



Agenda Item No. 2.b.

To: Finance-Auditing Committee/Committee of the Whole
Meeting of July 23, 2009

From: Joseph M. Wire, Auditor-Controller
Celia G. Kupersmith, General Manager

Subject: **AUTHORIZE BUDGET ADJUSTMENT(S) AND/OR TRANSFER**
b. BUDGET TRANSFERS IN THE FY 08/09 OPERATING BUDGET

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors authorize the following budget transfers relative to the FY 08/09 Operating Budget:

1. Transfer \$3,360,000 from Bridge Division Debt Service and District Legal Services to District Division Salary and Benefit categories;
2. Transfer \$220,000 from Bridge Debt Service to Bridge Division Repair and Maintenance Supplies category;
3. Transfer \$750,000 from Bus Division Fuel Expense category to Bus Division Salaries and Benefits category; and,
4. Transfer \$1,170,000 from Ferry Division Fuel Expense category to Ferry Division Salaries, Benefits and Professional Services.

Summary

There are no net additional expenses added to the FY 08/09 District's Operating Budget. In order to be within budget, this item transfers funds to comply with the District's policies. All budget transfers greater than \$50,000 across different divisions, or different line items in the same division, are subject to Board approval.

In order to be in compliance, there are four areas of increased expense in the operating budget that needs to be addressed: Indirect Cost Allocation Plan (ICAP) rate changes in the District Division, overage of electrical and maintenance supplies, overage of Bus Operator salaries, and Workers' Compensation and Dry Docking in the Ferry Division. The District Division experienced less capitalized labor and benefits expense due to adjusted (lower) ICAP rates and lower than anticipated capitalized program costs. The Bridge Division experienced more need of

supplies primarily due to the start up of the in-house FasTrak maintenance program. The Ferry Division experienced higher than anticipated dry docking fees (professional services category) for the *M.V. Sonoma*, *M.V. Mendocino* and *M.V. San Francisco* vessels and higher Workers' Compensation expense due to unexpected new claims costs. The Bus Division experienced higher than anticipated operator salary overtime expense due to driver vacancies and higher Workers' Compensation due to unexpected new claims costs.

Fiscal Impact

There is no fiscal impact to the action for FY 08/09. The budget transfers, totaling \$5.5 million, will not result in a net increase in the operating budget for the agency. Below is a summary of the budget transfers:

Description	To:	From:
District Salaries	\$2,500,000	
Legal Expense		\$1,200,000
Bridge Debt Service		\$1,300,000
District Benefits	\$860,000	
Bridge Debt Service		\$860,000
Bridge Repair and Maintenance	\$220,000	
Bridge Debt Service		\$220,000
Bus Operator Salary	\$260,000	
Bus Operator Benefits	\$490,000	
Bus Fuel Expense		\$750,000
Ferry Operating Salary	\$300,000	
Ferry Benefits	\$400,000	
Ferry Professional Services (Dry Docking)	\$470,000	
Ferry Fuel Expense		\$1,170,000
Total Transfers	\$5,500,000	\$5,500,000