BOARD OF DIRECTORS
BUDGET PRESENTATION

May 17, 2017
OVERVIEW

- FY 2016-17 Year-End Report
  - Final Revenues and Expenses
  - Summary of Changes

- FY 2017-18 Annual Budget Proposal
  - Overview
  - Revenues
  - Expenditures by Department
  - Capital Budget
  - Administration Budget
  - Operations Budget
  - Reserves

- Questions
REVENSES

- Originally Budgeted: $126.8 million
  - All revenues including grants and fund balance

- Revised: $134.1 million
  - Higher available fund balance due to project shifts and audited financials
FY 2016-17 YEAR-END REPORT

EXPENDITURES

- Budget: $105 million
- Current Year-end: $85 million
- Changes:
  - Shift in payments to vehicle manufacturer
  - Shift in Larkspur startup activities
  - Salary savings from Operations anticipated hiring schedule
  - Fuel & services savings resulting from shift in operations startup
FY 2017-18 PROPOSED BUDGET

- Ongoing and New Capital Projects
  » Final 4 Pathway Segments in Phase 1, ongoing design
  » Larkspur Extension

- Passenger Operations
  » Passenger-facing services: fare collection, wifi, bus connections,
  » Rail, signal, crossing, station and pathway maintenance

- SMART Administrative
  » Increases for liability insurance
  » Ongoing investment in marketing, safety outreach
  » Additional accounting and code compliance staff
FY 2017-18 PROPOSED BUDGET

REVENUE OVERVIEW

- Total Revenues $113 million
  - Projection of 2% growth in sales tax
  - Larkspur extension grant
  - Grant for 4 new rail cars
  - Available fund balance of $54 million
  - Fare/parking revenue of $2.98 million
FY 2017-18 PROPOSED BUDGET

EXPENDITURES OVERVIEW

- Total expenditures projected $100 million
- Presented in three departments --
  - Administration: $42 million (Includes debt service, depreciation)
  - Capital projects: $37 million
  - Operations: $21 million
Total Expenditures of $37 million will pay for:

- Construction of four pathway segments
- Final Vehicle acceptance payments
- Construction of Jennings crossing (Funded by City of Santa Rosa)
- Design for Payran to Southpoint pathway
- Design/build phase of Larkspur extension project
- Ongoing design and progress payments additional four cars
- Ongoing permitting and mitigation costs
ADMINISTRATION BUDGET

- Increase in insurance and retention for liabilities
- Increase in debt service for bond
- Support for new website, ongoing marketing and safety outreach
- Increase in Information Technology services, monitoring
- Increased emergency response preparedness
- Additional staff for code compliance, revenue accounting, District management

ADMINISTRATION EXPENSES
TOTAL $42 million

- Debt Service 34%
- Depreciation 37%
- Services and Supplies 10%
- Salaries and Benefits 13%
- Insurance and Retention 6%
Total expenditures of $21 million

- Full staffing, equipment, spare parts, communications, training
- Customer service contract and related needs
- Passenger-facing services: fare collection, wifi, bus connections, applications
- Rail, signal, crossing, station needs, including rail scrubber and pathway maintenance equipment
- SMART “ambassadors” to assist with riders
FISCAL RESERVES DETAILS FY 2017-18

RESERVES:

- Appropriated Operations Contingency of $600,000
  - Fuel, Equipment needs

- Self Insurance Retention of $1,000,000

- Reserve fund for Operations: $17 Million
  - Emergencies
  - Economic downturn, fare revenue fluctuation

- Establishment of Equipment Replacement fund: Initial deposit $525,000

- Capital Reserve: $10 million
  - Closeout of project (several regulatory issues pending)
  - Setup of sinking funds for replacement of major equipment over time
  - Infrastructure needs that may arise during service
QUESTIONS?