



**April 13, 2017**

**Agenda Item # 9**

**PROPOSED BUDGET – FISCAL YEAR 2017-18**

Action Requested: Open Public Hearing

Key Staff: Timothy Jones, Accounting Manager

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**Recommendation**

Open public hearing on the proposed budget for fiscal year 2017-18. Continue to June 8<sup>th</sup> for adoption.

**Discussion**

Staff will present a draft budget for Measure A, distributions to Measure A entities, administration, Freeway Service Patrol, and the Sacramento Abandoned Vehicle Service Authority. Each budget includes the actual amounts from fiscal year 2015-16, the adopted budget amounts for fiscal year 2016-17, the expected actual amounts for fiscal year 2016-17 and the proposed budget amounts for fiscal year 2017-18.

Highlights in this year's proposed budget include the following:

**Measure A**

1. **Beginning fund balances** – The balances in the 2009 and 2012 Series Bonds represent required reserves that are not currently available for capital expenditures. However, the Authority may pursue the release of those funds if it chooses to do so. The 2014A and 2015A bond funds are exhausted. The Development Impact Fees (DIF) balance is decreasing because we use this fund to pay capital construction expenditures which are outpacing DIF revenues. Although our administration fund begins the year with a deficit balance, it ends the year with a positive balance because of our plan to reduce expenditures. The operating fund balance continues to increase because the Measure A remittance for debt service costs exceeds the actual costs.
2. **Revenues** – Sales tax revenue for fiscal year 2016-17 is expect to exceed the amount contained in the adopted budget by approximately \$1.5 million. Using the revised amount as a base, we project revenue to be about \$119 million in fiscal year 2017-18. This amount is a placeholder until we receive revenue projections in early May from our contractor at which time we will update them.
3. **Appropriations** – the ongoing contributions are formulaic while the capital construction costs are not. The total contributions to Measure A entities are projected to come in much

lower than budgeted for fiscal year 2016-17 - \$108.8 million versus \$119.7 million. Nearly all the variance is due to reduced claims for capital expenditures from the City of Sacramento's Intermodal Station, the County's construction program, and the Southeast Connector. Debt service expenditures will continue to grow since the Authority started making annual bond principal payments in fiscal year 2016-17.

### **Administration**

1. **Beginning fund balance** – the fund balance continues in a deficit for fiscal year 2017-18, however, the deficit was significantly reduced from fiscal year 2016-17. Authority staff have a plan in place to eliminate the deficit by the end of fiscal year 2017-18.
2. **Appropriations** – salaries and benefits, including the CalPERS unfunded liability, continue to increase. Salaries increased due to merit and cost of living increases for staff and a planned increase to the Executive Director's compensation. The increased unfunded liability is calculated by CalPERS for each entity participating in the plan. Rent and professional service costs are expected to decrease. The Independent Taxpayer Oversight Committee's budget increased because it plans to hire a professional auditor to conduct a performance audit before the end of the calendar year. This audit is in addition to the annual financial audit and required under the New Measure A ordinance.

Attachment