



MOVING



SACRAMENTO



FORWARD



2023-2024

SACRAMENTO TRANSPORTATION AUTHORITY

FY 2023-24 BUDGET

SACRAMENTO, CA

2023-2024

SACRAMENTO TRANSPORTATION AUTHORITY

FY 2023-24 BUDGET

SACRAMENTO, CA

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**Sacramento Transportation Authority
California**

For the Fiscal Year Beginning

July 01, 2022

Christopher P. Morill

Executive Director

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2023-2024

SACRAMENTO TRANSPORTATION AUTHORITY

FY 2023-24 BUDGET

SACRAMENTO, CA

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DRAFT



LETTER OF
TRANSMITTAL

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LETTER OF TRANSMITTAL

May 11, 2023

Chairman and Members of the Governing Board:

We are pleased to submit the Fiscal Year 2023-24 (FY 2023-24) final budget for the Sacramento Transportation Authority (Authority). California Public Utilities Code Section 180105 instructs the Authority to adopt an annual budget. This budget was created in accordance with State Law, the Authority's policies, and the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Awards Program criteria. This budget is balanced in that total revenues and fund balance are greater than total appropriations.

As the Authority's policy makers, the Governing Board (Board) sets the direction of the agency. This budget provides a framework for the Authority's finances and serves as a source of information for the Board, staff, Measure A agencies, and the public. The programs and services represented in this budget focus on the Authority's mission to maximize the use of limited available resources to best improve the transportation network in Sacramento County.

To that end, the following goals have been established:

GOALS

- Maximize program effectiveness through efficient and effective stewardship of all public resources.
- Collaborate with partner agencies to ensure the timing of their funding needs and the availability of funding resources are complementary.
- Advocate for partner agencies projects and programs and assist in leveraging funding.
- Provide accurate and timely distribution of required financial reports.
- Effectively implement taxpayer safeguards identified in the Measure A Ordinance.
- Provide support to the Independent Taxpayer Oversight Committee (ITOC) in its mission to safeguard public resources by overseeing annual fiscal and periodic performance audits.
- Engage the public and solicit its input on important Authority matters.

The budget process is structured to allow the Board, staff, ITOC, and the public adequate time for review and analysis of the budget's key components. The budget process begins in December after completion and approval of the prior year's audited annual financial statements. Staff update the budget with sales tax revenue forecasts developed in conjunction with the Authority's consultant – Avenu Insights and Analytics. At the same time, staff work with each Measure A agency to gather financial information for the Capital Improvement Program (CIP) and other ongoing transportation programs. In April, a draft of the final budget is presented to the ITOC. In May, a draft of the final budget is presented to the Board for its consideration and comments. In June, the final budget is presented to the Board for adoption.

SACRAMENTO COUNTY AT A GLANCE

Sacramento County was incorporated in 1850 as one of the original 27 counties in the State of California. The County's largest city, the City of Sacramento, is the seat of government for the State of California and serves as the County Seat. Sacramento became the State Capital in 1854.

The County encompasses approximately 994 square miles in the middle of the 400-mile long Central Valley, which is California's prime agricultural region. The County is bordered by Contra Costa and San Joaquin Counties to the south, Amador and El Dorado Counties to the east, Placer and Sutter Counties to the north, and Yolo and Solano Counties to the west. The County extends from the low delta lands between the Sacramento and San Joaquin Rivers north to about ten miles beyond the State Capitol and east to the foothills of the Sierra Nevada Mountains. The southernmost portion of Sacramento County has direct access to the San Francisco Bay.

The geographic boundaries of the County include seven incorporated cities: Sacramento, Folsom, Galt, Isleton, Citrus Heights, Elk Grove, and Rancho Cordova. Each of these cities contributes a rich and unique dimension to the Sacramento County region.

The County's population is currently about 1.59 million with an average annual growth rate of approximately 1.0%. In December 2022, the County's unemployment rate was 3.5%, down from 4.7% in December 2021 and 14.1% in April 2020 when the world was in the early stages of the global pandemic. Per capita personal income increased by 6.0% to \$61,829 in 2022 when compared to 2021 when it was \$58,307. The region enjoys a diverse employment base as many state agencies



944
SQUARE MILES

1.59 MILLION
POPULATION

\$61,829
PER CAPITA
PERSONAL
INCOME

are headquartered in the region. In addition, healthcare entities such as UC Davis Health Systems and Kaiser Permanente employ large pools of highly skilled workers, technology giant Intel employs manufacturing personnel, and construction in the commercial, infill, and residential sectors has been robust, despite the pandemic and economic uncertainty.

Sacramento is located within a couple hour's drive of some of the world's most desirable outdoor recreation destinations – Lake Tahoe, the Sierra Nevada mountains, Yosemite, Mount Lassen/Shasta, and the Giant Redwoods.

BUDGET OVERVIEW

The Authority receives funding for its primary program, Measure A, from two sources – local sales tax and development fees. Despite the pandemic and its global impact – in health and financial terms – the Authority has been surprisingly resilient as sales tax revenue has outpaced even the most optimistic expectations. The unemployment rate which reached a high of 14.1% in the height of the pandemic is now 3.5%. Sales tax revenue for FY 2021-22 came in 20.4% higher than budgeted, while sales tax revenue for FY 2022-23 is expected to come in at \$176.1 million 1.8% higher than FY 2021-22 actual sales tax revenue.

The final budget contains three years data – prior year actual amounts identified as “FY 2022 Actual,” current year amounts identified as “FY 2023 Estimate”, and the budget year amount, reported as “FY 2024 Proposed.” The FY 2023 Estimate is based on roughly 7 months of actual accounting data (modified accrual basis), while the remainder of the fiscal year is based on estimates.

The final budget anticipates \$184.2 million in total revenue, which is a decrease of about \$6.5 million (-3.4%) over the budgeted amount for the prior year. Appropriations for FY 2023-24 are expected to total \$198.9 million, a decrease of about \$1.1 million (-0.6%) compared to the prior year budget. The net impact on fund balance is an increase of \$7.1 million (17.0%).

Major factors (10% or more change) impacting the budget are as follows:

MAJOR FACTORS

Interest and other revenue are projected to decrease by \$4.1 million (-91.9%) to about \$365,000 in budget year FY 2023-24 based on the Authority anticipating refinancing the variable rate bond debt and terminating interest rate swap agreements. The interest rate swap agreements pay the authority 67% of 1-to-3-month LIBOR. These payments are recognized as interest and other revenue, resulting in the high amount of interest expected in FY 2022-23.



MAJOR FACTORS

SacMetro FSP revenue is projected to decrease by about \$516,000 (-13.2%) to about \$3.4 million in budget year FY 2023-24 based on the California State grant dollars being billed up to the extent of the contract. Historically, there was a carryover between years that was budgeted as being fully collectable in the next budget year.

Sacramento Abandoned Vehicle Service Authority (SAVSA) revenue is projected to increase by approximately \$311,000 (778.5%) based on the expectation that California State legislation will pass AB 333 allowing for the reinstatement of the fee program late in FY 2023-24.

Administration appropriations are expected to increase over \$683,000 (85.4%) because outlays for consulting contracts are expected to increase. There is also a significant onetime expense (\$516,000) for the printing cost of the citizens' initiative ordinance and expenditure plan in the County Voter Information Guide which was on the ballot in November 2022. The California Election Code required Authority to submit the ordinance to the voters. The Election Code also requires that the County be reimbursed the cost of the election by those placing it on the ballot. Since these costs were unanticipated by the Authority, the County has agreed to defer the reimbursement until FY 2023-24.

SAVSA appropriations are expected to increase by more than \$276,000 (366.8%) because reinstatement of the fee program is expected late in FY 2023-24.

Professional services are expected to decrease by \$160,000 (-48.5%) mostly due to an infrequent Nexus study that was conducted for the Sacramento Countywide Transportation Mitigation Fee Program during FY 2022-23 that will not reoccur for five years.

Capital Improvement Program (CIP) appropriations are expected to increase by about \$5.8 million (21.5%) to \$32.9 million as Caltrans has increases in project spending and the Capital SouthEast Connector has a new segment of the connector starting the planning and preliminary engineering phases in FY 2023-24.

MAJOR FACTORS

Debt service interest and other charges is anticipated to decrease by about \$4.8 million (-19.6%) to \$19.9 million as interest rates have increased substantially in FY 2022-23 and are anticipated to increase higher before fiscal year end. These expenses are substantially offset by swap partner interest income that is recognized as revenue. The Authority is anticipating refinancing all of the variable rate debt in FY 2023-24, which will lower interest and other charges in the budget year.

CONSOLIDATED BUDGET GENERAL FUND, SAVSA, TRANSIT SERVICES, AND DEBT SERVICE - REVENUE, APPROPRIATIONS, AND FUND BALANCE

Description	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change from FY 2023	Change in Percent
Revenues						
Sales Tax	\$ 172,916,487	\$ 176,143,000	\$ 176,143,000	\$ 174,000,000	\$ (2,143,000)	-1.2%
SCTMFP Fees *	8,237,424	6,002,671	6,002,671	6,022,951	20,280	0.3%
Interest and Other	203,716	4,511,920	4,712,258	364,731	(4,147,189)	-91.9%
SacMetro FSP **	3,633,885	3,920,122	3,597,961	3,403,755	(516,367)	-13.2%
SAVSA***	1,277,403	40,000	40,000	351,405	311,405	778.5%
Total Revenues	\$ 186,268,915	\$ 190,617,713	\$ 190,495,890	\$ 184,142,842	\$ (6,474,871)	-3.4%
Appropriations						
Administration	\$ 666,334	\$ 799,624	\$ 770,688	\$ 1,482,739	\$ 683,115	85.4%
SacMetro FSP	3,680,165	3,596,477	3,537,548	3,556,379	(40,098)	-1.1%
SAVSA	1,305,174	75,285	39,022	351,421	276,136	366.8%
Transit	6,753,289	5,462,106	2,659,180	4,500,000	(962,106)	-17.6%
Professional Services	-	330,000	330,000	170,000	(160,000)	-48.5%
Contributions to Measure A Entities:						
Ongoing Allocations	135,341,084	137,953,929	137,621,351	136,060,234	(1,893,695)	-1.4%
Capital Improvement Program (CIP)	22,642,902	27,076,268	17,412,486	32,900,898	5,824,630	21.5%
Debt Service:						
Principal	4,235,000	4,455,000	4,455,000	4,380,000	(75,000)	-1.7%
Interest and Other Charges	15,617,120	20,257,063	20,257,063	15,488,283	(4,768,780)	-23.5%
Total Appropriations	\$ 190,241,068	\$ 200,005,752	\$ 187,082,339	\$ 198,889,954	\$ (1,115,798)	-0.6%
Net Increase (decrease) in Fund Balance	(3,972,153)	(9,388,039)	3,413,551	(14,747,112)	(5,359,073)	57.1%
Beginning Fund Balance	64,410,869	51,375,057	60,438,716	63,852,267	12,477,210	24.3%
Ending Fund Balance	\$ 60,438,716	\$ 41,987,018	\$ 63,852,267	\$ 49,105,155	\$ 7,118,137	17.0%
Fund Reserve****	2,200,000	7,800,000	7,800,000	7,500,000	(300,000)	-3.8%
Ending Fund Balance Less Reserve	\$ 58,238,716	\$ 34,187,018	\$ 56,052,267	\$ 41,605,155	\$ 7,418,137	21.7%

* Sacramento Countywide Transportation Mitigation Fee Program

** Sacramento Metropolitan Freeway Service Patrol

*** Sacramento Abandoned Vehicle Service Authority

**** FY 2023-24 \$7.2 million for the capital program and \$300,000 for administration

BUDGET IMPROVEMENTS FOR FY 2023-24

Fund balance reserves have been adjusted in the budget year to be in compliance with GFOA guidelines in that; two to four months' revenue or expenditures, whichever is more stable, be set aside for economic uncertainties and any other unforeseeable changes in revenue or expenditures impacting fund balance. The more stable basis in the Authority's case is revenue. For FY 2023-24, the CIP and administration reserve fund balances are budgeted at \$7.2 million and \$300,000, respectively. Other improvements include the following:

BUDGET IMPROVEMENTS

- **Capital Improvement Program** – added a table representing the Smart Growth Improvement Program.
- **Budget Process and Fiscal Policies** – added a Retirement Benefit Funding Policy.
- **Budget Tables** – reformatted so that financial information more closely relates to the Annual Comprehensive Financial Report.
- **Tables and Graphs** – added tables and graphs showing trends and metrics.

STRATEGIC PLANNING GOALS AND STRATEGIES

The Authority's mission is to fund innovative and sustainable transportation solutions to help relieve traffic congestion, improve air quality, expand public transit, address state of good repair needs, improve biking and walking, and improve public safety.

The Strategic Plan articulates the Authority's long-term goals, objectives, and priorities. It is comprised of four goals – financial stability, operational efficiency, outreach and education, and transportation planning and prioritization.

GOAL 1 | FINANCIAL STABILITY

The goal is to ensure adequate fiscal resources are available to fulfill the Authority's mission. The Authority has a fiduciary responsibility to regularly monitor current and projected revenues and expenditures to ensure an appropriate amount of funding is available when needed. The Authority's two funding sources for its Measure A program are local sales tax and development fee revenues. It also has access to the debt market to advance projects. The table on the following page summarizes five years' data for the Authority's funding sources, debt metrics, and fund balance.

KEY PERFORMANCE INDICATORS

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Estimate	FY 2023-24 Proposed
Sales Tax Revenue	\$ 119,187,748	\$ 153,560,355	\$ 172,916,487	\$ 176,143,000	\$ 174,000,000
Mitigation Fee Revenue	7,551,556	8,956,992	8,237,425	6,002,671	6,022,951
Bonded Debt Outstanding	356,985,000	352,935,000	348,700,000	342,545,000	338,165,000
Debt Service Coverage Ratio	5.87x	6.79x	8.96x	9.17x	8.76x
Bond Rating (S & P)	AA+	AA+	AA+	AAA	AAA
Fiscal-Year-End GF Fund Balance	\$ 42,545,332	\$ 37,993,208	\$ 46,215,439	\$ 51,785,747	\$ 37,792,203

In its effort to carry out this goal, Authority staff identified strategic objectives that are regularly monitored and updated to ensure that fiscally responsible actions are undertaken as needed for the program's long-term financial stability.

1. Perform revenue forecasts at least annually.
 - a. Engage a revenue projection consultant to assist Authority staff in developing revenue forecasts for sales tax and development fees through the end of the program in FY 2038-39.
2. Perform cash flow analyses for the five-year Capital Improvement Program (CIP) based on single-year and multi-year funding contracts.
 - a. Regularly review cash flows and available fund balance to ensure adequate program funding.
3. Annually, provide updated financial information to bond rating agencies.
 - a. Periodically meet in person with the Authority's bond program credit rating agencies to provide updated financial and other economic information for the region and Authority.
4. Provide financial reporting package to financial institutions on a quarterly basis.
 - a. Within 60-days after the end of each fiscal quarter and upon completion of the audited financial statements, provide required financial information to each financial institution underwriting the Authority's bond program.

GOAL 2 | OPERATIONAL EFFICIENCY

The goal is to implement and maintain effective operational practices. The Authority needs to maximize fiscal restraint for program administration costs which include salaries and benefits, overhead such as office space, IT equipment and services, and contracts for professional services such as studies, legal, and financial auditing. Funding for program administration is limited to 0.75% of the net sales tax proceeds. However, non-recurring revenue such as the reimbursement for certain services provided to partner agencies may increase the total revenue available for program administration. The following table summarizes sales tax allocations and expenditures for administration for five fiscal years including the budget year.

KEY PERFORMANCE INDICATORS

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Estimate	FY 2023-24 Proposed
Sales Tax Allocation for Administration	\$ 969,170	\$ 1,132,225	\$ 1,275,886	\$ 1,297,383	\$ 1,282,666
Other	55	55	168	50	50
Beginning Fund Balance	861,894	722,531	1,261,991	1,871,711	2,398,456
Total Revenues and Fund Balance	\$ 1,831,119	\$ 1,854,811	\$ 2,538,045	\$ 3,169,144	\$ 3,681,172
Expenditures:					
Salaries and Benefits	\$ 511,904	\$ 470,836	\$ 516,282	\$ 533,863	\$ 605,047
Overhead	129,724	82,888	94,911	104,718	115,894
Professional Services	466,961	39,096	55,141	132,107	761,798
Total Expenditures	\$ 1,108,589	\$ 592,820	\$ 666,334	\$ 770,688	\$ 1,482,739
Ending Fund Balance	\$ 722,530	\$ 1,261,991	\$ 1,871,711	\$ 2,398,456	\$ 2,198,433

Generally, sales tax allocations combined with non-recurring revenues exceed expenditures leaving a fund balance to carry into the following year. The Authority does not rely on non-recurring revenue to fund program administration. To maximize operational efficiency, staff implemented strategic objectives to ensure that every appropriated dollar is justified.

1. Prepare multi-year cash-flow analyses.
 - a. As part of the budget cycle and mid-year, staff prepare cash-flow analyses to ensure a reasonable fund balance is maintained considering the changes in expected revenues and expenditures.
2. Maintain a fund balance reserve for the five-year Capital Improvement Program (CIP) and Administration funds.
 - a. The fund balance reserve for the CIP in the budget year is \$7.2 million and \$300,000 for the Administration fund.
3. As contracts for services expire, bid out the services through the competitive bid process.
 - a. Contracts for sales tax audit and financial projection services were executed during FY 2022-23. All services were bid through a competitive process and the lowest cost, qualified firms were hired.
4. Allocate administration costs to the SacMetro FSP and SAVSA programs using an annually updated formula.

GOAL 3 | OUTREACH AND EDUCATION

The Authority is a small agency with limited exposure to the public, so it needs to proactively engage stakeholders and the public. To do so, the Authority established strategic objectives designed to accomplish this engagement.

1. Promote an awareness of regularly scheduled Independent Taxpayer Oversight Committee (ITOC) meetings.
 - a. Developed a website dedicated to the ITOC. Established a meeting calendar.
 - b. Invite ITOC to regularly update the Board in its efforts to carry out its responsibilities as identified in the Measure A Ordinance.
2. Promote attendance at Board meetings.
 - a. Invite regional agencies, partner agencies, stakeholders, and local advocate groups to participate in Board meetings.
 - b. Highlight board meetings and action using social media.
3. Enlist awareness at the agency level.
 - a. Require local jurisdictions to post approved signage on vehicles and projects.
 - b. Highlight regional and local jurisdiction accomplishments with Measure A funds using social media.

GOAL 4 | TRANSPORTATION PLANNING AND PRIORITIZATION

The Measure A program spans 30 years – 2009 through 2039. Voters approved an Expenditure Plan as part of the Measure A Ordinance identifying which projects should be constructed and how much funding is allocated by project type based on the revenue forecasts included in the Expenditure Plan. The Authority is charged with monitoring projects and spending as envisioned in the Expenditure Plan. The following strategic objectives are designed to accomplish that goal.

1. Regularly engage program partners
 - a. Meet regularly with the Professional Advisory Group (PAG) to discuss current issues and for planning purposes. This group consists of representatives from each partner agency – members are typically directors or designated staff.
 - b. Meet regularly with regional agencies such as SACOG to discuss current issues and regional plans.

- c. Regularly communicate the Authority's financing plans by fiscal year and project.
 - d. Present a status update of each project under contract with the Authority to the Board and ITOC on a quarterly basis.
2. Assess program financing needs.
- a. Regularly perform cash-flow analyses to determine what financing mechanisms are available to meet program needs.
 - b. Meet regularly with the PAG and regional agencies to discuss project and program financial needs, upcoming grant opportunities, and potential collaboration.
3. Develop Successful Collaborations.
- a. Assist individual partner agencies in collaborating on mutually beneficial strategies to advance projects and secure additional funding.
 - b. Partner with SACOG on mutually beneficial strategies to advance projects and secure additional funding.
 - c. Prioritize projects in collaboration with partner agencies and regional stakeholders to be competitive with other regions submitting the same grant applications.
 - d. Assist partner agencies with grant applications and if needed submit them.

The Authority views the strategic goals and objectives above with the mindset that it has the fiduciary responsibility to carry out the program's objectives in an orderly, equitable, and transparent way.

CHALLENGES

The Measure A Capital Improvement Program (CIP) is currently financed through sales tax pay-go and the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP) funding since remaining proceeds from bonds issued early in the program were expended in FY 2017-18. Since then, the Authority has been funding its CIP on a pay-go basis. Fund balance and cash receipts from the sales tax and development fee programs is projected to be sufficient to pay for anticipated claims during the budget year. The cash accumulation is in part, the result of project delays including construction bids coming in higher than engineers' estimates – delaying project starts and the related spending, and agencies with matching funds that have yet to successfully obtain grant funds. Since project costs continue to escalate over time and given the limited funding availability, some projects may not be completed. Adding to that challenge, the Authority begins making principal payments on existing debt in FY 2028-29, significantly reducing cash available for projects. Because of delayed capital spending and debt program constraints, demand for funding and available cash will likely not align, creating future challenges. Further exacerbating this challenge is that the current grant environment does not align well with the remaining projects.

The Measure A Ordinance limits to 0.75% of the net sales tax revenue, the amount that can be used to fund administration. Since sales tax revenue fluctuates but salaries, benefits, and other costs such as the California Public Employee Retirement System (CalPERS) unfunded liability continue to rise, the current staffing level of 3 full-time equivalent (FTE) positions is not likely to increase in the near term. At the same time, staff workload continues to increase as the Authority implements new programs such as the Smart Growth Incentive and Transportation Project Environmental Mitigation Programs which began in FY 2021-22.

The challenges mentioned above are not insurmountable over the long run with careful planning and monitoring. In response to these challenges, Authority staff continue monitoring long-term program financing for the CIP and administration costs by taking steps to ensure adequate funding is available to pay for the anticipated costs. This is accomplished, in part, by annually updating our revenue forecasts and adjusting program expenditures accordingly.

CAPITAL IMPROVEMENT PROGRAM (CIP)

In 2004 voters approved 54 projects which are identified in the Sacramento County Transportation Expenditure Plan 2009-2039 (Expenditure Plan). The agencies implementing the projects are the County of Sacramento (County), the cities of Galt, Elk Grove, Rancho Cordova, Sacramento, Citrus Heights, and Folsom, the California Department of Transportation (Caltrans), Sacramento Regional Transit (SacRT), and the Capital SouthEast Connector Authority. After voters approved Measure A in 2004 and before collection of the sales tax began in April 2009, Authority staff coordinated a multi-year effort to determine funding by fiscal year for each project through the end of the Measure A program in 2039. The CIP allocation plan serves as a roadmap for the program's projects, but the Measure A Ordinance requires a review of the overall program beginning in 2019 and every 10 years thereafter. This effort affords an opportunity to update the Expenditure Plan with current priorities based on input and approval from the County Board of Supervisors and a majority of city councils constituting a majority of the incorporated population. The first such effort was completed in June 2021.

The Authority does not construct, operate, or own the related capital assets for any of the projects in the Expenditure Plan. The Authority exists, in part, to administer funding for the CIP. As such, there is no impact on the Authority's operating costs resulting from constructing projects in the Expenditure Plan.

There are currently 11 projects and the Smart Growth Incentive Program (SGIP) programmed to receive Measure A funding during FY 2022-23 through interagency funding agreements. All CIP projects and the SGIP are multi-year or long-term in nature, therefore they span multiple funding agreement cycles. Since availability of funding is a primary driver for the construction cycle, some projects may stall while enough funding is identified. Therefore, it is not uncommon to reallocate funding from one project to another based on the availability of matching fund from sources such as the state and federal government funding and the phase of the project. Since Measure A funding is normally the local matching component for other funding sources, the Authority and the agencies building the projects work together throughout the project lifecycle to ensure funding is available when and where needed. Since most projects receive funding from multiple sources, a project's allocation of Measure A funding may be exhausted before completion of the project depending on agency priorities and the availability of matching funds.

The following pages cover projects included in the FY 2023-24 budget:

CIP PROJECTS



- **Bradshaw Road/Phase 2** – this project will construct capacity, safety, and access improvements at the Bradshaw/Jackson intersection. The FY 2023-24 appropriation is \$334,000.
- **Folsom Boulevard/Complete Streets** – this project will improve safety and connectivity along Folsom Boulevard between Bradshaw Road and Mayhew Road. The FY 2023-24 appropriation is \$297,000.
- **Greenback Lane/Complete Streets** – this project, which is on Greenback Lane between Chestnut Avenue and Folsom City Limits, will improve safety and connectivity. The FY 2023-24 appropriation is \$1,782,000.
- **Hazel Avenue/U.S. 50 to Folsom Boulevard** – this project will construct capacity, safety, and access improvements at the U.S. 50/Hazel Avenue interchange and the Hazel Avenue/Folsom Boulevard intersection. The FY 2023-24 appropriation is \$4,895,000.
- **Madison Avenue/Phase I** – this project will widen Madison Avenue from 4 to 6 lanes with raised medians between Fair Oaks Boulevard and Hazel Avenue in the Citrus Heights and Fair Oaks areas. The FY 2023-24 appropriation is \$1,276,000.
- **Sunrise Boulevard/Jackson to Grant Line** – this project will widen the existing intersection at Jackson Road and Sunrise Boulevard. The FY 2023-24 appropriation is \$330,000.
- **Watt Avenue/Antelope to Capital City Freeway** – this project will provide safety and connectivity improvements on Watt Avenue north of I-80 from Orange Grove Avenue to Roseville Road. The FY 2023-24 appropriation is \$27,000.
- **South Watt/Elk Grove-Florin Road** – this project will widen South Watt Avenue from two to four lanes between Florin Road and Jackson Road. The FY 2023-24 appropriation is \$2,694,000.

CIP PROJECTS


 City of
 SACRAMENTO

- **Richards Boulevard/I-5 Interchange** – this project will provide long-term operational and circulation improvements to address future impacts resulting from high density development in the Central City. The FY 2023-24 appropriation is \$400,000.
- **Intermodal Station/Phase III** – this project is currently in the planning phase for the expansion of the existing station facility which will better connect transportation services closer to the relocated train track and platform alignment. The FY 2023-24 appropriation is \$400,000.
- **Intermodal Governance** – this project is to research, analyze alternatives, coordinate with interested parties, and implement the creation of a new regional governance structure for the management and expansion of the Intermodal Station, including regional rail, light rail, intra-city transit, local transit, and multi-modal connections associated with the Sacramento Valley Station and its facilities. The FY 2023-24 appropriation is \$500,000.



- **U.S. 50 high occupancy vehicles (HOV)/I-5 to Watt Avenue** – this project is designed to reduce recurring congestion on U.S. 50 from the Watt Avenue Interchange (where the current HOV lanes start and stop on U.S. 50) to the I-5 Interchange in downtown Sacramento. The FY 2023-24 appropriation is \$7,274,940.
- **I-5 HOV** – this project, in its first phase, will construct bus/carpool lanes on I-5 from Beach Lake Bridge to Interstate 80. The FY 2023-24 appropriation is \$3,500,000.

CIP PROJECTS



- This project consists of a 34-mile-long expressway that will serve as a beltway through the southern area of Sacramento County into El Dorado County, enabling travelers to bypass downtown Sacramento and Highway 50 congestion between Elk Grove, Rancho Cordova, Folsom, and El Dorado Hills. The FY 2023-24 appropriation is \$6,700,000.
- The Authority staff along with the staff from the County of Sacramento, City of Rancho Cordova, and Capital SouthEast Connector JPA have developed a funding strategy to advance Grant Line Road between the Chrysanthy Blvd. Intersection and the White Rock Road Intersection as a shovel ready phased project compatible with the ultimate design. Total funding to get this project shovel ready is approximately \$10,000,000 with \$6,000,000 of capital allocation from the Authority. This project will ultimately improve safety, mobility, pavement condition and intersection operations.

SMART GROWTH INCENTIVE PROGRAM

- Projects identified on a competitive basis that meet certain smart growth objectives and take into account the Sacramento Area Council of Governments' Community Design competitive funding program. Funding for Cycle 1 of was awarded in March of 2022 with funding allocated over the three fiscal years. Funding for Cycle 2 will be awarded in fall of 2023. The FY 2023-24 appropriation is \$2,490,958.

LONG-TERM FINANCIAL PLANNING

Sales tax revenue forecasts are the starting point for short and long-term financial planning. At least annually, Authority staff work with revenue projection consultant – Avenu Insights and Analytics – to provide updated revenue forecasts for each remaining fiscal year of the Measure A sales tax program – through FY 2038-39. This information is used to provide overall program revenues based on audited revenue amounts for past years and forecasts for the remaining years as a comparison to the revenue forecasts included in the Expenditure Plan approved by voters in 2004. A portion of this revenue is pledged to service the Authority’s debt program and to determine the Authority’s debt coverage percentages which are important to investors and financial institutions underwriting its debt. In addition, this effort allows the Authority to determine if projected revenue supports the issuance of additional debt, as necessary.

Additionally, the Authority hired consultant – Economic & Planning Systems – to project revenues for the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP) through 2038-39. This initial effort was completed in August 2021. Historically, forecasts for this program have been developed internally. However, given that the CIP has been funded on a pay-go basis since FY 2017-18 when debt proceeds were exhausted and cash balances to fund the program have been declining year over year, understanding cash flows has become increasingly important. When the Expenditure Plan was developed in 2004, the revenues for this program were estimated to be \$488 million. However, using the recent projections, revenues are expected to come in at about 37.6% of expectations or \$183.3 million.

To illustrate the Authority’s ability to continue funding its commitments for the remainder of the program, staff prepare a summary of funding sources and uses including legally required ongoing allocations, capital project costs, and debt service costs. The following table summarizes each revenue and expenditure type by fiscal year based on actual data through FY 2021-22, an estimate for FY 2022-23, and forecasts for the remaining years.

Total funding sources for Measure A are cumulatively projected to be \$5.6 billion consisting of local sales tax revenue of \$5.0 billion, development fees of \$183.3 million, and the issuance of bonded debt in the amount of \$377.1 million. In the voter approved Expenditure Plan, funding from the sales tax program was projected to be \$4.7 billion and \$488 million for the development fee program – a total of \$5.2 billion. If the current projections hold true, then overall program revenue will come in about \$411 million higher than estimates incorporated in the Expenditure Plan.

Total uses of funds are projected to be \$5.6 billion consisting of ongoing allocations of \$4.0 billion, capital improvement programs cost of \$849.1 million, and debt service costs of \$741.4 million – of which \$377.1 million is bond principal. The interest costs for debt issued early in the program reduce the funds available to construct capital projects currently, but debt funding afforded the region the opportunity to advance many projects early in the program, completing them for less money when inflation is considered.

MEASURE A PROGRAM REVENUE AND APPROPRIATION SUMMARY (IN 000'S)

Fiscal Year	Sales Tax Revenue	SCTMFP	Bonds Issued	Total Sources	Ongoing Allocations**	CIP ***	Debt Service Net****	Total Uses
2010	\$ 81,414	\$ 3,074	\$ 318,300	\$ 402,788	\$ 64,807	\$ 209,223	\$ 11,426	\$ 285,456
2011	87,299	2,334	-	89,633	69,492	49,025	16,182	134,699
2012	92,240	2,957	-	95,197	73,425	35,957	14,836	124,218
2013	97,390	3,176	53,400	153,966	77,524	16,917	15,687	110,128
2014	100,063	3,541	-	103,604	79,652	17,124	16,231	113,007
2015	105,564	4,624	-	110,188	84,031	20,233	15,797	120,061
2016	110,708	4,364	-	115,072	88,126	26,206	17,218	131,550
2017	116,878	7,848	-	124,726	93,037	16,697	18,999	128,733
2018	119,188	7,622	-	126,810	94,876	13,250	19,491	127,617
2019	131,757	6,684	-	138,441	103,992	10,706	17,403	132,101
2020	131,591	7,552	-	139,143	103,808	20,411	18,739	142,958
2021	153,560	8,957	-	162,517	122,234	26,081	19,305	167,620
2022	172,916	8,237	-	181,153	137,624	22,643	19,859	180,126
2023	176,143	6,003	5,419	187,565	140,213	17,412	19,205	176,830
2024	174,000	6,023	-	180,023	138,507	31,313	19,868	189,688
2025	180,553	6,429	-	186,982	143,724	35,737	20,772	200,233
2026	190,247	5,438	-	195,685	151,440	33,162	20,771	205,373
2027	196,618	5,541	-	202,159	156,512	25,441	20,773	202,726
2028	202,556	5,689	-	208,245	161,239	19,808	20,773	201,820
2029	208,096	5,842	-	213,938	165,649	18,343	35,004	218,996
2030	213,729	6,108	-	219,837	170,133	18,343	36,143	224,619
2031	219,515	6,160	-	225,675	174,738	18,343	36,323	229,404
2032	225,457	6,325	-	231,782	179,468	18,343	36,164	233,975
2033	231,602	6,494	-	238,096	184,360	18,343	36,260	238,963
2034	220,266	6,669	-	226,935	175,336	18,343	36,301	229,980
2035	215,415	10,368	-	225,783	171,475	18,343	36,297	226,115
2036	225,544	7,031	-	232,575	179,538	18,343	36,535	234,416
2037	234,217	7,220	-	241,437	186,441	18,343	36,131	240,915
2038	240,644	7,414	-	248,058	191,557	18,343	36,561	246,461
2039*	185,461	7,612	-	193,073	147,630	18,331	36,336	202,297
Total	\$ 5,040,631	\$ 183,336	\$ 377,119	\$ 5,601,086	\$ 4,010,589	\$ 849,107	\$ 741,390	\$ 5,601,086

* Program sunsets March 2039
 ** Ongoing allocations as required under the Measure A Ordinance
 *** CIP expenditures include those funded with revenue anticipation notes issued in 2006 and 2007 totaling \$183 million
 **** Net of interest rate swap revenue

The information in the table above is based on the following methodologies:

- Sales tax revenue forecasts were developed by Authority staff and Avenu Insights and Analytics in December 2022.
- SCTMFP forecasts were developed by Authority staff and Economic & Planning Systems in August 2021.
- Ongoing allocations are required per the Measure A Ordinance and calculated by multiplying the sales tax revenue by 79.25% - which is the sum of the allocations identified in the Expenditure Plan.
- The remaining sales tax revenue is available as pay-go for the CIP.

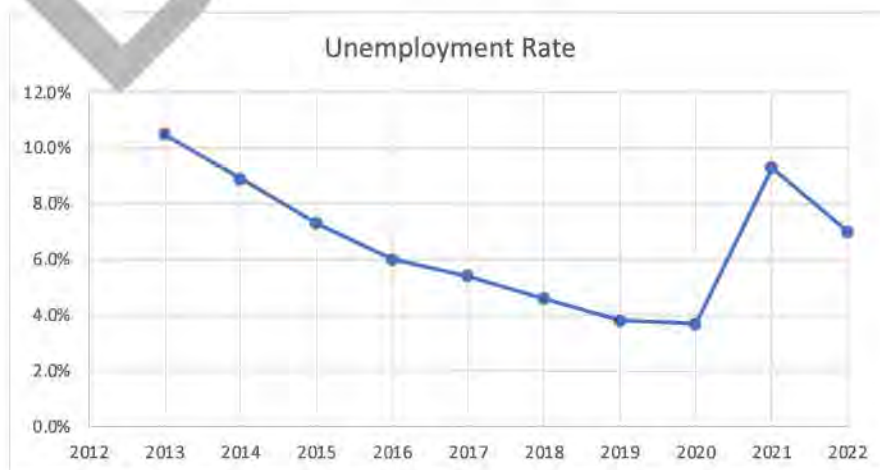
- CIP allocations are the actual amounts through FY 2021-22, estimated for FY 2022-23, and forecasts for the remaining years.
 - o Much of the CIP funding (38.7%) was spent in the first five years of the program because bonds were issued to advance projects.
- Debt service costs are the actual amounts through FY 2021-22, while the remaining years' costs were estimated by the Authority's financial consultant – PFM Financial Advisors.

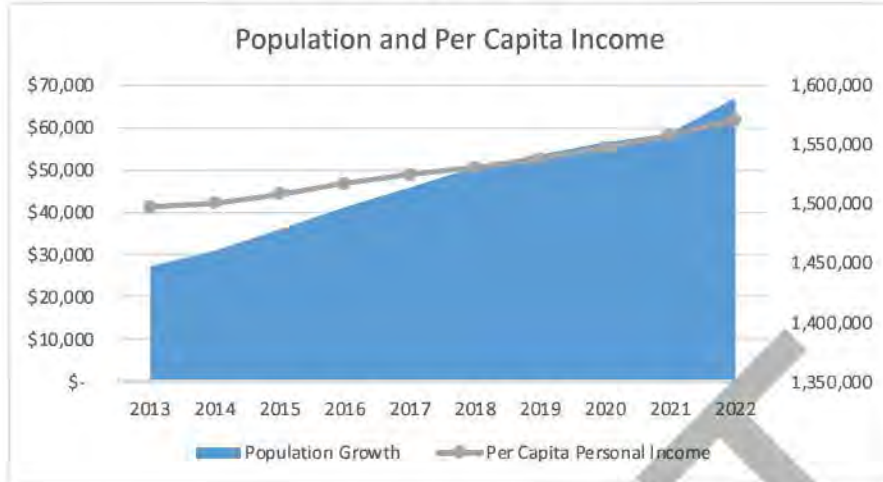
FACTORS EFFECTING FINANCIAL CONDITION

The following charts represents some of the fundamentals driving Sacramento County's financial condition during the past 10 years. Unemployment was 7.0% in March 2022 and 9.3% in March 2021 after reaching a high of 14.7% in April 2020 when the global pandemic began. Annualized unemployment rates in the table differ markedly from the data points above. Unemployment is trailing lower, as businesses have sustained demand for consumer products and services. During 2022, the County's population increased by 30,000 (1.9%) and per capita personal income increased by 6.0% to \$61,829. A portion of the current growth is net migration from surrounding counties with a higher cost of living. Population growth directly supports increases in taxable retail sales and associated revenues.

The last year has been full of uncertainty as the effects from increasing consumer spending, supply constraints and pandemic financial relief have caused higher than average inflation. At its peak inflation reached 8.5%, its highest rate since 1982. The Federal Reserve has responded by increasing interest rates and using other contractionary monetary policy. Even with all the uncertainty citizens in the region have proven to be resilient. Consumer spending caused sales tax receipts to reach an all-time high of \$172.9 million in FY 2021-22. The trend is expected to flatten as sales tax revenues are estimated to be \$176.1 million in FY 2022-23 and \$174.0 million in FY 2023-24.

The following charts capture fundamental economic data for Sacramento County for the past 10 years:





In summary, the County has prospered over the last decade, but the Authority will continue to monitor national, regional, and local trends to respond accordingly. The Board and staff will strive to serve the public with transparency and continue practicing good stewardship over public resources in their effort to fund the region’s transportation needs.

Sincerely,

Dustin Purinton, CPA
Accounting Manager

Kevin Bewsey
Executive Director

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AUTHORITY
OVERVIEW

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AUTHORITY OVERVIEW

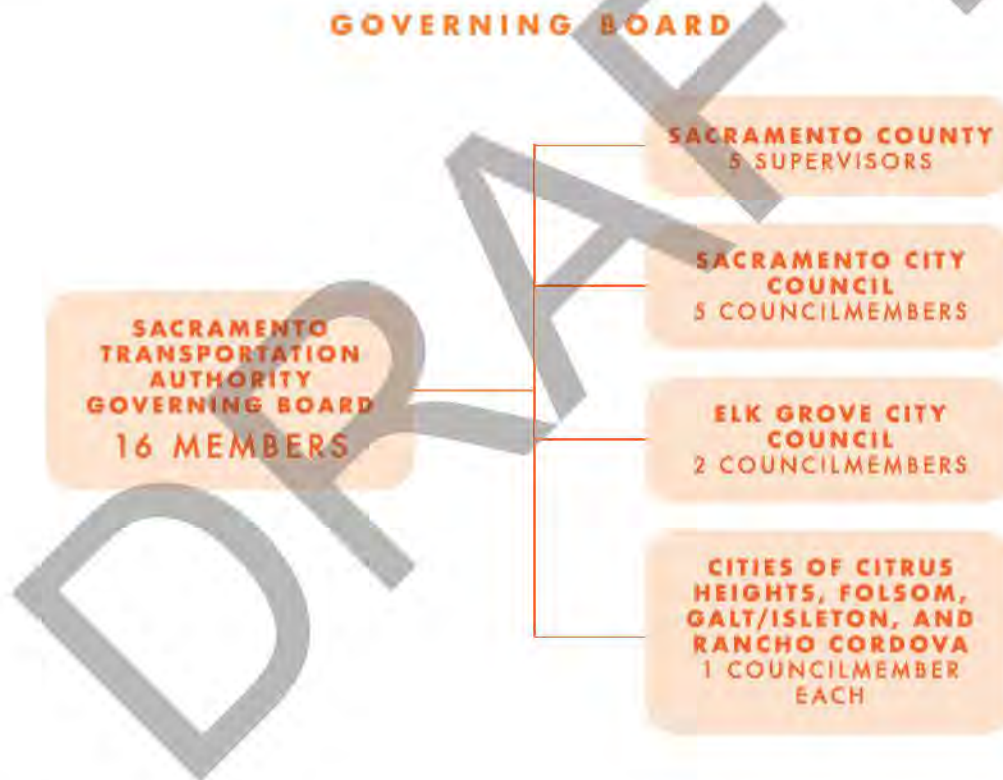
This section contains the Authority’s profile, Measure A safeguards, and a summary of its final budget. It also includes a discussion of the factors affecting the Authority’s financial condition. The final budget totals \$184.2 million in revenue from all funding sources reported in the General Fund, Sacramento Abandoned Vehicle Service Authority (SAVSA), and Transit Funds. The budget includes 3 authorized full-time equivalent (FTE) positions.

AUTHORITY PROFILE



The Sacramento Transportation Authority (Authority)—a Local Transportation Authority—was created in August 1988 under the Local Transportation Authority and Improvement Act, commencing with California Public Utility Code Section 180000 to administer the Measure A sales tax program. In November 1988, Sacramento County voters passed Measure A, an Ordinance enacted by the Authority’s Governing Board (Board) imposing a one-half cent retail sales tax to fund transportation improvements throughout Sacramento County for a 20-year period. In November 2004, voters approved a 30-year extension of the one-half cent retail sales tax beginning in April 2009 (Measure A). At the same time, the 1988 Measure A sales tax sunset. The Authority also administers the Sacramento Metropolitan Freeway Service Patrol (SacMetro FSP) and SAVSA programs, neither of which is affiliated with the Measure A retail sales tax program.

The Board is composed of 16 members, including five Sacramento County Supervisors, five members of the Sacramento City Council, two members of the Elk Grove City Council, and one councilmember each from the Cities of Citrus Heights, Folsom, Galt/Isleton, and Rancho Cordova. The Board generally meets monthly except for summer and fall recesses. It appoints the Authority’s Executive Director. The Executive Director is responsible for carrying out the policies and ordinances of the Authority and overseeing day-to-day operations and Authority staff consisting of the Accounting Manager and Special Programs Manager. As part of the Measure A Ordinance, voters approved the creation of the Independent Taxpayer Oversight Committee (ITOC) which regularly holds meetings. The ITOC consists of six members - three voting members with specific professional and/or community credentials in the areas of finance, engineering or transportation planning, and management of major development or construction projects. In addition, there are three non-voting members: STA Governing Board Chair or their designee, the Sacramento County Auditor or their designee, and the Authority’s Executive Director.



The Board advances the Authority’s mission, vision, and core values by overseeing the prompt, cost-effective delivery of funds to each Measure A agency. In doing so, the Authority helps to support each agency’s ongoing transportation programs related to street and road maintenance, traffic control and safety, streetscaping, pedestrian, and bike facilities. Additionally, the funding supports major capital construction projects throughout the region. To ensure that funding and other resources are available when needed, Authority staff regularly work with each Measure A agency to ensure that the short and long-term plans of the Authority and agency are complimentary.

The Authority also manages the Sacramento Metropolitan Freeway Service Patrol (FSP) Program started in November 1992 with just four trucks. Today, FSP covers all the major freeways in Sacramento and Yolo Counties with 20 trucks and provides over 40,000 assists a year. The FSP program reduces freeway congestion by quickly finding and removing minor incidents from the freeways. Minor incidents are responsible for more than half of all non-recurrent freeway congestion.

Authority staff manages the Sacramento Abandoned Vehicle Service Authority (SAVSA) which was created in 1991, to combat the growing problem of abandoned vehicles on both private and public property. Since SAVSA was created, over \$30 million in revenue has been collected to abate over 300,000 vehicles in the greater Sacramento Area (Sacramento City and County, and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, and Rancho Cordova.

The current SAVSA program expired in April 2022. The Governing Board approved placing a tax measure (Measure C) on the June 2022 ballot to reinstate the program for another ten years. The final election results for Measure C were received on July 12, 2022. While the Measure did receive a majority of the vote it did fail to meet the two-thirds voter approval requirement with a 57.7% voter approval. Staff is continuing to work on possible options to reinstate the SAVSA program.

MEASURE A GUIDING PRINCIPLES AND TAXPAYER SAFEGUARDS

The guiding principles of Measure A are to maintain and improve the quality of life in the County by implementing the Sacramento County Transportation Expenditure Plan 2009-2039 (Expenditure Plan) which strives to:

- Reduce traffic congestion.
- Improve air quality.
- Maintain and strengthen the county's road and transportation systems.
- Enhance the region's ability to secure state and federal funding for transportation by providing local matching funds.
- Preserve unique, natural amenities.
- Preserve agricultural land.

**MEASURE
A GUIDING
PRINCIPLES**

Under Measure A, specific taxpayer safeguards are in place to ensure that all funding is spent on specified, voter-approved transportation construction projects, improvements, and new programs identified in the Expenditure Plan. Those safeguards include the following:



TAXPAYER SAFEGUARDS

Projects and programs included in the Expenditure Plan will be funded by revenue raised by this transactions and use tax.

The Expenditure Plan is reviewed at least every ten years, beginning in 2019, to ensure that it reflects projected funding availability and current community needs such as demographics, economics, and technology changes.

The Expenditure Plan can only be changed upon approval by the County Board of Supervisors and a majority of the cities in the County representing a majority of the incorporated population.

The ITOC was created to supervise annual fiscal and periodic performance audits of all Measure A funds in addition to providing an independent review of the use of funds to ensure that Measure A funds are spent in accordance with provisions of the Expenditure Plan and Ordinance as approved by the voters.

Sales tax proceeds can only be used for transportation programs and cannot replace traditional revenues generated through locally adopted development fees and assessment districts.

A limit of 0.75% of the net sales tax can be used for the administration of the sales tax program.

REVENUE SOURCES

Under Measure A, the Authority's primary revenue source is generated from a local retail sales tax while a smaller revenue source is generated from development fees. On average, sales tax comprises 95.8% of the Measure A revenues. The Measure A Ordinance authorizes the Authority to collect a one-half cent sales tax on retail sales throughout the County. The development fee is collected under the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP). The table below summarizes each Measure A revenue source by fiscal year from program inception in FY 2009-10 through the budget year FY 2023-24. The sales tax growth rate averages 5.7% per year including an estimate for FY 2022-23 and forecast for FY 2023-24. The SCTMFP growth rate averages 7.7% per year; however, the growth rate fluctuates year-over-year from a low of -27.1% in FY 2022-23 to a high of 79.9% in FY 2016-17.

Authority staff, with the assistance of a consultant – Avenu Insights and Analytics, project sales tax revenue at least annually. Using these forecasts, staff monitor program cash-flows in relation to expected spending to determine what actions, if any, are necessary to align them.

MAJOR REVENUE SOURCES

Fiscal Year	Taxable Sales (000's)	Sales Tax (000's)	Growth Rate	SCTMFP Fees (000's)	Growth Rate	Ratio of Sales Tax to SCTMFP
2009-10	\$ 16,638,458	\$ 81,414		\$ 3,074		96.4%
2010-11	17,416,097	87,299	7.2%	2,334	-24.1%	97.4%
2011-12	18,608,568	92,240	5.7%	2,957	26.7%	96.9%
2012-13	19,552,242	97,390	5.6%	3,176	7.4%	96.8%
2013-14	20,624,371	100,063	2.7%	3,541	11.5%	96.6%
2014-15	21,536,376	105,564	5.5%	4,624	30.6%	95.8%
2015-16	22,655,018	110,708	4.9%	4,364	-5.6%	96.2%
2016-17	23,624,106	116,878	5.6%	7,848	79.8%	93.7%
2017-18	24,919,389	119,188	2.0%	7,622	-2.9%	94.0%
2018-19	26,166,831	131,757	10.5%	6,684	-12.3%	95.2%
2019-20	26,318,200	131,591	-0.1%	7,552	13.0%	94.6%
2020-21	30,712,000	153,560	16.7%	8,957	18.6%	94.5%
2021-22	34,583,200	172,916	12.6%	8,237	-8.0%	95.5%
2022-23*	35,228,600	176,143	1.2%	6,003	-27.1%	96.7%
2023-24**	34,800,000	174,000	-0.6%	6,023	0.3%	96.7%
Average	\$ 24,892,230	\$ 123,381	5.7%	\$ 5,533	7.7%	95.8%

* estimate

** forecast

The Authority administers the Sacramento Metropolitan Freeway Service Patrol (SacMetro FSP) which is funded with state and local grants averaging \$2.7 million annually. The California Department of Transportation (Caltrans) annually approves a state grant which is received on a reimbursement basis as the Authority invoices for services. Additionally, a local grant is received annually as a lump sum through the Capitol Valley Regional Service Authority for Freeways and Expressways (CVR-SAFE) program administered by the Sacramento Area Council of Governments (SACOG). The Authority also administers the Sacramento Abandoned Vehicle Service Authority (SAVSA). This program was funded by a \$1 surcharge on certain vehicle registrations within the County. This revenue was remitted to the Authority by the California Department of Motor Vehicles (DMV) on a quarterly basis and was relatively consistent averaging \$1.1 million annually, however the program sunset in April 2022. The table below summarizes each programs' revenue by fiscal year for the most recent 10 years.

SACMETRO FSP AND SAVSA REVENUE BY FISCAL YEAR - TEN YEARS

Fiscal Year	SacMetro FSP	SAVSA***	Total	Year-Over-Year Growth Rate
2014-15	\$ 2,050,573	\$ 1,220,911	\$ 3,271,484	-0.7%
2015-16	1,991,947	1,276,112	3,268,059	-0.1%
2016-17	2,065,521	1,286,741	3,352,262	2.6%
2017-18	2,498,978	1,279,216	3,778,194	12.7%
2018-19	2,043,752	1,323,237	3,366,989	-10.9%
2019-20	2,703,639	1,364,835	4,068,474	20.8%
2020-21	3,151,282	1,364,680	4,515,962	11.0%
2021-22	3,633,885	1,277,403	4,911,288	8.8%
2022-23*	3,597,961	41,000	3,638,961	-25.9%
2023-24**	3,403,755	351,905	3,755,660	3.2%
Average	\$ 2,714,129	\$ 1,078,604	\$ 3,792,733	2.1%

* Estimate

** Forecast

*** Program sunsets April 2022; residual revenue will continue into the FY 2022-23.

The Authority's only other revenue source is interest income which is estimated to be about \$360,000 in FY 2023-24. Interest income is received from the Authority's interest rate swap partners who pay the Authority variable rate interest on three series of bonds in exchange for the Authority paying them fixed rate interest, on fund balances held in the Sacramento County Investment Pool, and funds held in US Bank.

DEBT

The Measure A Ordinance allows the Authority to issue debt to fund transportation projects described in the Expenditure Plan. However, the amount of debt is limited to the principal, interest, and other charges that can be paid with 20.75% of the net proceeds from the sales tax revenue. Therefore, before issuing any debt, Authority staff work with its legal and financial advisory team to determine how much funding is projected to be available for debt service which in turn drives decisions related to how much additional debt is affordable.

In October 2009, the Authority issued \$318.3 million in variable-rate Measure A Sales Tax Revenue Bonds (VRDB). In July 2012, fixed rate bonds with a par value of \$53.4 million were issued – bringing the total outstanding debt to \$371.7 million. In September 2022, the 2012 Series Revenue Bonds were refunded with the Measure A Sales Tax Refunding Bonds, Series 2022. The refunding lowered debt service costs through the maturity of the original 2012 Series. The current total outstanding debt is \$342.5 million. To reduce interest rate risk related to the VRDBs, the Authority negotiated interest rate swaps (hedging derivatives) with three financial institutions – JP Morgan, Goldman Sachs, and Bank of America. In doing so, the interest rate for the three series 2009 bonds is synthetically fixed at about 3.7%. Maintaining the VRDB instruments requires remarketing agents and liquidity providers that add an additional 0.4% cost to the VRDB, for a collective cost of approximately 4.1%. The swaps have proven to be effective to date. However, the Authority in conjunction with its legal and financial advisory team, regularly monitor the debt program to determine if any changes are necessary based on market conditions and the related effectiveness of the swaps. The table below summarizes debt issued and outstanding.

MEASURE A SALES TAX REVENUE BONDS

Series	Issue Date	Amount	Description
2009A	October 2009	\$ 106,100,000	Variable-rate
2009B	October 2009	106,100,000	Variable-rate
2009C	October 2009	106,100,000	Variable-rate
2022	September 2022	24,245,000	Fixed rate
		\$ 342,545,000	Total Outstanding June 2023

On a regular basis, analysis is performed to determine the maximum annual debt service (MADS). This percentage represents the cash flow available to pay the annual debt obligation – available cash/debt obligation. A minimum MADS percentage of roughly 200% is desired by the financial institutions underwriting the Authority's debt. Currently, the Authority's minimum MADS is 4.55x (455%) - when principal payments on its VRDBs begin in FY 2028-29.

The funds remaining after paying debt service costs such as interest, principal, and ancillary fees are available for the Authority's capital program – referred to as pay-go funding. The allocation column in the table below summarizes the amount of CIP proceeds available as pay-go by fiscal year based on 20.75% of the net sales tax proceeds.

The Authority is projecting a refinancing of the variable rate bonds (Series 2009C, Series 2014A, and Series 2015A) to combine the debt into a single fixed rate bond series during FY 2023-24. This will eliminate the ancillary fees and swap agreements associated with the portfolio. The following tables assume the full refinancing of the three variable rate bonds to a single fixed rate bond.

MEASURE A DEBT SERVICE ALLOCATIONS BY FISCAL YEAR (NET OF INTEREST RATE SWAP REVENUE)

Fiscal Year	Allocation	Debt Service (net of swap interest income)	Principal Payments	Total Debt Service	Available for Pay-Go
FY 2009-10	\$ 16,646,964	\$ 12,311,923	\$ -	\$ 12,311,923	\$ 4,335,041
FY 2010-11	17,407,237	15,666,763	-	15,666,763	1,740,474
FY 2011-12	18,575,811	14,387,010	-	14,387,010	4,188,801
FY 2012-13	19,467,755	15,924,449	-	15,924,449	3,543,306
FY 2013-14	20,402,606	16,325,969	-	16,325,969	4,076,637
FY 2014-15	21,322,533	15,909,241	-	15,909,241	5,413,292
FY 2015-16	22,202,432	15,349,397	-	15,349,397	6,853,035
FY 2016-17	23,535,657	15,235,432	3,450,000	18,685,432	4,850,225
FY 2017-18	24,852,685	15,594,255	3,590,000	19,184,255	5,668,430
FY 2018-19	26,847,763	15,739,259	3,740,000	19,479,259	7,368,504
FY 2019-20	26,813,693	14,849,000	3,890,000	18,739,000	8,074,693
FY 2020-21	31,324,890	14,703,141	4,050,000	18,753,141	12,571,749
FY 2021-22	35,299,517	14,516,637	4,235,000	18,751,637	16,547,880
FY 2022-23*	35,894,266	14,750,005	4,455,000	19,205,005	16,689,261
FY 2023-24**	35,487,100	15,488,283	4,380,000	19,868,283	15,618,817
Totals	\$ 376,080,909	\$ 226,750,764	\$ 31,790,000	\$ 258,540,764	\$ 117,540,144

* Estimate

** Forecast

Authority staff regularly assess the information above to determine how much funding is available for the capital program in relation to the demands for funding. Currently, the Authority does not have any plans to issue more debt for the following reasons:

- In FY 2028-29 principal payments will increase to \$20.2 million from \$4.5 million in the budget year. This amount will increase over the remaining maturity to \$35.4 million when the program sunsets in FY 2038-39.
- Based on information provided by the Authority's capital program partners for the budget year, and the Five-Year Capital Improvement Program (CIP) the accumulation of pay-go and SCTMFP cash are projected to be enough to fund program costs in the budget year and through the term of the 5-Year CIP.
- The opportunity to issue more debt diminishes as the timeframe to pay it back is shortened due to financial constraints beginning in FY 2028-29. Monitoring available cash has become increasingly important.

Authority staff will continue to monitor the program and take appropriate steps as needed to ensure the program is adequately funded.

CONSOLIDATED BUDGET SUMMARY

The Authority's budget supports programs and projects that reduce traffic congestion, improve air quality, maintain, and strengthen the county's road and transportation systems, and enhance each local agencies' ability to secure state and federal funding by providing local matching funds.

This section represents a summary of Measure A, SacMetro FSP, SAVSA, and Transit revenues and appropriations in a consolidated budget summary which consists of the General and Special Revenue funds. Detailed budgets for each fund and program can be found in the "Budget Schedules" section of this document. The annual budget is foundational to short and long-term financial planning and appropriation control.

The Authority reports three funds for its five programs:

The General Fund – operating fund for Measure A and SacMetro FSP programs. The fund receives all Measure A sales tax, SCTMFP, the FSP State Allocation, and the CVR-SAFE local match revenues. This fund supports ongoing operations and maintenance of countywide transportation infrastructure and provides local funding for capital construction projects and program administration costs. Most ongoing funding is passed through to local entities monthly, while capital projects are funded on a reimbursement basis using a combination of sales tax and SCTMFP proceeds. SacMetro FSP reduces freeway congestion by removing vehicles that are stalled or have been involved in an accident.

The Special Revenue Funds – operating fund for SAVSA, the Neighborhood Shuttle program, and the Consolidated Transportation Services Agency (CTSA). The SAVSA program is funded by a \$1 registration fee collected annually on each eligible vehicle registered within the County, this fee sunset in April 2022. Authority staff are pursuing State legislation to restart the program. The Neighborhood Shuttle program is funded with pass through allocations totaling \$1 million annually. The CTSA program also called the Senior and Disabled Transportation Services Program was originally programed, in Section VII of the Measure A Sacramento County Transportation Expenditure Plan 2009-2039, to accumulate 1% of CTSA funding from the 1st decennial period for distribution during the 3rd decennial period. This was subsequently revised, during the December 10, 2020, Board Meeting, to provide grant agreements that align with CTSA funding guidelines in the 2nd decennial period. The full amount of accumulated funding has not been fully expended, after the funds are expended the fund balance will be exhausted. With the end of the 1st decennial period, there are currently no additional funds to accumulate and be allocated to the CTSA fund.

Total revenues are expected to decrease by \$6.5 million in FY 2023-24 to \$184.2 million (-3.4%) when compared to the budgeted amount for FY 2022-23. There are expected revenue decreases of \$2.1 million in the sales tax program, \$4.1 million in interest and other revenue, and \$0.5 million in SacMetro FSP program offset by increases of about \$0.3 million for the SAVSA program as it is anticipated to restarted in late FY 2023-24, and \$20,000 in the SCTMFP program. The decrease in

sales tax is projected based on the near term higher than average inflation that is straining the local economy and the current economic uncertainty.

SCTMFP revenue remained strong through the end of FY 2021-22, as permits for new development in the County and cities incorporated in the County, which generate the fee, continued at a robust pace; however, fees for permits in the current and budget years are projected to slow. Most of the current construction activity in the region is the outcome of permits pulled one to two years ago – prior to the significant increase in mortgage lending rates, that have reduced home buyer demand. Interest income is a combination of inflows from the Authorities interest rate swap partners and interest income from fund balance invested in the Sacramento County Investment Pool.

CONSOLIDATED BUDGET GENERAL FUND, SAVSA, TRANSIT SERVICES, AND DEBT SERVICE - REVENUE, APPROPRIATIONS, AND FUND BALANCE

Description	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change from FY 2023	Change in Percent
Revenues						
Sales Tax	\$ 172,916,487	\$ 176,143,000	\$ 176,143,000	\$ 174,000,000	\$ (2,143,000)	-1.2%
SCTMFP Fees *	8,237,424	6,002,671	6,002,671	6,022,951	20,280	0.3%
Interest and Other	203,716	4,511,920	4,712,258	364,731	(4,147,189)	-91.9%
SacMetro FSP **	3,633,885	3,920,122	3,597,961	3,403,755	(516,367)	-13.2%
SAVSA***	1,277,403	40,000	40,000	351,405	311,405	778.5%
Total Revenues	\$ 186,268,915	\$ 190,617,713	\$ 190,495,890	\$ 184,142,842	\$ (6,474,871)	-3.4%
Appropriations						
Administration	\$ 666,334	\$ 799,624	\$ 770,688	\$ 1,482,739	\$ 683,115	85.4%
SacMetro FSP	3,680,165	3,596,477	3,537,548	3,556,379	(40,098)	-1.1%
SAVSA	1,305,174	75,285	39,022	351,421	276,136	366.8%
Transit	6,753,289	5,462,106	2,659,180	4,500,000	(962,106)	-17.6%
Professional Services	-	330,000	330,000	170,000	(160,000)	-48.5%
Contributions to Measure A Entities:						
Ongoing Allocations	135,341,084	137,953,929	137,621,351	136,060,234	(1,893,695)	-1.4%
Capital Improvement Program (CIP)	22,642,902	27,076,268	17,412,486	32,900,898	5,824,630	21.5%
Debt Service:						
Principal	4,235,000	4,455,000	4,455,000	4,380,000	(75,000)	-1.7%
Interest and Other Charges	15,617,120	20,257,063	20,257,063	15,488,283	(4,768,780)	-23.5%
Total Appropriations	\$ 190,241,068	\$ 200,005,752	\$ 187,082,339	\$ 198,889,954	\$ (1,115,798)	-0.6%
Net Increase (decrease) in Fund Balance	(3,972,153)	(9,388,039)	3,413,551	(14,747,112)	(5,359,073)	57.1%
Beginning Fund Balance	64,410,869	51,375,057	60,438,716	63,852,267	12,477,210	24.3%
Ending Fund Balance	\$ 60,438,716	\$ 41,987,018	\$ 63,852,267	\$ 49,105,155	\$ 7,118,137	17.0%
Fund Reserve****	2,200,000	7,800,000	7,800,000	7,500,000	(300,000)	-3.8%
Ending Fund Balance Less Reserve	\$ 58,238,716	\$ 34,187,018	\$ 56,052,267	\$ 41,605,155	\$ 7,418,137	21.7%

* Sacramento Countywide Transportation Mitigation Fee Program

** Sacramento Metropolitan Freeway Service Patrol

*** Sacramento Abandoned Vehicle Service Authority

**** FY 2023-24 \$7.2 million for the capital program and \$300,000 for administration

APPROPRIATIONS

Appropriations are expected to decrease by approximately \$1.1 million to \$198.9 million (-0.6%) in FY 2023-24 when compared to the budgeted amount for FY 2022-23. The largest increase of \$5.8 million (21.5%) in the capital improvement program. The estimated spending in FY 2023-24 is higher than budgeted when compared to the budgeted amount for FY 2022-23 because anticipated project spending for the Capital SouthEast Connector and the County of Sacramento have increased in FY 2023-24. There is also a significant onetime administrative expense (\$516,000) for the printing cost of the citizens' initiative ordinance and expenditure plan in the County Voter Information Guide which was on the ballot in November 2022. The California Election Code required Authority to submit the ordinance to the voters. The Election Code also requires that the County be reimbursed the cost of the election by those placing it on the ballot. The Authority has also budgeted additional pension expenses to pay down the unfunded accrued liability with CalPERS on an accelerated basis. The additional expense in FY 2023-24 is approximately \$70,000 included in the Administrative Fund appropriations. There is an increase in the SAVSA program that is caused by the planned reinstatement of the program. This reinstatement is dependent on State Legislation, as of March 2023 the legislation was in process with the State of California. Offsetting the appropriation increases are decreases in the Transit fund due to the balances of the Consolidated Transportation Service Agency (CTSA) being spent down. Additionally, there is a reduction of \$160,000 in Professional Services mostly due to onetime expenditures related to the SCTMFP program Nexus study that occurs once every five years.

Appropriations for debt service pay for interest, principal, and ancillary fees such as those for remarketing, liquidity, and credit surveillance. The budgeted interest and other charges for FY 2023-24 are about \$4.8 million lower (-23.5%) than budget in FY 2022-23 because of high interest rates that are anticipated to increase through the end of FY 2022-23 and the Authority is also anticipating the refinancing of the 2009C, 2014A, and 2015A bonds early in FY 2023-24. This refinancing is expected to reduce overall debt service in FY 2023-24, and it will increase debt service through the remaining maturity. There is a high probability that this anticipated bonding would be refinanced in 10 years at a lower rate reducing debt service as a whole. This refinancing will eliminate all variable rate bonds and interest rate swaps, simplify the portfolio, reduce risk, and decrease administrative time maintaining the current variable rate bond portfolio.

Because of reduced overall revenues and increasing spending in the CIP, the ending fund balance for FY 2023-24 is expected to be \$49.1 million, which is \$7.1 million (17.0%) higher than the budgeted fund balance for FY 2022-23.

FACTORS AFFECTING FINANCIAL CONDITION

As previously mentioned in the Letter of Transmittal, the Authority receives funding for its program primarily from two sources – local sales tax and development fees. Given the recent economic uncertainty – the Authority was expecting, at a minimum, a near-term flattening in revenue from local sales taxes and a reduction in development fees. However, sales tax revenues have remained strong despite the circumstances. Budgeted and estimated sales tax revenue for FY 2022-23 was \$176.1 million. In FY 2023-24, sales tax revenue is forecast to be \$174.0 million. However, if there is a material shortfall in comparison to the budgeted revenue amounts, staff will develop an amended budget for the Board to consider. Additionally, staff will work with partner agencies to determine how best to address the impacts of any anticipated shortfall.

Unemployment has stabilized at a low level, in December 2022 it had decreased to 3.5% from 4.7% in December 2021. During 2022 median income increased by 6.0% to \$61,829 and the population increased by 1.9% to 1.59 million, supporting increases in County taxable sales and related Measure A sales tax revenue. Businesses in the County continue to adapt to the changes in consumer habits.

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BUDGET PROCESS
& FISCAL POLICIES

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BUDGET PROCESS AND FISCAL POLICIES

This budget presents three years of financial information – actual amounts for FY 2021-22, estimated amounts for FY 2022-23, and proposed amounts for FY 2023-24.

The Authority’s fiscal year is July 1 through June 30. A draft of the final budget is presented to the Board in May and brought back in June for adoption. The budget is a living document until it is adopted - staff incorporate changes suggested by the Board, Executive Director, and Independent Taxpayer Oversight Committee (ITOC) along the way. Once adopted, the budget is posted on the Authority’s and ITOC’s websites.



Budget development begins in January after reviewing actual expenditures for the first two quarters of the fiscal year (the period ending December 31) and after Board approval of the previous year’s audited financial statements. The ending fund balances from the prior year serve as the beginning balances for FY 2022-23. Using this information as a starting point, staff develop expectations for revenues and appropriations for the remainder of the current fiscal year.

During the budget process, staff also work with the Authority’s Special Programs Manager to develop the budgets for the SacMetro FSP and SAVSA programs. This process is collaborative as the Accounting Manager prepares a schedule for salaries, benefits, and administration overhead while the Special Programs Manager develops estimates for revenue and the remaining appropriations for the two programs.

Additionally, from January through March staff work with each Measure A agency to determine the funding needs for each capital construction project. This collaborative effort is central to determining cash flows for the budget year and is based on funding agreements between the Authority and the agencies constructing the projects.

In January, staff update long-term revenue forecasts in conjunction with the Authority's consulting firm Avenu Insights and Analytics (Avenu). The Authority's consultant is experienced in forecasting sales tax revenue for local governments, including transportation authorities. Avenu uses proprietary software and historical information from the agency collecting the sales tax on behalf of the Authority - California Department of Tax and Fee Administration - to develop the forecasts. In addition, Avenu factors in economic indicators such as employment, housing starts, and population growth. Authority staff collaborate with Avenu during the process to ensure a comprehensive understanding of the forecasts when completed. Avenu's forecasts through the remainder of the Measure A program which sunsets in FY 2038-39, are used for long-term financial planning such as calculating additional debt capacity and determining fund balance by fiscal year for program needs. Staff concurrently work with the Executive Director to incorporate desired updates and define the Authority's vision for the coming year. This process continues through the end of the budget cycle in June.

In April, the ITOC reviews a draft of the final budget. The Accounting Manager attends the meeting to summarize the highlights, receive comments from committee members, and answer questions. The committee's comments are carefully considered, and the budget updated as necessary before the final budget is presented to the Board during its June meeting.

The Board may ask questions, make comments, and provide direction to staff during its May meeting. In addition, members of the public may provide input. Using this information, staff work with the Executive Director to refine the final budget as needed.

In June, the final budget is presented to the Board for adoption. In general, the final version of the budget is materially consistent with the draft of the final budget presented in May, typically containing only minor revisions. Any material changes are highlighted by staff during the June meeting. Adoption of the budget requires a quorum of Board members and a majority of the voting quorum. If the final budget is not adopted by June 30, the Board may vote to adopt a resolution allowing the Authority to continue operating under the draft of the final budget. An amended budget may subsequently be brought to the Board at any time if changes in revenue and/or appropriations warrant it.

FISCAL POLICIES

California's Public Utility Code (CPUC) Section 18105 requires the Authority to adopt an annual budget and hire a Certified Public Accountant to perform an annual financial audit. CPUC Section 180108 requires the Authority to notice the time and place of the public hearing on the adoption of the annual budget no later than the 15th day prior to the day of the hearing and that the budget shall be available for public inspection at least 15 days prior to the hearing. To fulfill this requirement, staff typically introduce a draft of the final budget during the Board meeting in May and the Board adopts the final budget during the Board meeting in June.

Stewardship of public funds and wise management of government finances is primary among the responsibilities that the Authority has to the citizens in Sacramento County. Foundational to this effort are fiscal policies designed to protect all public assets under the Authority's administration.

OVERVIEW

Benefits of establishing financial policies include the following:

- **Board approved policies establish the agency's commitment to the appropriate stewardship of public funds, which helps build the public's confidence in the Authority.**
- **Investors are attracted to agencies committed to sound fiscal management and integrity.**
- **Comprehensive fiscal policies help the Authority link long-term financial planning with day-to-day operations.**
- **Promotes positive financial condition by setting a forward-looking approach to planning.**
- **Protects and enhances the Authority's credit rating and prevents default on any outstanding debt.**
- **Ensures the legal use of all public funds through a sound system of administrative policies and internal controls.**

**FINANCIAL
POLICY
BENEFITS**

FUND STRUCTURE

The annual budget is divided into several funds, each with a specific purpose. Understanding each fund's structure is helpful for interpreting the Authority's finances. As such, the budget document is divided into the following funds:



GENERAL FUND

The General Fund is the Authority's main operating fund. The fund is comprised of numerous sub funds that separately account for specific programs and the Authority's operations.

- **Administration** – this fund supports operating costs such as staff salaries, benefits, and overhead costs such as office space, consulting fees, outreach, and staff training.
- **Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP)** – this fund receives semi-annual remittances of development mitigation fees collected throughout the County which, in turn, are used to fund the Capital Improvement Program (CIP).
- **SacMetro FSP** – this fund receives state and local grant funding to support program costs – most notably towing contractors and administration.
- **CIP** – this fund receives monthly allocations of 20.75% of the net Measure A sales tax revenue. The allocations first pay for principal, interest, and ancillary fees on the Authority's bond program through an interfund transfer to the debt service fund. Any amount remaining is available for the CIP.

SPECIAL REVENUE FUND

- Sacramento Abandoned Vehicle Service Authority (SAVSA) – this fund accounts for revenues received from a \$1 vehicle registration fee collected by the California Department of Motor Vehicles (DMV). These funds are used to pay vehicle abatement claims and program administration costs. This program has active California State legislation that will reinstate the program. It is anticipated that this will pass and the program will be restarted in late FY 2023-24.
- The Transit fund includes two programs, the **Neighborhood Shuttle and the Consolidated Transportation Services Agency (CTSA)**. The Neighborhood Shuttle program receives allocations totaling \$1 million annually. These funds are awarded by the Authority on a competitive basis to fund the development of additional Neighborhood Shuttles throughout Sacramento County with a focus on development or expansion of shuttle routes in residential and commercial areas that have no—or infrequent—transit service connecting them to the light rail system and to bus routes on major arterials. The Authority is under contract with Paratransit and the Sacramento Regional Transit (SacRT) through June 2023 for Cycle 1 of these funds and anticipates making awards for Cycle 2 before the end of the current fiscal year. also called the Senior and Disabled Transportation Services Program was originally programed, in Section VII of the Measure A Sacramento County Transportation Expenditure Plan 2009-2039, to accumulate 1% of CTSA funding from the 1st decennial period for distribution during the 3rd decennial period. This was subsequently revised, during the December 10, 2020, Board Meeting, to provide grant agreements that align with CTSA funding guidelines in the 2nd decennial period. With the end of the 1st decennial period, there are currently no additional funds to accumulate and be allocated to the CTSA fund.

DEBT SERVICE FUND

- This fund receives transfers from the General Fund to pay for debt principal, interest, and ancillary fees.

FINANCIAL PLANNING

Long-term financial planning combines financial forecasts with strategic planning. It is a highly collaborative process that considers future fiscal scenarios to identify challenges and/or confirm program sustainability. Effective strategic planning positions the Authority for long term success.

Projecting revenues and expenditures over the long-term by making assumptions about economic conditions, future spending scenarios, and other notable objectives is imperative to good financial planning. It provides insight into future financial capacity so that strategies can be developed to achieve long-term program stability while considering potential financial challenges.

Long-term financial planning is the process of aligning financial capacity with long-term program objectives.

The Authority is committed to regularly updating its financial plan to ensure long-term program sustainability. Elements of this plan are incorporated annually into the budget.

FINANCIAL PLAN ELEMENTS

- **Time Horizon** – sales tax and mitigation fee revenue forecasts through FY 2038-39 when Measure A sunsets. Appropriations for a minimum of one-year and up to five-years for the CIP.
- **Scope** – all appropriated funds.
- **Frequency** – at least annually.
- **Content** – analyze the financial environment, revenue and appropriation forecasts, debt costs, strategies for achieving and maintaining financial balance, and methods for monitoring key assumptions underlying the plan.
- **Update the Board and ITOC, as necessary.**

FINANCIAL ACTIVITY REPORTING

The Authority's financial activity is reported in a variety of funds which are the basic accounting and reporting structure in governmental accounting. Using this structure ensures the following:

- That the Authority presents fairly and with full disclosure the financial position and results of financial operations of the funds in conformity with Generally Accepted Accounting Principles (GAAP) and Government Auditing Standards (GAS).
- Demonstrates the Authority's compliance with finance-related legal and contractual provisions.

ALLOCATIONS AND RATES

As required under Measure A, agencies participating in the City Street and County Road Maintenance Program, Traffic Control and Safety Program, and Safety, Streetscaping, Pedestrian and Bicycle Facilities Program receive monthly allocations based in part on their relative population and the number of lane miles. Agencies receiving allocations are Sacramento County and the cities of Rancho Cordova, Sacramento, Elk Grove, Folsom, and Citrus Heights. Annually, staff use population data from the California Department of Finance and lane mile data provided by each participating agency to determine the appropriate allocation percentages for the upcoming fiscal year. The following table summarizes the allocations by agency based on the sales tax revenue projected for FY 2023-24.

ALLOCATION PER POPULATION AND LANE MILES (75/25 RATIO RESPECTIVELY)

Entity	Population*	Lane Miles**	Allocation Ratio	Amount***
City of Citrus Heights	86,367	474	5.19716%	\$ 3,325,581
City of Elk grove	176,972	1,175	11.09033%	7,096,525
City of Folsom	84,592	707	5.61417%	3,592,420
City of Rancho Cordova	80,359	682	5.35559%	3,426,956
City of Sacramento	518,037	3,154	31.84906%	20,379,711
County of Sacramento	604,272	5,417	40.89369%	26,167,230
Total	1,550,599	11,609	100%	\$ 63,988,424

* Per California Department of Finance Report E-1

** Based on data provided by each agency in Winter 2022

*** Represents total amount less \$1 million for regional parks

Similarly, Measure A requires the Authority to update the SCTMFP fees charged by each participating agency. The fees are adjusted annually by Board action and reflect changes in construction costs based on the McGraw-Hill Engineering News Record (ENR) 20-city Construction Cost Index. The following table summarizes the rates calculated for FY 2023-24 by land use category.

SCTMFP FEE SCHEDULE FOR FY 2023-24

Land Use	Per	Current Rates FY 2022-23	New Rates FY 2023-24
Single-Family Residential	unit	\$ 1,429	\$ 1,532
Single-Family Residential, Senior	unit	1,144	1,227
Multi-Family Residential	unit	1,000	1,072
Multi-Family Residential, Senior	unit	856	918
Office Use	1,000 square feet	1,717	1,840
Retail Use	1,000 square feet	2,146	2,300
Industrial Use	1,000 square feet	1,144	1,227
Hotel/Motel	sleeping room	828	888
Extended Stay Hotel/Motel	sleeping room	736	789
Golf Course	acre	1,190	1,275
Movie Theater	screen	2,720	2,916
Religious Center	1,000 square feet	1,330	1,426
Hospital	1,000 square feet	2,397	2,570
Service Station	fueling pump	1,860	1,994
Supermarket	1,000 square feet	2,146	2,300
Warehouse/Self-Storage	1,000 square feet	358	384
Assisted Living Facility	bed	412	442
Congregate Care	unit	302	324
Child Day Care	student	658	706
Private School (K-12)	student	372	399
Auto Repair/Body Shop	1,000 square feet	2,146	2,300
Gym/Fitness Center	1,000 square feet	2,146	2,300
Drive-through Car Wash	1,000 square feet	2,146	2,300
All Other	average weekday trips generated	151	161

FUND BALANCE DESIGNATIONS AND RESERVE

The Authority strives to maintain adequate fund balances in its General Fund, Debt Service Fund, and Administration Fund. This is necessary to maintain the Authority's credit worthiness and to adequately provide for:

- Economic uncertainties and other financial hardships or downturns in the local economy.
- Contingencies for unforeseen operational and capital needs.
- Cash-flow requirements.

As a guideline, the Government Finance Officers Association (GFOA) recommends two to four months' revenue or expenditures as a reserve, whichever is more stable. In the Authority's case revenue is more stable; therefore, the Authority uses it as the basis to establish its minimum reserve funding goal.

The SacMetro FSP, SAVSA, Neighborhood Shuttle, and CTSA programs are designed to be pass-through, break-even programs; therefore, maintaining a fund balance reserve in these funds is not necessary.

General Fund – this fund consists of four sub funds – Administration, SacMetro FSP, SCTMFP, and CIP. The reserve balances are addressed at the sub fund level as explained below:

Administration Fund – the Authority maintains a \$300,000 reserve or about three months' revenues which is consistent with the prior year.

CIP Fund – the Authority maintains a \$7.2 million reserve or roughly 4 months' pay-go revenues which is a decrease of \$0.3 million over FY 2022-23. The decrease, in part, is due to the one-time release of a \$5.4 million bond reserve during FY 2022-23 that will not reoccur in FY 2023-24 and slightly lower revenues projected in FY 2023-24.

SCTMFP Fund – the Authority does not maintain a reserve balance for this fund because it functions as a supplemental fund to the CIP and is not pledged to the Authority's financial institutions. However, Authority staff do monitor fund balance in its ongoing effort to manage cash when paying CIP claims.

Debt Service Fund – this fund is managed by the Authority's trustee (U.S. Bank). The trustee withholds enough funding from the sales tax proceeds each month to pay bond principal, interest, and ancillary costs. The fund balance fluctuates based on the timing of debt service payments. The trustee maintains a monthly balance that is calculated based on monthly, quarterly, semi-annual, and annual debt service payments.

Authority staff regularly monitor all fund balances to ensure adequate cash is available for anticipated claims, administrative costs, and other foreseeable expenditures. The table below summarizes fund balance reserves:

FUND BALANCE RESERVES

Fiscal Year	Fund	Policy	Amount	Requirement Met
FY 2018-19	CIP	\$ 1,000,000	\$ 1,000,000	Yes
FY 2018-19	Administration	\$ 100,000	\$ 100,000	Yes
FY 2019-20	CIP	\$ 1,800,000	\$ 1,800,000	Yes
FY 2019-20	Administration	\$ 200,000	\$ 200,000	Yes
FY 2020-21	CIP	\$ 1,800,000	\$ 1,800,000	Yes
FY 2020-21	Administration	\$ 200,000	\$ 200,000	Yes
FY 2021-22	CIP	\$ 2,000,000	\$ 2,000,000	Yes
FY 2021-22	Administration	\$ 200,000	\$ 200,000	Yes
FY 2022-23	CIP	\$ 7,500,000	\$ 7,500,000	Yes
FY 2022-23	Administration	\$ 300,000	\$ 300,000	Yes
FY 2023-24*	CIP	\$ 7,200,000	\$ 7,200,000	Yes
FY 2023-24*	Administration	\$ 300,000	\$ 300,000	Yes

* FY 2023-24 Final budget includes reserve amounts per policy

APPROPRIATIONS LIMIT

The Authority annually adopts a resolution establishing its appropriations limit calculated in accordance with Article XIII B of the California State Constitution, California Government Code Section 7900, and any other voter-approved state legislation amendments that impact the Authority's appropriations limit. The following table summarizes the appropriations limit for each fiscal year from program inception through the budget year. In May each year, the California Department of Finance provides the information necessary for this calculation. Due to the timing of this information the Authority annually adopts the appropriation limit in June of each year.

Fiscal Year	Appropriations Limit
FY 2010	\$ 195,000,000
FY 2011	192,036,079
FY 2012	198,490,091
FY 2013	206,961,839
FY 2014	219,646,845
FY 2015	220,807,134
FY 2016	231,328,068
FY 2017	245,944,139
FY 2018	258,079,711
FY 2019	270,414,034
FY 2020	283,689,389
FY 2021	296,919,442
FY 2022	315,753,737
FY 2023	338,642,284
FY 2024	

INVESTMENT POLICY

The Authority's Investment Policy (Policy) sets forth its investment guidelines which fulfill the objectives required under California Government Code Section 53646(a).

To ensure funds are prudently invested to earn a reasonable rate of return while awaiting application for governmental purposes, specific objectives of the invested funds are ranked in the following order of importance:

INVESTMENT OBJECTIVES

1. **Safety of Principal** - the preservation of capital is of primary importance. Capital losses are avoided, whether they are from securities default or erosion of market value of securities.
2. **Liquidity** - the investment portfolio should remain sufficiently flexible to enable the Authority to meet all operating and capital requirements which may be reasonably anticipated in any fund.
3. **Public Trust** - in managing its investment portfolio, authorized investment traders should avoid any transactions that might impair the public's confidence in the Authority. Investments should be made with precision and care, considering the probable safety of capital as well as the probable income to be derived.
4. **Maximum Rate of Return** - the investment portfolio should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified in this policy.

The Board approves the Policy and is responsible for ensuring investments are made in compliance with it. The Authority's Treasurer is the Sacramento County Director of Finance who is responsible for making investments on behalf of the Authority and for compliance with the Policy. The treasurer maintains a comprehensive, well-documented reporting system which complies with California Government Code Section 53607. Investable funds are deposited in the Sacramento County Pooled Investment Fund (Pool) and invested according to the policies of the Pool.

CAPITAL CONSTRUCTION BUDGET

The CIP budget is the product, in part, of the Authority's financing plan. When voters approved Measure A in 2004, they also approved an Expenditure Plan based on estimated revenue. The Expenditure Plan identifies projects eligible for Measure A money. The Expenditure Plan is subject to a review every 10 years and, where necessary, allows for amendments under certain conditions to meet changing transportation needs. Amendments to the Expenditure Plan must be approved by the County Board of Supervisors and a majority of the city councils constituting a majority of the incorporated population.

PERSONNEL RESOURCE MANAGEMENT

The Authority strives to provide competitive compensation and benefits for its workforce to retain and hire staff. To manage staffing costs the Authority will:

- Authorize all staff positions.
- Give the Executive Director the authority to leave a position open, partially filled (part-time), or filled at a lower classification, but not above.

To augment the activities of regular employees, the Board and Executive Director may authorize the use of professional service consultants to perform activities such as the following:

- Legal counsel
- Revenue projection services
- Financial advisory services
- Public relations and outreach
- Studies
- Tax, financial, and performance audit services

PRODUCTIVITY REVIEW

The Authority regularly monitors and reviews its operational procedures to ensure that all services are provided in the most cost-effective manner. Authority staff proactively look for opportunities to streamline workload using technology and procedural improvements.

COST ALLOCATIONS

The Authority oversees five programs – Measure A, SacMetro FSP, SAVSA, Neighborhood Shuttle, the CTSA. All Authority staff are involved to varying degrees in each program:



EXECUTIVE DIRECTOR
OVERSEES EACH PROGRAM'S STAFF AND
IS INVOLVED IN ALL KEY DECISIONS



ACCOUNTING MANAGER
OVERSEES ALL FINANCIAL ACCOUNTING
AND REPORTING ACTIVITIES



SPECIAL PROGRAMS MANAGER
OVERSEES SACMETRO FSP AND SAVSA
DAY-TO-DAY PROGRAM OPERATIONS

Each staff member invests time in each program, so salaries, benefits, and overhead costs, are charged to the programs accordingly. Periodically, the Accounting Manager reviews the percentages assigned to each program to ensure that the appropriate percentages are utilized.

RECORDS RETENTION POLICY

Since the Authority maintains the official records and documents for the Measure A program during the normal course of operations, it maintains a Board approved retention schedule. Records and documents that are more than five years old and no longer needed or deemed unimportant may be destroyed. However, in no case shall meeting minutes, ordinances, or resolutions of the Board and ITOC, court records, and other records required to be kept by statute be destroyed.

CONTRACTING POLICIES

California State Public Utilities Code Section 180154 requires that contracts for the purchase of non-professional services, supplies, equipment, and materials more than \$10,000 be awarded to the lowest responsible bidder after competitive bidding, except in an emergency declared by the Authority or by an executive committee that the Authority has delegated to make such a declaration.

If after rejecting competitive bids the Authority determines and declares that, in its opinion, the services, supplies, equipment, or material may be purchased at a lower price on the open market, the Authority may proceed to purchase any of the above in the open market without further observance of the above provisions.

The Authority contracts for special services and advice in financial, economic, accounting, legal, and administrative matters. These professional service contracts will be brought to the Board for approval if they exceed the Executive Director limit of \$50,000.

Additionally, the Executive Director or their designee may contract for services, supplies, and equipment and materials for \$50,000 or less without Board action.

DEBT POLICY

The Authority's debt limit is not a fixed amount. Instead, central to the limit of debt the Authority can issue is the allocation of 20.75% of the net sales tax revenue to pay for the debt. As such, to determine an appropriate level of debt requires an analysis of future revenue streams.

The Authority's debt policy establishes guidelines for the issuance and management of current and future debt. The objectives of the debt policy are as follows:

DEBT POLICY OBJECTIVES

- Effectively manage and mitigate financial risk.
- Preserve program flexibility.
- Maintain strong credit ratings and good investor relations.
- Maintain ready and cost-effective access to capital markets.

The Board approved policy is reviewed periodically and updated, as necessary. Board authorization is required for all debt financings. As borrowing needs are identified, the Authority evaluates the nature of the capital investment to ensure that long-term debt is the appropriate financing mechanism. Standards for the appropriate use of debt financing include those described on the following page:

- **Long-term Capital Projects** – long-term debt should be used to finance essential capital projects when cost effective and fiscally prudent. The debt repayment period should not exceed 120% of the useful life of the project being financed. The ability or need to expedite or maintain the programmed schedule of approved capital projects will be a factor in the decision to issue long-term debt.
- **Debt Financing Mechanism** – the Authority will evaluate the use of financial alternatives available including, but not limited to, long-term debt, short-term debt, commercial paper, direct bank loans, private placement, and interfund borrowing. The Authority will utilize the most cost advantageous financing alternative while limiting the Authority’s risk exposure.
- **Credit Quality** – credit quality is an important consideration for the Authority. All debt management activities for new debt issuances will be conducted in a manner conducive to receiving the highest credit ratings possible.

The general purpose of bond financing falls into three general categories:

- Finance new capital infrastructure.
- Refinance existing bonds to reduce financing costs, restructure the repayment schedule, change the type of debt instruments used, risk, or both.
- To reimburse an agency for eligible capital expenditures made within the last 18 months.

The Authority and its consultant – PFM Financial Advisors – regularly assess the Authority’s bond portfolio to determine if the debt structure in place is the most advantageous to the Authority given debt market conditions. If market conditions are such that changes to the debt portfolio may be beneficial to the Authority, then Authority staff, consultants, and legal counsel will consider the options, and if sufficiently beneficial, bring recommendations to the Board for its consideration.

RETIREMENT PLAN FUNDING POLICY

The Authority provides defined benefit retirement benefits through the California Public Employees' Retirement System (PERS).

All full-time employees hired after January 1, 1994, are eligible to participate in CalPERS. CalPERS provides retirement benefits, annual cost of living adjustments and death benefits to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefits provisions and all other requirements are established by state statute.

The financial objective of a defined benefit pension plan is to fund the long-term cost of benefits provided to the plan participants. To assure that the plan is financially sustainable, the plan should accumulate adequate resources in a systematic and disciplined manner over the active service life of benefitting employees. This funding policy outlines the method the Authority will utilize to determine its actuarially determined contributions to fund the long-term cost of benefits to the plan participants and annuitants.

CalPERS actuaries will determine the Authority's Actuarially Determined Contribution (ADC) to CalPERS based on annual actuarial valuations. The ADC will include the normal cost for current service and amortization of any under-funded amount. The normal cost will be calculated using the entry age normal cost method using economic and non-economic assumptions approved by the CalPERS Board of Administration.

The Authority will review the CalPERS annual actuarial valuations to validate the completeness and accuracy of the member census data and the reasonableness of the actuarial assumptions.

The Authority's overall objective is to fund the CalPERS pension plan near 100% of the total accrued liability. CalPERS calculates the unfunded accrued liability (UAL) on an annual basis. The Authority will budget the paydown of the UAL down based on the 5 Year Amortization Schedule provided by CalPERS to save interest cost over the repayment term. The Authority will not formally contract with CalPERS to change the minimum UAL payment, rather payments will be made in addition to the minimum UAL requirement. This will allow the Authority flexibility to make payments as the budget allows and ultimately save money over the long term. In the 2024 Fiscal Year, the Authority will make a payment as directed by the 5 Year Amortization Schedule below, this is projected to save \$210,476 over the term of the repayment. The table below summarizes the costs to paying the UAL over various time periods.

	Amortization			
	Total	5 Year	10 Year	Current
Unfunded Accrued Liability	\$ 799,887	\$ 159,977	\$ 79,989	\$ 90,663
Interest Cost	\$ -	\$ 121,578	\$ 255,498	\$ 332,054

Interest Savings \$ 210,476

PERFORMANCE MEASURES

The Authority tracks select performance measures which are tied to its key strategic goals. These metrics provide broad measures of the Authority’s effectiveness, efficiency, timeliness, and productivity in critical activities. While these initiatives may change year to year, performance measures are a means to measure progress in core business operations over multiple years. The table below lists key performance measures for the current and budget years using the following key strategic goals.



Performance Measure	Responsible Department	Relates to Strategic Goal #	FY 2022-23 Planned	FY 2022-23 Estimate	FY 2023-24 Planned
Financial Stability and Operational Efficiency:					
Allocate monthly Measure A funding timely and accurately	Finance	1,2	12	12	12
Review, comment on, and approve all required quarterly reporting by Measure A Agencies	Finance	1,2	4	4	4
Receive GFOA Distinguished Budget Presentation Award	Finance	1,2	Yes	Yes	Yes
Develop and adopt annual budget prior to June 30	Finance	1,2	Yes	Yes	Yes
Prepare and submit all quarterly financial information required under the Authority's bond covenants	Finance	1,2	5	5	5
Complete annual financial audit prior to December 31	Finance	1,2	Yes	Yes	Yes
Prepare and submit FSP quarterly staff reports to the Governing Board	Programs	1,2	4	4	4
Coordinate review and execution of annual funding agreements with State and Local Agency.	Programs	1,2	Yes	Yes	Yes
Outreach and Education:					
Plan and support Board meetings	Administrative	3	9	11	10
Respond to all Public Record Act (PRA) requests within 10 calendar days	Administrative and Finance	3	4	4	4
Plan and support ITOC meetings	Finance	3	8	7	7
Collect, review and submit annual program data for statewide annual report review prepared by UC Berkley.	Programs	3	Yes	Yes	Yes
Transportation Planning and Prioritization:					
Complete quarterly capital project status reports	Finance	4	4	4	4

The table above reflects performance measures by department. With only three employees, each employee represents a department: Executive Director – administration, Accounting Manager – finance, and Special Programs Manager – programs.

LONG-TERM FINANCIAL PLANNING

SALES TAX

Revenue forecasts are the starting point for short and long-term financial planning. At least annually, Authority staff work in conjunction with the Authority’s sales tax revenue consultant - Avenu Insights and Analytics - to provide updated sales tax forecasts. This revenue is pledged to bondholders and financial institutions participating in the Authority’s debt program. Additionally, it is used to determine the Authority’s debt coverage percentages which are important to investors and the financial institutions holding its debt or providing financial liquidity. Furthermore, this effort allows the Authority to determine if projected revenue can support the issuance of additional debt. The following table summarizes the most recent revenue forecasts completed in December 2022.

MEASURE A SALES TAX FORECAST

	Taxable Sales (000's)	Taxable Sales Growth Ratio	Tax Revenue (000's)	Tax Revenue Growth Ratio	
2009-10	\$ 16,638,458		\$ 81,414		Actual 6.6% Average
2010-11	17,416,097	4.7%	87,299	7.2%	
2011-12	18,608,568	6.8%	92,240	5.7%	
2012-13	19,552,242	5.1%	97,390	5.6%	
2013-14	20,624,371	5.5%	100,063	2.7%	
2014-15	21,536,376	4.4%	105,564	5.5%	
2015-16	22,655,018	5.2%	110,708	4.9%	
2016-17	23,624,106	4.3%	116,878	5.6%	
2017-18	24,919,389	5.5%	119,188	2.0%	
2018-19	26,351,416	5.7%	131,757	10.5%	
2019-20	26,318,200	-0.1%	131,591	-0.1%	
2020-21	30,712,000	16.7%	153,560	16.7%	
2021-22	34,583,200	12.6%	172,916	12.6%	
2022-23*	35,228,600	1.9%	176,143	1.9%	Forecast 2.1% Average (excluding partial FY 2038-39)
2023-24**	34,800,000	-1.2%	174,000	-1.2%	
2024-25	36,110,600	3.8%	180,553	3.8%	
2025-26	38,049,400	5.4%	190,247	5.4%	
2026-27	39,323,600	3.3%	196,618	3.3%	
2027-28	40,511,200	3.0%	202,556	3.0%	
2028-29	41,619,200	2.7%	208,096	2.7%	
2029-30	42,745,800	2.7%	213,729	2.7%	
2030-31	43,903,000	2.7%	219,515	2.7%	
2031-32	45,091,400	2.7%	225,457	2.7%	
2032-33	46,320,400	2.7%	231,602	2.7%	
2033-34	44,053,200	-4.9%	220,266	-4.9%	
2034-35	43,083,000	-2.2%	215,415	-2.2%	
2035-36	45,108,800	4.7%	225,544	4.7%	
2036-37	46,843,400	3.8%	234,217	3.8%	
2037-38	48,128,800	2.7%	240,644	2.7%	
2038-39***	\$ 37,092,150	-22.9%	185,461	-22.9%	
Total/Average		3.9%	\$ 5,040,631	4.0%	

* Estimated

** Forecasts for FY 2023-24 through FY 2038-39

*** Program sunsets in March 2039

Based on the information in the previous table, the Authority is expecting total sales tax revenue of \$5.0 billion over the life of the program - \$299.5 million more than the amount projected in 2004 when voters approved the Measure - \$4.7 billion. The average sales tax growth rate year-over-year since program inception through FY 2021-22 is 6.6% while the forecasts for the remainder of the program averages 2.1%. Although the projected average growth rate appears conservative in comparison to actual growth rate, the local economy had been recovering from the Great Recession earlier in the decade. As such, sales tax revenue likely increased faster than it would have had the recession not happened at all or been less severe than it was. Additionally, changes to the taxability of online transactions caused a notable increase in FY 2020-21 and FY 2021-22. The overall program growth rate when actual and projected amounts are combined is 4.0%.

Greater variation in the actual growth rate is expected since it represents the actual fluctuations in the underlying economic indicators, which differs from the projected growth rates. Variations in economic indicators such as construction activity, net population growth, unemployment rates, and personal income growth are among the factors that impact revenue growth rates most significantly. Less variation is seen in the projected growth rates because variations in the economic indicators are incorporated into a smoothed rate that anticipates the impact of each economic indicator over the life of the program. The average growth rate considers one moderate recession over the remaining life of the program.

SACRAMENTO COUNTYWIDE TRANSPORTATION MITIGATION FEE PROGRAM (SCTMFP)

Measure A includes a second, but smaller, revenue source – SCTMFP – which is a development fee collected by the County and each incorporated city within its boundaries. As a condition of receiving sales tax allocations, each agency is required to participate in the SCTMFP. This revenue is not pledged to the Authority’s debt program; rather it is only used to fund the Authority’s Capital Improvement Program (CIP). Historically, revenue forecasts for this program have been developed internally by Authority staff. However, since the CIP is completely funded with pay-go, the Authority hired Economic & Planning Systems, a consultant with expertise in development fee forecasts, to develop revenue forecasts through the remainder of the program. The project was completed in August 2021. The Authority intends to continue using a consultant for revenue forecasts in this program given the volatile nature of development and related revenues. The following table shows how volatile the revenue for this program has been program to date:

SCTMFP REVENUE FORECAST

Fiscal Year	Development Impact Fees	Growth Rate	Average
2009-10	\$ 3,073,658		11.2%
2010-11	2,334,437	-24.1%	
2011-12	2,957,362	26.7%	
2012-13	3,176,382	7.4%	
2013-14	3,540,542	11.5%	
2014-15	4,624,139	30.6%	
2015-16	4,363,650	-5.6%	
2016-17	7,848,175	79.9%	
2017-18	7,621,753	-2.9%	
2018-19	6,684,039	-12.3%	
2019-20	7,551,556	13.0%	
2020-21	8,956,992	18.6%	
2021-22	8,237,425	-8.0%	
2022-23*	6,002,671	-27.1%	0.5%
2023-24**	6,022,951	2.2%	
2024-25	6,428,566	2.2%	
2025-26	5,438,407	2.2%	
2026-27	5,540,711	2.2%	
2027-28	5,689,339	2.2%	
2028-29	5,841,954	2.2%	
2029-30	6,107,963	2.2%	
2030-31	6,159,576	2.2%	
2031-32	6,324,805	2.2%	
2032-33	6,494,466	2.2%	
2033-34	6,668,679	2.2%	
2034-35	10,368,287	2.2%	
2035-36	7,031,249	2.2%	
2036-37	7,219,860	2.2%	
2037-38	7,413,531	2.2%	
2038-39	7,612,398	2.2%	
Total	\$ 183,335,523		

* Estimate

** Forecast FY 2023-24 through FY 2038-39

Actual revenue growth rates from FY 2009-10 through FY 2021-22 varied dramatically from a low of -24.1% in FY 2010-11 to a high of 79.9% in FY 2016-17, averaging 11.2% during this period. The variation is directly related to new construction activity throughout the County. Early in the program construction activity was depressed because of the Great Recession but has been robust over the last couple of years, particularly in the City of Sacramento which is undergoing a revitalization. In the current year this growth is expected to fall due to high mortgage interest rates and economic uncertainty. The projected average growth rate year-over-year beginning with FY 2023-24 is conservatively set at 2.2%.

Based on the information in the table, the Authority projects total SCTMFP revenue of \$183.3 million over the life of the program. This amount is less than half the amount projected in 2004 when voters approved Measure A - \$488 million.

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BUDGET SCHEDULES
& FUND INFORMATION

4

BUDGET SCHEDULES AND FUND INFORMATION

This section contains budgets for each of the Authority's programs and administration, as well as fund descriptions. The budget tables present actual revenues and appropriations for FY 2021-22, estimated amounts for FY 2022-23, and proposed amounts for FY 2023-24. In its Annual Comprehensive Financial Report (ACFR), the Authority reports four governmental funds – the General Fund, two Special Revenue Funds, and a Debt Service Fund. All budgetary information is reported on the modified accrual basis of accounting, like the fund statements found in the ACFR. This method recognizes revenue when it becomes measurable and available, while expenditures are recognized when the obligation to pay is incurred. The Authority's cut off is 90-days after the fiscal year ends.

CONSOLIDATED BUDGET

The Consolidated Budget Summary by Fund table captures revenue, appropriations, and other financing sources and uses for the General and Special Revenue funds. Revenues are expected to decrease \$6.5 million to \$184.2 million (-3.4%) using projections developed in December 2022.

Appropriations are expected to decrease by approximately \$1.1 million to \$198.9 million, mostly attributable to anticipated increases in Capital Improvement Program (CIP) costs offset by reductions in debt service costs.

The budget year ending fund balance will increase by \$7.1 million (17.0%) to \$49.1 million when compared to the budgeted amount of \$42.0 million in FY 2022-23. The ending fund balance from year to year is impacted most significantly by the Authority's CIP which operates on a pay-go basis and makes up nearly all the fund balance. The Authority's budget is balanced, in part, because significant fund balance in the current year is available in the budget year.

The Authority considers the budget balanced when:

1. Total revenues are greater than or equal to total appropriations, or
2. Total revenues and available fund balance are greater than or equal to total appropriations.

The Authority's budget is balanced under scenario two for FY 2023-24.

The below table presents the information in the Consolidated Budget Summary by Fund in more detail. Appropriations for program administration and ongoing allocations are funded solely with sales tax proceeds, while the CIP is funded with a blend of sales tax proceeds and SCTMFP fees. Interest and other charges pay for interest and ancillary fees on bonded debt. In FY 2023-24 the fund balance reserves for the CIP will decrease to \$7.2 million from \$7.5 million in FY 2022-23 and the administration fund reserve will remain unchanged at \$300,000.

CONSOLIDATED BUDGET GENERAL FUND, SAVSA, TRANSIT SERVICES, AND DEBT SERVICE - REVENUE, APPROPRIATIONS, AND FUND BALANCE

Description	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change from FY 2023	Change in Percent
Revenues						
Sales Tax	\$ 172,916,487	\$ 176,143,000	\$ 176,143,000	\$ 174,000,000	\$ (2,143,000)	-1.2%
SCTMFP Fees *	8,237,424	6,002,671	6,002,671	6,022,951	20,280	0.3%
Interest and Other	203,716	4,511,920	4,712,258	364,731	(4,147,189)	-91.9%
SacMetro FSP **	3,633,885	3,920,122	3,597,961	3,403,755	(516,367)	-13.2%
SAVSA***	1,277,403	40,000	40,000	351,405	311,405	778.5%
Total Revenues	\$ 186,268,915	\$ 190,617,713	\$ 190,495,890	\$ 184,142,842	\$ (6,474,871)	-3.4%
Appropriations						
Administration	\$ 666,334	\$ 799,624	\$ 770,688	\$ 1,482,739	\$ 683,115	85.4%
SacMetro FSP	3,680,165	3,596,477	3,537,548	3,556,379	(40,098)	-1.1%
SAVSA	1,305,174	75,285	39,022	351,421	276,136	366.8%
Transit	6,753,289	5,462,106	2,659,180	4,500,000	(962,106)	-17.6%
Professional Services	-	330,000	330,000	170,000	(160,000)	-48.5%
Contributions to Measure A Entities:						
Ongoing Allocations	135,341,084	137,953,929	137,621,351	136,060,234	(1,893,695)	-1.4%
Capital Improvement Program (CIP)	22,642,902	27,076,268	17,412,486	32,900,898	5,824,630	21.5%
Debt Service:						
Principal	4,235,000	4,455,000	4,455,000	4,380,000	(75,000)	-1.7%
Interest and Other Charges	15,617,120	20,257,063	20,257,063	15,488,283	(4,768,780)	-23.5%
Total Appropriations	\$ 190,241,068	\$ 200,005,752	\$ 187,082,339	\$ 198,889,954	\$ (1,115,798)	-0.6%
Net Increase (decrease) in Fund Balance	(3,972,153)	(9,388,039)	3,413,551	(14,747,112)	(5,359,073)	57.1%
Beginning Fund Balance	64,410,869	51,375,057	60,438,716	63,852,267	12,477,210	24.3%
Ending Fund Balance	\$ 60,438,716	\$ 41,987,018	\$ 63,852,267	\$ 49,105,155	\$ 7,118,137	17.0%
Fund Reserve****	2,200,000	7,800,000	7,800,000	7,500,000	(300,000)	-3.8%
Ending Fund Balance Less Reserve	\$ 58,238,716	\$ 34,187,018	\$ 56,052,267	\$ 41,605,155	\$ 7,418,137	21.7%

* Sacramento Countywide Transportation Mitigation Fee Program
 ** Sacramento Metropolitan Freeway Service Patrol
 *** Sacramento Abandoned Vehicle Service Authority
 **** FY 2023-24 \$7.2 million for the capital program and \$300,000 for administration

GENERAL FUND

PROGRAMS

The General Fund reports all Measure A revenues including sales tax, SCTMFP fees, interest income on fund balance, and interest rate hedging derivatives. The General Fund also reports SacMetro FSP state and local grants. The Sacramento Abandoned Vehicle Service Authority (SAVSA), Neighborhood Shuttle, and Consolidated Transportation Services Agency (CTSA) are reported separately as a Special Revenue funds and therefore not included in the General Fund table.

Measure A revenue consists of a countywide one-half cent sales tax and mitigation fees charged for certain new construction by the Sacramento County and each city incorporated within its boundaries, the SCTMFP. The imposition of the mitigation fee is required to receive the jurisdiction allocation of local street and road maintenance funds in the Measure A sales tax program. All funding from Measure A is dedicated to transportation operations, maintenance, and construction throughout the County. Sales tax is the largest and least volatile of the two funding sources.

Sales tax is collected by the California Department of Tax and Fee Administration (CDTFA) and remitted monthly. The Authority's trustee, US Bank, intercepts the sales tax remittance and pays all debt service costs before forwarding the remaining funds to the Authority's General Fund. Subsequently, Authority staff allocate the sales tax proceeds to each Measure A agency according to the percentages identified in the Measure A Ordinance.

The SCTMFP fees are remitted directly to the Authority semi-annually from each member agency. Initially, the fees for the program were determined by a Nexus study performed prior to the program's inception. Thereafter, the fees have been annually updated using criteria prescribed in the Ordinance. Since the fees are generated by construction activity, remittances are volatile. A Nexus study update is currently in progress and will be completed in the winter of 2023.

SacMetro FSP receives funding from two sources – a state grant and a local match. The state grant is formulaic and administered by the California Department of Transportation (Caltrans). This funding is received as claims are submitted for reimbursement. The local match is provided by the Capital Valley Regional Service Authority for Freeways and Expressways (CVR-SAFE). This funding is distributed in a two lump sums by the Sacramento Area Council of Governments (SACOG) during the fiscal year and used as the matching component for the state grant.

FUND BALANCE

The fund balance in the General fund is expected to decrease to \$37.8 million in FY 2023-24 from a budgeted amount of \$39.2 million in FY 2022-23 because revenues are decreasing, and appropriations are increasing. In general, decreased sales tax, interest, and other revenue and increased CIP expenditures are the primary factors driving the decreased fund balance. Appropriations for the CIP in FY 2023-24 are expected to be \$5.8 million higher than budgeted in FY 2022-23.

GENERAL FUND BUDGET - REVENUE, APPROPRIATIONS, AND FUND BALANCE

Description	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change from FY 2023	Change in Percent
Revenues						
Sales Tax	172,916,487	\$ 176,143,000	\$ 176,143,000	\$ 174,000,000	\$ (2,143,000)	-1.2%
SCTMFP Fees *	8,237,424	6,002,671	6,002,671	6,022,951	20,280	0.3%
Interest and Other	257,500	4,500,000	4,500,000	250,000	(4,250,000)	-94.4%
SacMetro FSP	3,633,885	3,920,122	3,597,961	3,403,755	(516,367)	-13.2%
Total Revenues	185,045,296	\$ 190,565,793	\$ 190,243,632	\$ 183,676,706	\$ (6,889,087)	-3.6%
Appropriations						
Administration	666,334	\$ 799,624	\$ 770,688	\$ 1,482,739	\$ 683,115	85.4%
SacMetro FSP	3,680,165	3,596,477	3,537,548	3,556,379	(40,098)	-1.1%
Professional Services	-	330,000	330,000	170,000	(160,000)	-48.5%
Contributions to Measure A Entities:						
Ongoing Allocations	135,341,084	137,953,929	137,621,351	136,060,234	(1,893,695)	-1.4%
Capital Improvement Program (CIP)	22,642,902	27,076,268	17,412,486	32,900,898	5,824,630	21.5%
Capital Outlay	381,753	-	-	-	-	0.0%
Total Appropriations	162,712,238	\$ 169,756,298	\$ 159,672,074	\$ 174,170,250	\$ 4,413,952	2.6%
Other Financing Sources (Uses)						
Transfers Out (to the Debt Service Fund)	(20,116,140)	\$ (24,001,251)	\$ (24,001,251)	\$ (22,500,000)	\$ 1,501,251	-6.3%
Transfers Out (to the Transit Fund)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	-	0.0%
Proceeds from Leases	381,753	-	-	-	-	0.0%
Total Financing Sources (Uses)	(20,734,387)	\$ (25,001,251)	\$ (25,001,251)	\$ (23,500,000)	\$ 1,501,251	-6.0%
Net Increase (decrease) in Fund Balance	1,598,671	(4,191,756)	5,570,307	(13,993,544)	(9,801,788)	233.8%
Beginning Fund Balance	44,616,768	43,391,296	46,215,439	51,785,747	8,394,451	19.3%
Ending Fund Balance	46,215,439	\$ 39,199,540	\$ 51,785,747	\$ 37,792,203	\$ (1,407,337)	-3.6%
Fund Reserve***	2,200,000	7,800,000	7,800,000	7,500,000	(300,000)	-3.8%
Ending Fund Balance Less Reserve	44,015,439	\$ 31,399,540	\$ 43,985,747	\$ 30,292,203	\$ (1,107,337)	-3.5%

* Sacramento Countywide Transportation Mitigation Fee Program

** Sacramento Metropolitan Freeway Service Patrol

*** Includes \$7.2 million for the capital program and \$300,000 for administration

REVENUE AND OTHER FINANCING SOURCES

Sales tax revenue is projected to decrease to \$174.0 million in FY 2023-24, representing a decline of -1.2% over the FY 2022-23 budgeted amount of \$176.1 million. This rate is below the overall trend for the sales tax, an average growth rate of 6.6% based on reported amounts from program inception in 2009 through June 30, 2022. However, since the program started in the middle of the Great Recession, the average growth rate may be somewhat higher than it would have been without the Great Recession. Sales tax revenue did not recover to pre-recession levels until FY 2015-16. Since then, sales tax revenue has continued to grow at an accelerated rate, more recently, with the inflow of new revenues from tax on out-of-state vendors that sell goods destined for the Sacramento region. This new revenue is directly attributable to the Wayfair Decision, which was rolled out in phases. The last phase took effect in January 2020, so the Authority has benefitted from the new revenue over the last two years.

SCTMFP revenue has proven to be volatile. Since program inception in 2009, the growth rate has varied from a low of -27.1% in FY 2022-23 to a high of almost 80% in FY 2016-17. This program generates revenue by charging a fee for certain construction activity throughout the County. Annual revenue is estimated at \$6.0 million for both FY 2022-23 and budget year FY 2023-24. The average growth rate from program inception through June 30, 2022 was 11.2%. Historically, revenue forecasts have been developed by staff internally; However, in April 2021 the Authority

hired consulting firm – Economic & Planning Systems – to develop revenue forecasts through the remainder of the program which sunsets in 2039. That effort was completed in August 2021 and the updated forecasts included in this budget document. The Authority will continue using the services of a consultant to forecast revenues as the CIP program has become increasingly reliant on this funding source and up-to-date information is needed to appropriately program capital projects.

SacMetro FSP budgeted revenue is expected to decrease by \$516,000 in FY 2023-24 when compared to budgeted revenues in FY 2022-23. Local funding has remained at \$910,000 in FY 2023-24. However, State grant funding, which is allocated based on regional traffic patterns and the regional populations causes variations in the funding. FSP staff are working on drawing down the balances in previous periods by billing eligible indirect cost rates and labor costs to Caltrans. Drawing down older balances leaves less State funding available in future years.

APPROPRIATIONS AND OTHER FINANCING USES

Appropriations are projected to increase \$4.4 million to \$174.2 million in FY 2023-24. Transfers out (other financing uses) are expected to be \$22.5 million, \$1.5 million less than the budgeted amount in FY 2022-23. The amount transferred pays for debt service on the Authority's bond program which consists almost entirely of variable rate debt. Since interest rates have increased substantially in FY 2022-23, interest payments to bondholders have too. The budget assumes interest rates moderating during FY 2023-24.

Ongoing allocations are expected to decrease by \$1.9 million (-1.4%) in FY 2023-24. The allocations fluctuate in direct relation to changes in sales tax revenue. The Measure A Ordinance requires that about 80% of all sales tax dollars pass-through to local jurisdictions at a prescribed rate. CIP funding is expected to increase to \$32.9 million in FY 2023-24 from a budgeted amount of \$27.1 million in FY 2022-23. The increase of \$5.8 million (21.5%) is indicative of some jurisdictions increasing planned projects. The actual spending in FY 2022-23 is estimated to be \$17.4 million, \$9.7 million less than budgeted.

CIP appropriations vary from year-to-year based on the number of projects under contract with the Authority and whether they are in the planning or construction phase. In general, appropriations increase when projects move into the construction phase. In the budget year, appropriations are spread across five agencies – the County, the cities of Sacramento and Citrus Heights, Caltrans, and the Capital SouthEast Connector Authority. More detail about the projects and spending can be found in the CIP section of this budget and a table later in this section.

The table on the following page summarizes the percentage of the CIP allocation that pays for debt service on an annual basis net of the interest received from the Authority's swap partners. The percentage of debt service costs in relation to the sales tax allocation for CIP is budgeted to be slightly higher in FY 2023-24 at 56.0% than estimated in FY 2022-23 at 53.5%. The increased ratio in FY 2023-24 is caused by the anticipated refinancing of the variable rate bonds during FY 2023-24. The percentage is expected to be stable through FY 2028-29 when principal payments begin on anticipated refunded bond series issued in FY 2023-24. Thereafter, more of the sales tax allocation will be committed to paying those debt costs. Money left over after paying debt service costs is available for appropriation to the CIP as pay-go funding.

DEBT SERVICE TO SALES TAX ALLOCATION PERCENTAGES

Description	FY 2024 Proposed	FY 2023 Estimate	FY 2022 Actual	FY 2021 Actual	FY 2020 Actual
Sales Tax Allocation for CIP*	\$ 35,487,100	\$ 35,894,266	\$ 35,299,517	\$ 31,324,890	\$ 26,813,659
Debt Service Charges**	\$ 19,868,000	\$ 19,205,005	\$ 19,859,000	\$ 15,655,190	\$ 18,498,171
Ratio	56.0%	53.5%	56.3%	50.0%	69.0%

* Equals 20.75 of the net sales tax proceeds

** Principal, interest, hedging derivatives, and ancillary fees net of interest rate swap revenue

The SCTMFP is expected to receive about the same revenue in FY 2023-24 as budgeted in FY 2022-23. However, appropriations are expected to be \$7.8 million in FY 2023-24, \$1.4 million less than the amount budgeted in FY 2022-23. Estimated actual spending for FY 2022-23 is expected to be about \$4.3 million, which is \$4.9 million less than expected because spending for projects programmed to receive SCTMFP funding during FY 2022-23 did not come in as high as budgeted. The estimated ending fund balance for FY 2022-23 is expected to be \$7.3 million and about \$5.6 million in FY 2023-24. As remaining fund balance decreases, cash constraints limit available funding for the CIP. Staff regularly monitor program cash flows to determine an appropriate balance between sales tax and SCTMFP resources to reimburse capital claims. Below is a table summarizing SCTMFP activities.

REVENUE, APPROPRIATIONS, AND FUND BALANCE

Description	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change from FY 2023	Change In Percent
Revenues						
Fees	\$ 8,237,424	\$ 6,002,671	\$ 6,002,671	\$ 6,022,951	\$ 20,280	0.3%
Interest	(8,964)	15,000	30,000	15,000	-	0.0%
Total Revenues	\$ 8,228,460	\$ 6,017,671	\$ 6,032,671	\$ 6,037,951	\$ 20,280	0.3%
Appropriations						
Capital Appropriations:						
Capital SouthEast Connector	\$ 3,793,894	\$ 1,955,197	\$ 2,019,039	\$ 2,000,000	\$ 44,803	2.3%
City of Citrus Heights	600,000	600,000	-	-	(600,000)	100.0%
City of Sacramento	447,031	1,946,442	630,011	1,300,000	(646,442)	-33.2%
County of Sacramento	4,334,452	2,000,000	-	2,000,000	-	0.0%
Smart Growth Incentive Program Appropriations:						
Capital SouthEast Connector	4,104,845	891,179	895,155	-	(891,179)	-100.0%
City of Citrus Heights	-	-	-	-	-	0.0%
City of Galt	-	45,000	-	45,000	-	0.0%
City of Rancho Cordova	93,561	-	209,769	484,670	484,670	100.0%
Sacramento Regional Transit District	-	808,000	100,000	354,000	(454,000)	-56.2%
City of Sacramento	-	750,000	167,712	869,288	119,288	15.9%
County of Sacramento	-	175,000	258,000	738,000	563,000	321.7%
Total Appropriations	\$ 13,373,783	\$ 9,170,818	\$ 4,279,686	\$ 7,790,958	\$ (1,379,860)	-15.0%
Net Increase (decrease) in Fund Balance	(5,145,323)	(3,153,147)	1,752,985	(1,753,007)	1,400,140	-44.4%
Beginning Fund Balance	10,708,825	4,239,640	5,563,502	7,316,487	3,076,847	72.6%
Ending Fund Balance	\$ 5,563,502	\$ 1,086,493	\$ 7,316,487	\$ 5,563,480	\$ 4,476,987	412.1%

FORMULAIC ALLOCATIONS

Measure A prescribes the allocation of all sales tax proceeds. The following table summarizes by percentage and annual amount, the proceeds each agency and program will receive in FY 2022-23 based on projected sales tax revenue. The allocations are disbursed monthly.

- Total revenues are the total sales tax proceeds. The amount is net of the administration fees charged by the California Department of Tax and Fee Administration (CDTFA) averaging 0.7% of the total sales tax proceeds. The administration charges are withheld quarterly before the sales tax is remitted.
- Isleton and Galt receive 0.04% and 1% of the total revenues, respectively.
- The Neighborhood Shuttle is programmed to receive \$30 million over the life of the 30-year program. Therefore, the Authority distributes \$1 million to the program annually.
- Net revenues are the amount used to determine the remaining allocations.
- County Regional Parks are programmed to receive \$30 million over the life of the program, so the Authority distributes \$1 million to the program annually. However, the allocation to Safety, Streetscaping, Pedestrian and Bike Facilities is reduced by \$1 million annually to fund the county regional parks program.
- Capital Improvement Program (CIP), which amounts to 20.75% of the net revenues, is the amount allocated to pay for debt service costs. Any money remaining is available for pay-go funding.
- Program administration funding is limited to 0.75% of the net revenues, which is used to pay for salaries and benefits, overhead, professional consultants, and audits supervised by the Independent Taxpayer Oversight Committee (ITOC).
- Sacramento Metropolitan Air Quality Management District is allocated 1.5% of the net revenues to fund air quality monitoring and improvement activities.
- Sacramento Regional Transit (SacRT) and Paratransit combined are allocated 4.5% of the net revenues as they are each a Consolidated Transportation Services Agency (CTSA)
- SacRT receives the largest allocation of the net revenues at 34.5% to fund transit operations and maintenance.

GENERAL FUND - MEASURE A SALES TAX ALLOCATIONS

Description	Percentage	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change from FY 2023	Change in Percent
Total Revenues		\$ 172,916,487	\$ 176,143,000	\$ 176,143,000	\$ 174,000,000	\$ (2,143,000)	-1.2%
Professional Services		-	330,000	330,000	170,000	(160,000)	-48.5%
Net Revenues for Allocation		\$ 172,916,487	\$ 175,813,000	\$ 175,813,000	\$ 173,830,000	\$ (1,983,000)	-1.1%
Isleton	0.04	69,167	70,457	70,457	69,532	(925)	-1.3%
Galt	1.00	1,729,165	1,761,430	1,758,130	1,738,300	(23,130)	-1.3%
Neighborhood Shuttle	Fixed	1,000,000	1,000,000	1,000,000	1,000,000	-	0.0%
Net Revenues		\$ 170,118,155	\$ 172,981,113	\$ 172,984,413	\$ 171,022,168	\$ (1,958,945)	-1.1%
County Regional Parks	Fixed	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	0.0%
Capital Improvement Program (CIP)	20.75	35,299,517	35,893,581	35,894,266	35,487,100	(406,481)	-1.1%
Program Administration	0.75	1,275,886	1,297,358	1,297,383	1,282,666	(14,692)	-1.1%
SMAQMD*	1.50	2,551,772	2,594,717	2,594,766	2,565,333	(29,384)	-1.1%
Traffic Control & Safety**	3.00	5,103,545	5,189,433	5,189,532	5,130,665	(58,768)	-1.1%
SacRT***/Paratransit (CTSA)	4.50	7,655,317	7,784,150	7,784,299	7,695,998	(88,153)	-1.1%
Safety, Streetscaping, Ped and Bike Facilities**	5.00	7,505,908	7,649,056	7,649,221	7,551,108	(97,947)	-1.3%
Street & Road Maintenance**	30.00	51,035,447	51,894,334	51,895,324	51,306,650	(587,683)	-1.1%
SacRT	34.50	58,690,763	59,678,484	59,679,622	59,002,648	(675,836)	-1.1%
Total	100.00	\$ 170,118,155	\$ 172,981,113	\$ 172,984,413	\$ 171,022,168	\$ (1,958,945)	-1.1%

* Sacramento Metropolitan Air Quality Management District
 ** Subject to further allocation - see Allocation Per Population and Lane Miles Table
 *** Sacramento Regional Transit

An additional formulaic allocation is performed to the following three categories and distributed to the County of Sacramento and the cities of Citrus Heights, Elk Grove, Folsom, Rancho Cordova, and Sacramento based on relative population and lane miles:

- Traffic Control and Safety costs funded by 3% of the net revenues.
- Safety, Streetscaping, Pedestrian, and Bike Facilities activities funded by 5% of the net revenues. The total amount is reduced by \$1 million per year to fund county regional parks.
- Street and road maintenance activity is funded by 30% of the net revenues.

The amounts in the following table represent the total annual allocations by agency of the three categories above combined – less \$1 million for regional parks. The allocation percentages are updated annually based on population as reported by the California Department of Finance and lane miles reported by each jurisdiction.

ALLOCATION PER POPULATION AND LANE MILES (75/25 RATIO RESPECTIVELY)

Entity	Population*	Lane Miles**	Allocation Ratio	Amount***
City of Citrus Heights	86,367	474	5.19716%	\$ 3,325,581
City of Elk grove	176,972	1,175	11.09033%	7,096,525
City of Folsom	84,592	707	5.61417%	3,592,420
City of Rancho Cordova	80,359	682	5.35559%	3,426,956
City of Sacramento	518,037	3,154	31.84906%	20,379,711
County of Sacramento	604,272	5,417	40.89369%	26,167,230
Total	1,550,599	11,609	100%	\$ 63,988,424

* Per California Department of Finance Report E-1
 ** Based on data provided by each agency in Winter 2022
 *** Represents total amount less \$1 million for regional parks

CAPITAL IMPROVEMENT PROGRAM (CIP)

The table below summarizes the total CIP appropriations at the agency level for three fiscal years. Agencies that are not represented in the table below but are part of the capital program are the cities of Folsom, Galt, and Elk Grove. These agencies do not have projects programmed during any of the three fiscal years presented. The estimated spending in FY 2022-23 is \$9.7 million less than budgeted because some projects were completed or experienced delays; however, the remaining funding is programmed to be used in the future. Below is a summary of capital construction costs regardless of funding source.

GENERAL FUND - CAPITAL IMPROVEMENT PROGRAM (CIP)

Description*	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change from FY 2023	Change in Percent
Caltrans	\$ 8,882,164	\$ 9,113,450	\$ 2,340,800	\$ 10,774,940	\$ 1,661,490	18.2%
Capital SouthEast Connector JPA	3,952,158	1,955,197	2,019,039	6,700,000	4,744,803	242.7%
Citrus Heights	600,000	600,000	-	-	(600,000)	-100.0%
Sacramento City	447,031	1,946,442	630,011	1,300,000	(646,442)	-33.2%
Sacramento County	4,563,142	10,792,000	10,792,000	11,635,000	843,000	7.8%
Smart Growth Incentive Program	4,198,406	2,669,179	1,630,636	2,490,958	(178,221)	-6.7%
Total Capital Appropriations	\$ 22,642,901	\$ 27,076,268	\$ 17,412,486	\$ 32,900,898	\$ 5,824,630	21.5%

* Represents only those entities with funding agreements during the fiscal years represented in the table

There are currently two funding sources for the CIP, sales tax and SCTMFP. The Measure A Ordinance directs 20.75% of the net sales tax proceeds to the CIP program, however only the amount remaining after paying debt service – pay go – is available to fund projects. Most of the money pays for principal, interest, and ancillary fees on the bonded debt issued early in the program to advance capital projects – most notably in the first five years of the program. The table below summarizes the planned funding from the two sources by agency.

GENERAL FUND - CAPITAL IMPROVEMENT PROGRAM (CIP)

Description*	FY 2023 Budget	Funded with SCTMFP	Funded with General Fund	FY 2023 Estimate	Funded with SCTMFP	Funded with General Fund	FY 2024 Budget	Funded with SCTMFP	Funded with General Fund
Caltrans	\$ 9,113,450	\$ -	\$ 9,113,450	\$ 2,340,800	\$ -	\$ 2,340,800	\$ 10,774,940	\$ -	\$ 10,774,940
Capital SouthEast Connector JPA	1,955,197	1,955,197	-	2,019,039	2,019,039	-	6,700,000	2,000,000	4,700,000
Citrus Heights	600,000	600,000	-	-	-	-	-	-	-
Sacramento City	1,946,442	1,946,442	-	630,011	630,011	-	1,300,000	1,300,000	-
Sacramento County	10,792,000	2,000,000	8,792,000	10,792,000	-	10,792,000	11,635,000	2,000,000	9,635,000
Smart Growth Incentive Plan	2,669,179	2,669,179	-	1,630,636	1,630,636	-	2,490,958	2,490,958	-
Total Capital Appropriations	\$ 27,076,268	\$ 9,170,818	\$ 17,905,450	\$ 17,412,486	\$ 4,279,686	\$ 13,132,800	\$ 32,900,898	\$ 7,790,958	\$ 25,109,940

* Represents only those entities with funding agreements during the fiscal years represented in the table

SACRAMENTO METROPOLITAN FREEWAY SERVICE PATROL PROGRAM (SACMETRO FSP)

SacMetro FSP reduces freeway congestion by removing vehicles that are stalled or have been involved in a collision which account for more than half of all non-recurring freeway congestion. The program is a collaboration of the Authority, California Highway Patrol (CHP), and the California Department of Transportation (Caltrans). Funding is provided by state grants administered by Caltrans and a local grant administered by the Sacramento Area Council of Governments (SACOG) which allocates Capitol Valley Regional Service Authority for Freeways and Expressways (CVR-SAFE) funds.

FSP's special team of tow truck drivers patrol Sacramento freeways during peak commute times- 6:30-9:30 am and 2:30-6:30 pm Monday through Friday (except holidays). Drivers assist stranded motorists by helping them change a flat tire, providing a gallon of fuel, jump-starting their car, or making other minor repairs as needed. If the driver cannot get the vehicle running, it is towed to a CHP-approved location where the motorist can arrange for towing and/or repair.

SacMetro FSP operates on the following freeways:

- Highway 99 – Grant Line Road to the Hwy 99/50 Interchange.
- Capital City freeway (Business 80) – Hwy 99/50 Interchange to the I-80 Interchange.
- Interstate 5 – Elk Grove Blvd to the Highway 99 Interchange; Sacramento/ Yolo County Line to State Route 113
- Highway 50 – Capital City Freeway (Business 80) Interchange to El Dorado County Line
- Interstate 80 – Interstate 5 to the Placer County Line; in Yolo County from Mace Blvd. to Jefferson Blvd.

FUND BALANCE

Ending fund balance for FY 2023-24 is expected to be about \$141,000 in comparison to an estimated ending fund balance of \$293,000 in FY 2022-23. The SacMetro FSP program does not typically carry a significant fund balance because it is essentially a break-even program. Local revenue is received near the beginning of each fiscal year as a match for the state grant. The local portion is received in a lump sum while the state grant funding is received on a reimbursement basis and often takes 45 days to process. Therefore, the fund balance is often low, in part, because of the timing difference between when contractors bill the program with net 30 terms and the receipt of reimbursement funds. Over the next couple of fiscal years fund balance will likely decrease more as contractor costs increase with inflationary pressure.

REVENUE

Total revenues are expected to be \$3.4 million in FY 2023-24. State grant funding is expected to decrease by about \$526,000 (-17.4%) because the funding is allocated based on regional traffic patterns and regional populations causing variances in funding. Additionally, FSP staff are drawing down the balances on previous periods by billing eligible indirect cost rates and labor costs to Caltrans. Drawing down older balances leaves less State funding available for future years. Local grant funding (CVR-SAFE) is negotiated with SACOG and expected to remain at \$910,000 in both FY 2022-23 and FY 2023-24. These funds are used as a local match for the state funding received from Caltrans.

SACMETRO FSP BUDGET - REVENUE, APPROPRIATIONS, AND FUND BALANCE

Description	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change from FY 2023	Change in Percent
Revenues						
State Allocation	\$ 2,885,885	\$ 3,020,122	\$ 2,687,961	\$ 2,493,755	\$ (526,367)	-17.4%
CVR-SAFE* (local match)	748,000	900,000	910,000	910,000	10,000	1.1%
Total Revenues	\$ 3,633,885	\$ 3,920,122	\$ 3,597,961	\$ 3,403,755	\$ (516,367)	-13.2%
Appropriations						
Salaries and Benefits	\$ 144,006	\$ 157,072	\$ 135,884	\$ 147,410	\$ (9,662)	-6.2%
Overhead	56,779	75,794	81,171	65,093	(10,701)	-14.1%
Conferences and Travel	-	1,150	856	1,950	800	69.6%
Communications	70,763	59,640	74,912	72,300	12,660	21.2%
Professional Services	47,750	33,196	-	-	(33,196)	-100.0%
Other Operating Expenditures	2,171	2,550	2,778	2,550	-	0.0%
Contractors	3,358,696	3,267,075	3,241,947	3,267,076	1	0.0%
Total Appropriations	\$ 3,680,165	\$ 3,596,477	\$ 3,537,548	\$ 3,556,379	\$ (40,098)	-1.1%
Net Increase (decrease) in Fund Balance	\$ (46,280)	\$ 323,645	\$ 60,413	\$ (152,624)	\$ (476,269)	-147.2%
Beginning Fund Balance	279,056	231,584	232,776	293,189	61,605	26.6%
Ending Fund Balance	\$ 232,776	\$ 555,229	\$ 293,189	\$ 140,565	\$ (414,664)	-74.7%

* Capitol Valley Regional Service Authority for Freeways and Expressways

APPROPRIATIONS

Budgeted appropriations are expected to remain about the same in FY 2023-24 when compared to the budgeted amount for FY 2022-23. Professional services provided by the CHP are expected to decrease by about \$33,000 (-100%) in FY 2022-23 to zero in FY 2023-24 because the services are no longer being billed to the FSP program.

ADMINISTRATION FUND

Three staff members are tasked with overseeing the Measure A, SacMetro FSP, SAVSA, Neighborhood Shuttle, and Consolidated Transportation Services Agency (CTSA) programs. The Executive Director and Accounting Manager charge 93% and 95% of their time respectively administering the Measure A, Neighborhood Shuttle and CTSA programs, while the Special Programs Manager charges 91% of their time administering the SacMetro FSP and SAVSA programs based on actual hours in FY 2021-22. As such, each program pays its fair share of salaries, benefits, and overhead charges through a cost allocation process. Measure A limits administration funding to 0.75% of the net sales tax proceeds.

FUND BALANCE

Ending fund balance is expected to decrease to \$2.2 million in FY 2023-24 when compared to the budgeted fund balance of \$2.4 million for FY 2022-23. The decrease is related to a significant onetime expense (\$516,000) for the citizens' initiative that was on the ballot in November 2022. Total appropriations in FY 2023-24 is expected to increase by \$683,000 when compared to budgeted appropriations for FY 2022-23. Sales tax revenue has also been at historically high levels, adding to available administrative funds. The fund balance reserve will be maintained at \$300,000 in the budget year.

ADMINISTRATION BUDGET - REVENUE, APPROPRIATIONS, AND FUND BALANCE

Description	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change from FY 2023	Change in Percent
Revenues						
Sales Tax*	\$ 1,275,886	\$ 1,291,202	\$ 1,297,383	\$ 1,282,666	\$ (8,536)	-0.7%
Interest and Other	168	50	50	50	-	0.0%
Total Revenues	\$ 1,276,054	\$ 1,291,252	\$ 1,297,433	\$ 1,282,716	\$ (8,536)	-0.7%
Appropriations						
Salaries and Benefits	\$ 516,282	\$ 546,310	\$ 533,863	\$ 605,047	\$ 58,737	10.8%
Rent	-	40,539	-	-	(40,539)	-100.0%
Conferences and Travel	11,350	8,875	7,874	9,082	207	2.3%
Insurance	8,643	9,500	9,241	9,888	388	4.1%
Professional Services	55,141	135,250	132,107	761,798	626,548	463.3%
I/TOC	31,961	52,000	33,119	35,538	(16,462)	-31.7%
Other Operating Expenditures	6,699	7,150	15,459	19,783	12,633	176.7%
Capital Outlay	381,753	-	-	-	-	0.0%
Debt Service (Lease)	36,258	-	39,025	41,603	41,603	100.0%
Total Appropriations	\$ 1,048,087	\$ 799,624	\$ 770,688	\$ 1,482,739	\$ 683,115	85.4%
Other Financing Sources (Uses)						
Proceeds from Leases	\$ 381,753	\$ -	\$ -	\$ -	\$ -	0.0%
Total Other Financing Sources (Uses)	\$ 381,753	\$ -	\$ -	\$ -	\$ -	0.0%
Net Increase (decrease) in Fund Balance	\$ 609,720	\$ 491,628	\$ 526,745	\$ (200,023)	\$ (691,651)	-140.7%
Beginning Fund Balance	1,261,991	1,880,645	1,871,711	2,398,456	517,811	27.5%
Ending Fund Balance	\$ 1,871,711	\$ 2,372,273	\$ 2,398,456	\$ 2,198,433	\$ (173,840)	-7.3%
Fund Reserve	200,000	300,000	300,000	300,000	-	0.0%
Ending Fund Balance Less Reserve	\$ 1,671,711	\$ 2,072,273	\$ 2,098,456	\$ 1,898,433	\$ (173,840)	-8.4%

* .75% of the net sales tax revenue is available for administration

APPROPRIATIONS

As mentioned previously, appropriations are expected to increase in the budget year. The most notable increase is in the amount of \$627,000 for professional services. The most significant expense is related to the printing of the citizens' initiative in the County Voter Information Guide. Additional professional services are budgeted for FY 2023-24 related to public outreach, polling and other studies; these expenses did not occur in FY 2022-23. Debt Service (Lease) and Capital Outlay are new lines due to the implementation of Governmental Accounting Standards Board (GASB) 87. The implementation changed the presentation of operating leases.

SPECIAL REVENUE FUNDS

SACRAMENTO ABANDONED VEHICLE SERVICE AUTHORITY (SAVSA) FUND

The Sacramento Abandoned Vehicle Service Authority (SAVSA) was created in 1991 to combat the growing number of abandoned vehicles on private and public property. SAVSA is funded by a \$1 vehicle registration fee collected by the California Department of Motor Vehicles (DMV). Each year, SAVSA helps to fund the removal of thousands of abandoned vehicles in the County and within the cities of Sacramento, Galt, Rancho Cordova, Folsom, Citrus Heights, and Elk Grove. Distributions to entities are based 50% on population and 50% on the relative number of abatements performed during each calendar quarter. This program sunset in April 2022, ballot Measure C to continue the fee received a majority of the vote (57.7% voter approval) but failed to meet the two-thirds voter approval requirement. Given the benefits of the program over the last three decades, the Authority is pursuing a legislative solution with the State of California.

FUND BALANCE

Since the program sunset in the prior year and nearly all of the related revenue with it, the fund balance in FY 2023-24 will decrease to \$53,000. If the legislative bill (AB 333) that is in process with the State of California is signed into law the program will restart but may not begin generating revenue until the last quarter of FY 2023-24 or early in the following fiscal year.

SAVSA BUDGET - REVENUE, APPROPRIATIONS, AND FUND BALANCE

Description	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change from FY 2023	Change in Percent
Revenues						
Vehicle License Fees	\$ 1,082,041	\$ 40,000	\$ 40,000	\$ 351,405	\$ 311,405	778.5%
Outreach and Education	195,362	-	-	-	-	0.0%
Interest	(583)	20	1,000	500	480	2400.0%
Total Revenues	\$ 1,276,820	\$ 40,020	\$ 41,000	\$ 351,905	\$ 311,885	779.3%
Appropriations						
Abandoned Vehicle Abatement	\$ 1,082,042	\$ 35,000	\$ -	\$ 250,000	\$ 215,000	614.3%
Outreach and Education	189,439	-	-	-	-	0.0%
Salaries and Benefits/Overhead	33,693	40,285	39,022	101,421	61,136	151.8%
Total Appropriations	\$ 1,305,174	\$ 75,285	\$ 39,022	\$ 351,421	\$ 276,136	366.8%
Net Increase (decrease) in Fund Balance	(28,354)	(35,265)	1,978	484	35,749	-101.4%
Beginning Fund Balance	162,960	119,647	134,606	136,584	16,937	14.2%
Ending Fund Balance	\$ 134,606	\$ 84,382	\$ 136,584	\$ 137,068	\$ 52,686	62.4%

REVENUE AND APPROPRIATIONS

Revenue and appropriations estimate for FY 2023-24 are expected to be \$351,000 which is about \$311,000 more than the prior year \$40,000 budget. As mentioned above, the program is anticipated to continue based on legislation with the State of California. Appropriations for salaries and benefits/overhead for FY 2023-24 is expected to be \$101,000, approximately \$40,000 of the expense is attributable to restarting the program with DMV. Additional staff costs are expected to be incurred in FY 2023-24 due to the anticipated increased staff time commitment.

TRANSIT SERVICES FUND

The Transit Services Fund reports two programs: the Neighborhood Shuttle, and the Consolidated Transportation Services Agency (CTSA). The Neighborhood Shuttle program funds the development of additional Neighborhood Shuttles throughout Sacramento County. The CTSA works to expand the availability and use of specialized transportation services. The program facilitates coordination of transportation needs of seniors, people with disabilities, and others.

FUND BALANCE

Fund balance for these two programs will decrease quickly since contracts for services have been executed for the first time since the Measure A program began in 2009. The beginning fund balance in FY 2021-22 was \$12.9 million, but the year ended with a fund balance of \$7.1 million. The fund balance is expected to decrease in FY 2022-23 to \$5.6 million as appropriations outpace revenues. In budget year FY 2023-24, the fund balance is expected to decline further to \$2.2 million.

TRANSIT SERVICES BUDGET - REVENUE, APPROPRIATIONS, AND FUND BALANCE

Description	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed	Change from FY 2023	Change in Percent
Revenues						
Interest	(\$54,811)	\$9,500	\$142,171	\$111,831	\$102,331	1077.2%
Total Revenues	(\$54,811)	\$9,500	\$142,171	\$111,831	\$102,331	1077.2%
Appropriations						
Ongoing Allocations	\$6,753,289	\$5,462,106	\$2,659,180	\$4,500,000	(\$962,106)	-17.6%
Total Appropriations	\$6,753,289	\$5,462,106	\$2,659,180	\$4,500,000	(\$962,106)	-17.6%
Other Financing Sources (Uses)						
Transfers In	1,000,000	1,000,000	1,000,000	1,000,000	0	0.0%
Total Financing Sources (Uses)	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0	0.0%
Net Increase (decrease) in Fund Balance	(5,808,100)	(4,452,606)	(1,517,009)	(3,388,169)	1,064,437	-23.9%
Beginning Fund Balance	12,916,670	8,060,381	7,108,570	5,591,561	(2,468,820)	-30.6%
Ending Fund Balance	\$7,108,570	\$3,607,775	\$5,591,561	\$2,203,392	(\$1,404,383)	-38.9%

REVENUE AND APPROPRIATIONS

Revenue for the CTSA program was accumulated from program inception in 2009 through June 30, 2019 per the Measure A Ordinance. The revenue accumulated at the rate of one percent of the net sales tax revenue each year, plus accumulated interest. During this time there were no appropriations, so fund balance accumulated. The Neighborhood Shuttle program is funded at the rate of \$1 million per year for the duration of the tax program.

The CTSA did not begin appropriating funds until FY 2020-21 when contracts between the Authority and program partners Paratransit and Sacramento Regional Transit (SacRT) were executed. In that first-year (FY 2020-21) appropriations totaled \$6.1 million, while appropriations were \$6.8 million in FY 2021-22. Expected appropriations in FY 2022-23 are \$2.7 million. In budget year FY 2023-24, appropriations are forecasted to be \$4.5 million. Although the appropriations are a mix of funds from both programs, most of the appropriations are drawing down CTSA funds which is projected to be extinguished during FY 2025-26.

The Neighborhood Shuttle program is ongoing and allocates funding to Paratransit and SacRT through reimbursement contracts through FY 2022-23. The program is in the process of evaluating new grantees for the next program cycle beginning in FY 2023-24.

DEBT SERVICE FUND

The Authority established a debt service fund in compliance with the indenture for each bond issuance – Series 2009C, Series 2014A, Series 2015A, and Series 2022. Outstanding debt totals \$342.5 million as of June 30, 2023. Funding for servicing the debt is provided by the 20.75% allocation of net sales tax revenue.

FUND BALANCE

Ending fund balance for FY 2023-24 is expected to be \$8.9 million which is about \$1.9 higher than budgeted for FY 2022-23. The reason for the significant variance is that staff are projecting the refinancing of the variable rate debt to fixed rate debt will require bi-yearly interest payments that require fund balance accumulation between payments. Most of the Authority's debt is variable rate, so monthly interest payments to bond holders fluctuate as interest rates do. The budget assumes that the federal interest rates will moderate during the budget year. However, there are interest rate swaps in place for each series of variable rate debt, so interest costs equal the difference between the fixed interest rate the Authority pays its swap partners and the variable interest rate its swap partners pays the Authority (swap partner payments are recognized as interest and other in the General Fund).

Currently, the Authority is only making principal payments on the Series 2022 bonds, while the remaining bond series' principal payments begin in FY 2028-29. The Series 2012 bonds were refunded by the Series 2022 bonds, which will reduce the needed debt service through maturity. The fund balance represents the monthly accumulation of money to pay anticipated debt service costs – which fluctuate based on interest rates related to the Authority's variable rate bonds and ancillary costs such as liquidity facility and re-marketing agent costs.

DEBT SERVICE - REVENUE, APPROPRIATIONS, OTHER FINANCING SOURCES, AND FUND BALANCE

Description	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimate	FY 2024 Proposed*	Change from FY 2023	Change in Percent
Revenue						
Interest	\$ 1,610	\$ 2,400	\$ 69,087	\$ 2,400	\$ -	0.0%
Total Revenues	\$ 1,610	\$ 2,400	\$ 69,087	\$ 2,400	\$ -	0.0%
Appropriations						
Principal	\$ 4,235,000	\$ 30,400,000	\$ 30,400,000	\$ 322,680,000	\$ 292,280,000	961.4%
Interest and Ancillary Cost	15,617,120	20,257,063	20,257,063	50,919,399	30,662,336	151.4%
Total Appropriations	\$ 19,852,120	\$ 50,657,063	\$ 50,657,063	\$ 373,599,399	\$ 322,942,336	637.5%
Other Financing Sources (Uses)						
Transfers In	\$ 20,116,140	\$ 49,946,251	\$ 49,946,251	\$ 376,233,663	\$ 326,287,412	653.3%
Transfers Out	-	(50,866)	(50,866)	-	50,866	-100.0%
Total Financing Sources (Uses)	\$ 20,116,140	\$ 49,895,385	\$ 49,895,385	\$ 376,233,663	\$ 326,338,278	654.0%
Net Increase (decrease) in Fund Balance	265,630	(759,278)	(692,591)	2,636,664	-	0.0%
Beginning Fund Balance	6,714,471	7,825,096	6,980,101	6,287,510	(1,537,586)	-19.6%
Ending Fund Balance	\$ 6,980,101	\$ 7,065,818	\$ 6,287,510	\$ 8,924,173	\$ 1,858,355	26.3%

* Interest appropriations factor in rising interest rates during the budget year

REVENUE AND OTHER FINANCING SOURCES

Interest is received for accumulated fund balance. Other financing sources (transfers in) to the debt service fund are received from the General Fund to pay for all debt service costs.

APPROPRIATIONS

On a monthly basis, one-sixth of the semi-annual interest payments due to the Authority's swap partners is accumulated in sub funds created by the Authority's trustee, US Bank. Similarly, one-twelfth of the annual principal payment for the Series 2022 bonds is accumulated. Since interest payments are made in the spring and fall and principal payments in the fall, fund balance at the end of the fiscal year is usually significant.

The Authority is projecting a refinancing of the variable rate bonds (Series 2009C, Series 2014A, and Series 2015A) to combine the debt into a single fixed rate bond series during FY 2023-24. This will eliminate the ancillary fees and swap agreements associated with the portfolio. Principal appropriations are expected to increase to \$322.7 million in FY 2023-24, a \$292.3 million increase over the FY 2022-23 budgeted amount of \$30.4 million, this is due to the projected refinancing of variable rate bond debt. Interest and ancillary cost are projected to increase to \$50.9 million in FY 2023-24, a \$30.7 million increase over the FY 2022-23 budgeted amount of \$20.3 million, this increase is caused by the projected swap termination costs. These costs are partially offset by anticipated bond premiums and savings in interest rates over the term of the bond series.

The following table summarizes debt service costs by fiscal year through the remainder of the Measure A program. The information in the table is based on the refinancing of the variable rate debt that is anticipated in FY 2023-24. This amount consists of a fixed rate bond, the Series 2022 bond and the refinanced variable rate bonds as a single fixed rate bond.

The principal payments through FY 2027-28 are only for the Series 2022 bonds which will be paid off at that time. Then in FY 2028-29 through the remainder of the program, principal payments will be made on the projected fixed rate bond series. The column titled “Estimated Bond Interest” represents the fixed interest payments to the Authority’s three swap partners minus the variable rate interest payments received from them for the VRDBs, for FY 2022-23. FY 2023-24 shows the projected amounts for the anticipated refinanced VRDBs to a single fixed rate bond. The swap interest revenue is recorded in the General Fund. The “Ancillary Fees” column represents VRDB liquidity facilities and re-marketing agent fees.

TOTAL DEBT PORTFOLIO

Fiscal Year Ending	Principal Amortization	Estimated Bond Interest	Ancillary Fees	Total Estimated Debt Service and Fees
6/30/23	\$ 4,455,000	\$ 13,197,012	\$ 1,552,993	\$ 19,205,005
6/30/24	4,380,000	14,488,283	1,000,000	19,868,283
6/30/25	4,600,000	16,172,250		20,772,250
6/30/26	4,835,000	15,936,375		20,771,375
6/30/27	5,085,000	15,688,375		20,773,375
6/30/28	5,345,000	15,427,625		20,772,625
6/30/29	20,215,000	14,788,625		35,003,625
6/30/30	22,420,000	13,722,750		36,142,750
6/30/31	23,755,000	12,568,375		36,323,375
6/30/32	24,810,000	11,354,250		36,164,250
6/30/33	26,180,000	10,079,500		36,259,500
6/30/34	27,565,000	8,735,875		36,300,875
6/30/35	28,975,000	7,322,375		36,297,375
6/30/36	30,705,000	5,830,375		36,535,375
6/30/37	31,865,000	4,266,125		36,131,125
6/30/38	33,940,000	2,621,000		36,561,000
6/30/39	35,450,000	886,250		36,336,250
TOTAL	\$ 334,580,000	\$ 183,085,420	\$ 2,552,993	\$ 520,218,413

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DRAFT



CAPITAL IMPROVEMENT
PROGRAM

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CAPITAL IMPROVEMENT PROGRAM (CIP)

CAPITAL PROJECT FINANCING

The Authority is a planning and funding mechanism for the CIP. The voter-approved sales tax measure has generated about \$1.5 billion since the program's inception in 2009, of which 20.75% is dedicated to the capital program. The Expenditure Plan approved by voters identifies the projects to be constructed in the following CIP funding programs with sales tax funding assigned percentages:

\$1.5 BILLION
GENERATED BY THE CIP
SINCE 2009

20.75%
DEDICATED TO THE
CAPITAL PROGRAM

5% LOCAL ARTERIAL PROGRAM

3.75% TRANSIT CAPITAL
IMPROVEMENT PROGRAM

9% REGIONAL BUS/CARPOOL LANE
CONNECTORS/EXTENSIONS

3% LOCAL FREEWAY INTERCHANGE
CONGESTION RELIEF UPGRADES

Please note that the Authority does not construct any capital projects, nor does it own them.

Annually, the Authority requests updated spending plans from each agency with capital projects programmed to receive Measure A funding. This information is essential for planning the annual budget and related cash flows. Only approved projects are eligible for Measure A funding.

Capital allocation contracts are typically for multiple years. Funding to date has been primarily through the issuance of debt issued early in the program to advance projects. However, proceeds from the issuance of debt were exhausted in FY 2017-18. Therefore, SCTMFP and sales tax pay-go are the only funds currently available for projects. Sales tax pay-go funding is projected to be \$15.7 million in the budget year. In addition, the SCTMFP is expected to generate \$6.0 million in revenue in the budget year. Together, these two funding sources along with accumulated fund balance are programmed to pay for the budget year CIP.

IMPACT OF CAPITAL IMPROVEMENTS ON THE OPERATING BUDGET

The Authority is a financing mechanism for transportation services and capital improvement projects throughout the region. When voters approved the sales tax measure, the Expenditure Plan within the Ordinance laid out specific programs, agencies, and projects the funding was to be allocated to.

There are 54 capital projects in the Expenditure Plan. All of them are to be built using a mix of funding types – e.g., local, state, and federal. The Authority provides local funding that is used to leverage other funding sources. In all cases, the agencies building the capital projects submit claims to the Authority that are reimbursed using Measure A dollars. None of the projects are built by or assets of the Authority. The Authority exists as a pass-through funding source. All capital assets are reported on the financial statements of the agencies building them.

Given the structure of the capital program, capital assets constructed with Measure A funds never have an impact on the Authority's operating budget.

THE PROJECTS

The agencies implementing the projects are Sacramento County, the cities of Galt, Elk Grove, Rancho Cordova, Sacramento, Citrus Heights, and Folsom, the California Department of Transportation (Caltrans), Sacramento Regional Transit (SacRT), and the Capital SouthEast Connector Authority. The following is a list of the approved project locations for the capital funding programs identified in Measure A. Following is a list of the approved projects.



- Antelope Road: Watt-Auburn
- Arden Way: ITS Improvements Del Paso-Fair Oaks Blvd
- Bradshaw Road: Grant Line- Folsom Blvd
- Bruceville Road: Sheldon-Cosumnes River Blvd
- Cosumnes River Blvd: I-5-Franklin Blvd
- Elk Grove Blvd: Big Horn-Waterman
- Folsom Blvd:65th-Sunrise
- I5/SR99/SR50 Connector, including at least \$5 million for the Cosumnes River Permanent Open Space Preserve
- Greenback Lane: I/80-Folsom/Auburn Road
- Hazel Ave Improvements: Placer Co Line-Folsom Blvd

**LOCAL
ARTERIALS
PROGRAM**

- Madison Ave: Watt-Greenback
- S Watt/Elk Grove-Florin Road: Folsom-Elk Grove Blvd
- Sheldon Road: Bruceville-Bradshaw
- Sunrise Blvd: Placer Co line-Grant Line
- Watt Ave: Antelope-Capital City Freeway

**TRANSIT
CONGESTION
RELIEF
PROGRAM**

- Construct Downtown Sacramento Intermodal Station
- Construct LRT extension from Meadowview Road to Cosumnes River College
- Implement Regional Rail commuter service (Sacramento County portion)
- Fund planning, environmental, and design studies and processing for Downtown to Airport LRT Extension
- LRT Improvements in the I-80 Corridor

**FREEWAY
SAFETY AND
CONGESTION
RELIEF
PROGRAM**

- Bus/Carpool ramp connection from SR 50 E to SR 99 S
- I/80 Bus/Carpool Lanes: I-5-Capital City Freeway
- I-5 Bus/Carpool Lanes: Elk Grove to I-80
- Ramp Widening for connectors between SR 50 and I-5
- SR 50 Bus/Carpool Lanes: Sunrise through Downtown Sacramento
- Central Galt/SR 99 Interchange Upgrade
- Cosumnes Blvd/I-5 Interchange Upgrade
- Grant Line Road/SR 99 Interchange Upgrade
- I-5/I-80 Interchange Upgrade & Carpool Lane Connector
- Richards Blvd/I-5 Interchange Upgrade
- Sheldon Road/SR 99 Interchange Upgrade
- Watt/SR 50 Interchange Upgrade

There are 11 remaining projects and the Smart Growth Incentive Program (SGIP) programmed to receive Measure A funding during FY 2023-24 through interagency funding agreements. All CIP projects are multi-year or long-term in nature, therefore many projects span multiple funding agreement cycles. Since availability of funding is a primary driver for the construction cycle, some projects may stall while enough funding is identified. Therefore, it is not uncommon to reallocate funding from one project to another based on the availability of other funding sources. Measure A funding is normally the local matching component for other funding sources, so the Authority and CIP agencies work together throughout the projects' lifecycle to ensure funding is allocated when and where needed. Since most projects receive funding from multiple sources, Measure A funding may be exhausted before completion of the project.

A list of completed projects that were funded by Measure A and the SCTMFP programs. The list includes program type, STA Project ID, Primary Project, Sub Project, and the Sum of Expenditures for each of the projects. These completed projects represent a combination of completed projects as well as projects that received funding to complete a specific project phase such as planning, preliminary engineering, environmental, right of way, or construction.

COMPLETED PROJECTS

Program Type	STA Project ID	Primary Project	Sub Project	Sum of Expenditures
Local Freeway Interchange Congestion Relief Upgrades				
	A10CS/A49CS	Consumnes Blvd. I-5 Interchange	Consumnes Blvd. I-5 Interchange	8,588,138
	A48GT	Central Galt Interchange	Central Galt Interchange	9,966,000
	A50EG	Grantline Rd..Hwy 99 Interchange Upgrade	Grantline Rd..Hwy 99 Interchange Upgrade	37,229,290
	A51CT	I-5/I-80 Interchange Upgrade	I-5/I-80 Interchange Upgrade	1,500,000
	A53EG	Sheldon Rd. Hwy 99 Interchange Upgrade	Sheldon Rd. Hwy 99 Interchange Upgrade	8,291,743
	A54SC	Watt Ave. Hwy 50 Interchange	Watt Ave. Hwy 50 Interchange	11,835,390
Local Freeway Interchange Congestion Relief Upgrades Total				77,410,561
Local Arterial Program				
	A02CH	Antelope Road Watt Ave to Auburn Blvd.	Roseville Rd. to I-80 Phase 1	1,088,744
	A07SC	Bradshaw Rd. Grantline Rd. to Folsom Blvd.	Calvine Rd. to Florin Rd. Phase 1	7,923,277
	A14RC	Folsom Blvd: 65th St. to Sunrise Blvd.	Bradshaw Rd. to Sunrise Blvd. Phase 1	5,066,265
			Bradshaw Rd. to Sunrise Blvd. Phase 2	36,455
			Bradshaw Rd. to Sunrise Blvd. Phase 4	3,093,804
			Bradshaw Rd. to Sunrise Blvd. Phase 5	1,445,428
	A15FS	Folsom Bridge Crossing	Folsom Bridge Crossing	37,577,078
	A16JPM	Consumnes River Permanent Open Space Preserve	Consumnes River Permanent Open Space Preserve	5,000,000
	A18CH	Greenback Ln. I/80 to Auburn/Folsom Rd.	West City Limit to Fair Oaks Blvd.	2,225,000
	A32RC	Sunrise Blvd. Placer Co. to Grant Line Rd.	Gold Country Blvd. to Jackson Rd.	10,948,038
	A34CH	Sunrise Blvd. Placer Co. to Grant Line Rd.	Oak Ave. to Antelope Rd. Phase 1	4,528,000
	A35CH	Sunrise Blvd. Placer Co. to Grant Line Rd.	Greenback Ln. to Oak Ave Phase 2	600,000
Local Arterial Program Total				79,532,089
Rail Transit Improvements				
	A39RT	South Sac LRT Extension	South Sac LRT Extension	25,265,683
	A41RT	DNA LRT Extension	DNA LRT Extension	37,311,000
	A42RT	LRTI-80 Corridor Improvements	LRTI-80 Corridor Improvements	247,200
Rail Transit Improvements Total				62,823,883
Regional Bus/Carpool Lane Connectors/Extensions				
	A44CT	I-80 I-5 to Capital City Freeway	I-80 I-5 to Capital City Freeway	722,688
	A47CT	Hwy 50 Bus/Carpool Lanes Sunrise Blvd. to Downtown	Sunrise Blvd. to Downtown Phase 1	32,793,233
Regional Bus/Carpool Lane Connectors/Extensions Total				33,515,921
Grand Total				253,282,454

IN-PROGRESS PROJECTS BY AGENCY



- **Bradshaw Rd.: Phase 2** – this project will construct capacity, safety, and access improvements at the Bradshaw Rd./Jackson Rd. intersection. This project will reduce GHG emissions, improve mobility for all modes of travel by adding through lanes in each direction and bicycle and pedestrian facilities including bike lanes, sidewalks, and disability access features. The FY 2023-24 funding request is \$334,000.
- **Folsom Blvd: Watt Ave. to Bradshaw Rd.** – this project will improve safety and connectivity along Folsom Boulevard between Bradshaw Road and Mayhew Road by providing sidewalk continuity, buffered bike lanes, pedestrian safety lighting, functional landscaping, and pedestrian signal upgrades. The FY 2023-24 funding request is \$297,000.
- **Greenback Lane: Fair Oaks Blvd. to Main Ave.** – this project on Greenback Lane between Chestnut Avenue and Folsom City Limits will install Class II Bike lanes, separated sidewalks, ADA upgrades that include curb ramps, bicycle detection, bus stop and transit access improvements, and landscape/streetscape enhancements. The FY 2023-24 funding request is \$1,782,000.
- **Hazel Ave: Hwy 50 to Folsom Blvd.** – this project proposes to construct capacity, safety, and access improvements at the U.S. Highway 50/Hazel Avenue interchange and the Hazel Avenue/Folsom Boulevard intersection. Improvements include modifications to the interchange structure and freeway ramps; extension of Hazel Avenue as a six-lane roadway south of U.S. 50 and Folsom Boulevard; construction of a grade separation at the Hazel Avenue/Folsom Boulevard intersection to separate the Hazel Avenue extension from Folsom Boulevard and the light rail tracks; and construction of a connection road to provide new access between Folsom Boulevard and the Hazel Avenue extension. This project will provide for connections with residential and business development areas south of U.S. 50. The FY 2023-24 funding request is \$4,895,000.
- **Madison Ave.: Sunrise Blvd. to Hazel Ave.** – this project will widen Madison Avenue from 4 to 6 lanes with raised medians between Fair Oaks Boulevard and Hazel Avenue in the Citrus Heights and Fair Oaks areas. The project will construct bicycle and pedestrian facilities, traffic signal modifications, traffic operations system upgrades, landscaping, and streetscape enhancements, and soundwalls. The FY 2023-24 funding request is \$1,276,000.
- **Sunrise Blvd.: Jackson Rd. to Grant Line Rd.** – this project will widen the existing intersection at Jackson Road and Sunrise Boulevard to add additional lanes and modify the existing traffic signal for improved efficiency. The FY 2023-24 funding request is \$330,000.



- **Watt Ave.: Antelope Rd. to Capital City Freeway** – this project is located on Watt Avenue, north of I-80, from Orange Grove Avenue to Roseville Road. Improvements include the design and construction of sidewalk infill, ADA improvements such as curb ramps and bus stops, class II bike lanes, and streetscape enhancements. The FY 2023-24 funding request is \$27,000.
- **South Watt Ave.: Folsom Blvd. to Calvine Rd.** – this project will widen South Watt Avenue from two to four lanes between Florin Road and Jackson Road. Proposed improvements include landscaped medians, ADA upgrades, bicycle and pedestrian facilities, and intersection upgrades. The FY 2023-24 funding request is \$2,694,000.



- **Richards Blvd.: I-5 Interchange** – this project will provide long-term operational and circulation improvements to address future impacts resulting from high density development in the Central City. The interchange was originally constructed in 1969 as part of the interstate freeway network. The interchange is a critical access point to the northern part of the Central City and reconstruction of the interchange is needed to serve planned growth in Downtown, the Railyards, and River District areas. The proximity of the Sacramento River to the west and the American River to the north restricts development west and north of the interchange and limits improvement options. The FY 2023-24 funding request is \$400,000.
- **Sacramento Intermodal Station** – this project is currently in the planning phase for the expansion of the existing station facility which will better connect transportation services closer to the relocated train track and platform alignment. The timeline for full build-out is currently 2040 and is planned to be implemented in distinct phases. The program elements of the plan include a bus station for Amtrak Thruway, regional and local transit agencies, and private carriers; new bike facilities, improved drop-off and pick-up areas, implementation of current light rail and streetcar projects, public space, and new supportive transit-oriented development. Programming for future uses in the historic station will be evaluated to support the transit complex. The FY 2023-24 funding request is \$400,000.
- **Intermodal Governance** – this project is to research, analyze alternatives, coordinate with interested parties, and implement the creation of a new regional governance structure for the management and expansion of the Intermodal Station, including regional rail, light rail, intra-city transit, local transit, and multi-modal connections associated with the Sacramento Valley Station and its facilities. The FY 2023-24 appropriation is \$500,000.



- Sunrise Boulevard Complete Streets – Sunrise Boulevard from Sayonara Drive to North City Limits** – The Sunrise Boulevard Complete Streets Improvements (multiple phases) is a comprehensive Complete Streets project that will rehabilitate and reconstruct a regionally significant arterial, adding much needed Complete Streets elements throughout the project area. The project may include design, environmental, right of way acquisition, as well as plans, specifications and estimates to prepare the project for construction. Construction may include utility relocation, stormwater enhancements, ADA, bike and pedestrian facilities, streetlights, traffic signal modifications, median enhancements, and street resurfacing. There are no FY 2023-24 appropriations for this project.
- Antelope Road/I-80 Pedestrian Crossing and Traffic Safety Improvements** – The Antelope Road/I-80 Project will focus on ADA, bike and pedestrian safety by providing dedicated facilities adjacent to the existing overcrossing, enhancing connectivity between neighborhoods for increased accessibility to schools and services. Project phases will be coordinated with Caltrans and may include the Project Study Report-Project Development Support, design, environmental, right of way and plans, specifications and estimates to prepare the project for construction. Construction may include a separated pedestrian and bike bridge, soundwalls, traffic safety upgrades, and other pedestrian and traffic safety enhancements to improve levels of service and accessibility along the interchange. There are no FY 2023-24 appropriations for this project.



- Hwy 50 Bus/Carpool Lanes Sunrise Blvd. to Downtown** – this project is designed to reduce recurring congestion on U.S. 50 from the Watt Avenue Interchange (where the current HOV lanes start and stop on U.S. 50) to the I-5 Interchange in downtown Sacramento. In addition, this project will allow connectivity and consistency with the planned HOV system in the Sacramento region, enhance mobility and provide incentives for ridesharing during peak period travel, achieve the goals of the current SACOG MTP/SCS by promoting ridesharing, improving U.S. 50 to meet the growing travel demand in the Sacramento region, provide an option for reliable peak period travel time, and improved bicycle and pedestrian access. The FY 2023-24 funding request is \$7,274,940.



- **I-5 Bus/Carpool Lanes** – this project will construct approximately 25 miles of bus/carpool lanes on I-5 from Beach Lake Bridge north to Interstate 80. The purpose of this project is to promote ride sharing and the use of high occupancy vehicles such as carpools, vanpools, and express bus services during peak period travel, provide congestion relief to improve traffic flow and mobility by carrying more people in fewer vehicles during peak traffic periods, use highway facilities as efficiently as possible, and improve traffic operations and safety. The FY 2023-24 funding request is \$3,500,000.



- This project consists of a 34-mile-long expressway that will serve as a beltway through the southern area of Sacramento County into El Dorado County, enabling travelers to bypass downtown Sacramento and Highway 50 congestion between Elk Grove, Rancho Cordova, Folsom, and El Dorado Hills. The Connector will provide easier access to jobs, reduced congestion, more efficient goods movement, increased safety, and significant economic impact. The project's first phase includes construction of four continuous lanes from Interstate 5 and Highway 99 in Elk Grove to the new Silva Valley interchange at Highway 50 in El Dorado Hills, expanded at-grade intersections at all major access points, and a continuous path for pedestrians, bicyclists, and equestrians. The FY 2023-24 funding request is \$6,700,000.

The Authority staff along with the staff from the County of Sacramento, City of Rancho Cordova, and Capital SouthEast Connector JPA have developed a funding strategy to advance Grant Line Road between the Chrysanthy Blvd. Intersection and the White Rock Road Intersection as a shovel ready phased project compatible with the ultimate design. Total funding to get this project shovel ready is approximately \$10,000,000 with \$6,000,000 of capital allocation and the other \$4,000,000 coming from the County of Sacramento and City of Rancho Cordova less any grant funds or additional capital allocation that could be provided. Grant funds would be pursued for the construction phase. Coordination with SACOG will be needed to ensure the phased project is consistent with the MTP/SCS and is competitive for federal and state grant funds. This project will improve safety, mobility, pavement condition and intersection operations.

SMART GROWTH INCENTIVE PROGRAM

- **Smart Growth Incentive Program (SGIP)** – This funding is used for projects identified on a competitive basis that meet certain smart growth objectives and take into account the Sacramento Area Council of Governments' Community Design competitive funding program. Funding for Cycle 1 of was awarded in March of 2022 with funding allocated over the three fiscal years. Funding for Cycle 2 will be awarded in fall of 2023. For the past two cycles, the Authority has partnered with the Sacramento Area Council of Governments (SACOG) provide the local match funds for the Community Design competitive funding program. The FY 2023-24 appropriation is \$2,490,958.

FINANCING

The table on the following page represents the Authority's financing plan for the CIP which includes the Local Arterial Program, Transit Capital Improvement Program, Regional Bus/Carpool Lane Connectors/Extensions, and Local Freeway Interchange Congestion Relief Upgrades from the Measure A Expenditure plan. This table includes updated estimates for FY 2022-23 and appropriations for FY 2023-24. The projects and funding amounts by fiscal year are the result of a collaborative process between Authority staff and each agency building the projects. This working plan is implemented through funding agreements between the Authority and the agencies building the projects.

Sales tax revenue allocated to the CIP is projected to decrease from an estimated \$35.9 million in FY 2022-23 to \$35.5 million in FY 2023-24 of which \$19.9 million is expected to be spent on debt service costs. Debt service costs include principal, interest, and ancillary fees while the remainder is available as pay-go funding.

The SCTMFP is expected to contribute \$6.0 million in both FY 2022-23 and FY 2023-24 to the CIP.

CAPITAL IMPROVEMENT PROGRAM FINANCING PLAN

	FY 2022-23 est.	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Beginning Fund Balance	37,663,579	48,982,427	39,310,811	26,097,644	16,461,307	15,954,489
Revenue Assumptions:						
Sales Tax	176,143,000	174,000,000	180,553,000	190,247,000	196,618,000	202,566,000
Off the top	3,158,587	2,809,600	2,877,751	2,978,569	3,044,827	3,106,686
Net Sales Tax Available to CIP	172,984,413	171,190,400	177,675,249	187,268,431	193,573,173	199,459,314
Sales tax CIP allocation	35,894,266	35,487,100	36,867,614	38,858,199	40,166,433	41,387,808
Debt Service (net of swap interest)	19,205,005	19,868,283	20,772,250	20,771,375	20,773,375	20,772,625
Sales tax pay go	16,689,261	15,618,817	16,095,364	18,086,824	19,393,058	20,615,183
SCTMFP Fee	6,002,671	6,022,951	6,428,566	5,438,407	5,540,711	5,689,339
SCTMFP Expenses	129,791	-	-	-	-	140,000
Release 2012 bond reserve	5,419,489	-	-	-	-	-
Net Available for Expenditure	65,645,209	70,624,194	61,834,741	49,622,875	41,395,076	42,119,011
Expenditure Assumptions						
SGIP Allocation:	880,932	903,443	964,285	815,761	831,107	832,401
California DOT:						
I-5 Carpool Lanes US 50 - I-80	640,424	7,274,940	13,300,000	11,000,000	11,000,000	10,248,569
Hwy 50 HOV	1,700,376	3,500,000	2,647,723	3,000,000	-	-
Capital SouthEast Connector JPA:	2,019,039	2,700,000	-	-	-	-
Grant Line Road	-	4,000,000	2,000,000	-	-	-
Transportation Project Environmental Mitigation Program	-	-	5,000,000	-	-	-
City of Citrus Heights:						
Sunrise Blvd.	-	-	500,000	-	500,000	500,000
Antelope Rd.	-	-	-	200,000	300,000	-
City of Sacramento:						
Intermodal	363,224	400,000	2,000,000	3,306,947	199,480	-
Intermodal - Governance	120,000	500,000	1,000,000	380,000	-	-
Richards/I-5	146,787	400,000	-	800,000	800,000	400,494
County of Sacramento:						
Bradshaw at Jackson Rd.	434,000	334,000	762,794	940,000	-	-
Folsom Blvd.	1,506,000	297,000	248,000	-	-	-
Greenback Lane Phase 1	1,175,000	1,782,000	205,000	-	-	-
Greenback Lane Phase 2	-	-	-	3,112,000	1,402,000	-
Hazel Ave. Phase 1	3,300,000	-	-	-	-	-
Hazel Ave. 50 to Folsom	1,294,000	4,895,000	1,369,295	5,389,860	6,750,000	6,050,000
Madison Ave. Phase 1	398,000	1,276,000	1,248,000	2,150,000	3,658,000	1,777,000
South Watt Phase 1	1,200,000	2,694,000	3,948,000	499,000	-	-
Sunrise - Jackson to Grant Line	185,000	330,000	433,000	1,568,000	-	-
Watt Ave. - Antelope to Cap City	1,300,000	27,000	111,000	-	-	-
Total Expenditures	16,662,782	31,313,383	35,737,097	33,161,568	25,440,587	19,808,464
Fund Balance Reserve	7,500,000	7,200,000	7,600,000	8,000,000	8,400,000	8,800,000
Ending Fund Balance	41,482,427	32,110,811	18,497,644	8,461,307	7,554,489	13,510,547

The Capital Improvement Program Finance Plan, expenditures assumptions include anticipated expenses under existing capital project allocation and expenditure contracts through FY 2027/28 and uncontracted but planned allocations for FY 2023/24 through FY 2027/28.

In October of 2020, the Authority adopted a set of principles governing the allocation of remaining Capital Improvement Program (CIP) funding through FY 2038/39 and approved a consensus plan that includes allocation levels for certain recipient agencies and programs. This plan set the following targets for the remaining CIP funding which is used to estimate on a percentage basis the amount of funds remaining for each agency listed but requires a formal review in FY 2029-30 with the planned Decennial Review. These targets were needed to ensure those agencies that had not received an equitable amount of CIP funding commensurate with what was originally anticipated could anticipate receiving funds in future years.

ADOPTED ALLOCATION TARGETS (\$ x MILLION)

Adopted Allocation Targets (\$ x Million)
County of Sacramento - \$100.0
Caltrans - \$100.0
Citrus Heights - \$9.0
City of Sacramento - \$37.5
Connector JPA - \$21.0
TOTAL - \$267.5

To ensure equity in the distribution of these funds and to align with the formal decennial review requirement in the adopted principles, the Authority has established decennial allocation targets for each agency using the adopted allocation targets identified above. The table below reflects the decennial targets for each agency, the amount under contract, the planned allocations through the Five-Year CIP, the remaining funding left to be allocated by FY 2028-29.

UNCONTRACTED TARGETED ALLOCATIONS THROUGH FY2028-29

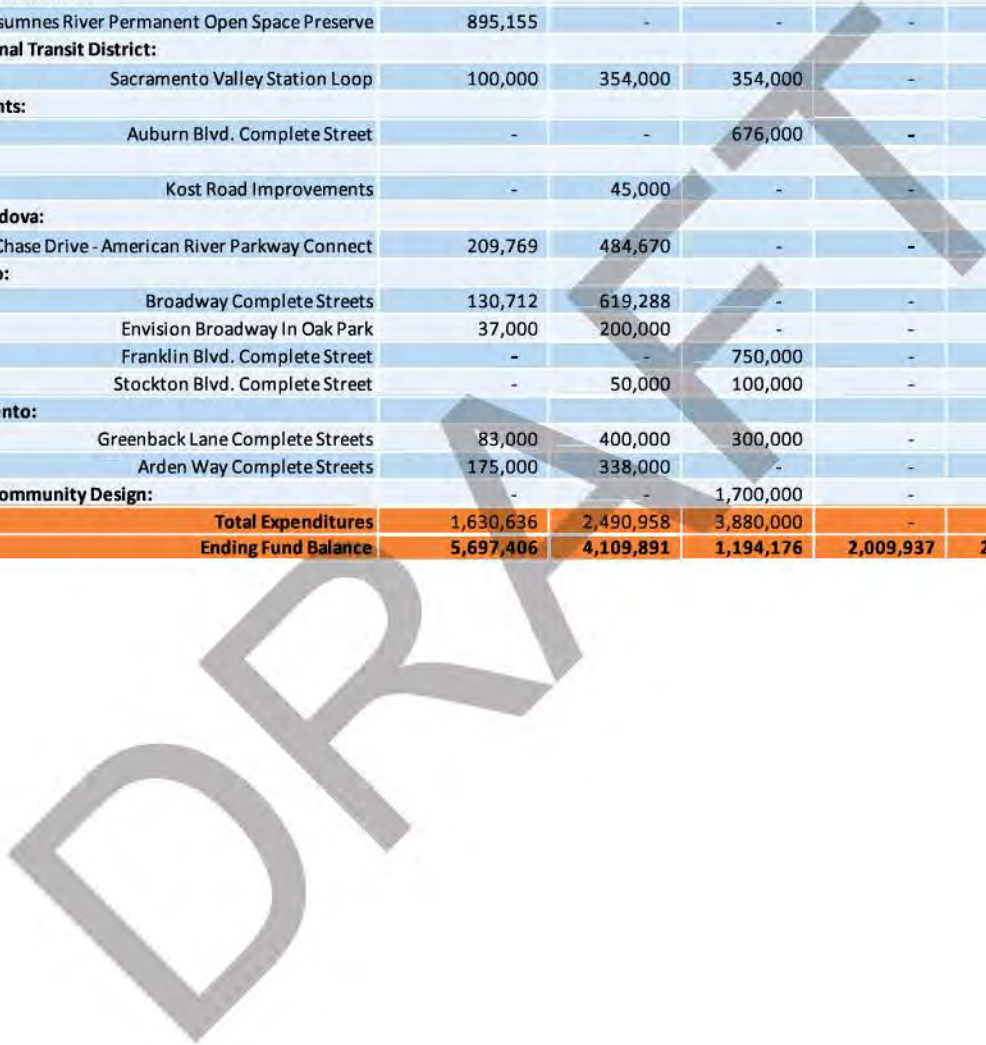
Jurisdiction	Calculated Decennial Target	Future CIP (Total)	Currently Contracted (Total)	Remaining Target
County of Sacramento	\$ 51,323,883	\$30,525,250	\$10,387,409	\$10,411,223
Caltrans	51,323,883	51,248,569	-	75,314
Citrus Heights	4,619,149	2,000,000	-	2,619,149
City of Sacramento	19,246,456	-	2,000,000	17,246,456
JPA	10,778,015	6,700,000	4,000,000	78,015
Total	\$ 137,291,386	\$90,473,819	\$16,387,409	\$30,430,158

The table on the following page represents the Authority’s financing plan for the Smart Growth Incentive Program includes updated estimates for FY 2022-23 and appropriations for FY 2023-24. The projects and funding amounts by fiscal year are the result of a collaborative process between Authority staff and each agency building the projects. This working plan is implemented through funding agreements between the Authority and the agencies building the projects.

The SGIP is funded by 15% of SCTMFP revenue and is expected to allocate \$881,000 in FY 2022-23 and \$903,000 in FY 2023-24 to the SGIP, net of allocated SCTMFP Expenses.

**CAPITAL IMPROVEMENT PROGRAM FINANCING PLAN -
SMART GROWTH INCENTIVE PROGRAM**

	FY 2022-23 est.	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Beginning Fund Balance	6,447,110	5,697,406	4,109,891	1,194,176	2,009,937	2,841,044
Revenue Assumptions:						
SCTMFP: SGIP Allocation	900,401	903,443	964,285	815,761	831,107	853,401
Allocated SCTMFP Expenses	19,469	-	-	-	-	21,000
Net Available for Expenditure	7,328,042	6,600,849	5,074,176	2,009,937	2,841,044	3,673,445
Expenditure Assumptions						
Capital SouthEast Connector:						
Consumnes River Permanent Open Space Preserve	895,155	-	-	-	-	-
Sacramento Regional Transit District:						
Sacramento Valley Station Loop	100,000	354,000	354,000	-	-	-
City of Citrus Heights:						
Auburn Blvd. Complete Street	-	-	676,000	-	-	-
City of Galt:						
Kost Road Improvements	-	45,000	-	-	-	-
City of Rancho Cordova:						
Chase Drive - American River Parkway Connect	209,769	484,670	-	-	-	-
City of Sacramento:						
Broadway Complete Streets	130,712	619,288	-	-	-	-
Envision Broadway In Oak Park	37,000	200,000	-	-	-	-
Franklin Blvd. Complete Street	-	-	750,000	-	-	-
Stockton Blvd. Complete Street	-	50,000	100,000	-	-	-
County of Sacramento:						
Greenback Lane Complete Streets	83,000	400,000	300,000	-	-	-
Arden Way Complete Streets	175,000	338,000	-	-	-	-
SACOG 2022/23 Community Design:						
	-	-	1,700,000	-	-	-
Total Expenditures	1,630,636	2,490,958	3,880,000	-	-	-
Ending Fund Balance	5,697,406	4,109,891	1,194,176	2,009,937	2,841,044	3,673,445



6

SAFETY



ORGANIZATIONAL
OVERVIEW

6

ORGANIZATIONAL OVERVIEW

The Authority administers five programs – Measure A, SacMetro FSP, SAVSA, Neighborhood Shuttle, and the Consolidated Transportation Services Agency (CTSA). This section includes the Authority’s organizational structure, each staff member’s area of responsibility, pay schedules, and the Authority’s accomplishments.

The Authority employs 3 full-time personnel. Staffing levels have remained the same during FY 2020-21, FY 2021-22. Early in FY 2022-23 the Chief Financial Officer position was reclassified to Accounting Manager, due to the retirement of the incumbent. There are no planned staffing changes planned in FY 2023-24. However, it is anticipated that the Accounting Manager position would likely be reclassified to a Chief Financial Officer position at some point in the future. Because of its small size, staff work in multiple programs.

SACRAMENTO TRANSPORTATION AUTHORITY FY 2023-24 STAFF



POSITION DESCRIPTIONS



EXECUTIVE DIRECTOR

Working under broad policy direction from the Governing Board, the Executive Director (ED) plans, organizes, evaluates, and directs the operations and activities of the Sacramento Transportation Authority. This position is responsible for all Authority functions including planning, finance, administration, and operations. The following are more descriptive of the ED responsibilities/duties:

RESPONSIBILITIES/DUTIES

- Identifies and oversees the Authority's strategic direction based upon the agency's vision, mission, and overall strategic plan.
- Implements the Measure A projects and programs in compliance with its provisions and requirements.
- Safeguards the Authority through the adherence to all applicable laws and regulations by identifying and responding to risks in cooperation with General Counsel.
- Regularly updates the Governing Board on important issues facing the Authority and requests input and direction to address them.
- Prepares meeting agendas and oversees the development of meeting reports and materials.
- Plans, organizes, directs, and evaluates the operations of the Authority; develops, and/or evaluates proposals for programs, services, and projects approved by the Governing Board, responds to regulatory or legislative changes, resolves identified problems; ensures effective utilization of available resources by managing organizational change, allocates staff resources, and work processes.
- Develops and maintains effective working relationships with Federal, State, and local government agencies and community groups to ensure service goals/requirements are met.
- Directs the review, planning, evaluation, and development of the Authority's budget. Oversees administration of the budget and ensures appropriate fiscal controls and reporting processes are in place.
- Reviews, analyzes, and interprets legislation and regulations; develops, recommends, and oversees the implementation of policies and procedures for compliance.
- Represents the Authority by working closely with governmental agencies, public and private organizations, and community groups to provide technical assistance and address issues of mutual concern and makes presentations to regulatory, governing, and related councils and boards.

- Prepares and coordinates the preparation of a wide variety of reports and presentations regarding Authority services and operations.
- Serves as an ex-officio member of the Measure A Independent Taxpayer Oversight Committee (ITOC) and;
- Concurrently acts as the Executive Director of the Sacramento Abandoned Vehicle Service Authority (SAVSA).



ACCOUNTING MANAGER

Under the direction of the ED, the Accounting Manager is responsible for all financial related matters, including day-to-day accounting duties, financial statement and budget preparation, payroll and benefits administration, contract administration, and overseeing financial forecasts and related planning activities. The following are more descriptive of the Accounting Manager's responsibilities/duties:

RESPONSIBILITIES/DUTIES

- Maintains all accounting functions including managing the chart of accounts, entering all accounting data, reconciling bank statements, and reporting financial data to financial institutions and other stakeholders.
- Prepares the Annual Comprehensive Financial Report (ACFR) under the supervision of the Independent Taxpayer Oversight Committee (ITOC), represents the Authority during audits, and presents all financial information to the Board, ITOC, other stakeholders, and the public.
- Establishes and monitors funds and reserves and assesses the overall financial condition of the Authority and its ability to fund operations, ongoing programs, and the Capital Improvement Program (CIP).
- Reviews, researches, analyzes, prepares, and presents annual budgets for Authority operations, special programs, and its CIP. Presents this information to the Board, ITOC, other stakeholders, and the public.
- Tracks actual to budget expenditures and presents a quarterly summary, including explanations for variances, to the Board, ITOC, other stakeholders, and the public.
- Performs administrative support services such as studying organizational and administrative problems and making recommendations to resolve them; recommends changes to the Authority's structure due to operational deficiencies, promotes quality management.

- Oversees the Authority's bond program by monitoring the municipal bond market to identify opportunities to reduce debt service costs, collaborates with financial advisory consultants to renew liquidity facilities and determine when additional debt could be issued if needed, and ensures compliance with all bond covenants.
- Oversees all human resource functions, including payroll, vacation and sick leave accrual, pension benefits, and other benefits such as dental, health, and vision.
- Reviews and updates all vendor contracts, Memorandum of Understandings (MOUs), and funding agreements for the CIP under the supervision of the ED and legal team.



SPECIAL PROGRAMS MANAGER

Under the direction of the ED, the Special Programs Manager is responsible for managing the SacMetro FSP and SAVSA programs. Responsibilities include partnership coordination, contract procurement and administration, funding and budget management, compliance review, data collection and analysis. Some of the Special Program Manager's key responsibilities/duties are:

RESPONSIBILITIES/DUTIES

- Point of contact for the Authority's special programs—SacMetro FSP and SAVSA. Facilitates communication and coordination between local and state-level government agencies and contractor partnerships.
- Program contract procurement. Prepares and distributes request for qualifications (RFQ) and request for proposals (RFP), coordinates and participates in the review of RFQ and RFP packets and presents recommendations to the Governing Board.
- Program financial management. Budget preparation, reviews and approves monthly and quarterly reports and invoices.
- Analyzes program data to assess productivity, needs and concerns for long-term planning and sustainability. Uses data to prepare and provide detailed program analysis reports to inform contractors of operational concerns and historical trends.
- Ensures program members and contractors follow state and local laws, guidelines, and contract obligations. Partners with California Highway Patrol (CHP) officers to oversee, review and enforce program standards of operation. Maintains a standard compliance form used by similar local programs.
- General Authority duties also include preparation, collation and distribution of materials for Board meetings; implement, manage and monitor Authority's website; and graphic design for social media.

The Authority aligns its pay schedules to comparable Sacramento County classifications. The following pay schedules represent the monthly minimum and maximum published amounts for FY 2022-23 with an estimated 4% cost of living adjustment (COLA) for FY 2023-24. Where a county classification includes wage differential or incentive such as for education or licensing those are added to the pay schedules listed below. The intent is to be in parity with Sacramento County.

**PAY SCHEDULES FOR FY 2023-24
(INCLUDING AN ESTIMATED 4% COLA*)**

Classification	Monthly Minimum	Monthly Maximum
Executive Director	\$ 208,652	\$ 230,039
Accounting Manager	126,718	139,726
Special Programs Manager	124,234	136,971
* Cost of Living Allowance		

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AUTHORITY ACCOMPLISHMENTS

During FY 2022-23, the Authority achieved numerous accomplishments including the following:

- **UPGRADED** the Authority's credit rating from AA+ to AAA with a stable outlook by Fitch and S&P.
- **COMPLETED** the refinancing of the Series 2012 bonds which reduced overall debt service costs by approximately \$1.9 million and released approximately \$5.6 million in reserve for debt service so it could be used for CIP projects.
- **COMPLETED** the extension of two standby bond purchase agreements for the 2009C Series and 2015A Series at a competitive commitment fee rate of 0.34%.
- **COMPLETED** an update of the Measure A program's sales tax revenue forecasts.
- **MAINTAINED** reserve balances in the CIP and administration funds consistent with GFOA guidelines.
- **MAINTAINED** timely distribution of funds to program partners.
- **RECEIVED** GFOA's Distinguished Budget Presentation Award.
- **INCREASED** collaboration between the Board, staff, and Measure A partner agencies.
- **RESPONDED** to all Public Records Act requests within 10 business days.
- **IMPLEMENTED** a paperless document approval and accounting record keeping system

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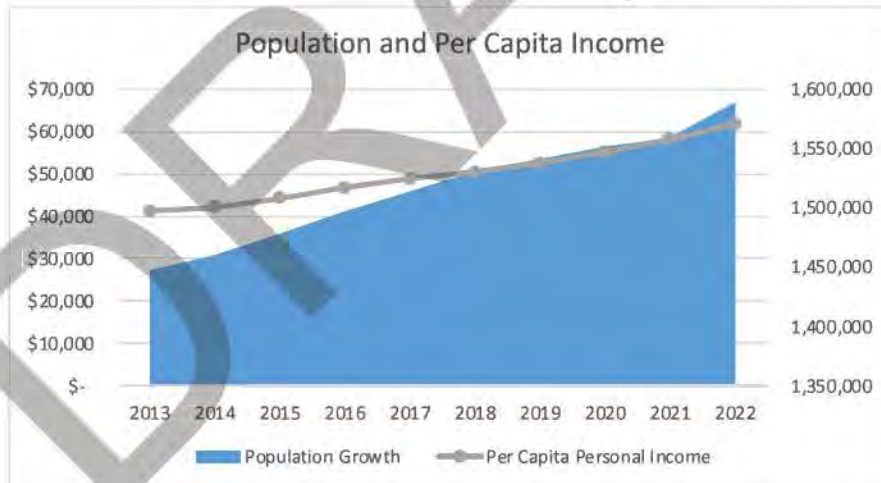
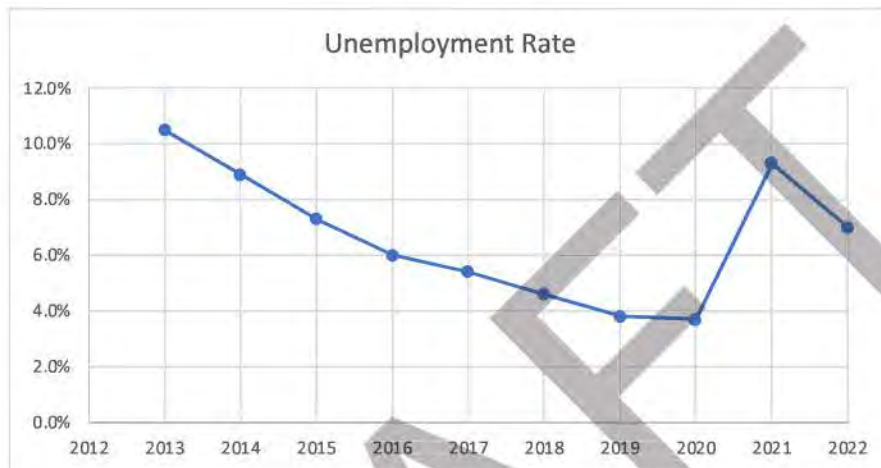
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STATISTICAL
INFORMATION

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STATISTICAL INFORMATION



PRINCIPAL EMPLOYERS

Employer:	2022			2013		
	Rank	Employees	Percentage of Total County Employment	Rank	Employees	Percentage of Total County Employment
UC Davis Health System	1	16,075	2.3%			
Kaiser Permanente	2	12,301	1.8%	1	10,140	1.7%
Sutter/California Health Services	3	9,595	1.4%	2	9,112	1.5%
Dignity/Mercy Healthcare	4	7,488	1.1%	4	7,054	1.2%
Intel Corporation	5	6,013	0.9%	5	6,500	1.1%
Siemens Mobility Inc.	6	2,500	0.4%			
Safeway	7	1,938	0.3%			
Pacific Gas and Electric Co.	8	1,447	0.2%	10	2,247	0.4%
Blue Diamond Growers	9	968	0.1%			
WellSpace Health	10	926	0.1%			
Raley's Inc/Belair				3	7,283	1.2%
Hewlett-Packard				6	3,200	0.5%
Wells Fargo & Co.				7	3,188	0.5%
Heath Net of California				8	2,552	0.4%
Cache Creek Casino Resort				9	2,400	0.4%
Total		59,251	8.6%		53,676	8.9%

Source: Sacramento County June 30, 2022 Annual Comprehensive Financial Report

REVENUE CAPACITY - REVENUE BASE AND REVENUE RATE

Fiscal Year	Sales Tax Rate	Total Sales Tax Revenue	Total Taxable Sales
2022	0.5%	\$ 172,916	\$ 34,583,200
2021	0.5%	153,560	30,712,000
2020	0.5%	131,591	26,318,200
2019	0.5%	131,757	26,836,365
2018	0.5%	119,188	25,443,669
2017	0.5%	116,878	24,610,617
2016	0.5%	110,708	23,368,174
2015	0.5%	105,564	22,218,348
2014	0.5%	100,063	21,061,901
2013	0.5%	97,390	20,097,095

Source: California Department of Tax and Fee Administration

RATIOS OF OUTSTANDING DEBT

Fiscal Year	Sales Tax Revenue Bonds	Percentage of Personal Income	Per Capita
2022	\$ 348,700,000	0.4%	\$ 219
2021	352,935,000	0.4%	226
2020	356,985,000	0.4%	230
2019	360,875,000	0.4%	234
2018	364,615,000	0.5%	238
2017	368,205,000	0.5%	243
2016	371,655,000	0.5%	248
2015	371,655,000	0.6%	251
2014	371,655,000	0.6%	255
2013	371,655,000	0.6%	257

Source: Audited Financial Statements and the Bureau of Economic Analysis

OPERATING INFORMATION -
DEMAND FOR SERVICES

Jurisdiction	Fiscal Year				
	2022	2021	2020	2019	2018
City of Citrus Heights	\$ 3,397,512	\$ 3,017,591	\$ 2,589,796	\$ 2,594,616	\$ 2,347,540
County of Sacramento	26,033,861	23,142,052	19,780,254	19,824,716	17,951,156
City of Elk Grove	7,125,601	6,275,989	5,356,571	5,367,420	4,780,559
City of Folsom	3,430,713	3,081,437	2,600,243	2,603,896	2,335,123
City of Galt	1,729,165	1,535,604	1,315,912	1,317,357	1,191,381
City of Isleton	69,167	61,424	52,636	52,694	47,656
Neighborhood Shuttle	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Paratransit	2,296,595	2,038,005	5,815,018	5,821,455	5,256,706
Sacramento Regional Parks	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
City of Rancho Cordova	3,390,744	2,904,098	2,492,262	2,497,862	2,239,524
Regional Transit	64,049,486	56,837,693	44,581,803	44,631,157	40,301,412
City of Sacramento	20,266,469	17,944,897	15,285,468	15,270,445	13,652,724
SMAQMD	2,551,772	2,264,450	1,938,339	1,940,485	1,752,235
Capital Improvement Program Administration	21,116,140	20,534,968	22,290,456	23,096,608	22,520,621
	833,685	615,219	1,133,643	794,117	542,737
Total allocations	\$ 158,290,910	\$ 142,253,427	\$ 127,232,401	\$ 127,812,828	\$ 116,919,374

Source: Authority accounting records

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

	Fiscal Year				
	2018	2019	2020	2021	2022
Revenues					
Taxes	\$ 119,187,748	\$ 131,757,081	\$ 131,591,165	\$ 153,560,355	\$ 172,916,487
Mitigation Fees	7,621,753	6,684,037	7,551,556	8,956,992	8,237,424
Vehicle registration fees	1,275,901	1,316,666	1,319,166	1,364,680	1,277,403
Grants for freeway services	2,498,978	2,043,752	2,703,639	3,151,282	3,633,885
Use of money and property	3,081,259	5,784,803	4,447,211	161,520	203,716
Miscellaneous	120,855	-	-	-	-
Total Revenues	\$ 133,786,494	\$ 147,586,339	\$ 147,612,737	\$ 167,194,829	\$ 186,268,915
Expenditures					
General government:					
Administrative	\$ 542,737	\$ 794,117	\$ 1,133,643	\$ 615,219	\$ 833,685
Freeway service patrol	2,126,051	1,986,738	2,658,784	3,305,277	3,680,165
Intergovernmental	108,346,886	115,922,947	125,527,829	153,662,956	165,819,317
Capital outlay	-	-	-	-	381,753
Debt Service:					
Principal	3,590,000	3,740,000	3,890,000	4,050,000	4,278,519
Interest and other charges	18,643,460	19,444,323	18,498,171	15,655,190	15,629,382
Total expenditures	\$ 133,249,134	\$ 141,888,125	\$ 151,708,427	\$ 177,288,642	\$ 190,622,821
Excess of Expenditures over Revenue	\$ 537,360	\$ 5,698,214	\$ (4,095,690)	\$ (10,093,813)	\$ (4,353,906)
Other Financing Sources (Uses)					
Transfers in	\$ 31,628,063	\$ 23,096,608	\$ 22,290,456	\$ 20,534,968	\$ 21,116,140
Transfers out	(31,628,063)	(23,096,608)	(22,290,456)	(20,534,968)	(21,116,140)
Proceeds from leases	-	-	-	-	381,753
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ 381,753
Net change in fund balances	\$ 537,360	\$ 5,698,214	\$ (4,095,690)	\$ (10,093,813)	\$ (3,972,153)
Debt Service as a Percentage of Noncapital Expenditures*					
	20.03%	19.53%	17.31%	12.50%	11.69%

Source: Authority Audited Financial Statements

FUND BALANCES OF GOVERNMENTAL FUNDS

	2018	2019	2020	2021	2022
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	47,027,906	52,524,814	48,612,636	43,354,781	44,343,466
Unassigned	664,031	861,894	1,059,756	1,261,987	1,871,973
Total General Fund	47,691,937	53,386,708	49,672,392	44,616,768	46,215,439
All Other Governmental Funds					
Restricted	7,084,035	7,087,480	7,043,332	19,794,101	14,223,277
Total all other Governmental Funds	7,084,035	7,087,480	7,043,332	19,794,101	14,223,277
Total Governmental Funds	\$ 54,775,972	\$ 60,474,188	\$ 56,715,724	\$ 64,410,869	\$ 60,438,716

Source: Audited Financial Statements

**FREEWAY SERVICE PATROL
OPERATING INFORMATION - ASSISTS
LAST TEN FISCAL YEARS**

Fiscal year	Assists
2021-22	36,383
2020-21	34,482
2019-20	31,609
2018-19	30,674
2017-18	36,693
2016-17	37,347
2015-16	37,091
2014-15	34,395
2013-14	30,097
2012-13	36,538

**SACRAMENTO ABANDONED VEHICLE
SERVICES AUTHORITY
OPERATING INFORMATION - ABATEMENTS
LAST TEN FISCAL YEARS**

Fiscal year	Abatements
2021-22	21,413
2020-21	19,790
2019-20	22,518
2018-19	18,877
2017-18	14,670
2016-17	13,019
2015-16	8,586
2014-15	5,037
2013-14	5,247
2012-13	6,222

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GLOSSARY

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GLOSSARY

A

- **account** – accounting category used to describe the type of financial transaction.
- **accrual basis** – also referred to as “full accrual” basis. Revenues and expenditures are recognized in the period earned or incurred regardless of whether cash is received or disbursed in that period.
- **actual** – actual level of expenditures.
- **adopted budget** – approved annual budget establishing the legal authority to spend in specific accounts.
- **appropriation** – authorization by the Authority to make expenditures and to incur obligations for a specific purpose. An appropriation is usually limited in amount and to the time when it may be expended.
- **audit** – systematic collection of sufficient and competent evidential matter needed to attest to the fairness of management’s assertions in the financial statements, or to evaluate whether management has efficiently and effectively carried out its responsibilities.

B

- **balanced budget** – refers to a budget in which revenues are equal to or greater than appropriations. Oftentimes, fund balance is used to balance the budget.
- **beginning/ending fund balance** – total accumulation of resources available in a fund from the prior/current year after payment of the prior/current year’s expenditures. Not necessarily cash on hand. Also refer to fund balance.
- **bond** – issuing a written promise to pay a specific sum of money at a specified date or dates in the future together with periodic interest payments.
- **budget** – plan of financial operation consisting of proposed/approved appropriations for specified purposes and the proposed/approved means of financing them.
- **budget calendar** – schedule of key dates and milestones that a government follows in the preparation and adoption of its budget.

B

- **budget message** – included in the opening section of the budget, the budget message (Transmittal Letter) provides an overall summary of the most important elements of the budget, changes from the prior fiscal year, and the views and recommendations of the Authority.

C

- **California Department of Tax and Fee Administration (CDTFA)** – public agency charged with tax administration and fee collection in the State of California. This agency collects sales tax on behalf of the Authority.
- **capital appropriations** – expenditures related to specific capital construction projects identified in the Expenditure Plan.
- **Capital Improvement Program (CIP)** – voter-approved capital projects funded by Measure A resources. Sales tax proceeds are set aside for debt service costs and pay-go capital expenditure funding. Measure A establishes the rate as 20.75% of the net sales tax proceeds. Also funded with SCTMFP fees.
- **Capitol Valley Regional Service Authority for Freeways and Expressways (CVR-SAFE)** – funded by an annual \$1 charge on eligible vehicle registrations in the County, fees are collected through the State of California Department of Motor Vehicles.
- **Annual Comprehensive Financial Report** - financial statements comprising the Authority's financial report that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB).
- **Sacramento County Pooled Investment Fund** – pool of local agency funds managed by the Sacramento County Department of Finance.

D

- **debt issuance** – issuance of bonds to finance capital projects throughout the County.
- **debt limit** – policy setting specific limits of acceptable ranges of each type of debt based on legal, public policy, and financial reasons.
- **debt service** – costs of paying the principal, interest, and ancillary fees on borrowed money according to a predetermined payment schedule.
- **draft budget** – presented initially during May, prior to being brought to the Board for adoption in June.

E

- **expenditure** – funds authorized by an appropriation that are generally divided into various categories such as employee salaries and benefits, services and supplies, debt service, and capital construction costs.

E

- **Expenditure Plan** – Sacramento County Transportation Expenditure Plan 2009-2039. This plan identifies specific projects and funding for the Measure A program.

F

- **fiscal year** – time designated by the Authority signifying the beginning and ending period for recording financial transactions. The Authority’s fiscal year is July 1 through June 30.
- **full-time equivalent (FTE)** – hours worked by one employee on a full-time basis. On an annual basis, an FTE is 2,080 hours, which is calculated as 40 hours per week for 52 weeks in a year.
- **fund** – group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Each fund has its own budget and tracks revenues and expenditures separately.
- **fund balance** – total amount remaining after current appropriations and other financing uses are subtracted from the sum of the beginning fund balance, revenue, and other financing sources.

G

- **Generally Accepted Accounting Principles (GAAP)** – uniform minimum standards and guidelines for financial accounting and reporting.
- **General Fund** – fund used for the capital program, SCTMFP, SacMetro FSP, and program administration.
- **Government Finance Officers Association (GFOA)** – GFOA was founded in 1906 to represent public finance officials throughout the United States and Canada. GFOA’s mission is to promote excellence in state and local government financial management.
- **governmental funds** – typically used to account for most of a government’s activities, including those that are tax supported.

I

- **Independent Taxpayer Oversight Committee (ITOC)** – citizen volunteers that supervise annual fiscal and periodic performance audits regarding the use of all sales tax funds and provide for independent review to ensure compliance with the Expenditure Plan approved by voters.
- **interfund transfer** – monies moved from one fund to another. The money is transferred to finance the operations of another fund or to reimburse the fund for expenses.

L

- **Local Transportation Authority and Improvement Act (ACT)** - commences with California Public Utility Code Section 180000.

M

- **Measure A** – in 2004, voters approved a one-half of one-percent retail sales and use tax collected over a 30-year period in the County beginning in April 2009 and dedicated for transportation planning, design, construction, operation, and maintenance through 2039.
- **modified accrual** – recognizes revenue when it becomes measurable and available, expenditures are recognized when the obligation to pay is incurred.

N

- **net sales tax revenue** – equals total sales tax proceeds less CDTFA administration costs, sales tax recovery expenses, allocations to the cities of Isleton and Galt, and the Neighborhood Shuttle Program as required under the Measure A Ordinance.

O

- **Measure A ordinance** – result of actions carried out by the Governing Board establishing the one-half of one percent sales and use tax within the County.

P

- **performance measures** – an important component of decision making, and at a minimum, are based on program goals and objectives, measure program results or accomplishments, provide for comparisons over time, measure efficiency and effectiveness, and are reliable, verifiable, and understandable.

R

- **reimbursement** – payment of an amount remitted on behalf of another party, department, or fund.
- **reserve** – portion of a fund's balance that is available for appropriation but has been reserved for economic uncertainties.
- **resolution** – written motion adopted by the Governing Board.
- **revenues** – income received from various sources including retail sales tax, fees, grants, and interest income.

S

- **salaries and benefits** – budgetary category that generally accounts for all employee salaries and benefits such as medical, dental, and retirement.
- **Special Revenue Fund** – fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.
- **swap agreement** – interest rate swaps are forward contracts in which one stream of future interest payments is exchanged for another based on a specific principal amount.