

Attachment 4:

Challenges for the Current Fiscal Year (03-04) Budget

As of January, 2004

The Commission faced the following challenges in developing the current FY 03-04 budget.

1. State Transportation Improvement Program (STIP) funding for three operational aspects of the RTC work program is not available during this fiscal year due to the on-going state budget crisis. Rideshare, the Freeway Service Patrol and the Planning programs had been due to receive STIP funds. For the current fiscal year's budget, the Commission took the following actions to backfill funding for what was hoped would be only a one-year delay or gap in funding:
 - b. Rideshare: The Commission replaced its \$163,000 allotment of FY03-04 STIP funds with the same amount of Congestion Mitigation and Air Quality (CMAQ) funding which it programmed in June 2003. Only one year of CMAQ funding was programmed for Rideshare because it was believed at the time that there would only be a one-year or less postponement in STIP funds for Rideshare.
 - c. Freeway Service Patrol: The Commission utilized SAFE Reserve funds to cover for the \$78,000 in STIP funds which were programmed for FSP in FY03-04.
 - d. Planning: Commission Reserve funds were used to backfill for \$76,000 in FY03-04 STIP funds programmed for state-mandated Planning, Programming and Monitoring activities (PPM funds). There is some talk at the state level that a portion of the current fiscal year PPM funds may be made available to the regions after all, but we'll believe it only when we see it.
2. Special, One-Time Costs were included by the Commission in the current year budget. Such costs include mass mailings to residents and businesses near the rail right of way and the Highway 1 right of way, polling and public information materials for the Sales Tax Expenditure Plan, environmental review of the Expenditure Plan, and the Triennial Performance Audit.
3. Commission Reserve funds beyond the amount needed for an adequate reserve are added to the RTC budget when needed. During development and amendment of the FY03-04 budget, the Commission faced the challenge of funding special, one-time costs (some are noted in item 2 above) even after surplus funds in the Commission Reserve fund had been depleted. **For the most recently adopted amendment to the FY03-04 budget, a total of \$392,000 in Commission Reserve funds was budgeted.** Only \$31,000 was left in Commission Reserves, considerably less than the target for the reserve for FY03-04, \$139,000, the amount recommended by the Auditor-Controller. (The proposed amendment increases the Reserve balance –see separate agenda item.)