



STAFF REPORT

DATE: February 22, 2021
TO: Sacramento Regional Transit Board of Directors
FROM: Brent Bernegger, VP, Finance/CFO
SUBJ: SECOND AMENDMENT TO THE FY 20-21 OPERATING BUDGET

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

The result of this action will increase the FY 2020-2021 Operating Budget by \$3,350,000.

FISCAL IMPACT

The FY 2020-2021 Operating Budget will be increased by \$1,350,000 to cover transitional costs related to the potential annexation of Elk Grove. Allowing this change will provide Staff the ability and direction to begin working on administrative procurement type processes related to the implementation. Additionally, contracts that are specific to only Elk Grove will not be executed/signed unless an annexation agreement is approved by the Board. Funding for this increase will be taken from SacRT's surplus revenues received between July 1, 2020 and December 31, 2020 identified to be in excess of the amount budgeted for FY 2020-2021. If the annexation is finalized, the use of these SacRT surplus revenues will be recouped from future Elk Grove Operating revenues.

The FY 2020-2021 Operating Budget will be increased by \$700,000 to cover projected overtime expenditures that will be incurred due to the continued impact of COVID-19. Funding for this increase will be from available unbudgeted CARES Act monies.

The FY 2020-2021 Operating Budget will be increased by \$1,300,000 to cover information technology expenditures identified within the discussion below. Funding for this increase will be from Measure A revenues received between July 1, 2020 and December 31, 2020 identified to be in excess of the amount budgeted for FY 2020-2021.

The sum of these actions will increase the FY 2020-2021 Operating Budget by \$3,350,000 and the respective funding has been identified and is available for this increase, as noted above.

DISCUSSION

SacRT and the City of Elk Grove have been proactively and productively negotiating an annexation agreement since April 2020. Based on the anticipated annexation, SacRT

staff across all divisions have been developing budgets for the anticipated costs to integrate the e-tran and e-van service into SacRT's operating systems and infrastructure.

Currently, the e-van and e-tran vehicles have different on-board systems, including cameras, radios, automatic passenger counters, fareboxes, automated stop announcements, etc. However, SacRT will not be doing a full upgrade to the vehicles as it is cost prohibitive based on the age and size of the fleet; some of the systems need to be updated immediately for safety and security. The primary upgrades will be to the radio system, to bring the radio system into the SacRT structure and be compliant with the Sacramento Regional Radio Communication System maintained by Sacramento County, and the on-board camera systems.

Other up-front transition costs include vehicle licensing fees, miscellaneous vehicle equipment, vehicle branding materials, shop equipment, bus stop signage and equipment, backup generator, phones, servers, and other IT equipment, and marketing materials.

If an annexation agreement is approved by the SacRT Board of Directors and the City of Elk Grove City Council, staff will begin procuring equipment and materials immediately to ensure an efficient and timely service transition.

Due to COVID-19, SacRT has experienced significantly higher than normal absences related to illness and/or required quarantines. To mitigate these impacts, SacRT has implemented several strategic responses designed to reduce the transmission of the virus. The impact of these factors has increased the amount of overtime worked by staff at all levels of the organization. The projected cost of this increase is estimated at \$700,000 for FY 20-21. These expenditures are CARES Act funding eligible.

COVID-19 has created an increased need for mobile and remote access to the network for a number of employees in the organization to ensure business continuity. COVID-19 has also highlighted the critical need to accelerate the update of the District's cybersecurity and end-of-life information enterprise applications and technology infrastructure. The projected cost to expedite these upgrades in the current fiscal year is \$1,300,000. These upgrades will be funded through surplus Measure A funding realized in the first six months of FY 20-21.

Table 1 below summarizes the budget amendment and the restructuring of the operating revenues.

FY 2021 Second Amendment Operating Revenues and Expense Summary

Categories	FY 2021 Budget Amendment #1	FY 2021 Budget Amendment #2	\$ Changes	% Changes	Comments
Operating Revenues					
Fare Revenue	\$ 12,176,775	\$ 12,176,775	\$ -	0.0%	
Contracted Services	6,380,312	6,380,312	\$ -	0.0%	
Other	4,876,400	4,876,400	\$ -	0.0%	
State & Local	107,077,566	109,727,566	\$ 2,650,000	2.5%	Increase to Measure A based on trend
Federal	70,546,565	71,246,565	\$ 700,000	1.0%	Increase in CARES Act funding
Total Operating Revenue	\$ 201,057,618	\$ 204,407,618	\$ 3,350,000	1.7%	
Operating Expenses					
Salaries & Benefits	\$ 142,875,152	\$ 143,575,152	\$ 700,000	0.5%	OT increase to Bus and LR transportation
Professional Services	16,890,918	19,465,458	\$ 2,574,540	15.2%	Increase in IT cost and EG annexation cost
Materials & Supplies	13,642,800	13,718,260	\$ 75,460	0.6%	Increase for EG annexation cost
Utilities	7,827,600	7,827,600	\$ -	0.0%	
Casualty & Liability	14,916,501	14,916,501	\$ -	0.0%	
Other	4,904,647	4,904,647	\$ -	0.0%	
Total Operating Expenses	\$ 201,057,618	\$ 204,407,618	\$ 3,350,000	1.7%	
Balance	\$ -	0	\$ 0		

Staff recommends that the Board approve the second amendment to the Operating Budget for Fiscal Year 2020-2021.

RESOLUTION NO. 21-02-0012

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

February 22, 2021

SECOND AMENDMENT TO THE FY 20-21 OPERATING BUDGET

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

THAT, the Second Amendment to the Fiscal Year 20-21 Operating Budget increasing the Operating Budget by \$3,350,000 is hereby approved.

THAT, the Board hereby authorizes the General Manager/CEO or his designee to restructure the budgeted operating revenues for Fiscal Year 2021 consistent with the requirements contained in Governmental Accounting Standards Board (GASB) Statement 95.

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary