BOARD OF DIRECTORS
BUDGET PRESENTATION

Revised June 6, 2018
OVERVIEW

- NEW BUDGET FORMAT:
  - Budget Includes Year-End Report Fiscal Year 2017-18 and Proposed Fiscal Year 2018-19
    » Executive Summary:
      - Overview of Current Year-End and Proposed New Fiscal Year
    » Budgets for Each Department, Current and New Fiscal Year
      - Administration
      - Capital
      - Operations
    » Updated Position Authorizations
SUMMARY

First Year of Service Underway: Costs and revenues are better defined and generally consistent with Board-approved budget

- Fare Revenue receipts as expected, State Revenue significant
  - Fare & parking revenue Fiscal Year 2018-19: $3.6 million
  - State SB-1 related funding: $6.7 million in FY 2018-19

- Healthy Reserves Remain at the Close of Proposed FY 2018-19 Budget
  - $17 million: Agency Reserve
  - $4.99 million: Fund Balance for Capital Needs
SUMMARY

FISCAL YEAR-END 2017-18: Sources and Uses of $83.1 million

- Revenues:
  - Overall increase of $11.8 million
  - No change in Sales Tax
  - Increased State Grants for Operations
  - Shift in Grant Funding Mix to match project
  - One-time property-related revenue increases

- Expenses:
  - Overall decrease of $3 million
  - Shift in payments to vehicle manufacturer
  - Shift in Larkspur construction schedule
  - Savings in professional services, fuel and other savings
SUMMARY

PROPOSED FISCAL YEAR 2018-19: Sources and Uses of $113.7 million

- Revenues:
  - Overall increase of $23.2 million, primarily grant revenue
  - Projecting 3% Sales Tax growth
  - Increased State Grant funding tied to Operations of $3 million
  - Drawdown of $24.2 million fund balance for Phase 1 (IOS), one-time operating equipment, operations staffing

- Expenses:
  - Overall increase of $35.5 million proposed
  - Primarily tied to Capital Project activity
  - Increased investment in equipment and operating staff
SUMMARY

Expenditures by Department:
FY 2017-18 Year-End FY 2018-19 Proposed

FY 2017-18 Year End Revised  FY2018-19 Proposed
SUMMARY

Expenditures By Category
Fiscal Year 2018-19 Proposed
$118.6 million
SUMMARY

Revenues By Category
Fiscal Year 2018-19 Proposed
$118.6 million
ADMINISTRATION BUDGET

- **Fiscal Year 2017-18 Year-End**
  - Year End Expenses: Reduced by $990,750 to $25.7 million
    - No significant changes from Board approved items
  - Revenues: $990,750 include one-time property sale revenues and reduced need for sales tax to fund Operations

- **Fiscal Year 2018-19 Proposed Budget**
  - Expenses: $28.4 million
    - Includes debt service of $16 million, increased $1.9 million
    - Minimal increases in salary/benefits
  - Revenues: Funded with sales tax, revenues from property leases and sales
CAPITAL BUDGET

- Fiscal Year 2017-18 Year-End
  - Year End Expenses: Reduced by $1.2 million to $36.4 million
    - Shifts in Larkspur schedule and vehicle acceptance payments
  - Revenues: Increased $8.6 million to $24.3 million
    - Tied to reimbursable/grant funded work starting earlier

- Fiscal Year 2018-19 Proposed Budget
  - Expenses: $63.3 million
    - Larkspur rail and path, 8 & 9th Vehicle sets, Payran pathway, closeout of Phase 1
  - Revenues: $44.1 million
    - Funded with grants or cooperative agreements with other jurisdictions
    - Use of Sales tax fund balance of $19 million as anticipated for final Phase 1 project costs, contingency funds for Larkspur
OPERATIONS BUDGET

- **Fiscal Year 2017-18 Year-End**
  - Year End Expenses: Reduced by $877,567 to $21 million
    - Fuel savings and contract savings due to startup date
    - Elimination of contingency
  - Revenues: Annual revenues $21.2 million
    - Increased allocation of sales tax to operations, eliminated draw from fund balance
    - Increase in SB1-related operations funding to $3.6 million
    - Slight increase in fare revenue to $3.1 million

- **Fiscal Year 2018-19 Proposed Budget**
  - Expenses: $26.9 million, $5.9 million increase
    - Full year of services, fuel
    - Additions of staff annualized in the current year
    - Proposed addition of 11 new FTE
    - Significant capital equipment investments for wheel truing and equipment of $2.8 million
    - Ballast restoration project of $405,140
  - Revenues: $21.9 million annual, $5.1 million use of fund balance
    - Conservative increase of fare revenue to $3.6 million
    - Significant increase in SB1-related revenue to $6.7 million
POSITION AUTHORIZATION

Proposed Position Changes Fiscal Year 2018-19:

» No new positions in Administration or Capital

» Proposal to Add 11 Full-time employees to Operations:
  - One Administrative Assistant
  - Four Engineer Conductors
  - One Facilities Maintenance Technician
  - Three Laborers
  - Two Vehicle Maintenance Technician

» Shift of One Safety Compliance Position from Operations to Administration

» Minor changes as needed and detailed