



Memorandum

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1111 Broadway, Suite 800, Oakland, CA 94607 • 510.208.7400 • www.AlamedaCTC.org

DATE: May 6, 2019

TO: Finance and Administration Committee

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

SUBJECT: Alameda CTC FY2019-20 Proposed Budget

Recommendation

It is recommended that the Commission approve the Alameda CTC Proposed Budget for FY2019-20.

Summary

The Alameda CTC FY2019-20 Proposed Consolidated Budget (Proposed Budget) demonstrates a sustainable, balanced budget utilizing projected revenues and fund balance to fund total expenditures. A budget is considered sustainable when an agency is able to meet its expenditure requirements as they become due, and a budget is considered balanced when (1) total revenues equal total expenditures, (2) total revenues are greater than total expenditures, or (3) total revenues plus fund balance are greater than total expenditures. The overall consolidated Alameda CTC budget fits into the second category, with total revenues exceeding expenditures; however the budget includes some funds that fit into each of the three categories. For example, the Debt Service Fund fits into category one because revenues are projected to equal expenditures in this fund; and the Express Lanes Fund fits into category three because total revenues plus fund balance are being utilized to fund total expenditures due to the funding for the toll system upgrade project on the I-580 corridor.

The Proposed Budget has been prepared based on the modified accrual basis of accounting, which is consistent with the basis of accounting utilized to prepare the agency's audited financial statements. It has been segregated by fund type and includes an adjustment column in order to eliminate interagency revenues and expenditures on a consolidated basis. The fund types included are General Funds, Express Lanes Fund, Special Revenue Funds, Exchange Fund, Debt Service Fund, and Capital Projects Funds.

The Proposed Budget is summarized in Attachment A on page 11 of this staff report. The FY2019-20 budget contains projected revenues totaling \$392.0 million and anticipated expenditures of \$360.0 million. Salaries and benefits expenditures are nominal as compared to total budgeted expenditures. These revenue and expenditure totals constitute a net increase in fund balance of \$32.1 million and a projected consolidated ending fund balance of \$387.4 million.

Approval of the Proposed Capital Program budgets is requested for the amount found in the "Proposed FY2019-20 Capital Budget w/ Estimated Rollover" column on the attached FY2019-20 Proposed Capital Programs Budget sheet. This column includes both the additional capital budget amount requested for FY2019-20 as well as an estimated rollover balance from the adopted FY2018-19 budget. The capital program amount carried forward to the Alameda CTC FY2019-20 Proposed Budget does not include the roll forward budget authority because the expenditure amount is still included in the approved budget for FY2018-19 and, therefore, is already netted out of the projected roll forward fund balance from the FY2018-19 adopted budget. During the mid-year budget update process, the roll forward fund balance will be updated to actual based on audited financial statements. Consequently, the capital program budget amount on the consolidated budget spreadsheet for the mid-year budget update will be for the full capital budget including both the actual roll forward balance from FY2018-19 and any additional requested capital budget for FY2019-20. This methodology is necessary to ensure accurate and reliable fund balance information in the Alameda CTC budget.

The Proposed Budget includes revenues and expenditures necessary to provide vital programs and planning projects for Alameda County and to deliver significant capital projects that expand access and improve mobility in Alameda County consistent with the Comprehensive Investment Plan (CIP).

In January 2014, the Commission adopted a General Fund Balance Reserve Policy to conform to best practices in mitigating risk for the agency. The policy was developed in accordance with best practice recommendations by the Government Finance Officers' Association. Alameda CTC has included the General Fund balance reserve amount in this budget, which is calculated based on 2 months' worth of expenditures in the General Fund and 1 months' worth of expenditures in all other funds and amounts to \$33.1 million. The Express Lanes Fund includes a maintenance reserve carried over from the prior year of \$5.0 million, and the operational risk reserve in this fund has decreased from prior year from \$19.8 million to \$13.5 million to help fund the I-580 Toll System Upgrade project on the I-580 corridor. The goal for this reserve remains at \$20.0 million, which was established in the I-580 Express Lane 20 Year Expenditure Plan approved by the Commission in April 2018. This operational reserve was established in order to ensure financial stability for the agency, to address requirements established in agreements with the State of California, and to safeguard against other operational risks not covered by insurance. The total amount of all reserves in the Proposed Budget is \$51.6 million which is less than 10.0 percent of total expenditures including the roll forward capital budget.

Background

Development of the Proposed Budget for FY2019-20 focused on the mission and core functions of Alameda CTC that will enable Alameda CTC to plan, fund and deliver transportation programs and projects that expand access and improve mobility in Alameda County.

For the first time since the Commission approved an organizational structure with 37 full time equivalent (FTE) positions for the Alameda CTC in May 2016, the Proposed Budget includes all 37 positions for the full fiscal year since it is anticipated that all positions will be filled by June. These 37 positions are expected to be filled within 32 job classifications, as approved by the Commission in December 2018. Salaries and benefits in the Proposed Budget account for 1.35 percent of budgeted expenditures including roll forward capital budget authority. The approved organizational structure was designed to prepare the agency to meet the initial challenges and expanded responsibilities of administering the 2014 Measure BB sales tax, implementing the CIP, and managing and maintaining the I-580 Express Lanes and the I-680 Southbound Express Lane.

The 2000 Measure B and 2014 Measure BB Salary and Benefits Limitation ratio and the Administrative Cost Limitation ratio were calculated based on the revenues and expenditures in the Proposed Budget and were found to be in compliance with requirements in the Transportation Expenditure Plans and the Public Utility Code.

Fiscal Impact: The fiscal impact of the FY2019-20 Proposed Consolidated Budget would be to provide resources of \$392.0 million and authorize expenditures of \$360.0 million, with an overall increase in fund balance of \$32.1 million for a projected ending fund balance of \$387.4 million.

Attachments:

- A. Alameda CTC FY2019-20 Proposed Consolidated Budget
- B. Alameda CTC FY2019-20 Proposed Capital Programs Budget

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**Alameda County Transportation Commission
Fiscal Year 2019-20 Proposed Consolidated Budget**

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	General Funds	Express Lanes Fund	Special Revenue Funds	Exchange Fund	Debt Service Fund	Capital Projects Funds	Inter-Agency Adjustments/ Eliminations	Total
Projected Beginning Fund Balance	\$ 67,295,054	\$ 24,828,799	\$ 98,853,202	\$ 5,866,369	\$ 9,290,141	\$ 149,190,567	\$ -	\$ 355,324,132
Revenues:								
Sales Tax Revenues	\$ 13,600,000	\$ -	\$ 200,013,596	\$ -	\$ -	\$ 106,386,404	\$ -	\$ 320,000,000
Investment Income	1,150,000	600,000	2,350,000	450,000	-	6,000,000	-	10,550,000
Member Agency Fees	1,479,765	-	-	-	-	-	-	1,479,765
VRF Funds	-	-	12,000,000	-	-	-	-	12,000,000
TFCA Funds	-	-	1,980,600	-	-	143,000	(143,000)	1,980,600
Toll Revenues	-	13,250,000	-	-	-	-	-	13,250,000
Toll Violation and Penalty Revenue	-	2,750,000	-	-	-	-	-	2,750,000
Other Revenues	-	-	23,650	-	26,469,450	-	(26,493,100)	-
Regional/State/Federal Grants	2,645,735	-	2,600,550	-	-	17,252,345	-	22,498,629
Local and Other Grants	-	400,000	-	1,100,047	-	6,397,199	(366,995)	7,530,251
Total Revenues	18,875,500	17,000,000	218,968,396	1,550,047	26,469,450	136,178,948	(27,003,095)	392,039,245
Expenditures:								
<u>Administration</u>								
Salaries and Benefits	2,698,941	-	-	-	-	23,309	-	2,722,250
General Office Expenses	1,898,665	-	1,000	-	-	26,135	(1,000)	1,924,800
Travel Expense	64,600	-	-	-	-	400	-	65,000
Debt Service	-	-	-	-	26,469,450	26,469,450	(26,469,450)	26,469,450
Professional Services	3,491,465	-	-	-	-	206,597	-	3,698,063
Commission and Community Support	256,104	-	22,650	-	-	-	(22,650)	256,104
Contingency	198,000	-	-	-	-	2,000	-	200,000
<u>Freeway Operations</u>								
Salaries and Benefits	-	339,501	-	-	-	-	-	339,501
Operating Expenditures	-	6,000,000	-	-	-	-	-	6,000,000
Special Project Expenditures	-	425,000	-	-	-	-	-	425,000
<u>Planning</u>								
Salaries and Benefits	893,362	-	-	-	-	-	-	893,362
Transportation Planning	214,410	-	-	-	-	-	-	214,410
Congestion Management Program	200,000	-	-	-	-	-	-	200,000
Other Planning Projects	-	-	-	-	-	-	-	-
<u>Programs</u>								
Salaries and Benefits	183,254	-	1,598,540	55,266	-	-	(281,241)	1,555,818
Programs Management and Support	350,000	-	2,040,268	-	-	-	-	2,390,268
Safe Routes to School Programs	49,652	-	2,926,313	-	-	-	-	2,975,965
VRF Programming	-	-	13,623,000	-	-	-	-	13,623,000
Measure B/BB Direct Local Distribution	-	-	165,350,706	-	-	-	-	165,350,706
Grant Awards	-	-	9,366,930	-	-	-	-	9,366,930
TFCA Programming	-	-	3,545,409	-	-	-	-	3,545,409
CMA TIP Programming	-	-	-	1,044,781	-	-	-	1,044,781
<u>Capital Programs</u>								
Salaries and Benefits	-	57,669	-	-	-	1,729,742	(217,123)	1,570,288
Capital Project Expenditures	-	16,492,337	10,250,000	-	-	88,905,465	(509,995)	115,137,807
<u>Indirect Cost Recovery/Allocation</u>								
Indirect Cost Recovery from Capital, Spec R	(498,364)	-	-	-	-	-	498,364	-
Total Expenditures	10,000,089	23,314,507	208,724,816	1,100,047	26,469,450	117,363,099	(27,003,095)	359,968,912
Net Change in Fund Balance	8,875,411	(6,314,507)	10,243,580	450,000	-	18,815,849	-	32,070,333
Projected Ending Fund Balance	76,170,465	18,514,291	109,096,782	6,316,369	9,290,141	168,006,416	-	387,394,465
Freeway Maintenance Contributions	-	5,000,000	-	-	-	-	-	5,000,000
Fund Balance/Operational Reserves	33,081,008	13,514,291	-	-	-	-	-	46,595,299
Projected Net Fund Balance	\$ 43,089,457	\$ -	\$ 109,096,782	\$ 6,316,369	\$ 9,290,141	\$ 168,006,416	\$ -	\$ 335,799,165

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**Alameda CTC
Fiscal Year 2019-20
Proposed Capital Programs Budget**

5.1B

Capital Programs	(A)	(B)	(A) - (B) = (C)	(D)	(C) + (D) = (E)	Funding			
	Adopted FY 2018-19 Capital Budget	Estimated FY 2018-19 Expenditures	Estimated FY 2018-19 Rollover to FY 2019-20	Proposed FY 2019-20 Capital Budget Request	Proposed FY 2019-20 Capital Budget w/ Estimated Rollover	Total Local	Total Regional	Total State	Total Federal
1986 Measure B Capital Program	\$ 4,535,026	\$ 24,268	\$ 4,510,758	\$ -	\$ 4,510,758	\$ 4,510,758	\$ -	\$ -	\$ -
2000 Measure B Capital Program	108,341,348	50,794,904	57,546,444	24,385,840	81,932,284	81,932,284	-	-	-
2014 Measure BB Capital Program	129,158,015	51,027,583	78,130,432	60,237,943	138,368,375	120,734,788	-	10,340,000	7,293,588
2014 Measure BB SRF Discretionary Capital Program	25,604,000	6,700,000	18,904,000	10,250,000	29,154,000	29,154,000	-	-	-
Non-Sales Tax Capital Program	15,798,716	10,456,324	5,342,392	6,011,425	11,353,816	6,862,539	2,788,156	1,703,120	-
Express Lanes Capital Program	-	-	-	16,492,337	16,492,337	16,492,337	-	-	-
	<u>\$ 283,437,105</u>	<u>\$ 119,003,079</u>	<u>\$ 164,434,026</u>	<u>\$ 117,377,545</u>	<u>\$ 281,811,571</u>	<u>\$ 259,686,705</u>	<u>\$ 2,788,156</u>	<u>\$ 12,043,120</u>	<u>\$ 7,293,588</u>

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