STAFF REPORT

MEETING DATE:	**December 15, 2022**
SUBJECT:	**Approve the Fiscal Year 2022/23 Comprehensive Budget and Resolution 22-15 Approve Cost-of-Living Adjustments for All Job Classifications, Including Executive Director, for Fiscal Years 2022/23, 2023/24, 2024/25, and 2025/26**
AGENDA ITEM:	**10**
STAFF CONTACT:	**Jessica Carlson, Chief Fiscal Officer**

SUMMARY:

SRTA's comprehensive budget (attached) for fiscal year (FY) 2022/23 estimates $19,349,837 in revenue and $19,153,803 in expenditures. Not included in the expenditure total is the Regional Surface Transportation Program (RSTP) approved projects, which carry an available balance for reimbursement of $2,466,412. Construction and project planning delays impact the timing of invoices delivered to SRTA for reimbursement. Some or all of these projects may not be completed within the fiscal year. Included in the comprehensive budget is the Fiscal & Policy Committee's recommended cost-of-living adjustments for all job classifications of five percent for FY 2022/23 (effective January 1, 2023).

STAFF RECOMMENDATION:

It is recommended that the board of directors:

1. Approve the SRTA Fiscal & Policy Committee's recommended cost-of-living adjustments for all SRTA staff of 5.0% for FY 2022/23, 5.0% for FY 2023/24, 4.0% for FY 2024/25, and 4.0% for FY 2025/26, pursuant to Resolution 22-15 (attached); and
2. Approve the FY 2022/23 Comprehensive Budget.

DISCUSSION:

A comprehensive budget was created to consolidate all revenues and expenditures into one cohesive document. Existing budgeting processes, including the annual overall work program (OWP) and Transportation Development Act (TDA) budgets are limited on the activities they include, so the comprehensive budget presents a picture of the agency's financial position as a whole.

Staff prepared a comprehensive budget for FY 2022/23 that consolidates the agency's activities into three categories: General Building and Rental; Capital and Transit Operations; and Planning. General Building and Rental includes rental incomes and expenses. Under Capital and Transit Operations, revenues and expenditures are reported for public transportation, transit capital programs, transit operations, and streets and roads allocations. Finally, Planning revenue is displayed by fund source. Planning expenditures are broken down by: OWP work element; the source of funding; and budget category (i.e., personnel, consultants, and services and supplies).

Budget highlights are as follows:

General Building and Rental - Both rental suites 101 and 201 have fully executed rental agreements spanning the entire fiscal year. A building reserve fund is budgeted into the TDA disbursements to cover the costs of maintaining the real property of the agency. Current reserve balances can be found in the quarterly budget staff reports.

Capital and Transit Operations - Transportation Capital and Transit funding to the region is largely monitored by SRTA. Programs, such as the Regional Surface Transportation Program (RSTP), State of Good Repair (SGR), and TDA, are included in this activity category. The TDA Loan fund is also included and provides transit related funding for board approved expenditures to SRTA and its members. SRTA used the fund for building repairs (which were completed in FY 2021/22) and is currently paying back the TDA loan fund at $57,336 annually.

Planning - SRTA is continuing forward many planning efforts from last year into the current year, with some additions. The Strategic Partnerships Grant kicks off the State Route 273 Northern Section Multimodal Corridor Plan; the Caltrans Sustainable Grant's North State Intercity Bus to Rail project will begin; the 2022 Regional Transportation Plan will be completed; and SRTA will be administering a new state-driven Regional Early Action Program to support investments that bring more affordable housing to the region.

Cost-of-Living Adjustment (COLA) – SRTA policies state that as part of the board of director's review of salary and benefits, the executive director will periodically review compensation to ensure it's competitive with current job markets (public and private) and labor market inflation. If appropriate, the executive director may recommend adjustments to reflect market changes. The last time a review was completed was in 2019.

No cost-of-living adjustment (COLA) was implemented for FY 2022/23, as the current resolution concluded June 30, 2022, and efforts to complete a Fiscal & Policy Committee directed review were delayed. A consultant was contracted to evaluate current markets and related agencies but became significantly behind schedule and the contract was terminated. Concurrent staff turnover resulted in the COLA assessment being further delayed.

Staff conducted a review of available data and presented information on SRTA funding, past board actions, staffing, and the increased costs of inflation and employee health care costs to the Fiscal & Policy Committee on December 2, 2022 (see attached memo). The Fiscal & Policy Committee discussed the items presented and recommends that the board of directors approve the following actions, pursuant to Resolution 22-15 (Attachment B):

- Annual cost-of-living adjustment of 5% for all job classifications for the remainder of FY 2022/23, effective January 1, 2023; and
- Annual cost-of-living adjustments of 5.0% for FY 2023/24, 4.0% for FY 2024/25, and 4.0% for FY 2025/26, effective July 1 of each year.

The Fiscal & Policy Committee's recommended cost-of-living adjustment (COLA) of five percent for FY 2022/23 is included in the FY 2022/23 comprehensive budget. This increased SRTA's total budgeted salaries by $30,542.26 for FY 2022/23. This projection assumes SRTA at full staff of eleven: nine full-time, one part-time planner, and one part-time intern. SRTA currently only has eight full-time staff, which would bring the budget impact down twenty percent to $24,546.37 which is a 2.0% increase of total salaries for FY 2022/23. Based on the Fiscal & Policy Committee's recommendations, total salaries and benefits would increase roughly 3.5% annually the next three fiscal years.

ALTERNATIVES:

The board of directors may modify the Fiscal & Policy Committee's cost-of-living adjustments recommendation as they deem appropriate. The board of directors may modify the FY 2022/23 Comprehensive Budget, provided that such changes are consistent with Caltrans, Federal Highway Administration, and Federal Transit Administration agreements.

FISCAL IMPACT:

The FY 2022/23 Comprehensive Budget of $19,349,837 in revenue and $19,153,803 in expenditures is based on projections of the coming year's activities. Should anticipated grant funds not be awarded, or revenues decrease for any reason, the board of directors may eliminate work tasks and/or reallocate funds as desired.

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Sean Tiedgen, AICP, Executive Director

Attachments:

- **A.** FY 2022/23 Comprehensive Budget
- **B.** Resolution 22-15 Cost-of-Living Adjustments for All Job Classifications, Including Executive Director, for Fiscal years 2022/23, 2023/24, 2024/25, and 2025/26
- **C.** COLA Memo to Fiscal & Policy Committee

SRTA Proposed Comprehensive Budget
Fiscal Year 2022/23

REVENUES

	Budget 2021/22	Budget 2022/23	Change from Prior Fiscal Year
General Building and Rental	53,499	54,872	3%
Capital and Transit Operations	14,275,239	15,272,748	7%
Planning	3,626,035	4,022,217	11%
TOTAL REVENUES	17,954,773	19,349,837	8%

EXPENDITURES

	Budget 2021/22	Budget 2022/23	Change from Prior Fiscal Year	
General Building and Rental	1,041,901	1,068,056	3%	
Capital and Transit Operations	12,486,071	14,366,374	15%	*excludes RSTP budgeted expenses
Planning	3,728,370	3,719,373	0%	
TOTAL EXPENDITURES	17,256,341	19,153,803	11%	

SRTA FY 2022/23 Comprehensive Budget

Revenue Detail

	Budget 2021/22	Budget 2022/23	Notes/Change from Prior Fiscal Year
General Building and Rental			
Total Rental Fund	53,499	54,872	Rental Agreements 2022/23
General Building and Rental	**53,499**	**54,872**	**3%**
Capital-Transit Operations			
Low Carbon Transit Operations Program (LCTOP)	183,165	433,014	Section 99313 population based estimated allocation for LCTOP
Local Transportation Fund (LTF) for Sub Recipients	8,892,871	10,385,820	RABA + Local Streets and Roads
Non-Motorized Program	176,786	471,046	
Regional Surface Transportation Program (RSTP)	1,958,423	2,010,557	
State of Good Repair (SGR)	262,906	278,758	
State Transit Assistance (STA)	1,738,493	1,693,553	
Salmon Runner Operations	770,000	0	Operation and Capital funding for Salmon Runner have been awarded and are waiting for project initiation
Transit and Intercity Rail Capital Program (TIRCP) Administration	271,574	0	
Transportation Network Companies (TNC) Access for All Operations	21,021	0	SRTA did not ultimately pursue this grant
Capital and Transit Operations	**14,275,239**	**15,272,748**	**7%**
Planning			
Federal Highway Administration (FHWA)	838,612	1,092,720	Excludes matching toll credits
Federal Transportation Administration (FTA) 5303	86,268	123,469	
SRTA Local Transportation Fund (LTF)	798,571	1,034,364	
Planning, Programming, and Monitoring	146,000	215,000	$69,002 available to the region from CRRSAA (PPM available for match)
SB1 Formula Funding	436,426	492,879	
State Highway Account (SHA)	524,629	205,685	Shasta Trunk Lines and Pit River Long Range Transit Plan
Strategic Partnerships - State Route 273 Corridor Plan	500,000	500,000	Notice to proceed received 11/15/22
Caltrans Sustainable Grant - North State Intercity Bus to Rail	291,819	288,277	
Regional Early Action Plan (REAP) 2.0	0	52,783	
North State Super Region	4,326	17,040	
Transportation Network Companies (TNC) Access for Administration	3,710	0	SRTA did not ultimately pursue this grant
Indirect Cost Allocation (135.07%)			Caltrans approved 04/15/2022
Planning	**3,626,035**	**4,022,217**	**11%**
TOTAL REVENUES	**17,954,773**	**19,349,837**	**8%**

SRTA FY 2022/23 Comprehensive Budget

Expense Detail

	Budget 2021/22	Budget 2022/23	Notes/Change from Prior Fiscal Year	
General Building and Rental				
Construction Contract: G&S Const.	622,400	0	Notice of completion 2/24/22. Final payment issued 4/14/22.	
Construction Contract: NMR Engineering	9,000	0	Final payment issued 09/30/21	
Indirect Costs	410,501	1,068,056	Indirect expenses allocated quarterly	
General Building and Rental	**1,041,901**	**1,068,056**	**3%**	***includes indirect expenses**
Capital-Transit Operations				
Transportation Development Act (TDA) Loan Fund	57,336	57,336	Annual payment to the TDA Loan fund for funds borrowed by SRTA	
Salmon Runner Operations	770,000	0	Other operating revenues to meet minimum necessary being considered	
Transit and Intercity Rail Capital Program (TIRCP) Administration	271,574	0	Salmon Runner bus and infrastructure procurement support	
TDA Payments				
Redding Area Bus Authority (RABA)				
RABA - State Transit Assistance (STA) Funds	*682,715*	*1,386,008*		
RABA - Local Transportation Funds	*1,999,357*	*392,439*		
Total RABA	***2,682,072***	***1,778,447***		
City of Redding - Streets and Roads	2,479,807	5,078,505		
City of Anderson - Streets and Roads	427,656	593,415		
City of Shasta Lake - Streets and Roads	464,273	612,204		
County of Shasta - Streets and Roads	2,839,062	3,709,257		
CTSA - Dignity Health (DHCL)	416,906	501,208		
Total TDA Payments	***9,309,776***	***12,273,036***		
State Transit Assistance (STA) Reserve	638,871	307,546		
Non-Motorized Program	176,786	471,076	Shasta Trunk Lines	
Total Allocation Payments	**10,125,433**	**13,051,658**	SRTA LTF included in Planning activity category	
RABA - Subrecipient Payments - SGR, LCTOP (Section 99314)	23,759	233,014	RABA's Zero Emission Van Modernization	
Low Carbon Transit Operations Program (LCTOP) (Section 99313)	183,165	200,000	Shasta Connect Sunday Service Expansion Project	
Regional Surface Transportation Program (RSTP)	2,304,219	2,466,412	Available balance on approved projects 2018-2022 funds	
State of Good Repair (SGR)	262,906	278,758	Section 99313 of SGR Estimated Allocation	
Capital and Transit Operations	**12,486,071**	**14,366,374**	**15%**	***excludes RSTP budgeted expenses**

SRTA FY 2022/23 Comprehensive Budget

Expense Detail

	Budget 2021/22	Budget 2022/23	Notes/Change from Prior Fiscal Year
Planning			
Expenses by Work Element			
701.01 Development of Regional Transportation Plan	223,208	361,695	
701.03 Performance Measures	16,588	34,464	
701.09 Air Quality	8,999	12,566	
701.11 Traffic Data Collection	58,084	25,740	
701.13 Sustainable Community Strategies (SCS) Dev 19/20	35,439	0	Project closed as of 06/30/22
701.14 Sustainable Community Strategies (SCS) Dev 20/21	224,965	263,301	
701.15 Sustainable Community Strategies (SCS) Dev 21/22	186,096	228,192	
701.16 Sustainable Community Strategies (SCS) Dev 22/23	186,096	234,994	
702.01 Transportation Improvement Prog	128,268	132,742	
702.02 OWP Development	286,022	240,316	
702.03 Grant Writing	30,292	5,925	
703.01 Non-Motorized	126,385	118,429	
703.06 Shasta Trunk Lines	624,410	455,674	
704.01 Public Information	72,229	73,949	
705.02 GIS Applications	69,258	43,458	
705.05 Regional Travel Demand Model	126,584	153,705	
706.02 Transit Planning	156,307	166,438	
706.06 Greenhouse Gas	43,821	29,481	
707.01 FHWA CorridorStudy	37,477	79,330	
707.03 FHWA Plug-in (PEV)	54,292	34,236	
707.04 FHWA Goods & Freight	5,266	10,555	
707.08 FHWA Shasta Ready	94,156	0	Project closed as of 06/30/22
707.09 SR 273 Northern Section Multimodal Corridor Plan	625,000	625,000	
707.10 North State Intercity Bus to Rail Plan	329,627	325,626	
707.11 Pit River Tribe Long Range Transportation Plan	0	148,626	No SRTA funds or staff time committed to this project. Administrative only.
707.12 Regional Early Action Planning (REAP) 2.0	0	60,630	
708.03 Management of TDA	102,620	101,139	
708.04 Transit & CTSA Adm	54,939	57,424	
801.01 North State Super Region	4,326	17,040	Indirect cost allocation, staff travel, new website, and cross training with new staff
Total Expenses by Work Element	**3,724,658**	**4,040,675**	**8%**

SRTA FY 2022/23 Comprehensive Budget

Planning Expenses by Fund Source	Budget 2021/22	Budget 2022/23	Notes/Change from Prior Fiscal Year
Federal Highway Administration (FHWA)	838,612	1,092,720	
Federal Transportation Administration (FTA) 5303	86,268	123,469	
SRTA Local Transportation Fund (LTF)	817,798	744,207	Budgeted LTF expenditures in Overall Work Program (OWP)
Planning, Programming, and Monitoring	224,782	255,096	
SB1 Formula Funding	436,426	492,879	
State Highway Account (SHA) - Shasta Trunk Lines	524,629	205,685	
Strategic Partnerships - State Route 273 Corridor Plan	500,000	500,000	
Caltrans Sustainable Grant - North State Intercity Bus to Rail	291,819	288,277	
North State Super Region (NSSR)	4,326	17,040	Funded by NSSR dues. Invoices will be sent out to participants in FY 2022/23
Transportation Network Companies (TNC) Access for Administration	3,710	0	SRTA decided not to pursue this grant
Total Expenses by Fund Source	**3,728,370**	**3,719,373**	**0%**
Salaries and Benefits & Indirect Costs for Reimbursment	**2,236,291**	**2,299,912**	
Consultants	**1,781,902**	**2,360,251**	Planning expenses split by category
Support Services, Conferences, Marketing, etc.	**112,929**	**28,895**	
TOTAL EXPENDITURES	**17,256,341**	**19,153,803**	**11%**

RESOLUTION

RESOLUTION NUMBER:	**22-15**
SUBJECT:	**Approve Cost-of-Living Adjustments for All Job Classifications, Including the Executive Director, for Fiscal Years 2022/23, 2023/24, 2024/25 and 2025/26**

WHEREAS, the SRTA Board of Directors Fiscal and Policy Committee provides the highest level of management oversight related to SRTA financial operations, all policies, and human resource needs, and reviews and provides recommendations of fiscal and policy changes going to the board for approval; and

WHEREAS, SRTA's Policies and Procedures seek to provide competitive pay in relation to the job market, where agency circumstances allow; and

WHEREAS, recruiting and maintaining quality staff is essential to meeting agency goals and maximizing state and federal funds that come to the region; and

WHEREAS, the Fiscal and Policy Committee reviewed comparable employee compensation, compensation history, and employee benefits and recommends cost-of-living adjustments for all job classifications, including the executive director; and

WHEREAS, wages are set by a compensation plan and, for the executive director, by employment agreement; and

WHEREAS, periodic review of employee compensation plans are required by SRTA's policies and specified in the executive director's employment agreement; and

WHEREAS, the SRTA Board of Directors may approve changes to compensation plans for all job classifications by resolution and may adjust compensation in the executive director's employment agreement by resolution without amending said agreement; and

WHEREAS, SRTA consistently operates under budget, maintains ample financial reserves, and prepays post-retirement benefits to avoid unfunded liabilities.

NOW, THEREFORE, BE IT RESOLVED that the SRTA Board of Directors authorizes cost-of-living increases for all job classifications, including the Executive Director, of 5% in fiscal year (FY)

2022/23, effective January 1, 2023; 5% in FY 2023/24, effective July 1, 2023; 4% in FY 2024/25, effective July 1, 2024; and 4% in FY 2025/26, effective July 1, 2025.

PASSED AND ADOPTED this 15th day of December 2022, by the Shasta Regional Transportation Agency.

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Baron Browning, Chair
Shasta Regional Transportation Agency

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Sean Tiedgen, AICP, Executive Director

DATE: December 2, 2022

TO: SRTA Fiscal and Policy Committee

FROM: Sean Tiedgen, AICP, Executive Director
Jessica Carlson, Chief Fiscal Officer

SUBJECT: Consider cost-of-living adjustments as part of the Fiscal Year 2022/23 Comprehensive Budget approval

STAFF RECOMMENDATION:

It is recommended that the Fiscal and Policy Committee consider recommending that the SRTA Board of Directors approve salary increases of five percent in FY 2022/23 (effective January 1, 2023); five percent in FY 2023/24 (effective July 1, 2023); four percent in FY 2024/25 (effective July 1, 2024); and four percent in FY 2025/26 (effective July 1, 2025) for all SRTA staff. This change would be considered at the December 15, 2023, SRTA Board of Directors meeting as part of the adoption of the FY 2022/23 Comprehensive Budget and reflected in the next amendment to the FY 2022/23 Overall Work Program.

DISCUSSION:

SRTA policies state that as part of the board of directors' review of salary and benefits, the executive director will periodically review compensation to ensure it's competitive with current job markets (public and private) and labor market inflation. If appropriate, the executive director may recommend adjustments to reflect market changes. Prior practice is that the board would review cost of living adjustments every three years. Cost-of-living adjustments (COLA) was last reviewed and approved in April 2019. The approved COLAs were:

- FY 2019/20 – 2.5%; effective July 1, 2019
- FY 2020/21 – 2.5%; effective July 1, 2020
- FY 2021/22 – 2.0%; effective July 1, 2021

Typically, SRTA reviews COLAs in advance of preparing the agency's Overall Work Program since it coincides with each new fiscal year. However, due to significant challenges in getting a previously approved consultant to complete a compensation study (to which consultant contract was terminated due to insufficient deliverables), along with several changes in SRTA staffing (e.g., several staff retiring or leaving positions and hiring of new staff) this process was delayed.

Consistent with previous Fiscal and Policy Committee direction, staff conducted a review of salary classifications and cost of living increases across similar jobs classifications for comparable regional and local agencies. The results are shown in Tables 1 and 2 below. Table 1 summarizes current COLA information shared by comparable regional agencies. Most regional agencies only had one year of COLA information available. Table 2 summarizes available COLA information from local agencies, Caltrans, Social Security recipients, and CalPERS retirees. Staff added the social security and CalPERs categories as additional information to reflect the impact current inflation is having on everyone.

Table 1 – Cost of Living Adjustment Comparisons – Comparable Regional Agencies				
Agencies	**Fiscal Year**			
	2021/22	**2022/23**	**2023/24**	**2024/25**
Butte County Association of Governments	*	5%	*	*
Kings County Association of Governments	*	5%	*	*
Madera County Transportation Commission	*	2%	*	*
Merced County Association of Governments	*	3%	*	*
Placer County Transportation Planning Agency	*	3%	*	*
Santa Cruz County Regional Trans Commission	*	4.5%	2.5%	2.5%
Transportation Agency for Monterey County	*	4%	*	*
Tulare County Association of Governments	*	8%	*	*

Table 2 – Cost of Living Adjustment Comparisons – Local Agencies, CalPERS, Social Security				
Agencies	**Fiscal Year**			
	2021/22	**2022/23**	**2023/24**	**2024/25**
City of Redding	1.5%	8%	5%	5%
City of Anderson	10%	3%	3%	3%
City of Shasta Lake	*	*	*	*
Shasta County	2.5%	4.0%	*	*
Caltrans	*	*	*	*
Social Security Recipients	1.3%	5.9%	8.7%	*
CalPERS Retirees	1.2%	4.7%	4.7%	*
Shasta Regional Transportation Agency (SRTA)	*2.0%*	*0%*	*0%*	*0%*

*No data available

As part of the review, SRTA evaluated employee health insurance premiums as an indicator. Research noted that total health care costs for an employee enrolled in the CalPERS Gold Plan have increased 61% since 2019, when COLAs were last considered. Family tier participants in the Gold plan, the most affordable, who paid $36.85 per month in 2022 for their share of premiums, will be obligated to pay $118.39 per month for the same plan beginning January 1, 2023.

The Bureau of Labor Statistics publishes the consumer price index (CPI) for a variety of regions. This is a common data set used for comparing and determining the rate of inflation. Staff reviewed data for "all urban consumers" for the country which is the most common data set used as well as one for the "West region" which covers the westernmost thirteen states, including California. Table 3 below summarizes the results.

Table 3 - Bureau of Labor Statistics - CPI Indexes		
Year	All urban consumers (US)	All urban consumers (West Region)
2021	4.7%	7.1%
2022	7.7% (estimated 10 months avg.)	8.2% (estimated 10 months avg.)

Based on the above information, staff is asking the Fiscal & Policy Committee and board of directors approve a COLA of five percent, effective January 1, 2023, and another five percent effective July 1, 2023. Then, four percent applied beginning July 1 of the proceeding two fiscal years: FY 2024/25 and FY 2025/26. Consistent with previous board of directors' action and all related agencies considered, this would apply to all classifications, including the executive director.

The agency continues to be on good financial footing. SRTA is funded primarily through formula and competitive federal and state programs to carry out the agency's required duties. Federal formula planning funds continue to increase steadily around $800,000 per year. State formula funds are increasing as SB 1 formula planning funds are averaging nearly $200,000 per year and Planning Programming and Monitoring (PPM) funds from $95,000 per year to $146,000 per year. Staff has also been very successful in acquiring competitive grant funds which cover a portion of staff time, averaging $475,202 annually the last three years.

SRTA currently employs 8 full-time staff and has not been fully staffed since August 2021. There have been continuous failed recruitment efforts for positions at all levels. Staff recommends a competitive COLA to equip the agency to make attractive offers to potential staff and to increase the probability of retaining existing staff. Additional federal and state responsibilities on top of existing ones (with more expected next fiscal year) is straining current staff resources, though agency staff is working diligently to address the challenge of maintaining more workload with less staff than previous periods. An approval of the COLA, effective January 1, 2023, would ensure the agency doesn't fall behind on its commitment to re-evaluate on a three-year cycle.

ALTERNATIVES:

The board can consider any number of alternatives to the staff recommendation. One option is that the board of directors could decide to approve COLA's through FY 2024/25, and re-evaluate COLAs starting with FY 2025/26 in two years. This would re-align COLAs to the 3-year evaluation cycle.

FISCAL IMPACT:

Assuming SRTA returns to being fully staffed at eleven employees, SRTA's overall budget would increase less than a quarter of a percent (0.16%) for fiscal year 2022/23 and less than half of a percent over the subsequent three fiscal years. This action would apply to all SRTA job classifications, including the executive director.

Table 4 – COLA Recommendations

Fiscal Year	Percent Increase	Fiscal Impact (Current Staff)	Fiscal Impact (Full Staff)	Effective Date
2022/23	5.0%	$24,546	$30,542	January 1, 2023
2023/24	5.0%	$51,453	$64,139	July 1, 2023
2024/25	4.0%	$42,839	$53,876	July 1, 2024
2025/26	4.0%	$44,552	$57,180	July 1, 2025