

Metropolitan Transportation Commission
Administration Committee

November 8, 2023

Agenda Item 3a - 23-1280

MTC Resolution No. 4576, Revised

FY 2023-24 Operating and Capital Budgets, Amendment No. 1

Subject:

Staff requests that the Committee refer MTC Resolution No. 4576 Revised, the MTC FY 2023-24 Operating and Capital Budgets, Amendment No. 1, to the Commission for approval. This amendment increases operating revenue by \$5.3 million and operating expenses by \$6.2 million. This amendment also increases the transfer to the Capital Budget to \$5.2 million.

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.

The proposed amendment incorporates updated carryover balances from federal and state grants, updated revenue assumptions on sales tax and interest income, adds new grants and non-staff expenses, and requests authorization to add new positions to meet expanded operational requirements.

New Positions

The proposed FY 2023-24 Budget Amendment No. 1 includes an increase of 18 positions, leading to a total authorized position count of 404. The additional positions provide capacity for expanded operational requirements (many of which are funded by outside sources), and positions which provide support for all MTC and related agency operations (some of which will be funded by the MTC general fund and reimbursed through overhead distributions). The new positions are spread throughout several agencies for which MTC is responsible; however, MTC is responsible for authorizing staffing for MTC and all operating entities.

MTC will add the positions to fill needs as follows:

- Eleven positions to address administrative support functions that have been outpaced by MTC's growing portfolio, including public affairs, contract administration, procurement, finance, grants management, and administrative support.
- Three positions to support Bay Area Toll Authority and Clipper operations.
- Two positions to support implementation of new BayREN programs funded by a grant from the California Public Utilities Commission.
- One position to support implementation of the Bay Area Housing Finance Authority's Doorway Program, funded by grants and donations.
- One position to support implementation of Regional Network Management.

FY 2023-24 Operating Budget

Total operating revenue for FY 2023-24 is estimated at \$373.2 million, an increase of \$5.3 million, or 1.4% higher than the approved budget. A summary of revenue is shown below.

Amendment to the operating revenue include:

- Federal grant revenue is reduced primarily due to reducing anticipated carryover funds from FY 2022-23.
- State grant revenue includes both increases and decreases to anticipated carryover funds and additional Coastal Conservancy grant funding.
- Local funding is increased by \$4.4 million as additional MTC Exchange funds are made available for bike share expansion, for enhancing engagement with Community Based Organizations, and for supporting priority production areas.
- Transportation Development Act (TDA) sales tax revenue is increased by 2.5%. Both actual receipts in FY 2022-23 and receipts through the first four months of FY 2023-24 are above initial projections.

- Transfer from other entities is reduced as revenue and expenses had already been included in a different line item.
- Administrative Overhead Reimbursement is increased as proposed non general fund new positions, when filled, would increase anticipated overhead recovery in the current fiscal year.
- Interest income has increased as both investment balances and interest rates continue to be higher than anticipated.

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

	FY 2023-24 Approved	FY 2023-24 Amendment 1	Change %	Change \$
Federal Grants	\$ 191.6	\$ 189.1	-0.5%	\$ (1.0)
State Grants	94.9	96.8	2.1%	2.0
Local Funding	29.6	34.0	9.8%	2.9
TDA - General Fund	16.2	16.6	2.5%	0.4
Transfer from Other Entities/Funds	7.0	6.8	-2.9%	(0.2)
Administrative Overhead	27.4	27.8	1.8%	0.5
Other	1.4	2.1	50.0%	0.7
Operating Revenue	\$ 368.0	\$ 373.2	1.4%	\$ 5.3

Total operating expense for FY 2023-24 is estimated at \$372.2 million, an increase of \$6.2 million, or 1.7% higher than the approved budget. A summary of expenses is shown below.

Amendment to the operating expense include:

- Salaries and Benefits increase to cover the costs of new positions. The increase is lower than the full cost of the new positions as those positions are budgeted for only the remainder of the fiscal year and updated vacancy assumptions generate additional savings.

- General Operations and Other increase slightly to fund additional training and professional development, public awareness, and personnel recruitment costs.
- Contractual services increase to implement new or existing grants such as the vanpool program, supporting priority production and priority development areas, and increasing public information and outreach.

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

	FY 2023-24 Approved	FY 2023-24 Amendment 1	Change %	Change \$
Salaries and Benefits	\$ 53.1	\$ 53.9	1.5%	\$ 0.8
Computer Services	6.2	6.2	0.0%	0.0
General Operations	4.8	5.2	7.8%	0.4
Contractual Services	300.3	305.3	1.7%	5.0
Other	1.5	1.6	6.7%	0.1
Operating Expenses	\$ 366.0	\$ 372.2	1.7%	\$ 6.2

FY 2023-24 Capital and Clipper Budget

The proposed amendment increases the transfer to the MTC capital budget from \$3.1 to \$5.2 million. This additional transfer will fund ongoing efforts to replace MTC’s Enterprise Resource Planning system.

Finally, the proposed amendment increases revenue and expenditure of Clipper 2 operations by \$0.9 million, primarily for expenses related to the Next Generation Clipper Customer Service Center, and the Clipper 2 capital budget by \$1.2 million to fund updates to both the Salesforce database and the card fulfillment module and add a new position to support Clipper BayPass.

No other changes are proposed for the other capital budgets.

Issues:

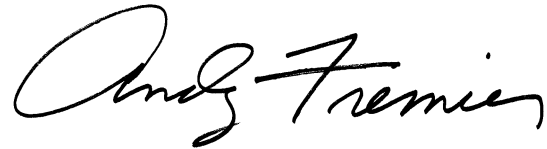
None identified.

Recommendations:

Staff recommends that the Committee refer MTC Resolution No. 4576 Revised, MTC FY 2023-24 Operating and Capital Budgets, Amendment No. 1, to the Commission for approval.

Attachments:

- MTC Resolution No. 4576 Revised, MTC FY 2023-24 Operating and Capital Budgets, Amendment No. 1.
- MTC FY 2023-24 Operating and Capital Budgets, Amendment No. 1 Presentation



Andrew B. Fremier