



Memorandum

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DATE: April 6, 2020

TO: Finance and Administration Committee

FROM: Patricia Reavey, Deputy Executive Director of Finance and Administration
Lily Balinton, Director of Finance

SUBJECT: Approve the FY2019-20 Mid-Year Budget Update

Recommendation

It is recommended that the Commission approve the Proposed FY2019-20 Mid-Year Budget Update as presented.

Summary

The proposed update to the FY2019-20 budget is a balanced, sustainable budget that was developed to reflect changes to actual fund balances and projected revenues and expenditures on projects and programs since the original budget was adopted in May 2019.

The proposed budget update includes an increase of \$232.7 million from FY2018-19 actual audited fund balances which are rolled forward into FY2019-20 for a total beginning fund balance of \$588.0 million. The proposed budget also contains revenues totaling \$403.8 million of which sales tax revenues comprise \$320.0 million, or 79.2 percent. The total revenue amount proposed is an increase of \$11.8 million over the currently adopted FY2019-20 budget mostly related to external and exchange program funding sources in the capital projects and exchange funds which were approved in the FY2018-19 budget, but have rolled forward to the FY2019-20 budget because they had not yet been utilized by the end of FY2018-19.

Revenues are offset in the proposed budget update by \$602.4 million in total expenditures of which \$359.8 million, or 59.7 percent, are allocated for capital project expenditures. The total expenditure amount is an increase of \$242.4 million over the currently adopted budget. This increase appears to be significant; however, it is due to the adjustment for the capital projects roll forward balance from FY2018-19, an estimate of which was included and approved in the originally adopted FY2019-20 budget on the capital spreadsheet but actual amounts could not be pulled to the consolidated Alameda CTC budget spreadsheet until final fund balance roll forward amounts were updated based on the audited

Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019. The CAFR was approved by the Commission in December 2019.

Capital projects fund revenues and expenditures that appeared on the consolidated Alameda CTC Budget sheet in the adopted budget for FY2019-20, when the budget was adopted in May 2019, did not include the roll forward revenue and expenditure balances because these amounts were still included in the approved budget and projected ending fund balance for FY2018-19. During the mid-year budget update process, the roll forward fund balances are updated to actual amounts based on the audited financial statements. Therefore, the capital budget revenue and expenditure amounts on the consolidated budget spreadsheet for the mid-year budget update include the full capital budget which consists of both the actual roll forward balances from FY2018-19 and any additional requested capital budget for FY2019-20. This methodology ensures more reliable fund balance information in Alameda CTC's budget process.

This mid-year budget adjustment includes an additional \$500,000 benefit cost as part of a plan to pay down the agency's pension liability. As of June 30, 2019, Alameda CTC had a pension liability of \$6.3 million. Alameda CTC continues to pay the required pension contributions as established by CalPERS, however, the agency's pension liability continues to grow. Staff has worked with CalPERS actuaries to come up with a reasonable plan to pay down this liability so that it does not become more significant or unmanageable. In addition to paying the regular required contributions, the established plan includes making an additional \$500,000 payment annually over the next nine years and a small portion of that in the tenth year to pay down the full current outstanding liability. Implementing this plan will change the agency's scheduled pension payments going forward, and based on the CalPERS actuary's analysis, will save the agency \$3.7 million cumulatively over the next 10 years.

Salary and benefits costs in this mid-year budget update are \$7.4 million, which is an increase of \$0.3 million from the currently adopted budget; however, it would actually have been a decrease of \$0.2 million if the plan to pay down the pension liability as discussed above had not been implemented. Salaries and benefits costs in this mid-year budget update are nominal as compared to total expenditures at 1.2 percent.

The update of the audited fund balances from FY2018-19 and the projected revenue and expenditure totals constitute a net increase in the projected ending fund balance of \$2.1 million, for a projected consolidated ending fund balance of \$389.5 million for FY2019-20. In line with the adopted I-580 Express Lanes Expenditure Plan, funds were set aside in the originally adopted budget towards future maintenance needs on the I-580 Express Lanes of \$5.0 million. In addition, the Fund Balance/Operational Reserve has increased in this mid-year budget update to the targeted \$20.0 million as projected for FY2019-20 and established in the I-580 Express Lanes Expenditure Plan. This also allowed for the I-580 Express Lane to begin to set aside funds in the amount of \$3.9 million to pay back some of the Measure B funds borrowed during construction of the lanes as was projected to begin and was approved in the I-580 Express Lanes Expenditure Plan for FY2019-20. The Agency's overall Fund Balance/Operational Reserve, inclusive of the I-580 Express Lanes operational reserve, has

increased by a total of \$26.6 million to \$73.2 million based on the agency's adopted fund balance reserve policy.

Consistent with the 2020 Comprehensive Investment Plan approved by the Commission in June 2019, this mid-year budget update includes revenues and expenditures necessary to develop and implement vital planning projects and programs in Alameda County, and it contains revenues and expenditures necessary to fund and deliver significant capital projects intended to expand access and improve mobility in Alameda County.

The 2000 Measure B and 2014 Measure BB Limitation ratios required by the respective Transportation Expenditure Plans and the Public Utilities Code were calculated based on the proposed updated budgeted revenues and expenditures and were found to be in compliance with all requirements.

Background

Development of the FY2019-20 budget and this proposed mid-year budget update were centered on the vision and goals for transportation established in the Comprehensive Investment Plan. The objective was to develop a budget that would enable Alameda CTC to plan, fund and deliver transportation programs and projects that expand access and improve mobility in Alameda County. This was accomplished by allocating available resources to identify transportation needs and opportunities in the County and formulate strategies and solutions; by providing the funding necessary to evaluate, prioritize, and fund programs and projects; and by funding the delivery of quality programs and projects so they could be completed on schedule and within budget.

Fiscal Impact: The fiscal impact of approving the proposed FY2019-20 mid-year budget update would be to allow the roll forward of audited fund balances from FY2018-19 of \$232.7 million, provide additional resources of \$11.8 million and authorize additional expenditures of \$242.4 million, reflecting an overall increase in fund balance of \$2.1 million for a projected ending fund balance of \$389.5 million.

Attachments:

- A. Alameda CTC FY2019-20 Proposed Mid-Year Budget Update
- B. Capital Projects FY2019-20 Proposed Mid-Year Budget Update

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**Alameda CTC FY2019-20
Proposed Mid-Year Budget Update**

	General Funds Proposed	Express Lanes Fund Proposed	Special Revenue Funds Proposed	Exchange Fund Proposed	Debt Service Fund Proposed	Capital Project Funds Proposed	Inter-Agency Eliminations Proposed	Total Proposed Budget	Proposed Adjustments	Currently Adopted Budget
Beginning Fund Balance:	\$ 71,389,897	\$ 34,582,900	\$ 138,822,890	\$ 6,072,858	\$ 9,577,618	\$ 327,572,753	\$ -	\$ 588,018,916	\$ 232,694,784	\$ 355,324,132
Revenues:										
Sales Tax Revenues	\$ 13,600,000	\$ -	\$ 200,013,596	\$ -	\$ -	\$ 106,386,404	\$ -	\$ 320,000,000	\$ -	\$ 320,000,000
Investment Income	1,800,000	600,000	1,900,000	450,000	200,000	6,100,000	-	11,050,000	500,000	10,550,000
Member Agency Fees	1,479,765	-	-	-	-	-	-	1,479,765	-	1,479,765
VRF Funds	-	-	12,000,000	-	-	-	-	12,000,000	-	12,000,000
TFCA Funds	-	-	1,980,600	-	-	-	-	1,980,600	-	1,980,600
Toll Revenues	-	13,250,000	-	-	-	-	-	13,250,000	-	13,250,000
Toll Violation and Penalty Revenue	-	2,750,000	-	-	-	-	-	2,750,000	-	2,750,000
Other Revenues	-	-	23,650	-	26,469,450	-	(26,493,100)	-	-	-
Regional/State/Federal Grants	2,830,245	-	2,600,550	-	-	22,118,974	-	27,549,769	5,051,140	22,498,629
Local and Other Grants	-	15,499	-	10,033,195	-	3,735,014	-	13,783,708	6,253,457	7,530,251
Total Revenues	19,710,010	16,615,499	218,518,396	10,483,195	26,669,450	138,340,393	(26,493,100)	403,843,842	11,804,597	392,039,245
Expenditures:										
<u>Administration</u>										
Salaries and Benefits	2,793,819	-	-	-	-	1,433	-	2,795,252	73,003	2,722,250
General Office Expenses	1,824,000	-	1,000	-	-	49,300	(1,000)	1,873,300	(51,500)	1,924,800
Travel Expense	65,000	-	-	-	-	-	-	65,000	-	65,000
Debt Service	-	-	-	-	26,469,450	26,469,450	(26,469,450)	26,469,450	-	26,469,450
Professional Services	3,557,873	-	96,078	-	-	229,490	-	3,883,441	185,378	3,698,063
Commission and Community Support	256,104	-	22,650	-	-	-	(22,650)	256,104	-	256,104
Contingency	200,000	-	-	-	-	-	-	200,000	-	200,000
<u>Freeway Operations</u>										
Salaries and Benefits	-	228,398	-	-	-	-	-	228,398	(111,103)	339,501
Operating Expenditures	-	5,335,000	-	-	-	-	-	5,335,000	(665,000)	6,000,000
Special Project Expenditures	-	425,000	-	-	-	-	-	425,000	-	425,000
<u>Planning</u>										
Salaries and Benefits	1,078,378	-	-	-	-	-	-	1,078,378	185,016	893,362
Transportation Planning/Transportation Expenditure Plan	214,410	-	-	-	-	-	-	214,410	-	214,410
Congestion Management Program	200,000	-	-	-	-	-	-	200,000	-	200,000
Other Planning Projects	-	-	-	-	-	-	-	-	-	-
<u>Programs</u>										
Salaries and Benefits	107,233	-	1,650,448	61,896	-	-	(244,153)	1,575,423	19,605	1,555,818
Programs Management and Support	185,000	-	2,136,346	-	-	-	-	2,321,346	(68,922)	2,390,268
Safe Routes to School Programs	49,652	-	2,975,965	-	-	-	-	3,025,617	49,652	2,975,965
VRF Programming	-	-	13,172,000	-	-	-	-	13,172,000	(451,000)	13,623,000
Measure B/BB Direct Local Distribution	-	-	165,350,706	-	-	-	-	165,350,706	-	165,350,706
Grant Awards	-	-	8,945,639	-	-	-	-	8,945,639	(421,291)	9,366,930
TFCA Programming	-	-	3,061,114	-	-	-	-	3,061,114	(484,294)	3,545,409
Exchange Fund Programming	-	-	-	2,080,174	-	-	-	2,080,174	1,392,977	687,197
<u>Capital Projects</u>										
Salaries and Benefits	-	105,903	-	28,802	-	1,844,243	(272,112)	1,706,836	136,548	1,570,288
Capital Project Expenditures	-	16,204,322	24,932,282	7,862,323	-	309,131,988	-	358,130,915	242,635,523	115,495,391
<u>Indirect Cost Recovery/Allocation</u>										
Indirect Cost Recovery from Capital, Spec Rev & Exch Funds	(516,265)	-	-	-	-	-	516,265	-	-	-
Total Expenditures	10,015,204	22,298,623	222,344,229	10,033,195	26,469,450	337,725,905	(26,493,100)	602,393,505	242,424,593	359,968,912
Net Change in Fund Balance	9,694,806	(5,683,125)	(3,825,833)	450,000	200,000	(199,385,512)	-	(198,549,663)	(230,619,996)	32,070,333
Projected Ending Fund Balance	81,084,703	28,899,775	134,997,057	6,522,858	9,777,618	128,187,241	-	389,469,253	2,074,788	387,394,465
Freeway Maintenance Contributions	-	5,000,000	-	-	-	-	-	5,000,000	-	5,000,000
Loan Repayment	-	3,899,775	-	-	-	-	-	3,899,775	3,899,775	-
Fund Balance/Operational Reserves	53,241,817	20,000,000	-	-	-	-	-	73,241,817	26,646,518	46,595,299
Projected Net Fund Balance	\$ 27,842,886	-	\$ 134,997,057	\$ 6,522,858	\$ 9,777,618	\$ 128,187,241	\$ -	\$ 307,327,660	\$ (28,471,505)	\$ 335,799,165

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**Alameda CTC Capital Projects
FY2019-20 Proposed Mid-Year Budget Update**

Capital Programs	(A)	(B)	(A) - (B) =(C)	(D)	(E)	(C) + (D) + (E) = (F)	Funding			
	Adopted FY 2018-19 Capital Budget	Actual FY 2018-19 Expenditures	FY 2018-19 Rollover to FY 2019-20	Adopted FY 2019-20 Original Capital Budget Request	FY 2019-20 Capital Budget Adjustment	FY 2019-20 Capital Budget w/ Actual Rollover	Total Local	Total Regional	Total State	Total Federal
1986 Measure B Capital Program	\$ 4,535,026	\$ (640,911)	\$ 5,175,937	\$ -	\$ -	\$ 5,175,937	\$ 5,175,937	\$ -	\$ -	\$ -
2000 Measure B Capital Program	107,453,798	31,612,360	75,841,438	24,420,564	(3,419,903)	96,842,099	96,842,099	-	-	-
2000 Measure B SRF Discretionary Capital Program	322,598	170,014	152,584	9,411	-	161,995	161,995	-	-	-
2014 Measure BB Capital Program	128,785,417	43,183,214	85,602,203	60,085,532	57,607,024	203,294,759	183,812,645	-	11,957,858	7,524,257
2014 Measure BB SRF Discretionary Capital Program	24,368,000	5,240,296	19,127,704	10,250,000	(5,066,000)	24,311,704	24,311,704	-	-	-
Non-Sales Tax Capital Program	10,133,215	10,960,024	(826,809)	5,619,117	871,128	5,663,436	3,026,575	2,064,820	572,041	-
Non-Sales Tax Exchange Fund Capital Program	7,285,448	(41,961)	7,327,409	357,584	206,132	7,891,125	7,891,125	-	-	-
Non-Sales Tax SRF Capital Program	553,602	-	553,602	143,000	(238,019)	458,583	458,583	-	-	-
Express Lanes Capital Program	-	197,611	(197,611)	16,492,337	-	16,294,726	16,294,726	-	-	-
	<u>\$ 283,437,105</u>	<u>\$ 90,680,648</u>	<u>\$ 192,756,457</u>	<u>\$ 117,377,545</u>	<u>\$ 49,960,362</u>	<u>\$ 360,094,364</u>	<u>\$ 337,975,389</u>	<u>\$ 2,064,820</u>	<u>\$ 12,529,898</u>	<u>\$ 7,524,257</u>

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