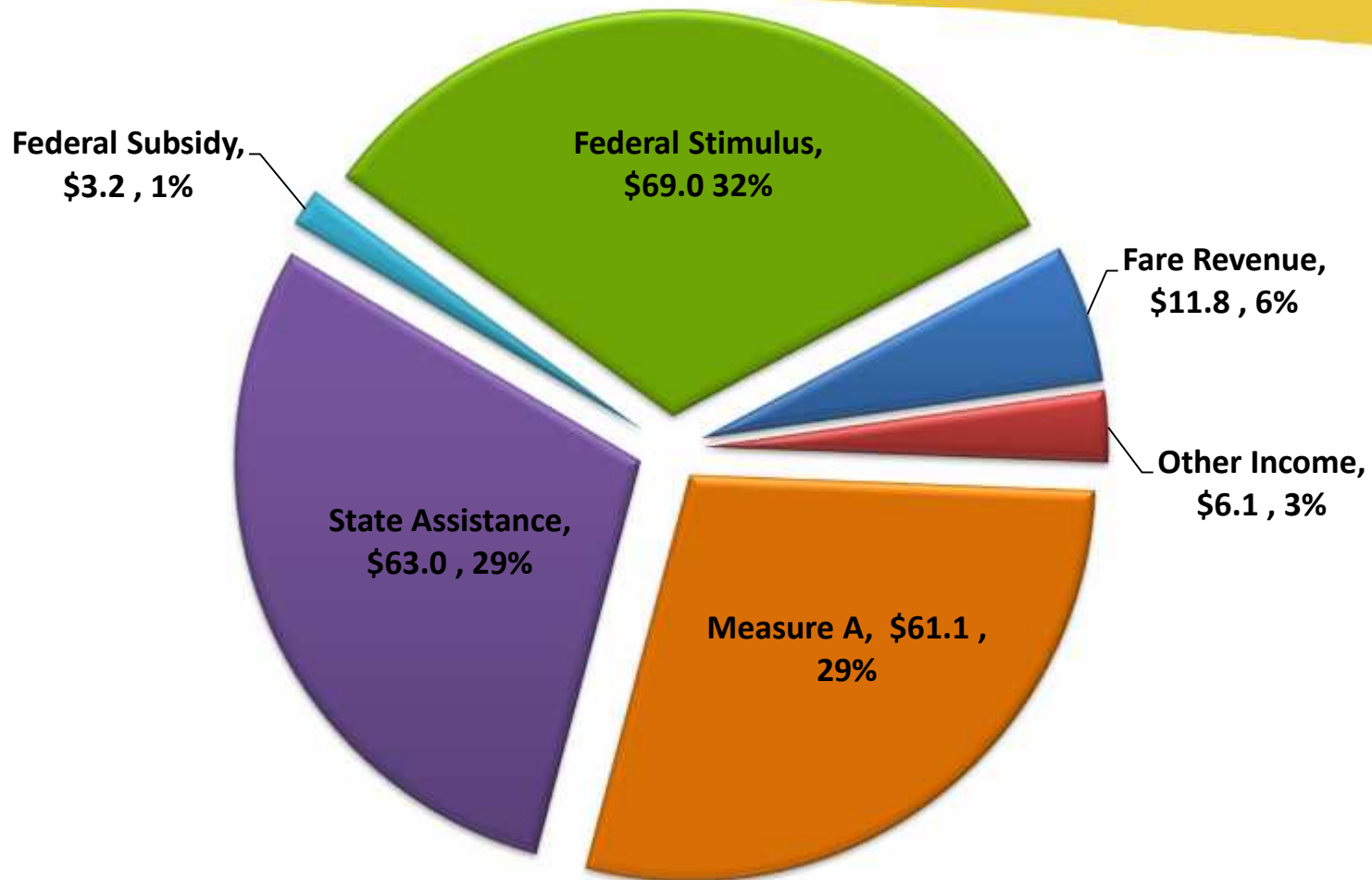


	<u>April Draft</u>	<u>May Revised</u>	<u>April to May</u>
Revenue Source			
Fare Revenues	\$ 11,847	\$ 11,847	\$ -
Contracted Services	\$ 7,041	\$ 600	\$ (6,441)
Other RT Revenues	\$ 5,540	\$ 5,540	\$ -
State and Local	\$ 119,140	\$ 124,095	\$ 4,955
Federal	\$ 68,446	\$ 72,205	\$ 3,759
CARES Act *	\$ 28,775	\$ 31,139	\$ 2,364
CRRSAA *	\$ 37,855	\$ 37,855	\$ -
Total Revenues	\$ 212,014	\$ 214,287	\$ 2,273
Expenditures			
Salaries & Benefits	\$ 152,212	\$ 152,505	\$ 293
Professional Services	\$ 18,225	\$ 18,621	\$ 396
Materials & Supplies	\$ 12,275	\$ 13,304	\$ 1,029
Utilities	\$ 8,018	\$ 8,018	\$ -
Insurance & Liability	\$ 16,936	\$ 17,036	\$ 100
Other	\$ 4,348	\$ 4,803	\$ 455
Total Expenditures	\$ 212,014	\$ 214,287	\$ 2,273

* Amounts included in Federal subtotal.

Where the Dollars Come From (\$ Millions)

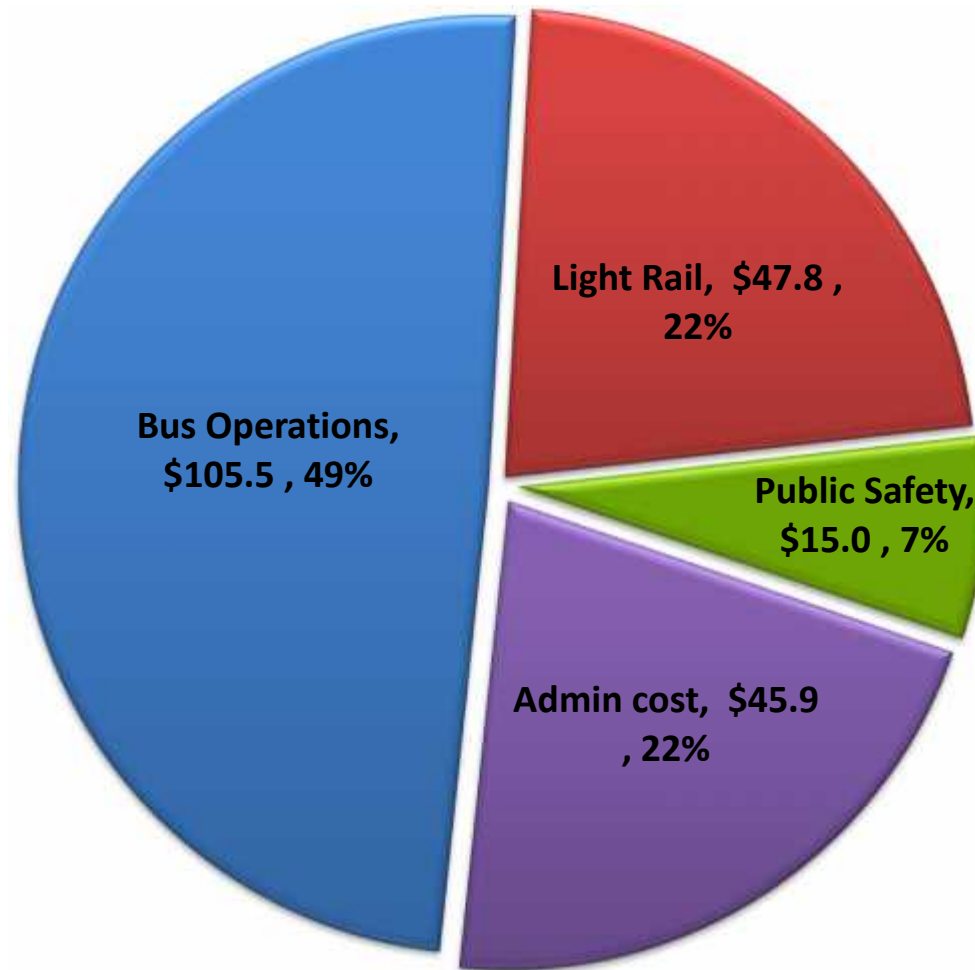
(Total FY 22 Operating Revenue is \$214.3M)



Federal Stimulus Funding includes \$31M CARES Act and \$38M CRRSAA

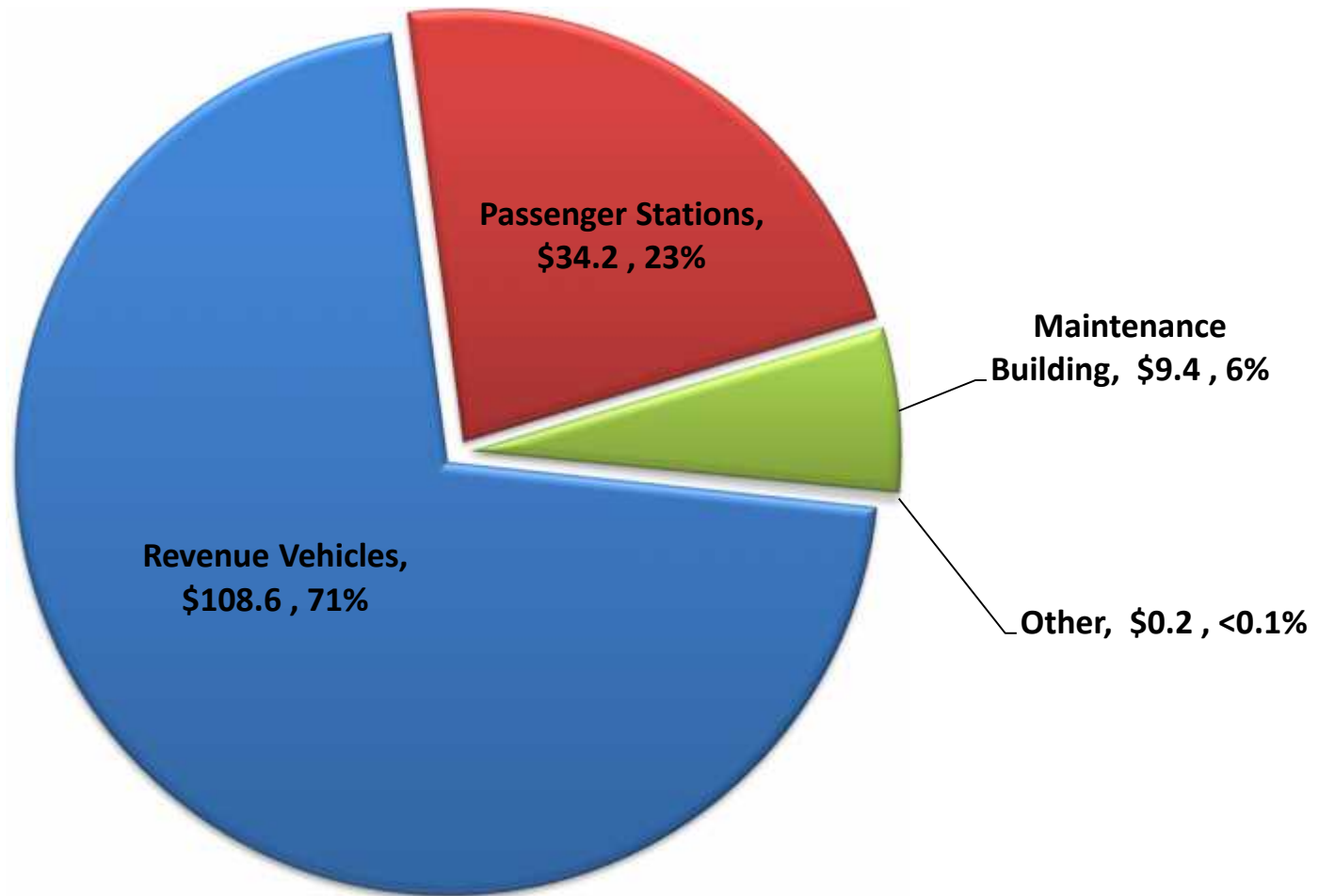
Service Delivery Breakdown (\$ Millions)

(Total FY 22 Operating Expenditure is \$214.3M)



FY 2022 Capital Budget (\$ Millions)

(Total FY 22 Capital Budget is \$152.3M)



Cash Reserves

The FY21 amounts shown below are projections as of April 2021



In addition, SacRT generated a prior year end surplus that increased working capital to \$13.1 M at the end of FY 20.
Note: These cash balances exclude the Working Capital and the LOC amounts.

Outlook



- 🔍 **Urgent funding need - State of Good Repair**
- 🔍 COVID-19 continues to impact ridership
- 🔍 Line of Credit **significantly reduced**
 - 🔍 Projected to not be used in FY 2022
- 🔍 **Grant Funding**
 - 🔍 Increasing at the State/Local level
 - 🔍 **Flat at the Federal level**
 - 🔍 (Not including stimulus funding)



FY 2022 Budget Schedule



- | | |
|-----------------------|---|
| April 12, 2021 | Release of the Preliminary FY 2022 Operating and Capital budgets, 60-day public review begins |
| May 3, 2021 | Public meeting with SacRT staff to receive public comment |
| May 10, 2021 | Public Hearing receiving public comment |
| June 14, 2021 | FY 2022 Operating and Capital Budget hearing for adoption by the Board of Directors |