

Metropolitan Transportation Commission
Administration Committee

April 10, 2024

Agenda Item 2h-24-0371

MTC Resolution No. 4576, Revised
FY 2023-24 Operating and Capital Budgets, Amendment No. 2

Subject:

Staff requests that the Committee refer MTC Resolution No. 4576 Revised, the MTC FY 2023-24 Operating and Capital Budgets, Amendment No. 2, to the Commission for approval. This amendment increases both operating revenue and operating expenditure by approximately \$2.0 million, resulting in a small increase to the projected operating surplus before transfers.

Background:

On June 28, 2023, the Metropolitan Transportation Commission adopted Resolution No. 4576, authorizing the Fiscal Year (FY) 2023-24 Operating and Capital Budgets. The approved budget included total revenue of \$368.0 million, total expenses of \$366.0 million, and a transfer to the Capital Budget of \$3.1 million.

On November 8, 2023, the Metropolitan Transportation Commission adopted Resolution No. 4576 Revised, authorizing FY 2023-24 Operating and Capital Budgets, Amendment No. 1. The approved amendment increased operating revenue by \$5.3 million and operating expenses by \$6.2 million. The approved amendment also increased the transfer to the Capital Budget to \$5.2 million. This amendment incorporated updated carryover balances from federal and state grants, updated revenue assumptions on sales tax and interest income, added new grants and non-staff expenses, and authorized additional new positions to meet expanded operational requirements.

The proposed budget amendment adjusts Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) transportation planning funds as described in item 2i – 24-0372 of this April 10, 2024 Administration Committee agenda, resulting in an overall increase of \$902,915. In addition to this adjustment, the proposed budget amendment adjusts other line items as described below.

FY 2023-24 Operating Budget

Total operating revenue for FY 2023-24 is currently estimated at \$375.2 million, an increase of nearly \$2.0 million, or 0.5% higher than the approved budget. As described in Table 1, the increase to operating revenue is mostly from increases in newly approved federal grant funding and transfers from other entities.

Table 1. FY 2023-24 Operating Revenue (in Millions)

| | FY 2023-24 Amendment 1 | FY 2023-24 Amendment 2 | Change % | Change \$ |
|---------------------------------------|---------------------------|---------------------------|-------------|---------------|
| Federal Grants | \$ 189.1 | \$ 190.6 | 0.8% | \$ 1.5 |
| State Grants | 96.8 | 96.8 | 0.0% | 0.0 |
| Local Funding | 34.0 | 34.1 | 0.2% | 0.1 |
| TDA - General Fund | 16.6 | 16.6 | 0.0% | 0.0 |
| Transfer from Other Entities/Funds | 6.8 | 7.2 | 5.9% | 0.4 |
| Administrative Overhead | 27.8 | 27.8 | 0.0% | 0.0 |
| Other | 2.1 | 2.1 | 0.0% | 0.0 |
| Operating Revenue | \$ 373.2 | \$ 375.2 | 0.5% | \$ 2.0 |

Total operating expenses for FY 2023-24 is estimated at \$374.2 million, an increase of nearly \$2.0 million, or 0.5% higher than the approved budget. This results in a \$12,477 increase to the projected operating surplus before transfers.

As described in Table 2, the amendment to the operating expense includes increases in:

- Computer services for purchases of equipment for hybrid workspaces.
- General Operations to fund additional personnel recruitment costs.
- Contractual services to support existing programs such as the Transportation Asset Management program, advancing Bay Trail, and the State Transit Assistance regional program.

Table 2. FY 2023-24 Operating Expenses (in Millions)

| | FY 2023-24 Amendment 1 | FY 2023-24 Amendment 2 | Change % | Change \$ |
|---------------------------|---------------------------|---------------------------|-------------|---------------|
| Salaries and Benefits | \$ 53.9 | \$ 53.9 | 0.0% | \$ 0.0 |
| Computer Services | 6.2 | 6.5 | 5.0% | 0.3 |
| General Operations | 5.2 | 5.4 | 4.0% | 0.2 |
| Contractual Services | 305.3 | 306.8 | 0.5% | 1.5 |
| Other | 1.6 | 1.6 | 0.0% | 0.0 |
| Operating Expenses | \$ 372.2 | \$ 374.2 | 0.5% | \$ 2.0 |

FY 2023-24 Clipper and Bay Bridge Forward 2020 Budget

The proposed budget amendment increases operating budget revenue and expenditure of Clipper 1 operations by a total of \$2.2 million. The amendments are related to an increase in Clipper operating expenses of transit operators of \$1.9 million and an increase to fully cover Clipper's general insurance expense of \$0.3 million. These expenses will be funded by revenue increases in Regional Measure (RM) 2 operating assistance funds by \$0.3 million, Clipper inactive cards by \$0.5 million, and the transit operating agencies by \$1.4 million. This amendment also increases Bay Bridge Forward 2020 budget by \$0.5 million for I-80 HOV Hours and Lane Restrictions Project.

Issues:

None identified.

Recommendations:

Staff recommends that the Committee refer MTC Resolution No. 4576 Revised, MTC FY 2023-24 Operating and Capital Budgets, Amendment No. 2, to the Commission for approval.

Attachments:

- MTC Resolution No. 4576 Revised
- MTC FY 2023-24 Operating and Capital Budgets, Amendment No. 2.



Andrew B. Fremier