

Subject	FY 2008-09 Preliminary Budget for the Contra Costa Transportation Authority and Congestion Management Agency
Summary	<p>The FY 2008-09 Preliminary Budget is presented this month for review and comment by the APC and by the Authority.</p> <p>The Authority will be going through many changes this fiscal year with the most significant being the transition from Measure C to Measure J. Including the transition to Measure J, here are the highlights of the budget:</p> <ul style="list-style-type: none"> • Total projected revenues are \$100.4 million, of which sales tax revenues constitute 74%. • Total projected expenditures are \$136.7 million. The difference between revenues and expenditures will be funded with accumulated Measure C and Measure J balances and Commercial Paper proceeds. • On March 31, 2009, Measure C sales tax revenues will conclude but some projects and programs will remain open and continue for a number of fiscal years. • April 1, 2009, marks the beginning of Measure J when we will transition existing programs and add to new programs and projects. • Project expenditures decrease \$5.8 million from FY 2007-08. The decrease is largely due to right of way acquisitions in FY2007-08 related to the SR4 East widening project and the Martinez Capitol Corridor rail station for \$10 million and \$6 million, respectively. There are increases for the Bart Parking Project for \$5.4 million. • All outstanding Measure C Bonds will be repaid this fiscal year. • In order to provide better financial reporting, the Authority is working with a consultant to select a new financial system. <p>Finally, the format of the budget has slightly changed to provide summary information and midyear budget amounts to allow a comparison with the prior fiscal year.</p>
Recommendations	The item is presented this month for review and comment. Action on the FY 2008-09 Budget will be taken after a public hearing at the June Authority meeting.
Financial Implications	Summarized below.
Options	Direct revisions to the budget or request other investigations or follow-up.
Attachments (Available at www.ccta.net)	A. FY 2008-09 Preliminary Budget
Changes From Committee	<i>The APC requested some additions and modifications to the final budget to provide comparative information and include the following: 1) FY 2006-07 Actual 2) FY 2007-08 Original Budget 3) FY 2007-08 Estimated 4) Rename "Mid-Year" column to "Amended".</i>

Background

The Authority adopts an annual budget each June, following a public hearing.

In November 1988, the voters in Contra Costa County approved Measure C to provide transportation improvements over the next 20 years through a one-half of one percent sales tax. March 31, 2009 will mark the end of Measure C and the transition to Measure J. The budget for fiscal year 2008-09 reflects the transition to Measure J along with its new projects and programs.

The budget period is the fiscal year from July 1, 2008 to June 30, 2009. The budget includes the annual operating costs for programs, project oversight and management, administrative functions, as well as for regional planning, congestion management, and transportation demand management activities. Annual capital project appropriations are included in the budget consistent with the adopted Strategic Plan. The budget also includes the annual debt service costs of the bonds used to advance Measure C projects.

The budget for project appropriations reflects only those costs that flow to, or through, the Authority and therefore are recorded in the general ledger. For example, Regional Measure 2 and Traffic Congestion Relief Program funds are included in the budget table (Exhibit 2) showing revenues and sources of funds along with Measure C. Similarly, STP-funded projects, are paid by Measure C funds, and then reimbursement is requested from Caltrans (which disburses federal funds through a stewardship agreement with FHWA).

As noted earlier, this fiscal year will bring a significant change as we transition sales tax revenue from Measure C to Measure J. Measure C receipts will end after this fiscal year, but certain projects will still need to be completed over the next couple of years. Measure J provides additional funding for new programs throughout the County which amount to \$4.5 million in FY2008-09. Finally, the Authority will be in the process of issuing Measure J bonds for \$300 million to fund projects and repay the commercial paper and outstanding advances which is expected to be finalized in FY2009-10.

Consistent with Resolution #98-05-A, budget control is generally at the object level (for example the subtotal lines in Exhibit 4 and 5; i.e., "salaries and benefits"). Operating expenditures cannot exceed the amount in the adopted budget by 5%, (or \$5,000, whichever is greater). For projects and programs, budget control is at the org level (such as the total SR 4 East category). For projects and programs, expenditures cannot exceed the amounts in the budget (org level) by more than 5% (or \$10,000, whichever is greater).

Under Measure C and Measure J, salaries and benefits for administration of the sales tax program must be less than 1% of annual sales tax revenues. The Authority has appropriated \$698,023 for administrative salaries and benefits which is 94.5% of the 1%.

Brief Description of Budget Line Items

The FY 2008-09 Preliminary Budget details both expected revenues, and appropriations, as follows:

Revenues:

- Sales tax revenues are projected to be \$73.85 million. This represents no change over the revised mid-year budgeted amount in FY 2007-08. During the first three quarters of the fiscal year we have seen a decrease of \$268,000 or 0.48% in sales tax revenue in comparison to the prior year, due mainly to lower new vehicle sales and slightly offset by higher gasoline sales. Based on the current economic environment we want to remain conservative and recommend leaving revenue

constant.

- Investment income is projected to be \$2.5 million. Interest income assumes that cash flow will be consistent with project appropriations and decreasing interest rates. As of March, Local Agency Investment Fund (LAIF) interest rate was 4.18% which is a decrease of 1.05% since the beginning of the fiscal year.
- Surface Transportation Program (STP) funds for CMA activities are budgeted at \$505,000. The budget assumes that the funds from MTC can be used for traditional CMA purposes. The majority of T-Plus funds will be passed through local jurisdictions, although some can be used to reimburse staff time. The budget assumes that prior year T-Plus funding of \$400,000 is unused and available in FY 2008-09. STP funds can also be used for T-Plus activities.
- Federal Demonstration Program funds totaling \$320,000 are expected for I-80 project reimbursement. This is an installment payment of Demonstration Program funds for the I-80 Central Avenue interchange improvement project.
- State Traffic Congestion Relief Program (TCRP) reimbursements are projected to be \$2.7 million. This constitutes the TCRP allocations for the SR 4 widening project.
- State Transportation Planning, Programming, and Monitoring (PPM) funds of \$300,000 are included in the budget. This is a relatively new funding source for the Authority, and will be used for CMA activities related to STIP and STP project monitoring and fund programming (\$273,873), and also to fund staff time in preparing the PSRs for the Norris Canyon interchange (\$26,127).
- Contributions by CMA member agencies are fixed at \$198,845. The member agencies contribution is allocated to all the local jurisdictions based on budgeted costs less revenue received from STP & PPM. This amount is capped and cannot exceed this amount.
- Transportation for Clean Air (TFCA) revenues is projected to be \$1.364 million. These funds are for TFCA approved activities only, such as the regional rideshare program.
- Regional Measure 2 (RM2) revenues are budgeted at \$15.6 million. This represents \$2.2 million for the Caldecott development work, and \$12.8 million for reimbursable work on the SR4 East eBART structures, and \$649,000 for the I-680 HOV study.
- Tri-Valley Transportation District (TVTD) fees of \$2.3 million. This is the final payment for the TVTD (80%) fees for the I-680 Auxiliary Lane Project.
- Rental income of \$80,000. The represents income the remaining public storage units still owned in the budget year.
- Interdepartmental charges of \$143,406. Charges to various departments for OPEB (Other Post-Employment Benefits) which relates to retiree health care was based on the Authority's actuarial report prepared by Bartel & Associates (Bartel).

Appropriations

- Authority staffing levels. The Authority's authorized full time equivalents of 19 are fully staffed.

Existing staff salaries are projected to increase by 3.8% in FY 2008-09. Benefits such as health, dental, workers comp, are projected to increase by varying but relatively modest amounts (for example, some remain constant for the upcoming year, some are projected to increase by 3% or 5%).

OPEB (Other Post-Employment Benefits) contributions are \$143,406. Consistent with Authority direction, staff has established with PERS a trust fund for retiree health care and made an initial contribution during FY 2007-08 of \$1.125 million. (To be consistent with the Authority's audited financial statements this is now being shown in an Internal Service Fund in the budget.)

- Allocation of staff time. An allocation of staff time was developed for the budget. The allocation plan estimates the proportion of each staff member's time assigned to each of the Authority tasks. Staff costs are apportioned to departments (or orgs), such as administration, project management, programs, projects, and CMA functions.
- Administrative salaries and benefits are \$698,023. This represents .945%, which is below the 1% limitation on Administrative salary and benefits costs established by Measure C.
- Property rent and lease costs are \$240,000. This includes the fixed office lease costs and apportioned building operating costs.
- Services and supplies costs overall decreased \$30,220. In the prior year the budget was increased to reflect the increase in staff but has been adjusted for this fiscal year based on actual amounts. The only line item increase is in Professional / Specialized Services for \$526,000 which is due to contracts with the consultant reviewing improvement to our current financial system for \$60,000 and information technology support with Endsight for \$45,000.
- Fixed asset costs of \$550,000. The Authority has budgeted \$500,000 for the purchase of a new financial system, subject to Authority approval of the recommended system.
- Project Management budget salary and benefits costs are \$1.1 million consistent with the prior year. The only changes are the projected salary increases and reduction in OPEB contribution.
- Base budget expenditures for Programs have increased \$3.5 million based on budgeted sales tax revenue projection and new Measure J programs. Measure J includes the beginning of new projects and programs which amount to \$4.5 million. Some of the programs are Transportation for Livable Community Project Grants, Express Bus and Safe Transportation for Children which represent approximately \$1 million each. For existing programs there was an overall decrease of \$1.0 million due to reduction of allocations due to reduced revenue than originally budgeted.
- The overall budget for CMA activities is \$3.1 million. The Authority has several studies continuing (Action Plan Modeling \$240,000; CTP EIR \$250,000; and the Action Plan Update \$100,000); also more staff activities are occurring in Regional Planning and Congestion Management as we increase expand staff time on the Action Plan Modeling and CTP EIR.

- Final Debt Service Payments on Outstanding Bonds are budgeted at \$34.1 million. This will be the final year the Authority will be paying on the 1993 Bonds, the 2000 Bonds, and the 2002 Bonds. Interest payments on the 1993 and 2002 Bonds are made in September and March. Principal payments on the 1993 and 2002 Bonds are made in March. Interest payments are made monthly on the 2000 Bonds (a floating rate issue). Principal payments on the 2000 Bonds are made in October. Commercial Paper which was issued during the fiscal year has budgeted interest costs of \$1.3 million with the principal to be repaid with the issuance of the first Measure J Bond.
- Other Financing Sources - Transfers of \$50 million. The other financing sources (uses) section of the budget has been used in the past few years to show the necessary interfund transfers. (For example, TFCA revenues must be shown as a special revenue source, but since payments are made from the General Fund, these revenues must be moved to the General Fund.) The two main transfers are for debt service and local street and maintenance in the amount of \$34.1 million and \$13.3 million, respectively.
- Other Financing Sources - Proceeds from Commercial Paper \$18.1 million. The balance of the commercial paper program will be drawn down for Measure J Projects.
- Project expenditures are as follows. Project costs have decreased by \$8.2 million from FY 2007-08. The following table shows the annual project expenditures, and describes the main scheduled activities on each of the projects.

Planned Project Activities for FY 2008-09 by Category or Corridor (Measure C)

Category or Corridor (ORG number)	FY 2008-09 Budgeted Expenditures	Planned Project Activities in the Budget Year (Project number)
I-680 Corridor (ORG 9551)	\$3,990,677	In FY 2008-09, construction will finish on landscaping for I-680 Auxiliary Lanes (Project 1106) . Construction will begin on: Commerce Avenue Extension (Project 1214); Iron Horse Overcrossing (Project 1219); Ygnacio Valley Road (Project 1220) and Contra Costa Boulevard Signal Coordination (Project 1221) .
SR4 East Corridor (9553)	\$18,529,245	On the SR4 (e) Widening Project, Somersville Road to SR160 (Project 1407) , design and right of way acquisition will continue.
SR4 West Corridor (9554)	\$274,600	Close-out activities and environmental mitigation will continue for the SR4 (w) Gap Closure Project (Project 1501) .
Gateway/Lamorinda (9555)	\$1,149,870	The Lamorinda School Bus Program (Project 1603) and the Moraga Traffic Study (Project 1620) will continue. The Santa Maria Intersection Study (Project 1623) will begin.

Category or Corridor (ORG number)	FY 2008-09 Budgeted Expenditures	Planned Project Activities in the Budget Year (Project number)
BART to E. County (9571)	\$4,862,717	Because the SR4 (e) Widening Projects accommodate future rail options, a portion of the overall cost is assigned to the BART category. Right of way activities will continue and major utility relocation work will begin for the SR4 (e) Widening Project, Loveridge to Somersville segment (Project 1406) . Construction will start on the UPRR Team Track facility for this project.
Regional Commuterway (9572)	\$10,742,989	A portion of funding for the SR4 (e) Widening projects – Loveridge to Somersville (Project 1406) and Somersville to SR160 (Project 1407) is from this category. Landscaping (the freeway portion) will begin on the SR4 (e) Project, Railroad to Loveridge (Project 1405) . Construction will begin on the Pacheco Transit Hub (Project 2210) .
BART Parking (9573)	\$6,540,621	Construction will begin on both the Richmond Transit Village BART Parking Structure (Project 2302) and the Hercules Transit Center (Project 2303) .
Caldecott Tunnel (9559)	\$2,164,141	Design work on the Caldecott Tunnel Fourth Bore (Project 1698) will finish with a goal to advertise the project in Spring 2009.

Planned Project Activities for FY 2008-09 by Category or Corridor (Measure J)

Category or Corridor (ORG number)	FY 2008-09 Budgeted Expenditures	Planned Project Activities in the Budget Year (Project number)
I-80 Corridor (ORG 9631)	\$1,659,878	In FY 2008-09, Project Study Report (PSR) will continue for the I-80/Central Avenue Interchange Improvements (Project 7003) and the Environmental Document for the I-80/San Pablo Dam Road Interchange Improvements (Project 7002) .
SR4 East Corridor (9627)	\$11,300,000	On the SR4 (e) Widening Project – Somersville Road to SR160 (Project 1407) Design and Right of Way acquisition will continue. This is the Measure J-funded portion to be advanced by the Commercial Paper (CP) issue.
East Co. Corridors SR4 Bypass (9629)	\$6,252,752	Commercial Paper is advancing funds, under the terms of the prior Cooperative Agreement with ECCRFFA, design and right of way activities for the SR4 Bypass Widening, Laurel Road to Sand Creek Road (Project 5002) and the Sand Creek Interchange (Project 5003) .
I-680 Corridor	\$208,699	In FY 2008-09, work will continue on the PSR for the I-680/ Norris

Category or Corridor (ORG number)	FY 2008-09 Budgeted Expenditures	Planned Project Activities in the Budget Year (Project number)
(9632)		Canyon Interchange and Ramps (Project 8003).

Description of Exhibits

Exhibit 1 is a table showing Revenues, Expenditures, and Changes in Fund Balance for All Fund Types and compares them to the Midyear 2007-08 Budget.

Exhibit 2 is a table showing Revenues, Expenditures, and Changes in Fund Balance. The Authority's finances are organized in "funds", and are shown in a similar format to the Internal Accounting Report (without the GASB34 statement adjustments). Exhibit 2 is now consistent with the audited financial statements by showing the Retiree Health Care Fund as an Internal Service Fund which is different than the prior years.

Exhibit 3 is a revenue line item budget detail for all funds with comparison to the Midyear 2007-08 Budget.

Exhibit 4 is an expenditure line item budget detail for the Programs including Transportation for Clean Air program (TFCA).

Exhibit 5 shows the line item expenditure budget detail for the Projects. Measure C and Measure J projects are shown separately.

Exhibit 6 is an expenditure line item budget detail for General Administration and Project Management. Authority-wide Services, Supplies, and Fixed Assets are usually contained in the Administration category.

Exhibit 7 shows the line item expenditure budget detail for the CMA sections: Regional Planning and Growth Management, Congestion Management, and T-Plus.

Next Steps

Following Authority comments and direction, a final draft FY 2008-09 budget will be developed. A public hearing on the final draft budget is scheduled for the June Authority meeting. Final action on the budget is also scheduled for the June Authority meeting.