



FY2024 and FY2025 Preliminary Budgets



SamTrans Board of Directors | May 3, 2023

Agenda

- Operating Revenue Assumptions and Budgets
- Operating Expenditure Assumptions and Budgets
- District Programs and Projects
- Reserves
- Capital Budgets
- Board Workshop Feedback
- Changes from Board Workshop
- Next Steps

Introduction

- Board authorized biennial budget policy in November 2022
- Special Board Workshop held March 2023
 - Staff presented a long-range financial outlook
- Preliminary FY2024 and FY2025 Operating and Capital Budgets includes:
 - Reimagine SamTrans
 - Emission Zero
 - IT modernization
 - Other District program and projects

FY2024 and FY2025 Revenue Assumptions

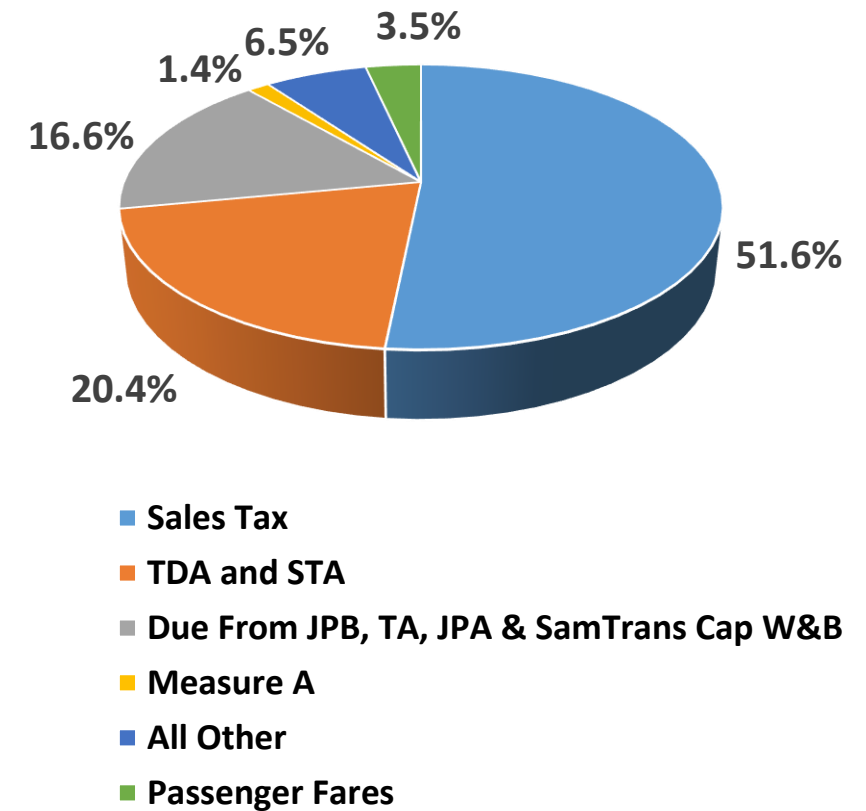
- Farebox recovery is 71%/76% of pre-pandemic level for Motor Bus and 59%/63% for ADA
- TDA/STA based on MTC estimates with prior years' carryforward
- Anticipate no Federal aid for pandemic relief
- Project a slow down in FY24 District Sales Tax and Measure W with mild improvement in second year
- Take advantage of the increasing interest rates on investments

FY2024 and FY2025 Sources of Funds

(\$ in Millions)

Sources of Funds	FY24	FY25
Passenger Fares	\$11.5	\$12.3
Local TDA and STA	68.9	69.5
Operating Grants	4.3	3.8
SMCTA Measure A	4.7	4.7
District Sales Tax	116.3	117.6
Measure W	58.1	58.8
Investment Income, Interest & Other	18.3	18.0
Due from JPB, TA, JPA & SamTrans Cap W&B*	52.4	60.1
Total	\$334.5	\$344.8

* Wages and Benefits



FY2024 and FY2025 Sources of Funds Cont.

(\$ in Millions)

Sources of Funds	FY23 Forecast	FY24 Prelim Budget	% Chg	FY25 Prelim Budget	% Chg
Passenger Fares	\$10.5	\$11.5	9.5%	\$12.3	7.0%
TDA and STA	65.9	68.9	4.5%	69.5	1.0%
CARES/CRRSAA/ARPA	11.9	-	(100.0%)	-	-
SMCTA Meas A	4.7	4.7	-	4.7	-
Sales Tax	175.9	174.4	(0.9%)	176.4	1.1%
All Other Sources ¹	69.0	75.0	8.7%	81.9	9.2%
Total Sources	\$337.9	\$334.5	(1.0%)	\$344.8	3.1%

Sales Tax Receipts*	FY2012	FY2022
Autos And Transportation	21.1	34.2
Building And Construction	10.4	16.8
Business And Industry	19.0	30.8
Food And Drugs	7.4	9.6
Fuel And Service Stations	16.4	15.5
General Consumer Goods	30.5	33.0
Restaurants And Hotels	16.8	25.0
Transfers & Unidentified	0.0	0.2
County & State Pool	14.7	46.7
TOTAL	\$136.2	\$211.6

*Source provide by HDL Consultants

¹ All Other includes Investment Income, Interest & Other, Operating Grants, AB434, TA Funded Shuttles & Other, Pass Through, and Due from JPB, TA, JPA & SamTrans Cap W&B

District and Measure W Sales Tax

(\$ in Millions)



FY2024 and FY2025 Expenditure Assumptions

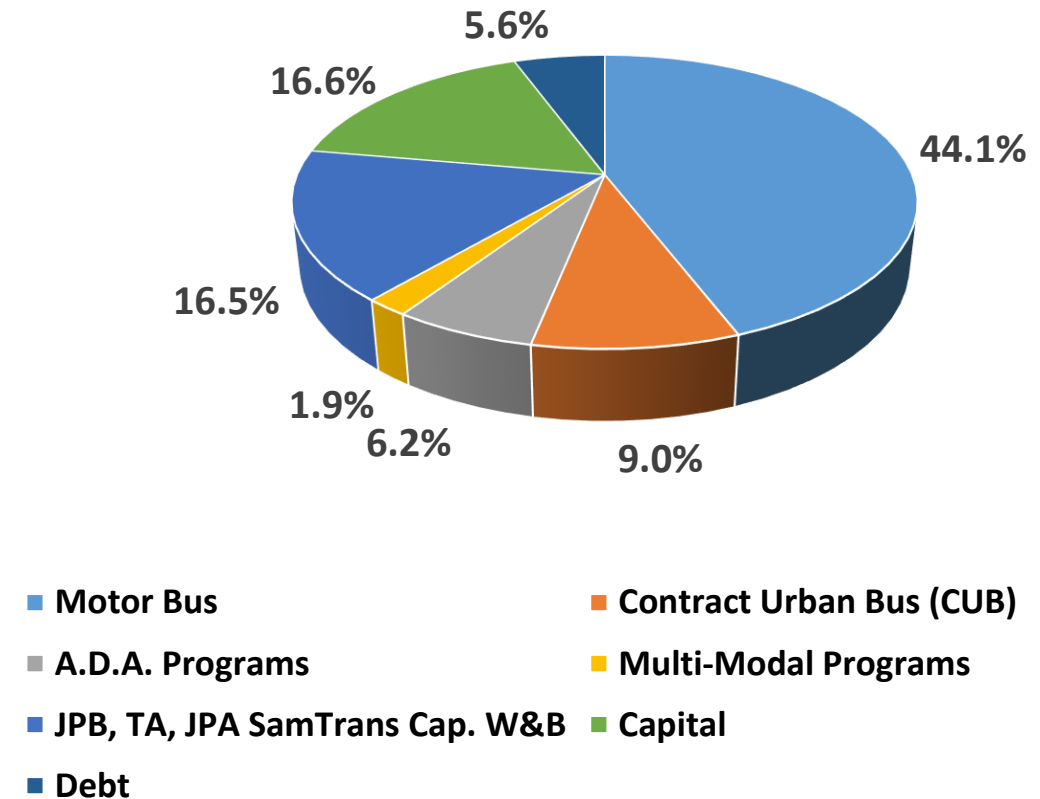
- Assume full implementation of Reimagine by end of FY2024 and initiate other District goals
- Diesel fuel portfolio is hedged with 80% at a blended cost of \$2.84 per gallon in FY24 and \$2.68 per gallon in FY25
- Hydrogen fuel at \$10.0 per kg and Electricity at \$0.27 per kWh for the 47 Emission Zero Buses
- No salaries/wages increase in FY2025
- No contractual increases in CUB and ADA* beyond current contract period
- Increases in IT software costs and requirements

* Contracted Urban Bus (CUB) and Americans with Disabilities Act (ADA) Programs

FY2024 and FY2025 Uses of Funds

(\$ in Millions)

Uses of Funds	FY24	FY25
Motor Bus	\$151.1	\$150.5
Contract Urban Bus (CUB)	30.6	30.8
A.D.A. Programs	20.7	21.8
Multi-Modal Programs	6.5	6.7
Due to JPB, TA, JPA & SamTrans Cap W&B	52.5	60.1
Sales Tax for Capital Budgets	54.9	58.8
Debt Service	19.1	19.1
Total	\$335.4	\$347.8



FY2024 and FY2025 Uses of Funds Cont.

(\$ in Millions)

Sources of Funds *	FY23 Forecast	FY24 Prelim Budget	% Chg	FY25 Prelim Budget	% Chg
Motor Bus	\$153.6	\$181.7	18.3%	\$181.3	(0.2%)
A.D.A	19.2	20.7	7.9%	21.8	5.4%
Multi-Modal Programs	5.8	6.5	12.8%	6.7	2.7%
Other ¹	47.7	52.5	10.1%	60.1	14.5%
Sales Tax for Capital Budget	29.1	54.9	88.9%	58.8	7.0%
Debt Service	19.1	19.1	-	19.1	-
Funding of Reserves	53.8	-	(100%)	-	-
Total Uses	\$328.2	\$335.4	2.2%	\$347.8	3.7%

¹ Other includes Due to JPB, TA, JPA, and SamTrans Capital W&B, Pass Through, and Land Transfer

* Budget numbers are presented in a high-level rounding to the millions, % change is based on the detailed numbers in dollars.

District Programs and Projects (\$ in Millions)

- Employee Retention: \$0.9 (FY24) / \$0.7 (FY25)
- Diverse Workforce: \$0.1 (FY24) / \$0.1 (FY25)
- Central Office and Transit Oriented Development: \$0.7 (FY24) / \$0.8 (FY25)
- Cybersecurity: \$2.3 (FY24) / \$1.0 (FY25)
- Reimagine SamTrans: \$7.1 (FY24) / \$5.0 (FY25)
- Emission Zero Infrastructure: \$29.0 (FY24) / \$25.0 (FY25)

Operating Reserve (\$ in Millions)

- Accommodate normal fluctuations in the timing of revenues and unforeseen operational costs
- Maintain a minimum of three months (25%) of annual budgeted operating expenses
- Assume no reserve set-aside in FY24 and FY25 as policy requirement will be met by the end of FY23

Operating Reserve	
Fiscal Year	Contribution
2021 Actual	\$17.3
2022 Actual	35.7
2023 Forecast	2.0
Projected June 30, 2023 Balance	\$55.0

* 25% of FY23 projected operating expenses is \$44.6M
 25% of FY24 preliminary operating expenses is \$52.2M
 25% of FY25 preliminary operating expenses is \$52.4M

Sales Tax Stabilization Fund (\$ in Millions)

- Mitigate potential impact of the volatility of sales tax revenues
- Maintain a minimum of 10% of total annual sales tax revenues in first year and 5% in succeeding years up to the maximum reserve amount
- Maximum reserve amount is the greater of (a) 35% of the annual sales tax revenues or (b) the largest decrease in a two-year period over the past twenty years
- Assume no reserve set-aside in FY24 and FY25 as policy requirement will be met by the end of FY23

Sales Tax Stabilization Fund

Fiscal Year	Contribution
2021 Actual	\$14.0
2022 Actual	16.9
2023 Forecast	30.8
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Projected June 30, 2023 Balance	\$61.7

* FY23 maximum reserve amount is \$61.6M
 FY24 maximum reserve amount is \$61.0M
 FY25 maximum reserve amount is \$61.7M

FY2024 and FY2025 Preliminary Capital Budget Overview

- Maintains District's existing service and infrastructure network
- Ensures vehicles and facilities are maintained in a state of good repair
- Investments in:
 - Next phase of Emission Zero fleet procurement
 - Battery Electric Bus (BEB) and Hydrogen Fuel Cell Electric Bus (FCEB) infrastructure development
 - Cybersecurity and Information Technology Modernization
 - North Base Bus Transportation Building 200 replacement
 - Bus Stop and Bus Operator Restroom improvements

Major Capital Projects

- **Emission Zero Vehicles (\$139.7M)** – procure 105 of existing fleet with FCEB and BEB in FY24
- **Emission Zero Infrastructure (\$54.0M)** – develop battery electric charging station at South Base for the 37 BEBs; develop hydrogen fuel cell fueling station at North Base for the 10 FCEBs
- **North Base Building 200 Replacement (\$31.8M)** – finish design, demolish, and reconstruct the building
- **Technology, Maintenance, & Other Projects (\$29.4M)** - North Base sea level rise mitigation, headquarters improvements and/or replacement, technology modernization, regular facilities and State of Good Repair (SOGR) maintenance, ongoing planning and development

Capital Grant Assumptions

- **Vehicle Funding**

- Assume \$20.9M federal/state grant funds to supplement the differences between FTA allocation and increased bus costs

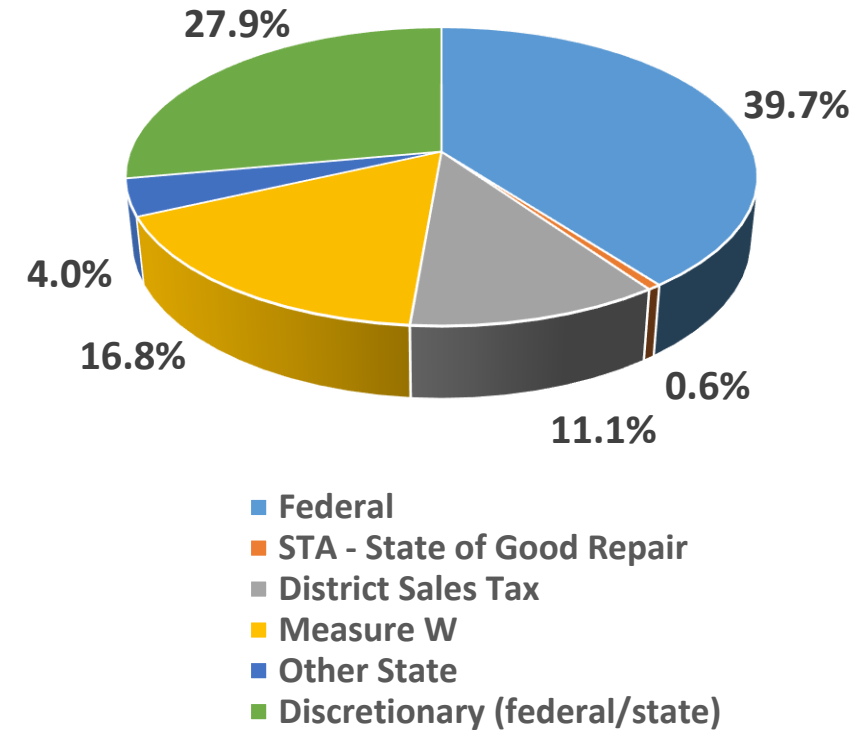
- **Infrastructure Funding**

- Assume \$49.7M of federal, state and other grant funds for Zero Emission Infrastructure and North Base Transportation Building replacement

- Staff may need to come back to the Board to fund projects with sales tax if unsuccessful in grant applications

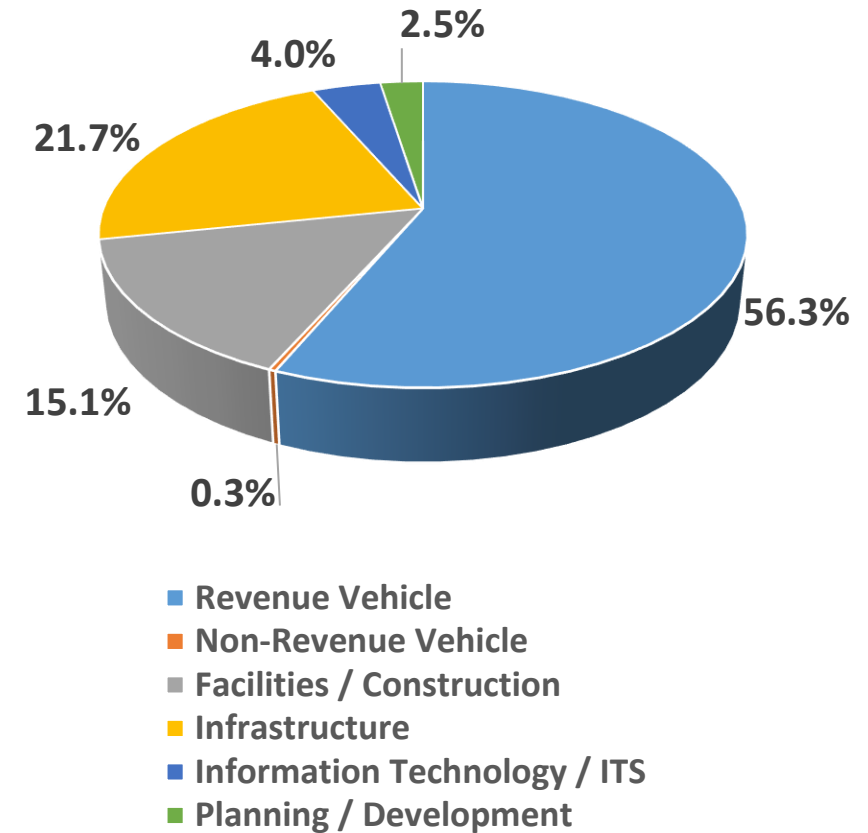
FY2024 and FY2025 Preliminary Capital Budget Sources (\$ in Millions)

Capital Source of Funds	FY24	FY25
Federal	\$95.8	\$5.3
STA – State of Good Repair	1.5	-
District Sales Tax	13.5	14.8
Measure W	26.8	16.0
Other State	10.2	-
Discretionary (federal/state)	38.0	33.0
Total	\$185.8	\$69.1



FY2024 and FY2025 Preliminary Capital Budget Categories (\$ in Millions)

Capital Category	FY24	FY25
Revenue Vehicle Support	\$140.0	\$3.5
Non-Revenue Vehicle Support	0.5	0.3
Facilities / Construction	5.8	32.8
Infrastructure	29.0	26.4
Information Technology	6.4	3.9
Planning / Development	4.1	2.2
Total	\$185.8	\$69.1



FY2024 and FY2025 Preliminary Budgets

(\$ in Millions)

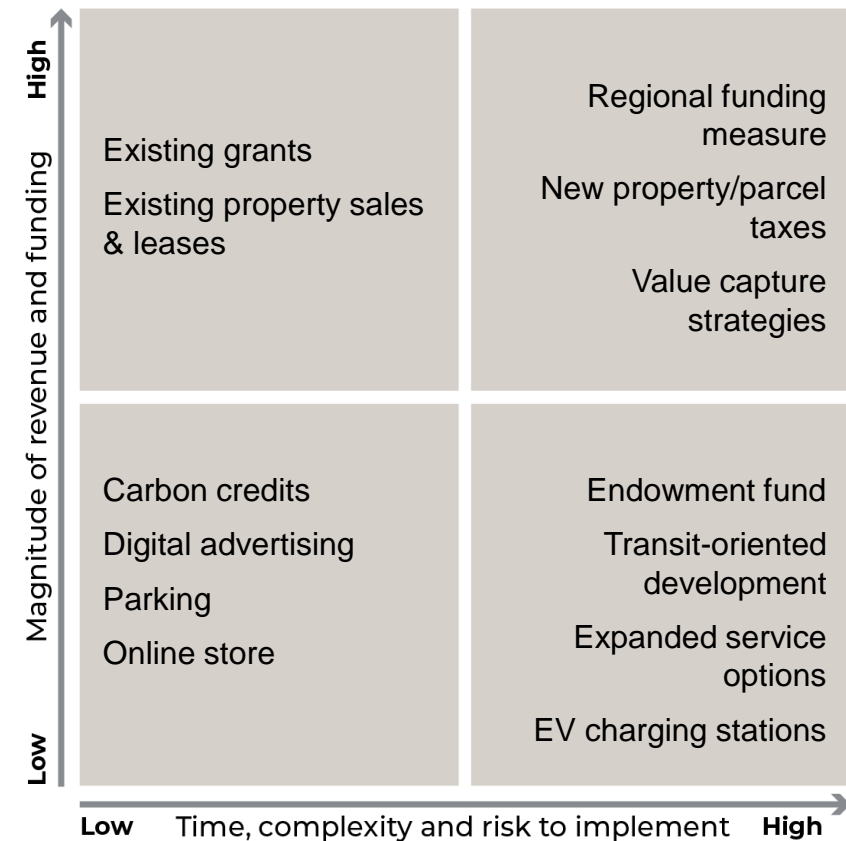
	FY24	FY25
Total Sources	\$334.5	\$344.8
Total Uses	\$335.4	\$347.8
Projected Surplus / (Deficit)	(0.9)	(3.0)
Draw from Prior Years' Surplus	0.9	3.0
Adjusted Projected Surplus / (Deficit)	\$0.0	\$0.0

Board Workshop Feedback

- Sales tax trend
 - Conservative with uncertainty due to exceptionally high inflation
- Potential operating revenue sources
 - Staff is exploring potential new revenue sources
 - Staff will refine sources, analyze tradeoffs, and review/recommend policy decisions
- Capital funding assumptions
 - Vehicles replacement assume less than 20% sales tax funded
 - Infrastructure assume 30%-40% sales tax funded with external funding support
 - Staff is actively seeking external funding opportunities

Potential Revenue Sources

- The upper quadrants are significant revenue sources, with increasing implementation complexity, time and/or risk to the right.
- The lower quadrants are less significant revenue opportunities, with increasing implementation complexity, time and/or risk to the right.



Changes from Board Workshop

(\$ in Millions)

	Board Workshop (FY24)	May (FY24)	\$ Chg	Board Workshop (FY25)	May (FY25)	\$ Chg
Operating Sources	\$324.9	\$334.5	\$9.6	\$329.0	\$344.8	\$15.8
Operating Uses	271.3	280.5	9.2	271.1	289.0	17.9
Sales Tax Allocation for Capital	79.5	54.9	(24.6)	78.0	58.8	(19.2)
Projected Surplus / (Deficit)	(\$25.9)	(\$0.9)	\$25.0	(\$20.1)	(\$3.0)	\$17.1
Draw from Prior Years' Surplus	25.9	0.9	(25.0)	20.1	3.0	(17.1)
Adjusted Surplus / (Deficit)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Changes from Board Workshop

Operating (\$ in Millions)

Operating Sources	Changes from Workshop (FY24)	Changes from Workshop (FY25)	
Local TDA and STA	\$0.8	\$0.6	Update paratransit estimates
Operating Grants	0.3	0.1	Include additional MTC grant fund
Investment Interest Income	3.1	2.0	Increase due to higher interest rates
Due from JPB, TA, JPA & SamTrans Cap W&B	5.4	13.1	Refine wages and benefits budgets
Total Sources Changes	\$9.6	\$15.8	
Operating Uses	Changes from Workshop (FY24)	Changes from Workshop (FY25)	
JPB, TA, JPA & SamTrans Cap W&B	\$5.4	\$13.1	Refine wages and benefits budgets
Motor Bus	3.7	4.8	Include new FTE requests
Total Uses Changes	\$9.1	\$17.9	

Changes from Board Workshop

Capital (\$ in Millions)

Capital Project	Project Costs Changes (FY24)	Sales Tax Share Changes (FY24)	Project Costs Changes (FY25)	Sales Tax Share Changes (FY25)	
105 ZEB Replacement		(\$23.6)			Assume Discretionary grant fund
29 ZEB Replacement			(51.0)	(11.3)	Defer until the announcement of federal and/or state grant award
14 Paratransit Replacement			(2.1)	(2.1)	
NB Transportation Building				(23.2)	Assume Discretionary grant fund
BEB Infrastructure		(0.9)		(5.2)	Assume Discretionary grant fund
FCEB Infrastructure		(15.9)		(4.6)	Assume Discretionary grant fund
Others	1.2	1.2	(0.8)	(0.8)	Net change in capital requests
Reserve for Future Capital		14.6		28.0	For future Measure W eligible capital
Total Changes	\$1.2	(\$24.6)	(\$53.9)	(\$19.2)	

Next Steps

- Staff to continue to refine preliminary budgets
- June 7 Board Meeting, present the proposed FY2024 and FY2025 Operating and Capital Budgets for Board adoption



Thank You

