



ITEM ID: 2023-187-0

TRANSMITTAL DATE: April 21, 2023

MEETING DATE: April 28, 2023

TO: Board of Directors

FROM: Arnold Hackett, Chief Financial Officer

SUBJECT: Request for Deferral of Transmittal of Proposed FY24 Budget

Issue

The Southern California Regional Rail Authority (SCRRA) Joint Powers Authority (JPA) requires that the "Governing Board shall approve a preliminary administrative budget and capital improvement program for the succeeding fiscal year no later than May 1 of each year. The Board shall adopt a final budget no later than June 30 of each year...Decisions dealing with capital and operating fund allocations, as well as annual approval of each Member Agency's share of the Authority's annual budget, shall be approved by the Member Agencies themselves."

Recommendation

AUDIT AND FINANCE COMMITTEE RECOMMENDED (5-0) the Board approve deferral of the Transmission of the FY24 Budget to Member Agencies until May 26, 2023.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Staff has reduced the monthly cycle time to bring financial information to our stakeholders and will keep striving to continue process cycle time reductions and improved presentations of financial data.

Background

Efforts to offset negative effects of reduced ridership and revenue have affected the development of the Proposed FY24 Budget. Staff took the initiative to advise and consult with Member Agencies on numerous occasions over recent weeks to ensure that the Agency's financial needs were clear and the Member Agencies' questions are addressed. Staff requires additional time for ongoing discussions with Member Agencies to ensure that a fully understood and accepted budget is presented to the Audit and Finance Committee, and subsequently to the Board.

As a result of this need for additional discussions, staff will be unable to present the Proposed FY24 Budget to the April 14, 2023 Audit and Finance Committee meeting, prior to the regular Board meeting in April.

Discussion

As a result of the time needed to prepare and complete the Member Agency reviews, staff is unable to present the Proposed FY24 Budget to the Audit and Finance Committee (AFCOM) on April 14th prior to presenting to the Board of Directors at the April 28th meeting. This will preclude conformance with the May 1st deadline for Board approval of a preliminary FY24 Budget to be transmitted to Member Agencies, necessitating a request for deferral.

The following detailed reviews of the FY24 Proposed Budget were conducted with Member Agencies:

OCTA - March 21

RCTC - March 22

VCTC - March 22

LA Metro - March 23

SBCTA - March 23

Member Agency Advisory Committee (MAAC) Overview - April 6th

Member Agency CEOs - Currently being scheduled.

Staff is currently responding to questions posed by Member Agencies subsequent to their individual reviews in March.

Budget Impact

Deferral of the transmission of the preliminary FY24 Budget will have no impact on the budget.

Next Steps

If the Board approves deferral of the transmittal to Member Agencies, SCRRA staff will execute the following timeline leading to Board Approval of the FY24 Budget:

- May 4: Presentation to the MAAC
- May 12: Recommend Budget Transmittal - AFCOM
- May 26: Transmittal to Request Approval - Board of Directors
- May 26: Transmittal of Proposed FY24 Budget to Member Agencies

- May - June: Member Agencies' Board approvals
- June 9: Request AFCOM Recommend FY24 Budget Approval
- June 23: Request Board Approval of FY24 Budget
- July 1: Implement FY24 Budget

Prepared by: Christine J. Wilson, Senior Finance Manager

Approved by: Arnold Hackett, Chief Financial Officer