

**SUBJECT: RTA FY 2021 Budget**

Meeting	Meeting Date	Agenda Category	Agenda Item #
RTA Board	May 28, 2020	Discussion Action	4

**REQUESTED ACTION/SUGGESTED MOTION**

Approval of Resolution 2020-009 adopting the RTA Budget for Fiscal Year 2021, and further, approving the rollover of FY 2020 funds programmed for RTA projects in the current adopted Transportation Improvement Program (TIP) to subsequent fiscal years FY 2021-2024 to align with anticipated RTA project delivery needs.

**ASSOCIATED OWP WORK ELEMENT/GOAL**

Work Element 46, Regional Transportation Authority

**SUMMARY**

Pursuant to ARS-48-5304.7, the RTA Board is required to adopt an annual budget. This is typically presented to the Board at its last regular meeting prior to the end of the preceding fiscal year.

Major assumptions made in the development of the FY 2021 budget include:

- Revenue estimates for Transaction Privilege Taxes (TPT) were based on 2019 estimates provided by the Economic Business Research Center (EBRC) at the University of Arizona's Eller College of Management and *reduced by 15% to reflect the decline in TPT revenues due to the economic impact of the COVID-19 pandemic.*
- The RTA Budget will be consistent with the adopted fiscal year 2020-2024 Transportation Improvement Program (TIP).
- A budget revision will be made following the close of the FY 2020 budget to incorporate the rollover of unexpended FY 2020 funding, which will be needed for the continuation of active projects.
- A TIP Amendment which rolls funding out beyond FY 2021.

The RTA Budget for FY 2021 reflects \$77,728,250 in TPT revenues, in addition to other revenues of \$8,280,000.

FY 2021 expenditures in the Roadway element are budgeted for \$31,208,000 plus remaining funding from the FY 2020 budget. New Safety element expenditures for FY 2021 are budgeted at \$2,900,000 and the Environmental and Economic Vitality element budget for FY 2021 is \$4,847,000. Transit expenditures are budgeted at \$27,229,000.

The debt service requirements for FY 2021 are \$29,749,000 and Administrative expenses are budgeted for \$1,653,000.

Expenditures for FY 2021 are budgeted to exceed revenues by \$11,029,000. This rate of expenditures is supported by stronger than projected FY 2020 revenues together with the anticipated fund balance carried forward from the FY 2020 budget. As a result, the FY 2021 budget projects a year-end balance of \$82,668,524, which exceeds the minimum working fund balance of \$7,772,825 (10% of anticipated TPT revenue) required by RTA Board policy but does not reflect the rollover of unexpended project funding from the FY 2020 budget. A revised budget, together with rollover funding commitments and any necessary TIP amendments, will be presented at a future RTA Board meeting.

#### **PRIOR BOARD AND/OR COMMITTEE ACTION**

N/A

#### **FINANCIAL CONSIDERATIONS**

##### **Revenue**

For FY 2021, staff recommends a budget of \$77,728,250 for TPT receipts, which is 15% lower than the original revenue estimate (reduced in response to anticipated pandemic-related reductions in taxable transactions). A significant source of additional revenue in FY 2021 comes through an advance construction agreement previously executed with ADOT, which repays the RTA STBG (federal) funds for payments advanced using RTA funds for the construction of the Ina Road Railroad Crossing at I-10 and is shown as a credit in the roadway element. The RTA will also receive a repayment in FY 2021 of \$4,584,000 from this source.

Interest and other minor miscellaneous revenue paid to the RTA is estimated at \$424,000 for FY 2021, due to the slightly increased yields associated with short-term investments.

Transit revenue, primarily from transit maintenance of effort (MOE) contributions and federal transit grants are anticipated to contribute \$8,404,000 to the RTA.

##### **Expenditures**

**Roadway Element.** The largest forecast expenditures in the FY 2021 budget are in the Roadway Element, which is dominated by several major projects. Roadway projects

with significant expenditures planned in the FY 2021 TIP and budget include: \$7,000,000 for First Avenue, Grant Road to River Road (RTA #14), \$1,000,000 for Grant Road UPRR crossing (RTA #15), \$4,145,000 for Downtown Links (RTA #16), \$4,637,000 for Broadway Blvd, Euclid Avenue to Country Club Road (RTA #17), \$11,900,000 for 22<sup>nd</sup> Street, I-10 to Tucson Blvd.(RTA #19), \$2,000,000 for Valencia Road, Kolb Road to Houghton Road (RTA #25), \$2,350,000 for Houghton Road (RTA #32) and \$2,360,000 for the Wilmot Road (RTA #33) project. After considering the Ina Road STBG credit referred to in the revenue discussion above, FY 2021 expenditures in the Roadway element are budgeted for \$49,433,000. Additionally, \$24,150,000 of HURF 12.6% funding is programmed on the RTA Roadway Element projects to help meet the RTA funding commitment identified in the voter-approved RTA plan.

The **Safety Element** is budgeted for \$2,900,000 in FY 2021. Over half of this funding is for Intersection (RTA #36) projects, with smaller amounts programmed for Signal Technology (RTA #40) and the ongoing bus pullout program (RTA #38).

The **Environmental and Economic Vitality** element budget amounts to \$4,847,000 for FY 2021. Funding in this element includes funding in the Critical Transportation-related Wildlife Linkages (RTA #42) program for ongoing fencing work along State Route 77 and initial design work for crossings of State Route 86. Smaller amounts are programmed for Greenways, Pathways, Bikeways and Sidewalks (RTA #41) as well as the ongoing Mainstreet Business Assistance program (RTA #43).

The **Transit Element** budget includes reimbursements to Sun Tran/Sun Van, as well as payments to RTA contracted service providers, and is budgeted for \$26,612,000 for FY 2021, which includes expenditures funded by grant and maintenance of effort revenues.

**Debt Service** for the Series 2011, 2014 and 2017 Bonds is \$29,749,000 in FY 2021.

Administrative expenses include the continued assessment imposed by the Arizona State Legislature for the cost of tax collection, 1% of TPT collections to PAG for the administration of the RTA and direct costs for legal fees, insurance and investment/financial services. The total budget for **Administrative Expenses** is \$1,653,000.

## TECHNICAL, POLICY, LEGAL OR OTHER CONSIDERATIONS

Pursuant to ARS-48-5304.7, the RTA Board is required to adopt an annual budget. This is typically presented to the Board at its last regular meeting prior to the end of the preceding fiscal year.

Unexpended funding from the FY 2020 budget will carry forward into the FY 2021 budget.

**ATTACHED ADDITIONAL BACKUP INFORMATION**

- A. Resolution 2020-009
- B. Recommended Budget

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