

The samTrans logo is located in the top left corner. It consists of the word "samTrans" in a bold, black, sans-serif font. Below the text are two horizontal bars: a red one on top and a blue one on the bottom. The entire logo is enclosed in a white rectangular box with a thin black border.

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Preliminary FY2019 Operating and Capital Budgets

**Board of Directors
May 2, 2018
Finance Agenda Item # 4**

New Budget Process

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- **Established FY2018 “Baseline” budget**
 - Excludes special / one-time projects
- **Roll forward baseline to FY2019**
 - Reviewed increases to baseline
- **Reviewed independently all requests for**
 - Special / on-time Requests
 - New Baseline Requests including new FTEs
- **Reviewed by**
 - Cost Center Mangers
 - Chief Operating Officer
 - Executive Team



Challenges in Developing the Budgets

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- Increasing Costs for Baseline service
- High Debt Service Payments
- Continued decline in farebox recovery
- Sales tax and grant revenue are not keeping up with increased cost base

Key Assumptions

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- Preliminary Budget reflects fiscal constraints
- Triggers for negotiated union agreements met – 3% wage increase effective July 1st
- Global wage increase of 3% for non-represented employees
- Includes 1.8 new FTEs or 4 Positions:
- Increased costs for post-employment benefits
- 2% Sales Tax Growth

FY19 Operating Revenue

\$ in Millions

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	FY18 Forecast	FY19 Preliminary Budget	Incr / (Decr) vs FY18 Forecast
Passenger Fares	\$15.9	\$16.4	\$0.5
Local TDA & STA	42.0	47.5	5.5
Pass-through to Other Agencies	0.8	0.4	(0.4)
Operating Grants	5.3	3.3	(2.0)
SMCTA Measure A	9.6	11.1	1.5
SM County Measure K	3.8	2.5	(1.3)
District Sales Tax	84.7	86.4	1.7
Investment Interest	1.9	2.0	0.1
Other Income	<u>7.6</u>	<u>7.5</u>	<u>(0.1)</u>
Total	<u>\$172.2</u>	<u>\$177.6</u>	<u>\$5.4</u>

FY19 Operating Expense

\$ in Millions

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	FY18 Forecast	FY19 Preliminary Budget	Incr / (Decr) vs FY18 Forecast
Motor Bus			
District-operated	\$97.7	\$108.9	\$11.2
Contracted Service	<u>20.8</u>	<u>20.9</u>	<u>0.1</u>
Total Motor Bus	118.5	129.8	11.3
ADA	18.3	18.9	0.6
Caltrain	6.2	7.6	1.4
Other Multi-Modal Programs	2.1	2.3	0.2
Pass-through to Other Agencies	0.8	0.4	(0.4)
Sales Tax Allocation – Capital	8.8	6.3	(2.5)
Debt Service	21.7	21.6	(0.1)
Total	<u>\$176.4</u>	<u>\$187.1</u>	<u>\$10.7</u>

- Maintains District's existing service and infrastructure network
- Ensures vehicles and facilities are maintained in a state of good repair
- Invests in Information Technology
- Projects were selected based on their impact to service quality, operating and cost efficiency, safety and security, and sustainability

FY19 Capital Sources & Uses

\$ in Millions

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Project Category	FY2019 Preliminary Budget	Funding	
		State	District Sales Tax
Revenue Vehicle Support	1.78	0.94	0.84
Non-Revenue Vehicle Support	0.12	0.00	0.12
Information Technology	3.10	0.00	3.10
Planning / Development	0.50	0.00	0.50
Facilities / Construction	1.53	0.00	1.53
Other	0.25	0.00	0.25
Total	7.28	\$0.94	6.34

Revenue Vehicle Support

\$1,777,385

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Major Bus Components: \$1,173.2K

- Procurement of bus parts, engines and transmissions

MB -2000 Bus Simulator: \$310.0K

- Purchase of an up-to-date Bus Simulator to replace current model which can no longer be upgraded.

ADA Self Evaluation Plan: \$200.0K

- Requirement for self-evaluation plan to identify architectural and administrative barriers and develop a plan to become compliant

Maintenance Support Equipment: \$94.2K

- Equipment used to support day-to-day shop activities.

Non-Revenue Vehicle Support

\$118,000

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Purchase 4 Non-Revenue Service Vehicles: \$118.0K

- Procurement of three non-revenue service support vehicles to be used in place of personally owned vehicles to improve efficiency and procurement of one van to support Ticket Vending Machine (TMV) Maintenance.

Tech Refresh Project: \$2,500K

- Technology refreshment with periodic replacement of District system's servers and storage, copiers/printers, network equipment to avoid obsolescence of existing technology, and risks associated with usage of obsolete hardware and software

Upgrade Current District Website: \$600K

- Procurement of a Content Management System, Dedicated Server, Technical Support, User Testing & research and support for staff migration. The current websites are 10 years old and pose many limitations. This project serves all three agencies.

Planning / Development

\$500,000

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Capital Program Development / Program Management: \$500K

- Funding for yet-to-be defined development programs and project controls support.

Facilities & Construction

\$1,530,000

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Facilities Smaller Projects: \$570K

- Projects to maintain continuity of services

Facilities Engineering Smaller Projects: \$530K

- Maintain a state of good repair for District properties

Sanitary Sewer Pumps Replacement : \$350K

- Replacement of 2 original sewer pumps

Central Boiler Replacement: \$80K

- Replace Boiler that has surpassed the 20 year expected lifespan.

Contingency: \$250K

- Annual set-aside for unforeseen and emergency capital expenditures



Operating Initiatives not Pursued: \$0.3 million savings

- Intranet Modernization

Capital Program Deferrals: \$1.7 million savings

- North Base Washer Replacement
- Central Office Roof Rehab
- South Base Washer Walls Rehab
- North & South Base Employee Area Remodel
- North Base Vacuum System replacement

Capital Project Reductions: \$3.1 million savings

- Tech Refresh
- Purchase 22 Non Revenue Service Vehicles
- Upgrade District Website



- **Status Quo Budget**
- **Requires utilization of \$9.5 million in reserves**
- **Capital Budget fails to fully address the needs of the Agency's facilities and equipment**
- **Absent additional revenue or substantial service cuts, reserves would be exhausted in the next 5-7 years.**

- **Based on input from Board, develop Budget for presentation at June 6th Board meeting**

