



MAY 10, 2018

AGENDA ITEM # 12

DRAFT FISCAL YEAR 2019 STA BUDGET

Action Requested: Open Public Hearing

Key Staff: Timothy Jones, Accounting/Finance Manager

Recommendation

Open the public hearing on the draft budget and continue the item to June 14.

Discussion

The law requires the Authority to adopt an annual budget. The budget process starts at the staff level in January with internal discussions and analysis and continues in February and March when staff reach out to Measure A program partners to gather information about their spending plans for the remainder of the current year and the budget year. This is a collaborative effort that continues until the final budget is adopted in June.

Today I am presenting only the financial tables for the Proposed FY 2019 Budget. The remaining budget information, which is text and statistical information, will be presented in a complete document in June. These tables represent revenue, expenditures, other financing sources and uses, and fund balances for each program and fund. The following bullet points highlight the significant changes to the budget for FY 2019, which are based on a comparison of the amended budget to proposed budget amounts.

• **Consolidated Budget Summary by Fund**

- General Fund revenue is forecasted to increase by \$8.4 million consisting of increases in sales tax revenue, interest and other income, and FSP allocations.
- General Fund expenditures are expected to increase by \$36.95 million consisting of increases to monthly Measure A Ongoing Program allocations and to the Capital Improvement Program (CIP).

• **Consolidated Budget General Fund, SAVSA, and Debt Service**

- Sales tax revenue is forecasted to increase \$6.7 million to \$129.37 million in FY 2019 from an FY 2018 Amended Budget amount of \$122.67 million. This growth is based on the March 2018 revenue forecast provided by Beacon Economics.

- Interest and other sources of income are forecast to grow by \$891,000, interest rate swap revenue being the primary driver.
- FSP allocations are expected to grow by \$841,000 because of the passage of Senate Bill 1, which provides a new revenue stream for the program.
- The budget includes the release of \$7.1 million in Series 2009C bond reserves. This amount is reflected in the other financing sources category under the FY 2018 estimate column.
- Expenditures for the CIP are expected to increase by \$31.1 million to \$47.2 million in FY 2019 from a FY 2018 Amended Budget amount of \$16.1 million. Details about the increases can be found in the CIP table.
- Expenditures for Measure A Ongoing Program allocations parallel the growth in revenue since the allocations are distributed formulaically per the Ordinance.
- Expenditures for administration are expected to increase by \$383,000 because of increases in salaries and benefits and the use of professional service consultants.
- Transfers out, which is the amount sent to the Debt Service funds, are expected to increase by \$1.5 million in FY 2019. The increase is partly because the amount forecasted in the FY 2018 Amended Budget was too low and increased principal payments for the Series 2012 bonds.
- New for FY 2019 is a budget for reserve balances in the CIP and administration funds of \$1 million and \$100,000 respectively. These amounts are based on the Government Finance Officers Association (GFOA) guidelines.
- Based on the above activity, fund balance will decrease by \$23.31 million in FY 2019 when compared to the FY 2018 Amended Budget amount.
- **Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP)**
 - This budget is new for FY 2019. The SCTMFP is an increasingly important funding source for the CIP program. Expenditures for FY 2019 are expected to be \$15.65 million, which is an increase of \$13.21 million when compared to the FY 2018 Amended Budget. Details about the increased spending are in the CIP budget.

- **Administration Budget**

- As mentioned earlier, expenditures for professional services are expected to increase because the Authority will be bringing in consultants to help with the 2019 expenditure plan update and outreach and education.
- Expenditures for the ITOC will increase by \$56,000 for an upcoming Measure A program performance audit.
- Revenue in the “other” category decreased by \$119,000 because no settlements are expected in FY 2019.

- **Sacramento Abandoned Vehicle Service Authority (SAVSA)**

- Revenue is expected to increase by \$84,000 based on forecasts by the program manager. Expenditures will increase by a net \$59,000 as expenditures for abatement activity are expected to increase by \$118,000, offset by a decrease to program administration costs of \$59,000.

- **SacMetro Freeway Service Patrol (FSP)**

- Revenue from state allocations is forecasted to increase by \$1.29 million as SB 1 proceeds come in. This amount is estimated based on statewide gas sales and the resulting revenue generated under the new law.
- The local match is expected to decrease by \$446,000 because some of the local match is being replaced by SB 1 funding.
- Professional services decreased to zero because SB 1 funds will be paying for the services of the California Highway Patrol (CHP), which the entire budget was for in FY 2018.
- Expenditures for contractors will increase by \$233,000 as new or reinstated beats are added to the program.

- **Debt Service**

- Interest payments show an increase of \$1.6 million because Authority staff underestimated the amount of interest in the FY 2018 Amended Budget.
- Transfers in were underestimated by a similar amount for the same reason.

- **Capital Improvement Program (CIP)**

- Caltrans expenditures will increase by \$9.6 million in FY 2019 to \$11.6 million from \$2 million in FY 2018. This increase is related to the accelerated construction schedules and funding for US Highway 50 Bus and Carpool Lanes and I-5 Bus and Carpool Lanes approved by the Board in December 2017.
- Rancho Cordova is expected to increase spending by \$4.6 million as Phases IV and V of the Folsom Boulevard Improvement project from Bradshaw Road to Sunrise Boulevard begins construction in May and August 2018 respectively.
- Sacramento City is expected to increase spending by \$8.6 million as the next phase of the Downtown Intermodal Station ramps up.
- Sacramento County expenditures are expected to increase by \$6.7 million as construction continues on current projects. In addition, new projects along Folsom Boulevard, Greenback Lane, and Watt Avenue will be starting.

The Final Budget will contain all of the tables above and entirely new sections dedicated to the CIP and fiscal policies. It will also include a comprehensive Letter of Transmittal that captures all key elements of the Proposed Budget so that any reader that does not have time to review the entire document can still gather enough information to understand the Authority's current and near term financial condition.

Attachment