SAN JOAQUIN RTD

Adopted Budget
Fiscal Year 2022-2023

San Joaquin Regional Transit District
421 East Weber Avenue, Stockton, CA 95202 | Phone: (209) 943-1111 | sjRTD.com

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Table of Contents

Message from the CEO 1

Profile of RTD 2

Board of Directors 4

Transit Centers 5

Transfer Stations 5

Services 6

Access San Joaquin 8

Strategic Plan 10

Fiscal Year 2022-23 Goals and Initiatives 11

Budget Process 12

Budget Approval Board Resolution 14

Budget Summary 15

Revenue Sources 16

Operating Revenues 24

Operating Expenses 25

Personnel Expenses (Wages and Fringe Benefits) 26

Funded Full Time Equivalents (FTEs) 27

Non-personnel Operating Budget 30

Capital Budget 32

Capital Projects 33

Budget Risk and Economic Conditions 34

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Message from the CEO

I am pleased to present the San Joaquin Regional Transit District (RTD) Fiscal Year 2022-23 (FY23) Budget (July 1, 2022 – June 30, 2023). As the San Joaquin County community recovers from the economic downturn caused by the COVID-19 Pandemic, RTD is laser focused in 2022/23 on restoring bus service to accommodate rider demand, particularly among the transit dependent and in our disadvantaged communities. This FY23 balanced budget was prepared based on the strategic initiatives contained within RTD's annual Strategic Plan and the RTD mission and vision statement.

FY23 Operating Budget is $48.69 million and the FY23 Capital Budget is $23.49 million. The budget was developed with a plan to restore revenue service hours to pre-pandemic levels using the FY19 budget (pre-pandemic) plus increased labor and non-labor costs and inflationary impacts.

In FY23, RTD is projecting ridership growth. While current ridership compared to FY19 is about 50% below, it is difficult to make an objective comparison between pre-pandemic (2019) and today until such time as RTD is operating the same revenue service hours as it was in FY19 (pre-pandemic). We hope to do so in late January 2023, subject to our ability to fill our bus operator vacancies. Bus operator recruitments have been challenging for several years now, predating the pandemic.

On the revenue side, San Joaquin County is one of the few counties that experienced growth in sales tax despite economic issues nationwide brought about by the COVID pandemic. The increase in sales tax revenue resulted in increased Transportation Development Act (TDA) revenue for RTD, which covered the shortfall in fare revenue and costs associated with supply chain challenges.

It is RTD's goal to keep RTD's infrastructure, buildings and buses in a state of good repair. In the coming year RTD will receive nine more zero emission battery electric buses for Gillig and will place an order for five zero emission fuel cell electric buses. Over the next few years RTD will collect and compare operational and expense data on both the battery electric buses and the fuel cell electric buses and then revise RTD's anticipated zero emission fleet mix as RTD continues the journey of compliance with the California Air Resource Board's (CARB) Innovative Clean Transit (ICT) regulation – Zero emission buses by 2040.

On behalf of the RTD Board and the dedicated RTD employees, we look forward to providing excellent service to the residents of San Joaquin County.

Sincerely,

Alexander D. Clifford

Profile of RTD

San Joaquin Regional Transit District (RTD) is the regional transit provider for San Joaquin County. RTD is a political subdivision of the State of California, organized and existing under the San Joaquin Regional Transit District Act, as found in the California Public Utilities Code, commencing with Section 50000. Established in 1963 as the Stockton Metropolitan Transit District (SMTD), SMTD began providing service in 1965. With the expansion of its service area to all of San Joaquin County and Bay Area, SMTD became San Joaquin Regional Transit District in 1994. RTD is a special district and fiscally independent of the City and San Joaquin County as far as neither makes budget appropriations to RTD.

RTD operated at a lower service levels during the pandemic but plans to restore pre-pandemic service levels with twenty six Stockton Metropolitan Area and adjacent unincorporated area routes, five Bus Rapid Transit routes; five Intercity and Countywide routes; seven Metro Hopper deviated fixed routes throughout San Joaquin County; and three Commuter routes to the Bay Area and Sacramento; Dial-A-Ride service for persons who, due to their disability, are unable to use fixed-route service; and Van Go! mobility on demand service.

RTD has three transfer stations in south, central, and north Stockton: Union Transfer Station, Downtown Transit Center, and Hammer Transfer Station to provide convenient connections between its routes and services. RTD has 146 revenue vehicles, a total of 296 employees in administration, transportation, and maintenance, working in its three Stockton operations and administrative locations: County Transportation Center, Downtown Transit Center, and Regional Transportation Center.

RTD has consistently delivered innovative, high-quality service, and consistently passes reviews and audits. RTD was a recipient of the Outstanding Public Transportation System Achievement Award, a very prestigious award that only goes to those public transit systems in North America that have excelled in service and leadership. RTD has been a recipient of the Excellence in Financial Reporting Award for 19 years in a row.

146
Revenue Vehicles

296
Employees

3
Transfer Stations

Board of Directors

A five-member Board of Directors governs RTD. The Stockton City Council appoints two members, the San Joaquin County Board of Supervisors appoints two, and the City Council and Board of Supervisors appoint one.

- **Michael Restuccia, Chair**
- **Gary Giovanetti, Vice-Chair**
- **Les Fong, Director**
- **Balwinder Singh, Director**
- **Stephan Castellanos, Director**

Per RTD's Rules of Procedure, the Chairman of the Board of Directors may create standing, special, and/or ad hoc committees consisting of not more than two Directors and one alternate Director to advise the Board on matters assigned to the committees. Per Rule 3.13.3 the Chairman shall fill any vacancy. The following are RTD's current Board Standing Committees.

Facilities Committee

Construction and remodeling Projects, Land Needs, and Site Selection Review

Finance and Audit Committee

Pre-Audit Conference, Post-Audit Conference, and Budget and Financial Reviews

Personnel Committee (Human Resources)

Reviews and recommend Salary Schedule, Review of personnel policies and guidelines, and CEO's Annual Review

City/County/Transit Liaison Committee

Apprise RTD of policy issues regarding transit in the region.

Retirement Board

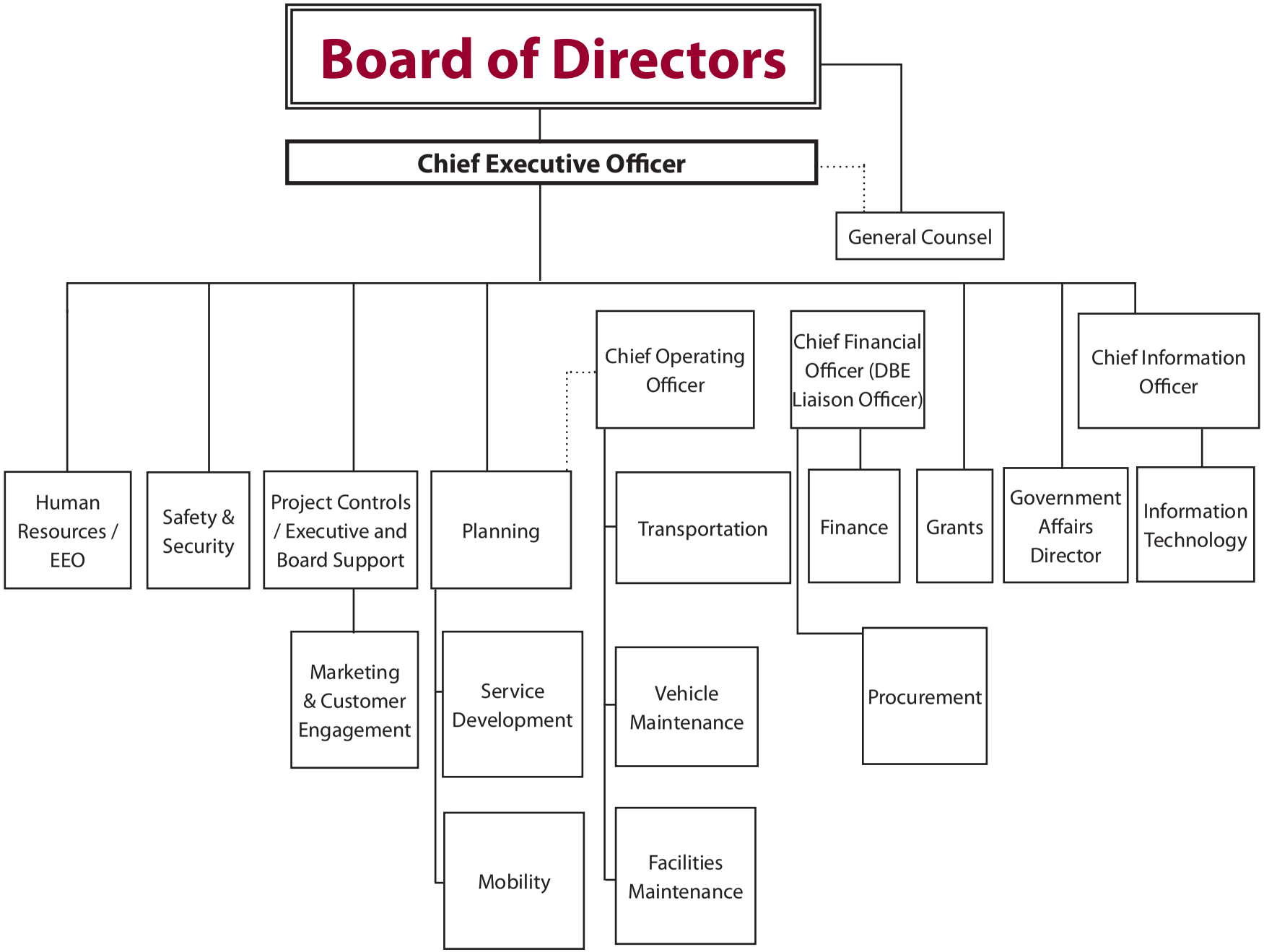
Manage Retirement Plan accounts in accordance with the Retirement Plan.

San Joaquin Council of Governments (SJCOG) Ex-Officio

Serves on the SJCOG Board as RTD's Ex-Officio representative.

Executive Management Team

- **Alexander Clifford, Chief Executive Officer**
- **Ciro Aguirre, Chief Operating Officer**
- **Robert Kyle, Chief Financial Officer**
- **Michael Thompson, Chief Administration and Innovation Officer**


Board of Directors
Chief Executive Officer
General Counsel
Human Resources / EEO
Safety & Security
Project Controls / Executive and Board Support
Planning
Chief Operating Officer
Chief Financial Officer (DBE Liaison Officer)
Grants
Government Affairs Director
Chief Information Officer
Information Technology
Finance
Transportation
Marketing & Customer Engagement
Service Development
Mobility
Vehicle Maintenance
Facilities Maintenance
Procurement

Transit Centers

Downtown Transit Center (DTC)

421 East Weber Avenue, Stockton, CA 95202
General offices and Customer Engagement offices.

Regional Transportation Center (RTC)

2849 East Myrtle Street, Stockton, CA 95205
Central maintenance and operations facility for Metro services and general offices.

County Transportation Center (CTC)

120 North Filbert Street, Stockton, CA 95205
Central operations facility for County services.

Transfer Stations

Downtown Transit Center

421 East Weber Avenue, Stockton, CA 95202

Hammer Transfer Station

7735 N Lower Sacramento Road, Stockton, CA

Mall Transfer Station

Yokuts and Pacific Avenues

Union Transfer Station

1505 South Union Street, Stockton CA 95206

Services

RTD provides services within San Joaquin County, Sacramento, and commuter services to the Dublin BART Station. RTD services cover 1,426 square miles with services to the Stockton Metro Area, including its adjacent San Joaquin unincorporated areas, connections to the City of Manteca, City of Tracy, City of Lodi, City of Lathrop, and City of Ripon.

The Fiscal Year 2022-23 budget assumes pre-COVID pandemic service levels. RTD is in the process of evaluating the effectiveness and sustainability of proposals from the NextGen Study for a service design that will ensure accountability, compliance, and quality of service. RTD plans to discontinue RTD's less efficient routes and to leverage grants and partner with schools to increase ridership and make efforts to let the community know that RTD is their partner in transportation needs and coordinate to ensure that RTD provides appropriate, reliable, and sustainable services.

Local

RTD Local services connects to RTD's BRT Express, Hopper, and Commuter services

Bus Rapid Transit (BRT) Express

Fast and frequent service with limited stops within Stockton Metropoliatan Area (SMA).

Dial-A-Ride

Paratransit services for American with Disability Act (ADA)-certified passengers within SMA.

Commuter

Connecting San Joaquin County customers to Dublin BART and Sacramento.

Van Go!

On-demand rideshare service throughout San Joaquin County.

Metro and County Hopper

Hopper services are deviated fixed-route service for City of Stockton customers and San Joaquin County. Hoppers can deviate from their normal route a distance of up to one mile with advance reservations

Access San Joaquin

One of the primary goals of Access San Joaquin is to improve the quality of transportation services for low-mobility groups such as seniors and people with disabilities who are unable to use traditional public transit services. Access San Joaquin provides centralized information for countywide transit services, which includes Altamont Corridor Express, Escalon eTrans, Lodi Grapeline, Manteca Transit, Ripon Blossom Express, Tracy Tracer, City of Lathrop, and San Joaquin RTD. Access San Joaquin provides the following services:

ADA eligibility assessment

ADA- certified individuals are qualified to use ADA complementary Dial-A-Ride services within San Joaquin County. This program is specifically designed for those individuals who, due to their disability, are functionally unable to use fixed route services.

Travel training

Dedicated professionals teach seniors and persons with disabilities how to use public transit so they can navigate independently to specific destinations, maneuver mobility aids on and off buses, identify landmarks, and travel to and from bus stops using services within San Joaquin County.

Discount Fare Cards

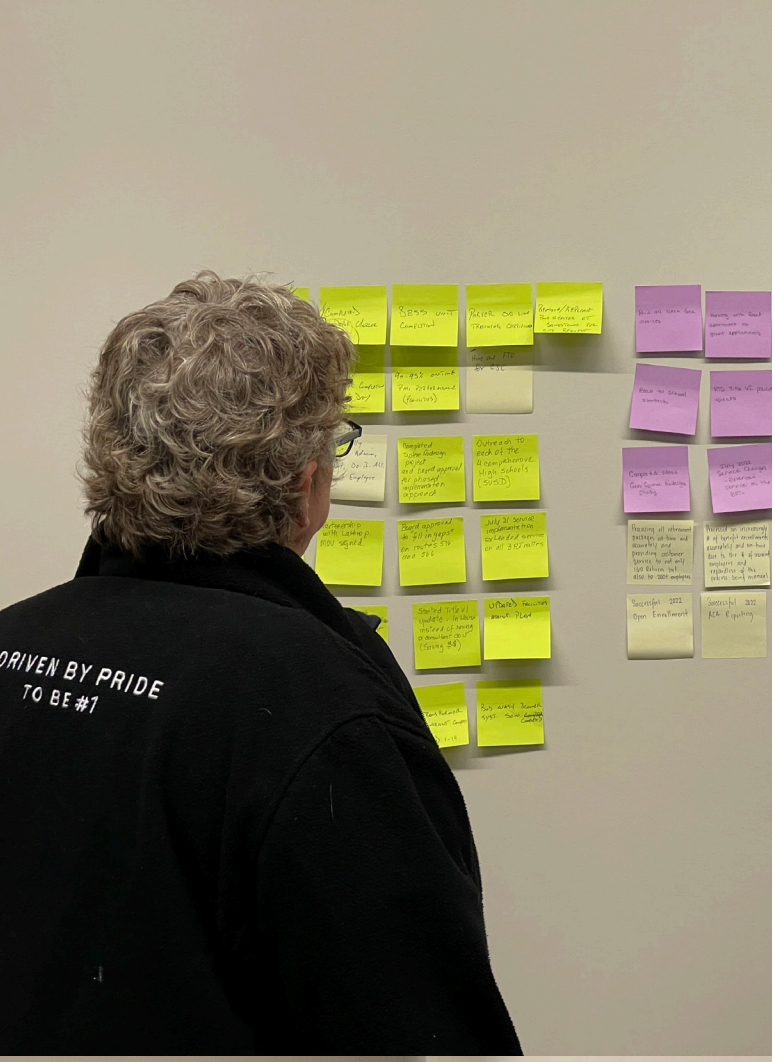
Offers discounted fares of no more than half the regular base fare to eligible seniors, persons with disabilities, and Medicare Card holders. Any person, regardless of age or condition, may ride for a discount fare when displaying a Medicare Card or Department of Motor Vehicle (DMV) placard and a photo ID (under Federal Law)

Access Pass

The pass allows ADA-certified passengers to ride most fixed-route services free of charge on all systems in San Joaquin County. All buses are ADA-accessible; without the requirement of making advanced reservations (as is necessary for ADA Dial-A-Ride service), this provides greater freedom to limited mobility passengers.

My Ride

It is a self-directed, practical, and empowering mileage reimbursement service program that enables ADA-certified passengers to compensate their friends and neighbors for providing them with transportation assistance within San Joaquin County.



Strategic Plan

RTD's operating and capital planning decisions are based on the strategic initiatives contained within its annual Strategic Plan. The mission and vision statements of RTD guide the initiatives.

Mission Statement

To provide a safe, reliable, and efficient transportation system for the region.

Vision

To be the transportation service of choice for the residents we serve.

Core Values

Customer Service

We serve our customers well because we are empowered by the strength, contributions, and dedication of our employees. We treat each other, our customers, and our community with respect, integrity, and loyalty.

Safety

We commit to creating a safe and responsible Environment for our employees, our customers, and our community.

Positive Work Environment

We promote a positive work environment by supporting each other through effective communication, teamwork, and appreciation for our diverse abilities and contributions.

Sustainability

We commit to a sustainable business model that includes environmental and fiscal responsibility, business continuity, and succession planning.

Fiscal Year 2022-23 Goals and Initiatives

Customers

- Meet customers' evolving needs by identifying, designing, and implementing the next generation of services.
- Strengthen customer confidence by clearly communicating RTD's safety measures and provide training on how to use its applicable technology.
- Bolster customer engagement by promoting effective technology on a variety of online platforms.

Community Relations

- Magnify RTD's value to the community by promoting public engagement that informs, involves, and empowers people to use and advocate for public transit.
- Enhance and showcase RTD as a model of safe, dependable, efficient, and cost-effective transportation for the community.
- Continue to promote RTD services to regional governing boards, Chamber of Commerce, transit-dependent resource groups and centers, educational institutions, and stakeholders.
- Strengthen regional partnerships to mutually support and advocate for new and existing programs and services in the region.

Innovation

- Utilize and monitor newly implemented technology to support the agency's business, operational, and safety needs.
- Enhance vehicle reliability by using advanced analytics and industry best practices.
- Plan and implement the right mix of zero-emission bus technology and infrastructure to ensure environmental responsibility.
- Update the business continuity plan.

Financial Health

- Leverage grants, revenue contracts, and partnerships to increase ridership sustainability.
- Develop a sustainable business model informed by the System Redesign Study.
- Align business decisions with key performance indicators and a high level of fiduciary accountability.

Operations Excellence

- Return to pre-COVID service levels that are scalable to available funds and customer demand.
- Evaluate the effectiveness of service design to provide the highest level of transit service to the greatest number of people within RTD's resources.
- Create and establish departmental key indicators.
- Improve the integration of county services.
- Support a safe community by implementing programs in alignment with RTD's Agency Safety Plan.

Employees

- Empower employees to continually advance their careers by aligning training to improve and develop knowledge, skills, and abilities.
- Stimulate employee engagement with effective communication that allows employee feedback and participation.
- Enhance and support the joint Workforce Investment Program.
- Continue to promote a safe work environment for all RTD employees by developing a system to communicate current safety concerns in the workplace.
- Encourage employees to maintain a healthy work-life balance.

Budget Process

On an annual basis, RTD reviews and updates its strategic goals to determine its operating and capital requirements. It is important to ensure the availability of financial resources to maintain existing levels of service and to fund planned capital and operating expenditures including rolling stock replacements and facilities improvements.
RTD adopts a zero-based operating budget that serves as the foundation for financial planning and control. The budget is a financial plan governing the fiscal year's operating and capital investments. The budget matches revenues with operating and capital project expenses based on adopted policies and direction set by RTD's Board of Directors.

The budget process follows three basic steps that provide continuity in decision-making:

1. Assess current conditions and needs to develop goals, objectives, policies, and plans.
2. Prioritize projects and develop a work program based on available resources.
3. Implement identified project plans and evaluate their effectiveness and shortcomings

The budget process started with budget formulation training for department heads, preparation of forms, templates, historical data, then followed by a strategic planning with department heads last March 9, 2022. Department heads were required to submit the details of their line-item budget proposals, personnel needs, planned service levels, and capital projects along with justifications for increases. Submitted proposals were tested for reasonability based on justifications, and/or comparison with five-years historical data. The preliminary budget was calculated based on department heads' proposals and proposed service levels.

Revenue sources were applied to FY23 proposed expenses and capital projects accordingly, then presented to the CEO for review and approval. The CEO, CFO, and Director of Financial Planning conducted budget deliberation meetings with each department head to give them an opportunity to provide justifications for reversal of budget cuts and for further analysis of the underlying assumptions for revenue and expense projections, the number of authorized positions by department, and revenue service hours and miles during the fiscal year.

The details of the preliminary budget and the assumptions applied to the calculations were presented to Director Restuccia and Director Bauer, RTD's Finance and Audit Committee Board last May 4, 2022, for review and to answer their questions. The budget was also presented to the full Board Special Meeting for their review and incorporated the proposed changes. Then, the final budget was presented on June 17, 2022, at the regular Board Meeting for Final Approval.

After Board approval, the line-item details of the adopted budget were entered in the financial system that is compliant with the "Uniform System of Accounts" account structure.
Newly created accounts are entered in Transtrack ERP system with applicable cost allocation setup to applicable service(s).

The adopted budget is then distributed to stakeholders. A monthly budget to actual analysis and status will be reported to the Board at the Board's regular monthly meetings. RTD conducts quarterly meetings with department heads for explanations or justifications of budget line items that might go over the budgeted amount by fiscal year-end.

Budget Approval Board Resolution

RESOLUTION NO. 6052
DATED: JUNE 17, 2022

RESOLUTION ADOPTING THE FISCAL YEAR 2023 OPERATING BUDGET IN THE AMOUNT OF $48,691,252 AND CAPITAL BUDGET IN THE AMOUNT OF $23,486,603

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the San Joaquin Regional Transit District as follows:

1) That the Fiscal Year 2023 Operating Budget in the amount of $48,691,252 and Capital Budget in the amount of $23,486,603 be, and hereby are, approved; and

2) That RTD's Chief Executive Officer be, and hereby is, authorized and directed to carry out the programs as outlined within the budgets.

Alex Clifford, the duly appointed, qualified, and acting Secretary of the San Joaquin Regional Transit District, does hereby certify that the foregoing is true and exact copy of the Resolution passed and adopted at a regular meeting of the Board of Directors of said District held on June 17, 2022.

DATED: June 17, 2022

ALEX CLIFFORD, SECRETARY

Budget Summary

FY 2022-23 Operating Budget	
Revenues	
Passenger Fares	$ 2,110,598
Property Tax	$1,269,986
Measure K	$5,706,030
LCTOP	$1,556,856
TCC Grant	$109,826
TDA-STA	$175,000
TDA-LTF	$30,186,960
Federal 5307	$5,696,742
Federal 5311	$1,110,002
Auxiliary and Non-transportaion Revenues	$769,252
Total Operating Revenue	**$48,691,252**
Operating Expenses	
Wages & Fringes	$33,201,423
Services	$4,122,964
Materials & Supplies	$3,984,819
Utilities	$1,194,462
Insurance	$2,189,381
Taxes & Licenses	$337,278
Purchased Transportation	$2,127,120
Miscellaneous Expenses	$1,533,805
Total Operating Expenses	**$48,691,252**

FY 2022-23 Capital Budget	
Projected Capital Revenue Sources	
FTA 5307 Urbanized Area Formula Program	$67,238
FTA 5307 Congestion Mitigation & Air Quality	$4,176,615
FTA 5339 (a) Bus & Bus Facilities	$861,085
FTA 5339 (b) Low or No Emission Program	$8,180,000
Congressionally Designated Spending Project	$3,306,302
Total Federal Sources	**$16,591,240**
State Transit Assistance Fund (STAF)	$5,334,714
SB1 State of Good Repair (SGR)	$1,560,649
Total State and Local Sources	**$6,895,363**
Total Projected Capital Revenues	**$23,486,603**
Capital Projects by Category	
Low or Zero-Emission Projects: Changing Infrastructure, maintenance shop retrofit, one (1) diesel-hybrid bus, eight (8) low or zero emission buses, replace twelve (12) cutaway buses, and service truck.	$20,115,450
Facilities Improvement and Upgrades	$1,189,050
Communication, Information Technology	$946,712
Planning and Studies	$175,000
Safety and Security: Pedestrian collision and avoidance detection system, and other safety and security related projects.	$1,060,391
Total Proposed Capital Projects	**$23,486,603**

Revenue Sources

San Joaquin RTD receives funds from fares, local sources, state sources, federal sources, advertising revenue on its vehicles, and interest revenue.

Fare Revenue

Fares collected from passengers are used to fund operations. The Fare revenue growth is mostly dependent on an increase in ridership. Fare revenue is projected to gradually increase by 20% over FY22 as pre-pandemic service levels are being restored in FY23.

Ridership is projected to increase but remains below pre-COVID levels. The Farebox Ratio, which is the ratio of fares over operating expenses, is one of the required efficiency criteria measures of Transportation Development Act funding. This requirement was lifted through the end of FY23. The Stockton Unified School District, the San Joaquin Delta College, and the San Joaquin County Office of Education provide RTD with fare subsidies to allow their students to ride fare-free, except on Van Go and Commuter routes.

RTD Fare Structure

Services:		1-Ride	1-Day Pass	31-Day Pass
BRT Express, Local, Intercity, & Hopper Services				
Discount	Ages 60 and over, persons with disability, veterans, Medicare card holders, and eligible passengers with Discount Fare Card (DFC).	$0.75	$2.00	$30.00
Full Fare	Ages 18 to 59.	$1.50	$4.00	$65.00
Student	31-Day Pass requires valid student ID. Students from schools that subsidizes "Fare-Free Program", ride for FREE. i.e, Students of Stockton Unified Schools District (SUSD), San Joaquin Delta College, and San Joaquin Office of Education (SJOE)	$1.50	$4.00	$40.00
Children	Limited to three children ages 4 and under, must be accompanied by a fare paying adult. $1.50 for each additional child. Riders under age 9 must be accompanied by an adult.	FREE for the first 3 children, $1.50 for each additional child.		
ADA Dial-A-Ride (DAR)	ADA passengers. Reservations required.	$3.00		
Hopper Deviation	ADA passengers. Reservations required. 10-Ride punch card is also available for $10	$1.00	10-Ride punch card is available for $10.	
Commuter	Monthly pass is by subscription only.	$7.00		Varies by route
VanGo				
Discount	Ages 60 and over, persons with disability, veterans, Medicare card holders, and eligible passengers with Discount Fare Card (DFC).	$3 one-way base fare for the first 5 miles, $0.50 cents per mile after the 5th mile.		
Full Fare	Ages 18 to 59.	$4 one-way base fare for the first 5 miles, $0.50 cents per mile after the 5th mile.		

Property Tax Revenue

The property tax revenue is generated from general property tax levy and distributed by San Joaquin County Auditor-Controller pursuant to State Assembly Bill 8 (AB 8). AB 8 provides a share of the total property taxes collected within a community to each local government that provides services within that community. San Joaquin County Auditor's Office annually determines revenue that was collected in each Tax Rate Area and allocates to each local government in the TRA the same amount of revenue it received in the prior year. Each local government then receives a share of any growth (or loss) in revenue that occurred within the TRA that year. The responsibility for allocating the property tax was assigned to the state by Proposition 13 which stated that property taxes were to be allocated "according to law". AB 8 allocated property taxes among the local governments within a county and provided fiscal relief to partially make up for property tax losses resulting from Proposition 13's tax limitation provisions.

The formulas contained in AB 8 were designed to allocate property taxes in proportion to the share of property taxes received by a local entity prior to Proposition 13. Over time, as assessed values grew, the amount of property taxes received by a local government also grew. However, the share rate of property taxes does not change. For example, if a county, city, special district, and school district each receive 25 percent of property taxes collected within a community under AB 8, they will continue to receive 25 percent of taxes collected regardless of property taxes growth. These "AB 8 shares" were developed based on the historical share of property taxes received by local jurisdictions prior to Proposition 13.

Local jurisdictions that had received a large share of property taxes prior to 1978 received a large share of property taxes under AB 8. Thus, the variation in property tax receipts in effect at the time was continued. Since 1979, there have been just two significant changes to the original property tax shares contained in AB 8: legislation designed to aid cities that receive no, or exceptionally low, property taxes and the property tax shifts of 1992¬93 and 1993¬94. Despite these changes, however, the state property tax allocation system developed in 1979 in response to Proposition 13 continues to be the basis for the property tax allocation among local governments. RTD's share is currently at 0.1227% and is being used to support operations.

The County Auditor annually determines the amount of revenues collected in each Tax Rate Area (TRA) and allocates to each local government in the TRA the same amount of revenue it received in the prior year. Each local government then receives a share of any growth (or loss) in revenue that occurred within the TRA that year, such as assessed value growth for the year.

Measure K (MK)

MK is the half-cent sales tax dedicated to transportation projects in San Joaquin County. Voters first approved MK in 1990 for a 20-year period. Their trust was rewarded by more than $735 million in transportation improvements in San Joaquin County. After experiencing the success and progress of MK, about 78% of San Joaquin voters renewed the sales tax on November 7, 2006, for an additional 30 years.

By the year 2041, MK is estimated to deliver an additional $2.552 billion worth of transportation improvements to the region.

The MK Ordinance and Expenditure Plan sets forth the eligible uses of MK funds and identifies the funding categories for various projects.

The FY23 budget is the same amount as FY22 MK revenues, pending San Joaquin Council of Government's (SJCOG) updates to the Expenditure Plan. MK partially funds RTD's Bus Rapid Transit, Commuter, County Hopper Services, passenger amenities projects, fleet/engine replacements, and bus rapid transit capital projects and fully funds Park-and-Ride lot leases.

2019 MK Categorical Allocations
Renewed in November 2006 (effective 4/1/2011through 3/31/2041)

Fund Administration: By law, the Local Transportation Authority can take no more than 1% of gross revenues for administrative salaries and benefits.

	Categorical Allocations	
Local Street Repairs and Roadway Safety		**35.0%**
Local Street Repairs	*86%*	
Roadway Safety	*40%*	
Congestion Relief Projects		**32.5%**
State Highways	*60%*	
Regional Arterials	*40%*	
Railroad Crossing Safety		**2.5%**
Total Passenger Rail, Bus, and Bicycles		**30.0%**
Passenger Rail Transit	*39%*	
Bicycles, Pedestrians, and Safe routes to school	*7%*	
Formula (40%), and Competitive (60%)		
Bus Transit	*49%*	
Services and Capital (95%)		
BRT, Intercity, Commuter, Passenger Amenities, Park, and Ride Leases		
BRT Capital (5%)		
	Total	**100.0%**

Transportation Development Act (TDA)

The Mills-Alquist-Deddeh Act (SB 325) was enacted by the California Legislature to improve existing public transportation services and encourage regional transportation coordination, known as the Transportation Development Act of 1971. TDA provides funding to be allocated to transit and non-transit related purposes that comply with regional transportation plans.

TDA established two funding sources: the Local Transportation Fund (LTF), and the State Transit Assistance (STA) fund.

TDA-Local Transportation Fund (LTF)

LTF is one of the two TDA funding sources. LTF remains to be RTD's major source of operating revenue. It is generated from a quarter cent of the general state tax collected statewide and is allocated through the California Department of Tax and Fee Administration (CDTFA). LTF's purpose is to provide a dependable source of funding to support public transit in California. It is apportioned by SJCOG based on the past two year's population estimate from the State Department of Finance. The FY23 apportionment basis is January 2021 population estimate. The estimated apportionment for FY23 is $30,186,961, but the final apportionments are normally released in August or September after the fiscal year-end. San Joaquin County is one of the few counties that experienced growth in sales tax despite of economic issues nationwide brought about by the COVID pandemic.

SJCOG's apportionments to agencies under its jurisdiction are calculated after off-the-top apportionments for:

- 3% administration and planning cost for SJCOG.
- 2% for county and cities' bicycle/ pedestrian programs.
- 11.5% for San Joaquin Regional Rail Commission (ACE Services).
- 2% for Consolidated Transportation Services Agency (CTSA) programs. *RTD is designated as administrator for CTSA programs in San Joaquin County.*

The following factors affect RTD's LTF apportionments:

- Economic conditions affecting sales tax revenues.
- Changes to off-the top apportionments.
- Future LTF policy decisions can also affect RTD's apportionment. (The current change on streets and roads apportionment limitations does not apply to RTD because RTD uses 100% of its apportionment for operations only).
- SJCOG apportions LTF based on population; therefore, changes to population of areas under its jurisdiction will affect RTD's apportionment.

TDA-State Transit Assistance Fund (STAF)

Both STAF and LTF are funding sources under the TDA and administered by SJCOG. STAF are generated from sales taxes on diesel fuel for public transit assistance and capital improvements. Revenues under Public Utility Code 99314 are allocated based on the amounts published by the State Controller. STAF revenues under Public Utility Code 99313 are allocated between ACE and RTD after off-the-top apportionments. The allocation between ACE and RTD is based on ridership within the San Joaquin County. SJCOG has been using FY18 ridership data for the past four years due to the irregularity of ridership brought about by the COVID pandemic.

STAF can be programmed for operating and/or capital projects. In FY23, RTD plans to use its STAF apportionment for capital projects, except for an off-the-top $175K apportioned for the weekend BART services. There is a $595K estimated increase compared to FY22, but the final apportionments are normally published after the fiscal year end, around August or September.

The following factors affect RTD's STAF apportionments:

- Diesel Fuel usage and/or price because the STAF revenue source is from Diesel Fuel taxes.
- RTD's relative ridership compared to other agencies within the SJCOG's jurisdiction because it is the basis for the apportionment.
- Adherence to TDA's 14 PUC compliance requirements for LTF and STA. RTD consistently passed annual and triennial compliance audits in the past years.
- Off-the-top allocations affect RTD's apportionment. Planning apportionment for SJCOG is the only current off-the top apportionment in FY23.
- San Joaquin County's population and ridership revenue compared to Statewide data affects Countywide apportionment, consequently RTD's apportionment.

SJCOG selects the audit firm to conduct Annual Financial Audits and Triennial Performance Audits to evaluate performance measures and standards that are required by TDA Statutes and California Code of Regulations. Performance measures and standards compliance requirements have been lifted from FY20 through FY23. This temporarily suspends penalties for non-compliance. RTD consistently complied with compliance requirements in the past fiscal years.

Low Carbon Transportation Operations Program (LCTOP)

The LCTOP is one of the state programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities.

The State Controller's Office allocates 5% of the annual proceeds from the Greenhouse Gas Reduction Fund to the LCTOP Operations Program. It is apportioned in the same manner as STA. RTD's apportionment increased by $906K compared to FY22. RTD initially claimed this fund to subsidize BRT Midtown Corridor Service. This is the fifth and last fiscal year that RTD can use LCTOP for this purpose.

Transformative Climate Communities (TCC)

The TCC program was established by Assembly Bill (AB) 2722. TCC funds community-led development and infrastructure projects that achieve environmental, health, and economic benefits in California's most disadvantaged communities.The program is administered by the Strategic Growth Council (SGC) and implemented by the Department of Conservation, along with other partnering state agencies. TCC is part of California Climate Investments, a statewide program that puts billions of cap-and-trade dollars to work reducing greenhouse gas emissions, strengthening the economy and improving public health and the environment—particularly in disadvantaged communities. RTD is a subrecipient of TCC grant from City of Stockton. TCC grant will partially fund RTD's Bus Mechanic Apprenticeship Program.

Federal Section 5307: Urbanized Area Formula Program

The Urbanized Area Formula Funding program is authorized by 49 United State Code (U.S.C.) 5307. It provides funding to urbanized areas for qualified transit-related expenses. Federal funding levels are tied to congressional negotiations on other budget and policy issues. Funding is apportioned based on legislative formulas.

RTD is a direct recipient of Section 5307 funds under the "Urbanized Area with 200,000 and over population group". For areas with populations of 200,000 and more, the appropriation formula is based on a combination of bus revenue vehicle miles, bus passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles as well as population and population density. Funding apportionment for Stockton Urbanized Zone Area is being split with 71% for RTD and 29% for ACE. The Federal Register that provides information on Federal funds for the fiscal year is not available until around February of the Fiscal Year, but Section 5307 grant allows for pre-award authority to spend.

RTD's FY23 budget was calculated based on estimated eligible expenses. Section 5307 funding requires a match. In FY23, RTD will use Section 5307 funds for Preventive Maintenance, Capital Cost of Contracting, Tire Lease, and 1% is mandated to be used on security projects.

Senate Bill 1 (SB1): State of Good Repair

SB1 provides resources to build a safe, resilient, and equitable transportation future. In FY23, RTD will use SB1 revenues to replace fully depreciated buses with Hybrid Electric buses to reduce emissions for clean air.

Federal Section 5307: Congestion Mitigation and Air Quality (CMAQ) Improvement Program

The CMAQ Program was created in 1991 under the Intermodal Surface Transportation Efficiency Act (ISTEA) and reauthorized under the Transportation Equity Act for the 21st Century (TEA-21), the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), and, most recently, the Moving Ahead for Progress in the 21st Century Act (MAP-21), to support surface transportation projects and other related efforts that contribute air quality improvements and provide congestion relief. RTD will use this grant in FY23 to purchase zero-emission bus replacements.

Federal Section 5310: Enhanced Mobility of Seniors & Individuals with Disabilities Program

The FTA Section 5310 Program is authorized by 49 U.S.C. 5310. Its goal is to improve the mobility of seniors and individuals with disabilities by removing barriers to transportation services and expanding the transportation mobility options. Caltrans is administering the program and RTD is a sub-recipient. This program provides grants that can be used for capital, mobility management, and operating expenses.

Federal Section 5311: Rural Area Formula Program

The FTA Section 5311 Program is authorized by 49 U.S.C. Chapter 53, Section 5311, as reauthorized under Fixing America's Surface Transportation (FAST) Act Section 3007. It provides capital, planning, and operating assistance to support public transportation in rural areas with populations less than 50,000. Caltrans is administering the program and RTD is a sub-recipient. Section 5311 funds 50% of eligible rural area operating expenses up to $550K in FY23.

Federal Section 5339 (a): Bus and Bus Facilities

Provides funding to states and transit agencies through a statutory formula to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities. In addition to the formula allocation, the Grants for Buses and Bus Facilities program (49 U.S.C. 5339) includes two discretionary components: the Bus and Bus Facilities Discretionary Program and the Low or No Emissions Bus Discretionary Program. RTD will use Section 5339 (a) grant for facility improvements and upgrades, such as HVAC unit replacements to maintain Occupational Safety and Health Administration (OSHA)'s recommended office temperatures for a comfortable working environment, to install wrought iron fences to provide additional security to the property, and shop floor patch work repairs in most maintenance bays.

Federal Section 5339 (b) Bus and Bus Facilities Infrastructure Investment Program and Section 5339 (c) Low or No Emission Vehicle Program

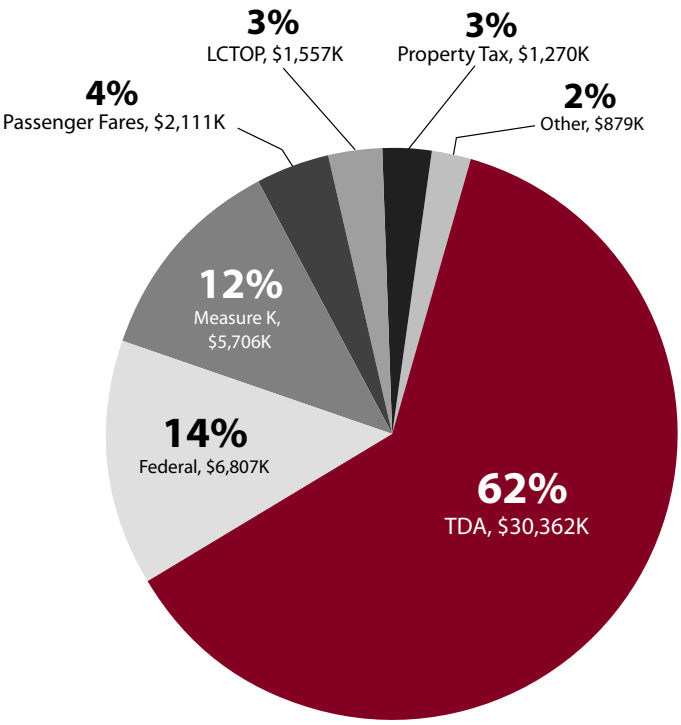
The Grants for Buses and Bus Facilities Competitive Program (49 U.S.C. 5339(b)) makes federal resources available to states and direct recipients to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities. The Low or No Emission competitive program provides funding to state and local governmental authorities for the purchase or lease of zero-emission and low-emission transit buses as well as acquisition, construction, and leasing of required supporting facilities. All eligible expenses under the Low-No Program are attributable to compliance with the Clean Air Act and/or the Americans with Disabilities Act. Therefore, the Federal share of the cost of leasing or purchasing a transit bus is not to exceed 85 percent of the total transit bus cost. The federal share of the cost of leasing or acquiring low- or no-emission bus-related equipment and facilities is 90 percent of the net project cost. RTD will use this grant in FY23 to purchase zero-emission bus replacements and construct fueling stations.

Other Revenue Sources

RTD receives miscellaneous operating revenues from advertisers on its buses, rental of its properties, sales proceeds of less than $5,000 of fully depreciated properties, interest, and other revenues. There is an increase in Auxiliary revenues because RTD plans to use its sales proceeds of $515K from Low Carbon Fuel Standard (LCFS) credits in FY23.

Operating Revenues

FY23 Projected Operating Revenue is $48,691,252. TDA-Local Transportation fund (LTF) is RTD's major funding source for its operations. San Joaquin County is one of the lucky communities that experienced a spike in sales tax revenues, therefore RTD's revenues derived from sales tax revenue increased.

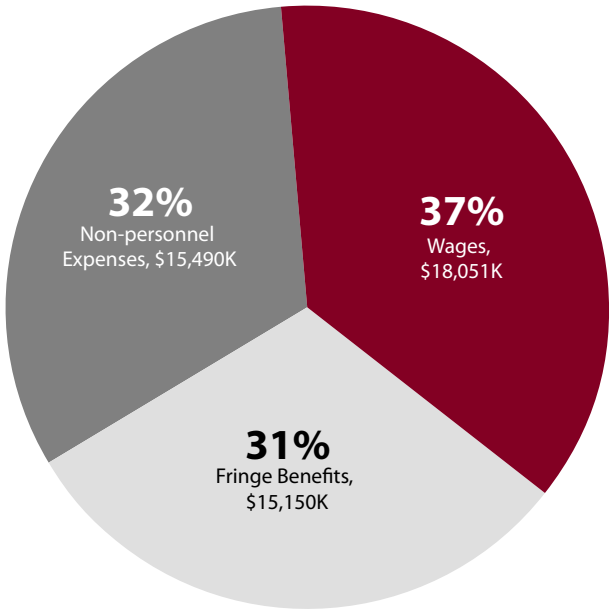


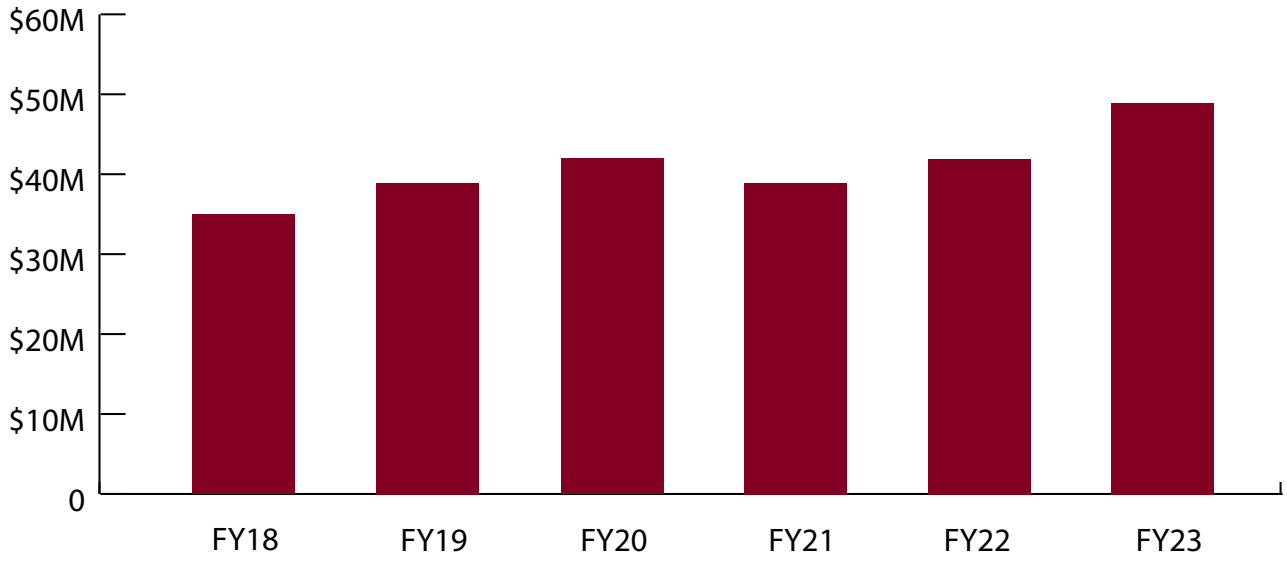
Operating Revenues	Amount	%
Passenger Fares	$2,110,598	4.3%
Property Tax	$1,269,986	2.6%
Measure K	$5,706,030	11.7%
LCTOP	$1,556,856	3.2 %
TCC Grant	$109,826	0.2%
TDA-STA	$175,000	0.4%
TDA-LTF	$30,186,960	62.0%
Federal 5307	$5,696,742	11.7%
Federal 5311	$1,110,002	2.3%
Other Revenues	$769,252	1.6%
Total Operating Revenues	**$48,691,252**	**100.0%**

Operating Expenses

The total projected operating budget for FY23 is $48,691,252. Operating expenses were calculated based on pre-pandemic service levels. It is normal that personnel expenses are higher compared to other operating expenses because depreciation or capital expenses are budgeted separately using capital grants.

The illustration below shows that the FY23 operating budget increased by 9.7 million. This 23% increase is consistent with the pre-pandemic aggregate annual increase in budget.





	Pre-Pandemic			Compared with FY19 Pre-Pandemic		
(In Thousands)	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
Budget	$34,540	$39,122	$42,380	$38,981	$41,528	$48,691
$ Increase (Decrease)		$4,582	$3,258	-$3,399	$2,406	$9,570
% Increase (Decrease)		13%	8%	-8%	6%	23%

Personnel Expenses (Wages and Fringe Benefits)

FY23 Budget for Wages and Fringe Benefits is $33,201,423. The projected increase is mostly due to assumptions for:

- Pre-COVID service levels, therefore, an increase in personnel FTEs.
- 3% cost-of-living allowance (COLA) adjustments for non-represented employees. Actual Cost of living increased by 6% but RTD's Board Resolution Number 6021 capped COLA increase to 3%.
- 3% top rate and progression increases for represented employees.
- The Retirement Benefit Plan contribution rate is up by 3.26% (from 29.16% to 32.42%). The rate is based on calculated rate by actuaries and approved by RTD Board.
- 6.5% increase in medical premium costs based on projected increase by Retirement Actuaries for FY23.
- Position changes are also a factor in personnel cost increases.

New positions

- Director of Planning
- Safety & Risk Manager
- Safety & Risk Administrator
- Human Resources Specialist (Training & Development Coordinator)
- Human Resources Senior Administrative Assistant (County)
- Analyst (Materials and Parts – County services)
- Accountant I (Part-time)
- Two Part Time Customer Engagement Assistants

Upgraded positions

- Procurement Manager, upgraded to Procurement Director
- Transportation Senior Administration Assistant, upgraded to Analyst
- County Transportation Supervisor, upgraded to Assistant Transportation Superintendent
- Maintenance Supervisor, upgraded to Assistant Maintenance Superintendent

Funded Full Time Equivalents (FTEs)

Departments/Positions	FTEs
Customer Engagement	**4**
1 Specialist	
2 Administrative Assistant (1 FT & 2 PT)	
1 Customer Information Clerk	
Executive Office	**5**
1 CEO	
1 Deputy CEO	
1 Project Controls/Executive Support Manager	
1 Executive & Board Support	
1 Government Affairs Director	
Facilities Maintenance	**19**
1 Superintendent	
2 Supervisors	
1 Specialist	
5 Facilities Technicians	
10 Porters	
Finance	**8.5**
1CFO	
1 Direcotr of Financial Planning	
1 Finance Manager	
5 Senior Accountants	
0.5 Accountant	

Continue to next page

Departments/Position	FTEs
Grants	**4**
1 Grants manager	
2 Senior Specialists	
1 Analyst	
Human Resources	**6**
1 Human Resources Manager	
2 HR Administrators	
1 Training Specialist	
1 HR Analyst	
1 Senior Administrative Assistant (Country)	
Information Technology	**6**
1 Chief Administration and Innocation Officer	
2 Administrators	
2 Senior Specilaists	
1 Specialist	
Marketing	**4**
1 Marketing Supervisor	
1 Senior Specialist (Full-Time)	
1 Admistrative Assistants (2 part-time)	
1 Graphic Designers (6 part-time)	
Mobility	**4**
1 Manager	
1 Supervisor	
1 Senior Specialist/ 1 Specialist	
Planning	**2**
1 Director of Planning	
1 Transit Planner	

Departments/Position	FTEs
Procurement	**5**
1 Director of Procuement	
3 Senior Specialsits	
1 Analyst	
Safety & Risk	**3**
1 Manager	
1 Administrator	
1 Safety Surveilance Officer (3 Part-time)	
Service development	**4.5**
1 Service Development Manager	
2 Senior Specialists	
1 Analyst (country)	
0.5 Adminstrative Assistant	
Transportation	**163**
1 Coo	
1 Superintendent	
1 Assistant Superintendent (County)	
12 Supervisors	
2 Specialists	
1 Analyst	
145 Operators	
Vehicle Maintenance	**58**
1 Superintendent	
1 Assistant Superintendent	
3 Supervisors	
24 Mechanics	
17 Utility Workers	
4 Storekeepers	
4 Electronic Technicians	
4 Mechanic Apprentices	
Total Full Time Equivalents	**296**

Non-personnel Operating Budget

Non-personnel expenses were budgeted based on proposals from department heads and analyzed based on five-year historical data, contracts, prevailing cost adjustments, and department heads' justifications on increases from the five-year average increases.

Services ($4,122,964)

Services were budgeted using five-year historical data as well as contractual stipulations. Budgeted Services includes ADA Certification services, professional and technical services, management services fees, ad agency production charges, professional consulting services, legal and attorney fees, financial/audit services, employee assistance program, random substance abuse testing, environmental analysis, temporary help, various software maintenance, equipment maintenance, outside services on RTD vehicles, hazardous waste removal, facilities cleaning, garden maintenance, security services, armored car services, and uniform laundry services.

Materials and Supplies ($3,984,819)

This expense category includes diesel and unleaded fuels with cost assumed at $4.50 per gallon; vehicle parts, industrial gases, tires and wheels; repair parts for fare vending machines, small equipment, fareboxes, furniture; tools, custodial supplies, environmental supplies, fare media, passenger amenities supplies, information materials, promotional items giveaways, general office supplies, freight, and sales tax cost of parts inventory.

Utilities ($1,194,462)

Utilities budget includes electricity, electric fuel, natural gas, water, sewer, waste collection, and communication subscriptions costs.

Non-personnel Expenses	Amount
Services	$ 4,122,964
Materials & Supplies	$3,984,819
Utilities	$1,194,462
Insurance	$2,189,381
Taxes & Licenses	$337,278
Purchased Transportation	$2,127,120
Operating Contingency	$300,000
Miscellaneous Expenses	$1,233,805
Total Non-personnel Expenses	**$15,489,829**

Casualty and Insurance Premium Costs ($2,189,381)

Insurance premiums were budgeted based on historical average increases as well as changes to coverage. RTD's insurance costs are for the following coverages: physical damage for business auto, commercial property, excess auto and general liability, underground storage tank, public, professional, fiduciary, uninsured liabilities, crime bond, felonious assault liability, license and permit bond, other corporate insurance, and cyber liability.

Taxes and Licenses ($337,278)

Budget for taxes and licenses includes property assessments, fuel and lubricant taxes, electric power taxes, and permits and renewals.

Purchased Transportation ($2,127,120)

RTD contracted out its ADA Dial-A-Ride service to Rydetrans effective January 1, 2022, through December 31, 2026. The contract is for three years with three one-year options. FY23 budget was based on the contract amount.

Miscellaneous Expenses ($1,533,806)

FY23 budget for miscellaneous expenses include a $300K budget for operating contingencies, membership dues, training, travels, programs and events for employees' health and wellness, tuition reimbursement, employees' recognition, employees' licensing, recruitment advertisements, public notices, promotional, and outreach programs, interest and bank charges, lease for data center, record storage, Leases for park-and-ride lots, and other expenses that cannot be classified under the previous expense categories.

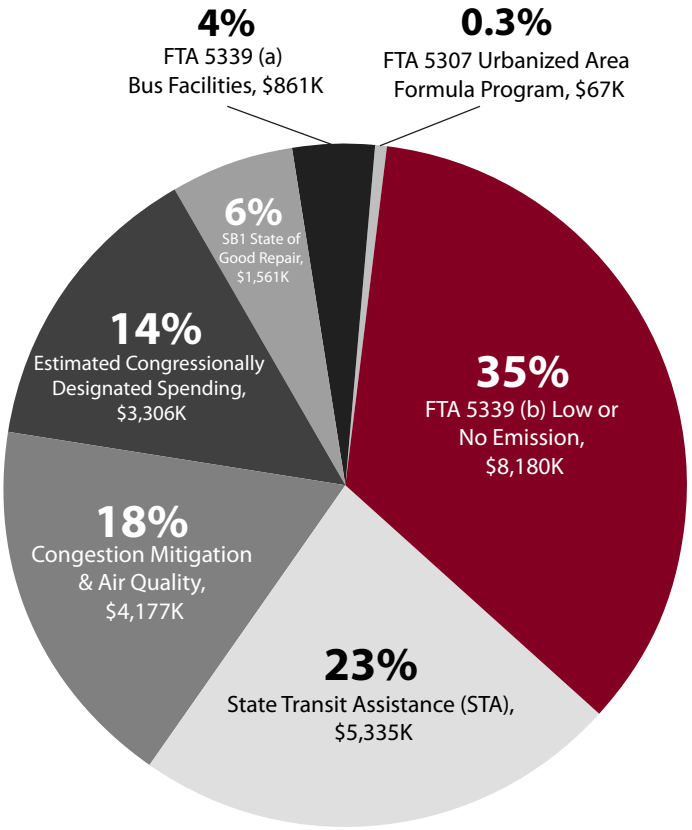
Capital Budget

Capital Projects Goals

- Improve the safety and security of passengers and employees.
- Improve the customer experience with the implementation of technology and facility improvements.
- Keep RTD's Infrastructure and rolling stocks in a state of good repair.
- Reduce greenhouse gas emissions.
- Comply with California Air Resource Board's (CARB) Innovative Clean Transit (ICT) Regulations.
- Fuel Cell Electric Bus (FCEB) Pilot Program

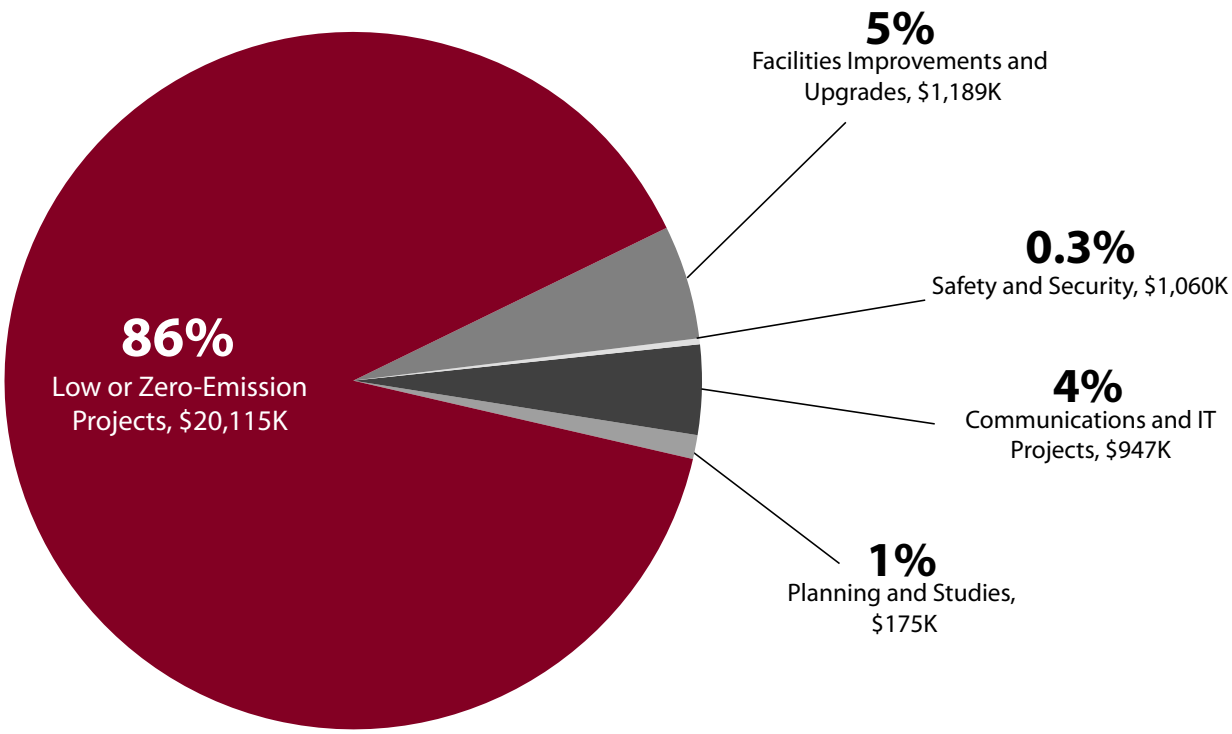
Capital Revenues

FY23 Projected Capital Revenue is $23,486,603. RTD is apportioned through a formula for the $7,823,686 and $15,662,917 is through a competitive application process.



Projected Capital Revenue Sources	Type	Amount
FTA 5307 Urbanized Area Formula Program	Formula	$67,238
FTA 5307 Congestion Mitigation and Air Quality (CMAQ)	Competitive	$4,176,615
FTA 5339 (a) Bus & Bus Facilities	Formula	$861,085
FTA 5339 (b) Low or No Emission Programs	Competitive	$8,180,000
Congressionally Designated Spending Project	Competitive	$3,306,302
Total Federal Sources		**$16,591,240**
State Transit Assistance Fund (STAF)	Formula	$5,334,714
SB1 State of Good Repair (SGR)	Formula	$1,560,649
Total State and Local Sources		**$6,895,363**
Total Projected Capital Revenues		**$ 23,486,603**

Capital Projects



Capital Projects by Category	Amount
Low or Zero-Emission Project: Charging infranstructure, maintenance shop retrofit, one(1) diesel-hybrid bus, eight (8) low or zero emission buses, replace twelve (12) cutaway buses, and service truck.	$20,115,450
Facilities Improvement and Upgrades	$1,189,050
Communication, Information Technology Projects, and office equipment.	$946,712
Planning and Studies	$175,000
Safety and Security: Pedestrian collision and avoidance detection system, and other safety/security related projects.	$1,060,391
Total Projected Capital Revenues	**$ 23,486,603**

Budget Risk and Economic Conditions

Risk is anything that could be an obstacle to achieving goals and objectives. Risk management is a process of analytical and management activities that focus on identifying and responding to the inherent uncertainties of managing a complex organization and its assets. Managing transportation networks is extremely complex and fraught with uncertainty. Executive managers and department heads coordinate a multitude of organizational and technical resources to manage transportation network performance. RTD sets strategic goals and objectives, but success is uncertain because external and internal risk events can impact the achievement of these goals.

There is still significant uncertainty about the long-term economic impact of the COVID19-pandemic and how inflation and recession will play out in the near-term. RTD received stimulus grants to replace revenues lost due to the COVID pandemic, however the majority of which have been spent.

Inflation could potentially cause a recession and result in a reduction of RTD's revenue sources. Reduction of regular sources of subsidy and farebox revenues may not be enough to match RTD's projected expenses in the future. The increase in fuel cost brought about by the war in Ukraine and lockdowns in China have caused inflationary pressures on prices of commodities.

Restoring service to pre-pandemic levels is a high priority for RTD because the communities in our service area rely on RTD for their transportation needs. However, there is a challenge we face in hiring and training new operators due to a very tight labor market. Hiring challenges are a nationwide problem for transit agencies, and particularly at RTD as we are competing with other agencies in the same labor pool.

RTD have insurance coverage for liability and loss of use of its assets. Any loss that is beyond insurance coverage levels can result in a negative impact on RTD's finances.

Non-compliance with funding agencies' requirements, rules, regulations, and adverse opinions of auditors can affect RTD's ability to secure funding and may result in penalties. Thanks to hardworking, well-trained, and dedicated staff; RTD has been compliant with requirements, rules, regulations, and has consistently received clean audit opinions from auditors.

RTD must continue to explore our industry's future; learn about the latest issues, technologies, and advances; continue to tell compelling stories about the benefits we deliver that public transportation is an essential service in building stronger communities.

Strategic expense management is only as good as the employees who uphold it. RTD will require strong cost controls and continue to build up cash reserves to mitigate potential deficits in the future when there is an unforeseen or severe economic downturn.

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