FY2018 Proposed Operating Budget

Board of Directors
June 7, 2017
Finance Agenda Item #4

Discussion

- **Overview**

- **Changes Made to the FY18 Preliminary Budget**

- **New Positions Summary**

- **Balance Budget Scenario**

- **Assumptions Used for the 10-Year Financial Forecast**

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Recap: May 3, 2017 Board Meeting

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	FY2018 Preliminary Budget	FY2018 Proposed Budget	Incr / (Decr) vs FY2018 Preliminary Budget
Sources of Funds – Total	$172.5	$171.7	($0.8)
Uses of Funds – Total	$178.7	$177.1	($1.6)
Operating	147.3	146.7	($0.6)
Sales Tax for Capital	9.8	8.8	($1.0)
Debt Service	21.7	21.7	0.0
Projected Surplus / (Deficit)	($6.2)	($5.4)	$0.8

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FY18 Proposed Budget – Revenues (in millions)

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	FY18 Proposed Budget	Incr / (Decr) vs FY17 Adopted Budget
District Sales Tax	$84.7	$ 1.7
Local TDA & STA	42.0	(0.3)
SM County Measure A	3.7	(1.3)
SMCTA Measure A & AB434	9.7	(0.4)
Passenger Fares	17.0	(2.5)
Other Income	7.8	0.5
Operating Grants	4.9	0.9
Investment Interest	1.1	0.0
Pass-through to Other Agencies	0.8	0.8
Total	$171.7	($0.7)

81%

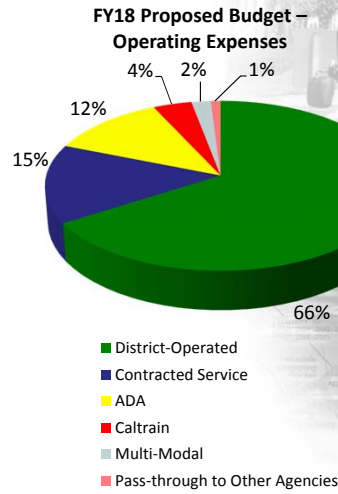**FY18 Proposed Budget - Revenues**

3% 1%
1%
4%
10%
6%
2%
49%
24%
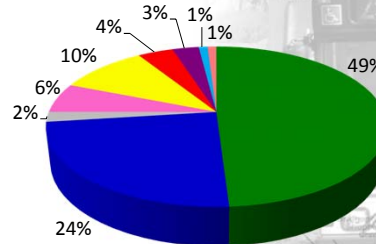
- District Sales Tax
- Local TDA & STA
- SM County Measure A
- SMCTA Measure A & AB434
- Passenger Fares
- Other Income
- Operating Grants
- Investment Interest
- Pass-through to Other Agencies

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FY18 Proposed Budget – Operating Expenses (in millions)

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	FY18 Proposed Budget	Incr / (Decr) vs FY17 Adopted Budget
Motor Bus		
District-operated	$97.3	$0.3
Contracted Service	21.6	0.7
Total Motor Bus	**118.9**	**1.0**
ADA	**18.4**	**0.2**
Caltrain	**6.2**	**(0.4)**
Multi-Modal	**2.2**	**0.1**
Pass-through to Other Agencies	**0.8**	**0.8**
Total	**$146.7**	**$1.6**

FY18 Proposed Budget – Operating Expenses

4% 2% 1%
12%
15%
66%

- ■ District-Operated
- ■ Contracted Service
- ■ ADA
- ■ Caltrain
- ■ Multi-Modal
- ■ Pass-through to Other Agencies

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FY18 Preliminary Budget – New Position Requests

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Includes 6 new positions necessary to meet existing needs.

New Position Requests	Annualized Cost	FY18 Cost of SamTrans Operating
Market Development Contract Administrator	$ 170,510	$ 49,732
Associate Contract Officer	$ 136,158	$ 40,847
Human Resource Specialist	$ 120,447	$ 120,447
Human Resource Assistant	$ 102,947	$ 102,947
ADA Coordinator	$ 159,305	$ 79,652
Mobility Outreach Coordinator	$ 147,000	$ 147,000
TOTAL	$ 836,367	$ 540,625

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Balance Budget Scenario

(in millions)

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	FY2018	Concept
Motor Bus	$3.4	Eliminate 37 least productive routes, impacting 3% of the system's ridership. Savings include 10 FTEs, Fuel costs, and Maintenance expenses
ADA Services	$1.3	Eliminate fare assistance ($1.1 million) and service to Palo Alto VA, Vista & REACH centers ($0.3 million)
Capital Projects	$0.5	Reduce Major Bus Component ($0.4 million) & Eliminate Operating Time Clock ($0.1 million)
Hiring Freeze	$0.8	Place freeze on hiring new FTEs
Revenue	($0.6)	Offsetting cost savings with 3% reduction to ridership
Net Savings	**$5.4**	

Note: This is for discussion purposes only and not to be inferred as actions recommended by staff

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10-Year Projection Assumptions

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Ongoing deficits starting with $5.4 million in FY2018 and increasing every year; the cumulative deficit FY2018 through FY2022 is $70.2 million

- **Sales Tax Growth** – assumes 2% increase in sales tax per year

- **Passenger fares** – assumes 1% increase in annual ridership, and fare increases of 3% every 3 years starting in 2019

- **Wage & Benefits** – wages are projected to increase annually at 3% and benefits annually at 4%

- **Unfunded pension liability** estimates from PERS-grows from $1.8 million in FY2018 to $4.4 million in 2022

- **Sales Tax Allocated to Capital Projections** based on Capital Investment Program (CIP)

- **Fuel** – assumes to grow at 4%

- **Total services expense** – assumes to grow at 7%, based on historical trends

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10-Year Projection
(in millions)

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	2018 Budget	2019 Projection	2020 Projection	2021 Projection	2022 Projection	2023 Projection	2024 Projection	2025 Projection	2026 Projection	2027 Projection
Total Sources of Funds	171.7	176.5	177.8	179.2	182.9	186.3	189.9	193.8	197.5	201.2
Total Uses of Funds	177.1	188.3	189.3	195.6	208.0	219.1	218.0	221.6	230.4	237.0
PROJECTED SURPLUS/(DEFICIT)	(5.4)	(11.8)	(11.5)	(16.4)	(25.1)	(32.8)	(28.1)	(27.8)	(33.0)	(35.8)

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