



FY 2023-24 MTC Operating and Capital Budget



METROPOLITAN
TRANSPORTATION
COMMISSION

Date: May 24, 2023

Presenter: Derek Hansel, CFO



FY 2023-24 Budget Calendar

- **May 24th – Commission Meeting**
 - FY 2023-24 Draft Operating and Capital Budgets
- **Week of June 12th – Committee Meetings (if necessary)**
 - FY 2023-24 Final Operating and Capital Budgets
- **June 28th – Commission Meeting**
 - FY 2023-24 Final Operating and Capital Budgets

FY 2023-24 Budget Assumptions

- **Revenue Budget Assumptions**

- TDA budget projections up by 7% in comparison to FY 2022-23
 - Actuals for FY 2022-23 6% higher than anticipated
- Interest yield 2.3%
- Increase in federal and state grant funding is primarily OBAG 3 and REAP 2.0

- **Expenditure Budget Assumptions**

- 386 Full Time Equivalent (FTE)
 - 4.5% cost of living adjustment
- Additional work for final proposed budget
 - Reserve schedules

Continuing and New Operating Concerns

- MTC faces headwinds including:
 - High inflation over past 2 ½ years
 - Higher interest rates
 - Crisis in confidence (e.g., regional bank failures)
 - Federal debt limit (extension or consequences of not extending)
 - BATA toll revenue recovery from pandemic

Metropolitan Transportation Commission (MTC)



MTC Draft FY 2023-24 Operating Budget

Operating Revenue Sources

Federal grants (OBAG 3)
REAP 2.0

Operating Expense

Salary & Benefits - COLA (4.5%) based on negotiated MOU
Contractual Services – increases in project funding

Reserves

Transfer from reserve to fund capital project – ERP System - not included

	FY 2022-23 Budget (thousands)	FY 2023-24 Budget (thousands)	% Change
Revenue			
Federal Grants	\$226,000	\$194,880	(14)%
State Grants	24,437	94,497	287%
Local	6,127	29,625	384%
Transfers	\$5,422	7,049	30%
Other	39,560	44,931	1%
Total Revenue	\$301,546	\$370,983	23%
Expense			
Salary & Benefits	\$45,993	\$52,619	14%
General Operations	4,043	4,821	19%
Contract Services	244,229	304,624	25%
Other	6,943	7,736	11%
Total Expense	\$301,209	\$369,801	23%
Operating Surplus/(Deficit)	\$336	\$1,182	251%

FY 2023-24 Staffing

- 386 full time staff (including term-limited positions)
- 16 new positions to support:
 - Administrative needs for MTC's growing portfolio, including information technology, procurement, finance, legal, and human resources
 - Implementation of the \$4.5B RM 3 expenditure plan
 - Regional forecasting for PBA 50+
 - Implementation of Regional Network Management
 - Staffing for enterprise operations (Express Lanes, BATA, Clipper)

MTC FY 2023-24 Draft Capital Budget

Does not include ERP system replacement

Capital Projects	FY 2022-23 Budget (thousands)	FY 2023-24 Budget (thousands)
Revenue:		
Transfer from Operating Reserve	\$910	\$3,066
Total Revenue	\$910	\$3,066
Expenses:		
Security Upgrades	\$100	\$100
Hardware Deployment Program	150	220
SCCM and MAC Management Project	80	80
Veeam Backup Server	15	15
Vsphere Enterprise/VMware ESXI/Vcenter - Desktop, Modelling Server Replacement	80	100
Hardware Support -OOW / Recovery	10	10
Hardware Replacement (GIS)	-	16
Hardware - Monitors	-	25
Committee Packet Automation System	-	2,500
ERP Planning and Discovery	275	-
Contract and Procurement Routing Module	200	-
Total Expenses	\$910	\$3,066

MTC Draft FY 2023-24 Budget Bay Area Forward

- Bridge capital projects improving bridge and freeway operations
- Funding for these projects come from a variety of federal, state and local sources
- New projects for FY 2023-24 (millions):
SR 37 \$10M

	FY 2022-23 (LTD) (thousands)	FY 2023-24 (thousands)	Total (LTD)
Bay Bridge (2016)	\$29,897	\$1,844	\$31,741
Bay Bridge (2020)	56,042	(550)	55,492
RSR	1,202	4,302	5,504
FPI – 680	14,000	--	14,000
FPI – 880	7,022	--	7,022
FPI – US 101	5,467	400	5,867
Dumbarton Forward	12,150	--	12,150
Napa Forward	20,663	--	20,663
SR 37	--	10,000	10,000
Total LTD Budget	\$146,443	\$15,996	\$162,439

CLIPPER



Clipper FY 2023-24 Draft Operating Budget

- Operating costs increase for both Clipper I and II operations
 - Increased transactions/usage of the current Clipper system
- Clipper will operate parallel systems of Clipper I and Clipper II until Clipper II will be Revenue Ready expected in FY 2024
- More funds from inactive accounts will be used

	FY 2022-23 APPROVED BUDGET (MILLIONS)	FY 2023-24 DRAFT BUDGET (MILLIONS)	CHANGE
Revenue			
RM2	\$5.0	\$6.3	26%
STA	10.0	7.7	(23%)
SGR	10.0	5.0	(50%)
CARES	0.0	0.1	100%
LCTOP	0.0	6.0	100%
Clipper Cards	4.3	2.8	(35%)
Inactive Accounts	0.0	7.0	100%
Float Account Interest	1.5	1.1	(27%)
Operators	20.5	28.8	40%
Total Revenue	\$51.3	\$64.8	26%
Expense			
Staff	2.1	2.3	10%
Operations	49.2	62.5	27%
Total Expense	\$51.3	\$64.8	26%

Clipper Draft FY 2023-24 Capital Budget

Clipper I

Total Budget FY 2023-24 (LTD) \$241 million

FY 2023 (LTD) \$239.7 million

Additions FY 2023-24 \$1.3 million

Majority for equipment and capital consultants (\$ 1 million) funded by card sales

Clipper II

Total Budget FY 2023-24 (LTD) \$297.9 million

FY 2023 (LTD) \$281.5 million

Additions FY 2023-24 \$ 16.4 million

Staff \$ 2.6 million

Equipment \$ 3.5 million

Fare card fulfillment, ticket support

Consultants/Contracts \$10.3 million

For next generation system license support, paratransit integration, fare media supplier, system integration and regional transit connection support funded

These are funded by FTA, SGR, STA, card sales and LCTOP