



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: 15 JUNE 2017		GENERAL MANAGER ACTION REQ'D:		
DATE: 6/8/2017		BOARD INITIATED ITEM: No		
Originator/Prepared by: Robert Umbreit Dept: Budget Signature/Date: 6/15/17	General Counsel 6/15/17 []	Controller/Treasurer: 6/15/17 []	District Secretary 06/15/17 []	BARC []

ANNUAL BUDGET RESOLUTION FOR FISCAL YEAR 2018

PURPOSE:

To authorize adoption of the Annual Budget Resolution for Fiscal Year 2018 (FY18).

DISCUSSION:

Approval by the Board of Directors is required for the FY18 operating and capital budgets. The total proposed FY18 operating and capital budget is \$1.92 billion. The FY18 operating budget is balanced, with \$920.6 million (M) in uses, and the FY18 capital budget totals \$997.9M.

The proposed FY18 annual budget is summarized in Attachments 1, 2, 3 and Exhibit A. The attachments summarize the budget including proposed initiatives and capital allocations that were reviewed in presentations to the Board of Directors at regular meetings of the Board and Committees from March through June. The capital budget has been updated for the finalized FY18 budgeted positions. The only other changes from the Revised Preliminary Budget are regarding the placeholder for Low Carbon Fuel Standard (LCFS) program funds, and a minor reclassification of revenue between parking and other revenue categories (no impact). The Revised Preliminary Budget had included the \$4.0M placeholder (until a Low Carbon Fuel Standard Policy is approved by the Board) for use of the LCFS revenue in the budget as non-labor expense. The proposed Annual Budget now instead includes the placeholder in the budget as an allocation to operating reserves, pending approval of a policy.

FY18 Operating Budget

The FY18 budget includes funding to open the Silicon Valley Berryessa Extension, estimated to open in early 2018 and the eBART extension, estimated to open in May 2018. Despite a

challenging fiscal picture with declining ridership and slowing sales tax growth that limits available funding, the budget also includes \$4.2M in initiatives including investments in controlling fare evasion, extending a 50% Youth Discount to ages 13-18, and other programs. In addition, per Board policy established in 2013, a portion of parking revenue funds a variety of station and access related projects, including a safety & security initiative, additional (capital) funding for fare evasion efforts, and other stations/access initiatives. The addition to ongoing projects totals \$5.7M in FY18. Budget and stations/access initiatives for FY18 are listed in Attachment 3.

When the proposed FY18 operating budget was first developed, the projections were for a shortfall of \$30.8M and \$3.2M in budget initiatives were proposed, so a \$34M shortfall needed to be addressed. The original Preliminary Budget proposed a variety of solutions, which were modified to the current proposal after the California Legislature passed SB 1 in April and increased State Transit Assistance funding by an estimated \$16.2M. The proposed solutions include reductions in operating expense, a surcharge on magnetic stripe tickets, a one-time reduction in the baseline capital allocation, and usage of prior year Low Carbon Transit Operations Program funds to help meet the FY18 commitment of \$45M in operating funds for the new rail car program. The proposed initiatives were also supplemented by adding initiatives for a Transportation and System Service Department efficiency study and funding the Late Night Bus program for FY18. Other changes from the original Preliminary Budget include adding 5 Police Officer and 4 Community Service Officer positions for the outer C-Line and adding 4 system service workers to the operating portion of the safety and security initiative (while reducing the capital portion of the initiative).

Approval of the FY18 operating budget as proposed is dependent on Board approval of fare changes related to the \$0.50 surcharge on trips taken with magnetic stripe tickets, decreasing the discount for the Youth Discount from ages 5-12 from 62.5% to 50%, and offering a new Youth Discount of 50% to ages 13-18. If these are not approved the budget will need to be modified.

FY18 Capital Budget

The capital budget proposes FY18 expenditures of \$998M and funds 948.5 positions. This is a decrease of \$28M, or 3%, over the Preliminary Budget, with variances due to the ongoing refinement and sequencing of the multi-year Measure RR funded capital improvement program. Compared to the adopted FY17 capital budget, the FY18 proposed budget represents a 12% increase in capital expenditures. This is attributed to expenditure increases in several key capital program categories, including Service and Capacity Enhancement (54% increase to \$74.8M), Earthquake Safety (66% to \$100.6M), System Renovation and Reinvestment (15% increase to \$673.1M), and Safety and Security (4% to \$70.4M). Reflecting the "wind down" of Warm Springs and eBART extensions, System Expansion will be the only program category experiencing an expenditure decrease in FY18 (a 39% reduction from FY17 to \$73.5M). Railcar replacement (\$287M) and the Hayward Maintenance Complex (\$71M) represent the largest individual project expenditures in the

capital budget. Other major expenditures reflect the renewed emphasis on system reinvestment, including mainline rail and power distribution projects (\$175M), train control and fare collection (\$64M) and station modernization and renovation projects (\$67M).

In November 2016, the capital program was provided with a substantial source of support with the passage of Measure RR and its authorization to issue up to \$3.5B in general obligation bonds to fund certain capital improvements. As the Measure RR program gets under way, this source will become more prominent in the mix of federal, regional and local funds, which also includes a sizable commitment of BART operating allocations. The ongoing commitment of BART funds is an essential component of the capital program, particularly in meeting the long-term commitments required to deliver major capital projects such as rail car replacement and the Hayward Maintenance Complex. Other capital activities dependent on operating allocations are grant-ineligible projects and initiatives, routine but necessary capitalized maintenance projects, emergent safety and security projects, and equipment and inventory. Operating allocations derived from parking revenues are dedicated, per board policy, to a variety of station and access improvements, including signage, pedestrian improvements, station heavy cleaning, information displays, bike improvements, limited studies, and the sustainability program. As mandated by regional programming requirements, federal funds are directed to train control and traction power, trackway renovation, general mainline repairs, rail cars, fare collection, and ADA/system accessibility improvements. Other capital revenues are limited in their flexibility and many sources and grants are restricted to certain projects and/or activities as a condition of award. The FY18 capital budget contains modest but important contributions of state and local funds, including bridge toll allocations and county transportation sales tax funds, which are earmarked for station modernization and grant match. Proceeds from the Earthquake Safety general obligation bond are dedicated exclusively to the Earthquake Safety program. Additionally, there are smaller, defined purpose grants that are limited to specific projects.

FY18 Budget Resolution

Staff recommends approval of the attached Resolution to adopt the FY18 Annual Budget. As in previous years, the FY18 Resolution includes authorizations including the submittal of annual applications for Transportation Development Act (TDA), State Transit Assistance (STA) and Bridge Toll funds that are included in the FY18 capital budget, as appropriate. The Resolution also allows the General Manager or the General Manager's designee to execute the agreement with the City and County of San Francisco to provide annual transfer payments for feeder services to the San Francisco Municipal Transportation Agency for FY18. The Resolution also incorporates provisions referring to the SFO Extension service plan and certain District system-wide operating policies. The only changes to the authorizations for FY18 are authorizing the General Manager to waive minor irregularities in bid documents prior to recommending contract awards to the Board and removal of an authorization to file grant applications with the State of California for certain security grants since those grants are now completed.

Exhibit A (attached) of the Budget Resolution summarizes operating and capital budget totals. It includes modifications to the Preliminary Budget as outlined in the previous paragraphs. Exhibit B (attached) reflects current hourly pay rates or base pay ranges, as applicable, and management incentive pay, if any, for non-represented employees.

FISCAL IMPACT:

The proposed FY18 Annual Budget is balanced.

ALTERNATIVES:

Not adopt the budget or adopt a budget that differs from what has been presented to the Board of Directors. Rules of the Board of Directors require that the budget be adopted prior to June 30th; adoption of the Budget Resolution by June 30th is required to authorize expenditures in FY18.

RECOMMENDATION:

Adoption of the following motion.

MOTION:

Adoption of the attached Resolution in the matter of approving the Annual Budget for the San Francisco Bay Area Rapid Transit District and authorizing expenditures for the fiscal year July 1, 2017 to June 30, 2018.

Attachment 1
Fiscal Year 2018 District Operating Budget
Sources and Uses Detail

	FY18		FY18
SOURCES	PRELIMINARY	Changes	ADOPTED
Rail Passenger Revenue	\$ 511,668,779	\$ (879,647)	\$ 510,789,132
ADA Passenger Revenue	885,651	-	885,651
Parking Revenue	35,000,964	185,000	35,185,964
Other Operating Revenue	32,074,499	(185,000)	31,889,499
Sub-Total Operating Revenue	579,629,893	(879,647)	578,750,246
Sales Tax Proceeds	252,458,736	-	252,458,736
Property Tax Proceeds	42,190,202	-	42,190,202
Local & Other Assistance	6,227,910	-	6,227,910
State Transit Assistance	10,610,398	16,213,781	26,824,179
Low Carbon Fuel Standard Program	4,000,000	-	4,000,000
VTA Financial Assistance	7,090,778	-	7,090,778
Sub-Total Financial Assistance	322,578,024	16,213,781	338,791,805
TOTAL SOURCES	902,207,917	15,334,134	917,542,051
USES			
Labor & Benefits	535,812,876	6,113,020	541,925,896
OPEB Unfunded Liability	3,071,000	-	3,071,000
ADA Paratransit	14,955,478	-	14,955,478
Purchased Transportation	14,045,842	273,000	14,318,842
Power	42,868,815	460,185	43,329,000
Other Non-Labor	123,622,930	1,506,185	125,129,115
Sub-Total Operating Expense	734,376,941	8,352,390	742,729,331
Debt Service	50,770,050	-	50,770,050
Allocation - Capital Rehabilitation	25,422,703	3,790,366	29,213,069
Allocation - Rail Car Sinking Fund	39,000,000	-	39,000,000
Allocation - Priority Capital Programs	38,842,193	-	38,842,193
Allocation - Stations & Access Projects	5,807,097	(808,622)	4,998,475
Allocations - Other	3,521,525	-	3,521,525
Allocation - Rail Car Project from SFO Net Result	7,538,408	-	7,538,408
Allocation - Reserves	-	4,000,000	4,000,000
Sub-Total Allocations	170,901,976	6,981,744	177,883,720
TOTAL USES	905,278,917	15,334,134	920,613,051
OPEB Unfunded Liability	(3,071,000)	-	(3,071,000)
NET RESULT	\$ -	\$ -	\$ -
Average Weekday Trips	431,084		431,709
Operating Ratio	78.9%		77.9%
Farebox Recovery Ratio	69.8%		68.9%

Attachment 2

FY18 Capital Budget Headcount and Planned Expenditures Program Summary by Category

Program Category	Capital Headcount*	Planned Expenditures
	FY18	FY18
System Renovation		
Rolling Stock	51.3	287,346,211
Mainline	432.3	175,444,500
Stations	24.8	66,511,228
Controls & Communications	97.1	63,872,359
Facilities	27.7	79,826,248
Work Equipment	0.3	94,374
Total System Renovation	633.5	673,094,920
Safety & Security	16.5	70,440,845
Earthquake Safety	27.6	100,631,598
Service & Capacity Enhancement	21.4	74,802,778
System Expansion	160.4	73,452,797
Capitol Corridor**	24.0	3,700,000
Reimbursable***	17.0	1,800,000
Cost Allocation Plan	48.0	
TOTALS	948.5	997,922,939

* Total authorized permanent positions.

** All expenses for the Capitol Corridor service to be reimbursed as allocated to the Capitol Corridor Joint Powers Board in the Annual State Budget Act.

*** Positions fully reimbursed by Muni, Caltrans, and others for BART staff expenses incurred in performing services for those organizations.

Attachment 3

FY18 Operating and Capital Budget Initiatives (General Fund)

OPERATING	Pos.	Labor	Non-Labor	Total
Fare Evasion Control	7.0	740,748	50,000	790,748
Weekend Ridership Promotion		-	300,000	300,000
Upgrade Board Room Equipment and Agenda Web Page		-	75,000	75,000
Workforce Development Grant Match		500,000	-	500,000
Transportation Department Efficiency Study			1,000,000	1,000,000
Total Operating Expense	7.0	1,240,748	1,425,000	2,665,748

FARES	Revenue Loss
Extend 50% Youth Discount to Riders Age 13-18	1,500,000

CAPITAL	Total
Upgrade Board Room Equipment (capital portion)	50,000
CAPITAL TOTAL	50,000

FY17 Stations & Access Projects (from Parking Revenue)

OPERATING	Pos.	Labor	Non-Labor	Total
Safety & Security Initiative*	8.0	784,371	-	784,371
Bike Program Operations		-	150,000	150,000
OPERATING TOTAL	8.0	784,371	150,000	934,371

CAPITAL	Total
Fare Evasion Barriers	1,855,000
Safety & Security Initiative (capital portion)*	415,629
Parking Enforcement Productivity Improvement	400,000
Parking Program Software Upgrades	300,000
Carpool Enhancement Program	100,000
Brentwood Transit Center	400,000
Public Address System Modernization	525,000
Station Sustainability	500,000
Station Entrance Security	270,000
CAPITAL TOTAL	4,765,629

*Revised from Preliminary Budget to include 4 System Service workers, capital portion lowered to offset

**BEFORE THE BOARD OF DIRECTORS OF THE
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT**

**In the matter of approving
The Annual Budget for the
San Francisco Bay Area Rapid
Transit District and authorizing
Expenditures for the Fiscal Year
July 1, 2017, to June 30, 2018**

Resolution No. 5345

WHEREAS, the Board of Directors of the San Francisco Bay Area Rapid Transit District published notices on May 5 and May 6, 2017 in newspapers of general circulation in the County of San Francisco, the County of Contra Costa, and the County of Alameda of its intention to adopt an Annual Budget for the Fiscal Year July 1, 2017, to June 30, 2018; and

WHEREAS, the Board of Directors of the San Francisco Bay Area Rapid Transit District desires to adopt an Annual Budget for the Fiscal Year July 1, 2017, to June 30, 2018; and

WHEREAS, the Board of Directors of the San Francisco Bay Area Rapid Transit District is required by Public Utilities Code Section 28767 to determine and create, by resolution, such number and character of positions as are necessary to properly carry out the functions of the District; and

WHEREAS, the Transportation Development Act (TDA), Public Utilities Code §99200, et seq., provides for the disbursement of funds from the Local Transportation Fund of the Counties of Alameda and Contra Costa for use by eligible claimants for the purpose of operating assistance; and

WHEREAS, the State Transit Assistance (STA) fund makes funds available pursuant to Public Utilities Code Section 99313.6 for allocation to eligible applicants to support approved transit projects; and

WHEREAS, as attested to by opinions of the Office of the General Counsel, the San Francisco Bay Area Rapid Transit District is an eligible applicant for Net Toll Revenues and MTC Rail Extension Reserve bridge toll revenues pursuant to Section 30892 of the Streets and Highways Code; and is an eligible claimant for TDA and STA funds pursuant to Public Utilities Code Section 99260; and

WHEREAS, the agreement between the San Francisco Bay Area Rapid Transit District and San Mateo County Transit District, dated April 27, 2007, states that the San Francisco Bay Area Rapid Transit District will provide service on the SFO extension in a manner consistent with BART's system-wide operating policies; and

WHEREAS, the system-wide operating plan for Fiscal Year 2018 was presented to the Board of Directors on May 11, 2017, in a presentation entitled Fiscal Year 2018 Preliminary Budget Operating Sources, Uses, Service Plan ; and

NOW, THEREFORE, BE IT RESOLVED that the attached Annual budget (marked Exhibit A and incorporated herein as though set forth at length) is hereby adopted; and

BE IT FURTHER RESOLVED that, subject to the resolved clauses, said Annual Budget includes appropriations of monies expected to be available in the General Fund, Capital Funds including Construction Funds and existing and anticipated Federal, State and local grants, for expenditures in the amounts and for the purposes set forth in said budget; and

BE IT FURTHER RESOLVED that the General Manager is authorized to enter into services agreements (including professional, technical, maintenance and repair agreements) and lease or license agreements for District use of real property, facilities, equipment and software provided that:

- (1) The General Manager shall first determine that the work or services concerned, in the amounts authorized in a service agreement, cannot satisfactorily be performed by the officers or employees of the District;
- (2) Agreements that are let by public bidding, service, lease, and license agreements, and amendments thereto, between \$25,000 and \$100,000, shall be reported bi-monthly to the Board of Directors;
- (3) Prior authorization by the Board of Directors is required when:
 - a. The agreement, and amendments thereto, total in the aggregate \$100,000 or more in the fiscal year; or
 - b. Amendments total in the aggregate \$100,000 or more in any subsequent fiscal year;
- (4) The General Counsel is authorized to enter into services agreements in amounts up to \$100,000 with special counsel not previously designated by the Board without prior notice to the Board where the General Counsel determines that such immediate action is necessary to protect the legal interests of the District. Any such agreement shall be reported by the General Counsel to the Board within the calendar month thereafter.
- (5) The General Manager's authority to take immediate remedial measures, as defined in Section 20224 of the California Public Contract Code, and as authorized in Resolution No. 4834 shall remain unchanged; and

BE IT FURTHER RESOLVED that the General Manager is authorized to exchange District goods and services for goods and services from others of approximately equal or greater value; and

BE IT FURTHER RESOLVED that all disbursements resulting from the exercise of authority granted the General Manager pursuant to this resolution shall be reported to the Board of Directors in the District's quarterly financial report; and

BE IT FURTHER RESOLVED THAT that the General Manager is authorized to waive minor irregularities in bid documents prior to recommending contract awards to the Board; and

BE IT FURTHER RESOLVED that Resolution No. 5324, adopted June 9, 2016, is repealed effective August 31, 2016, except as it applies to unexpended capital appropriations, and

BE IT FURTHER RESOLVED that the General Manager or the General Manager's designee is authorized to execute and file a Bridge Toll Application, a TDA Application and an STA Application along with necessary supporting documents, with the Metropolitan Transportation Commission for allocation of bridge toll revenues, TDA and STA funds in FY18; and

BE IT FURTHER RESOLVED that the San Francisco Bay Area Rapid Transit District's system-wide operating policies shall be generally as set forth in the May 11, 2017, presentation entitled Fiscal Year 2017 Preliminary Budget Operating Sources, Uses, Service Plan and Capital, subject to such adjustments that staff determines necessary to operate the service in the public's interest; and

BE IT FURTHER RESOLVED that the General Manager or the General Manager's designee is authorized to execute an agreement with the City and County of San Francisco (CITY) to provide a transfer payment in FY18, such transfer payment being paid by the District to CITY in order to facilitate the coordination of transit service and furnish an incentive to CITY for providing enhanced transfer services between MUNI and BART stations; and

BE IT FURTHER RESOLVED that the General Manager is authorized to make expenditures and incur liabilities against said funds within the limits set forth in said budget and the provisions of this Resolution, and to act on behalf of the District in connection with contracts arising thereunder, by following the procedures provided by law, and by Board of Directors' Resolutions and Board Rules, except that no contractual obligation shall be assumed by the District in excess of its ability to pay, and provided further that all expenditures shall be in conformance with statutory and other restrictions placed on the use of said funds; and

BE IT FURTHER RESOLVED that the General Manager is authorized to exceed Board Appointed Department/Executive Office budgets by more than ten percent (10%) ten (10) days after written notice of this intended action has been mailed to the Board of Directors, provided that the Total Net Operating Expense line item set forth in "Exhibit A" is not exceeded and such action is consistent with Board Rule 5-1.4 and provided further that the General Manager will prepare and send to the Board, a summary of Department budgets within approximately 30 days after the adoption of this budget; and

BE IT FURTHER RESOLVED that the General Manager is authorized to exceed the foregoing ten percent limitation for emergency expenditures which are made in accordance with Resolution No. 4834 and Public Contract Code Section 20224; and

BE IT FURTHER RESOLVED that the General Manager is authorized to act on behalf of the District, and to make expenditures and incur liabilities against all funds of the District as provided for in contracts which have been authorized by the Board of Directors of the District and that the Board's authorizations of such contracts also include the necessary appropriations for such contracts and change orders authorized by Rules approved by the Board, subject, however, to compliance with such specific appropriation resolutions as may be adopted by the Board from time to time; and

BE IT FURTHER RESOLVED that the General Manager or the General Manager's designee is authorized to issue free or discounted promotional tickets in FY18 for purposes of building ridership on the system, consistent with ridership development guidelines; and

BE IT FURTHER RESOLVED that effective July 1, 2017:

- (1) The total number of permanent full and permanent part-time positions ("full time equivalent") as of July 1, 2017, budgeted for the District shall be 4,418.5 (a part-time position is counted as 0.625 positions). Additional permanent positions are authorized, as required, not to exceed 50 positions, of which not more than 25 positions may be charged to operating expense provided the budgeted Total Net Operating Expense is not thereby exceeded;
- (2) The character and salary ranges of such positions, including officers appointed by the Board pursuant to Public Utilities Code Section 28811 shall be as set forth in the agreements entered into with Service Employees' International Union, Local 1021, Amalgamated Transit Union, Local 1555, American Federation of State and County Municipal Employees, Local 3993, the BART Police Officers Association and the BART Police Managers Association as to the employees represented thereby, and with other Bargaining Units for employees that may later be represented thereby, and for all other employees as set forth in the attached "Exhibit B", incorporated herein as though set forth at length. The employment benefits for non-represented employees shall be administered by the General Manager in accordance with Board Rule 4-1.2.
- (3) The General Manager is authorized to make future adjustments to the Professional/Management Salary Ranges ("Exhibit B") for non-represented employees in accordance with applicable provisions of the Compensation Manual, which reflects the District policy and practice to evaluate such ranges on an annual basis and to establish the mid-points of the pay ranges for positions so that they approximate the 75th percentile of the average of salaries paid for similar jobs in the labor market and to promptly advise the Board of any and all such range adjustments. The General Manager is directed to initiate the annual review by October of each year.
- (4) The District Secretary shall insure that an amendment to Exhibit B be prepared to reflect any adjustment to the hourly wage rates or professional/management pay bands as provided above or any adjustment to the Board appointed officers' salaries as a result of merit adjustments or scheduled increases provided in such officers'

employment agreements that take effect during the fiscal year. The District Secretary shall attach any such amendment to Exhibit B as an addendum to this resolution.

- (5) The General Manager is authorized to pay non-represented employees on the merit plan who are eligible for a wage increase of up to 4.2214% as of July 1, 2017, and up to 2.5% as of January 1, 2018, that portion of their merit increase which exceeds the top of the base salary range with no increase to the employee's "base wage" above the top of the salary range. The amount over the top of the salary range shall be paid over the following twelve month period in equal pay period installments and will be discontinued after the expiration of the twelve month period unless the pay range is adjusted in accordance with (3), above, to incorporate that portion that is over the top of the salary range. Employees must have been rated "effective" or higher overall in their most recent performance evaluation to be eligible for any merit increase.
- (6) Except for Paragraph 1, and to the extent it is modified by Resolution No. 4748, Resolution No. 4487 remains in full force and effect.

BE IT FURTHER RESOLVED that the General Manager or the General Manager's designee shall post all grant applications online to the public as they are submitted, except those that if made public would compromise the security of the system.

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EXHIBIT A
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
ANNUAL BUDGET - FISCAL YEAR 2018

<u>FUND SOURCES</u>	TOTAL
FUND SOURCES FOR NET OPERATING EXPENSE BUDGET, DEBT SERVICE AND CAPITAL ALLOCATIONS	
Operating Revenue	\$ 578,750,246
Property Tax	42,190,202
1/2 ¢ Sales Tax	252,458,736
Measure B, BB, & J Assistance	4,734,214
FTA 5314 Technical Assistance & Workforce Development	500,000
Other Financial Assistance	110,000
Caltrain - Millbrae Station Joint Use	883,696
Valley Transportation Authority - Silicon Valley Extension	7,090,778
State Transit Assistance	26,824,179
Low Carbon Fuel Standard Program	4,000,000
Total Operating Sources	917,542,051
FUND SOURCE FOR CAPITAL BUDGET	
Capital Funds - Cash Flow FY18	\$ 997,922,939
TOTAL ESTIMATED FUND SOURCES	\$ 1,915,464,990
 <u>FUND USES</u>	
FUND USES FOR NET OPERATING EXPENSE BUDGET, DEBT SERVICE AND CAPITAL ALLOCATIONS	
Net Labor Expense ⁽¹⁾	\$ 544,996,896
Non-Labor Expense	197,732,435
Total Net Operating Expense	\$ 742,729,331
Revenue Bond Debt Service	50,770,050
Allocations to Capital - Rehabilitation	29,213,069
Allocations to Capital - Rail Car Sinking Fund	39,000,000
Allocations to Capital - Priority Capital Programs	38,842,193
Allocations to Capital - Stations & Access Projects	4,998,475
Allocations to Capital - Other	3,521,525
Allocation to Rail Car Project from SFO Net Result	7,538,408
Allocation to Reserves	4,000,000
Total Operating Uses	\$ 920,613,051
Other Post Employment Benefits Unfunded Liability	\$ (3,071,000)
FUND USES FOR CAPITAL BUDGET	
Capital Funds - Cash Flow FY18	\$ 997,922,939
TOTAL ESTIMATED FUND USES	\$ 1,915,464,990
NET FINANCIAL RESULT (DEFICIT)	\$

⁽¹⁾ Total Authorized Permanent Positions (FTE) as of 7/01/17 = 4,418.5

EXHIBIT B

**CHARACTER, BASE SALARIES, PAY BANDS, HOURLY WAGE RATES,
AND MANAGEMENT INCENTIVE PAY OF MANAGEMENT AND
NON-REPRESENTED CLASSIFICATIONS**

CHARACTER OF POSITION/PAYROLL CLASSIFICATION TITLE	HOURLY WAGE RANGE					
	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
ADMINISTRATIVE TECHNICIAN	\$29.3957	\$ 30.6924	\$ 31.8942	\$ 33.1272	\$ 34.3922	\$ 34.8778
ADMINISTRATIVE SECRETARY	28.2997	29.5464	30.7011	31.8869	33.1035	33.5661
SENIOR SECRETARY	26.3536	27.3271	28.3307	29.5464	30.7321	31.1946
SENIOR CLERK	28.0477	29.2822	30.4264	31.6010	32.8057	33.2684
INTERMEDIATE CLERK	25.0963	26.1196	27.0835	28.0793	29.2822	29.7448
INTERMEDIATE CLERK P/T	27.5810	28.7066	29.7669	30.8623	32.1855	32.6944
PARALEGAL	35.0916	36.6375	38.0692	39.5397	41.0483	41.6219
P/T SURVEY TAKER (SINGLE RATE)	33.7548					
ENGINEER INTERN	18.0000					

NOTE: The clerical rates are effective 1/1/2017

PROFESSIONAL/MANAGEMENT PAY BANDS

PAY BAND	MINIMUM	MIDPOINT	MAXIMUM
14	\$156,452	\$199,479	\$242,505
13	135,152	172,320	209,489
12	122,589	156,301	190,013
11	116,749	148,857	180,965
10	111,189	141,767	172,345
9	105,895	135,017	164,139
8	100,852	128,587	156,322
7	91,475	116,632	141,788
6	87,120	111,079	135,038
5	79,020	100,752	122,483
4	75,258	95,955	116,651
3	71,673	91,385	111,096
2	68,260	87,033	105,806
1	61,913	78,940	95,968

NOTE: The professional/ management pay bands were effective 01/01/2015.

MANAGEMENT INCENTIVE PAY (ANNUAL)	Amount	Effective
Assistant General Manager - Administration and Budget	\$4,800	8/14/2006
Assistant General Manager - Operations	\$4,800	6/28/1999
Assistant General Manager- External Affairs	\$4,800	11/4/2013
Assistant General Manager- Human Resources	\$4,800	1/30/2017
Chief Information Officer	\$4,800	3/1/2013
Chief of Police	\$4,800	5/22/2017
Deputy General Manager	\$4,800	2/13/2017
Managing Director - Capitol Corridor	\$4,800	11/21/2009

Due to the unique nature of these jobs as executive management employees reporting directly to the General Manager, these classifications are eligible to receive Management Incentive Pay of \$4,800 annually (26 equal pay period installments of \$184.61).

BOARD APPOINTED OFFICERS' ANNUAL SALARIES

Base Salaries	7/1/2017
DISTRICT SECRETARY	\$198,380.34
CONTROLLER-TREASURER	\$251,978.92
GENERAL COUNSEL	\$278,598.98
GENERAL MANAGER	\$375,989.61
INDEPENDENT POLICE AUDITOR	\$189,757.26

Note: The Board approved the salary adjustments for the Board Appointed Officers on February 9, 2017.