



AUSTIN
TRANSIT
PARTNERSHIP

FY2022-2023 BUDGET





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Austin Transit Partnership
Texas**

For the Fiscal Year Beginning

October 01, 2021

Christopher P. Morill

Executive Director



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BOARD OF DIRECTORS



**Veronica Castro
de Barrera
Board Chair**



**Mayor
Steve Adler
Board Member**



**Tony Elkins
Board Member**



**Jeffrey Travillion
Board Member**



**Dottie Watkins
Ex-Officio**



**Gina Fiandaca
Ex-Officio**

The ATP Board of Directors currently has one vacant position: **the Community Expert in Community Planning or Sustainability**. More information about the application and nomination process is available at atptx.org.

INTRODUCTION & OVERVIEW

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MESSAGE FROM THE INTERIM EXECUTIVE DIRECTOR

AUSTIN TRANSIT PARTNERSHIP BOARD OF DIRECTORS:

I am pleased to present the Fiscal Year 2022-23 Budget for the Austin Transit Partnership (ATP). ATP's charge is to deliver on the voters' transit vision in partnership with the community — and in a way that embeds equity, sustainability, and transparency as overarching priorities. This framework also guides the organization's investments as well as its fiscal planning.

EMBEDDING EQUITY IN OUR WORK. I am pleased that this year's budget continues to make good on our commitment of \$300 million to mitigate the displacement of vulnerable populations impacted by transit development and construction. With this budget, ATP will have appropriated \$100 million in our first 20 months, towards anti-displacement programs and initiatives that will be deployed by the City of Austin. This work is guided by the Equity Tool led by the City of Austin, in collaboration with Community Advisory Committee.

ADVANCING PROJECT CONNECT PROGRAM. This budget is rooted in the assessment of the overall program the team delivered to you and the community in July 2022. The budget reflects our commitments to fund the MetroRapid projects being implemented by CapMetro, and appropriately resources – both internal and external – the intentional work needed to advance project development on Light Rail and provide the Updated Light Rail Implementation Plan. The budget also reflects ATP's readiness to move the project on beyond this work, so we can steadily advance towards implementation.

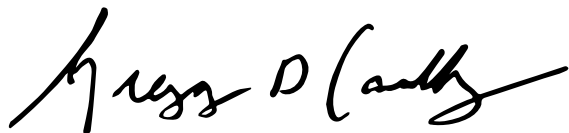
Key to ATP's readiness for the year ahead, is our level of staffing. ATP must be positioned and ready in its ability to onboard highly skilled talent to address the project requirements as the program advances. This budget maintains our staffing levels to respond to our program requirements. In response to the Board of Directors' directives to move the organization to an independence governance model, the budget proposes 2.5 new full-time equivalent positions (FTEs). Two new positions fund the Board of Director's Internal Audit function. A well-resourced Audit team is critical to the success of ATP. The additional 0.5 FTE is to reflect your vote on April 20, 2022, to have an independent Executive Director. Our success over the last year is a testament to our team, to include ATP's strategic oversight with our Board. We have been fortunate to have talent from Austin, in Texas, and from all over the country join us as we advance Project Connect for our community. I am proposing a 4% wage increase for our team.

MESSAGE FROM THE INTERIM EXECUTIVE DIRECTOR

PRIORITIZING TRANSPARENCY. With every opportunity staff is constructing policies and procedures that will continue to highlight the organization's values of transparency and accountability. With the approval of this budget, the board will – for the first time – approve an authorized strength of staffing for ATP. This approach caps the ATP workforce at 87 FTEs, providing a total authorization by the Board, strengthening transparency and embedding accountability within the organization.

DEMONSTRATING FISCAL RESPONSIBILITY. Finally, new in FY23, ATP is adding an operating reserve of 180 days of operating expenses (\$20 million). Staff will continue to evaluate the need for and appropriate levels of various reserves, to potentially include capital and debt service reserves, to be established in future years. This will help position ATP well as we look ahead to debt issuance. I look forward to our continued work as we move into the upcoming fiscal year.

Sincerely,
Greg Canally
Interim Executive Director



AGENCY OVERVIEW

The Austin Transit Partnership (ATP) is an independent local government corporation with the authority and resources to design, construct, and implement Project Connect.

On November 3, 2020, Austin voters approved Proposition A, which provided a dedicated revenue stream through an increase in the property tax rate to fund a rapid transit system. The ballot also authorized that an independent board oversee and finance the acquisitions, construction, equipping, and operations and maintenance of the rapid transit system. In anticipation of a successful election, CapMetro and the City authorized the execution of an interlocal agreement creating Austin Transit Partnership.

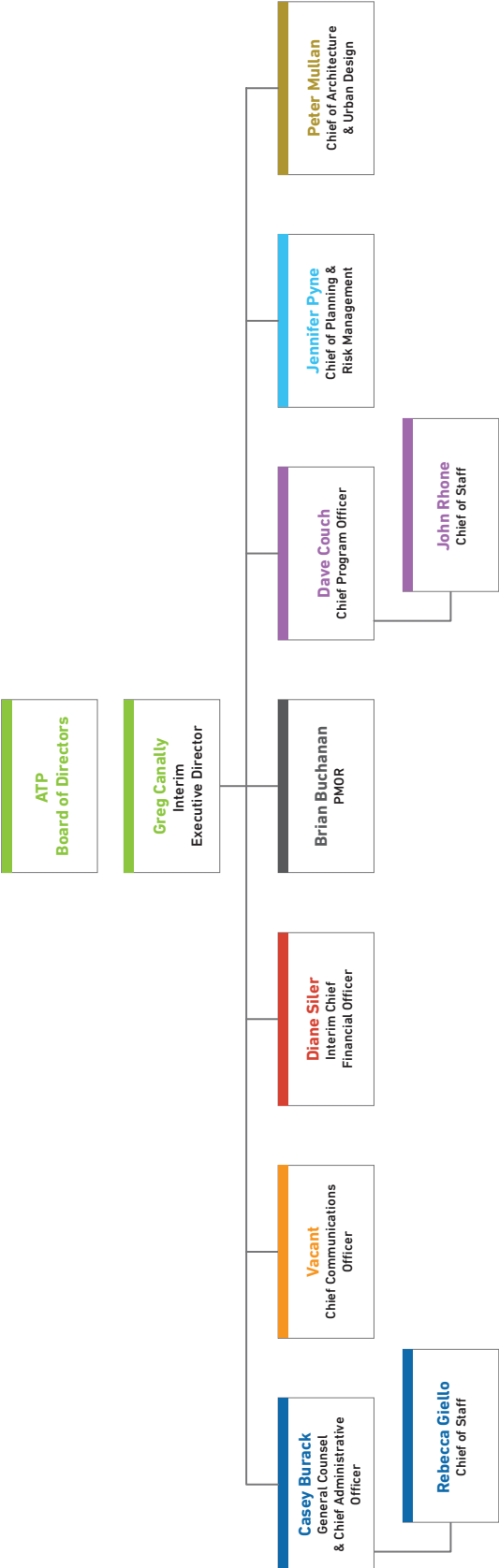
The bylaws of ATP, as approved by both the City and CapMetro, established a board jointly appointed by members of the CapMetro Board and City Council. Three members are to be community experts in the fields of finance, engineering and construction, and community planning or sustainability. The City of Austin Council and CapMetro Board each have one representative in addition to one ex-officio member each. The ATP Board is the principal entity responsible for financing, designing, building, implementing, and contracting with Capital Metro to operate and maintain assets funded by ATP in a manner independent of the City and Capital Metro.

Roles & Responsibilities



- Responsible for the planning, design, financing, acquisition, procurement, equipping and construction of all light rail elements, including related facilities; and the Green Line
- Transfer \$300 million over 13 year to the City of Austin for Anti-Displacement
- Construct the MetroRapid, MetroExpress, Neighborhood Circulators, and Red Line components of system plan
- Operate assets once completed and to ensure operational readiness
- Commit revenues identified in the Estimated Long-Term Contribution
- Transfer dedicated property tax revenue to ATP
- Ensure adequate staff resources are available to support the system plan implementation
- Implement the transit-supportive, anti-displacement initiatives

AGENCY OVERVIEW



PROJECT CONNECT



PROJECT CONNECT

DESCRIPTION OF PROJECT CONNECT

Project Connect is a transformative, voter-approved investment in new transit services that includes Light Rail, MetroRapid Bus Lines, Commuter Rail (a new Green Line and enhancements to the existing Red Line), and Park and Ride facilities. The effort represents a collaboration between the City of Austin, CapMetro, and the Austin Transit Partnership. Project Connect is locally funded through the November 2020 voter-approved increase in the City's property tax rate, certain dedicated funding from CapMetro, as well as anticipated federal funding. The Austin Transit Partnership, which is charged with implementation Project Connect, is committed to transparently delivering on the vision and goals that voters set out in the 2020 election.

HIGHLIGHTED ELEMENTS OF PROJECT CONNECT

- **LIGHT RAIL:** The backbone of Project Connect is a new light rail system. ATP will transparently engage with the community to develop an Updated Light Rail Implementation Plan that reflects Austin's priorities and values.
- **COMMUTER RAIL:** A new Green Line and enhancements to the Red Line are also scheduled, with additional track planned to increase capacity and safety, as well as new stations, including a station at Q2 Stadium.
- **ENHANCED BUS SERVICE:** Project Connect includes four new MetroRapid routes to add ridership capacity on key transit routes. Plans for the new MetroRapid routes include an all-electric expanded bus service, newly designed stations, and an improved customer experience.
- **PARK AND RIDES:** Nine new Park & Rides and one new regional transit center will be funded, enabling riders from the greater Austin area to connect efficiently to the transit system.
- **NEIGHBORHOOD CIRCULATORS:** On-demand pickup and drop-off service within geographic zones offer connections into the transit system.
- **ANTI-DISPLACEMENT INITIATIVES:** Project Connect also commits \$300 million to mitigate the displacement of vulnerable populations impacted by transit development and construction.



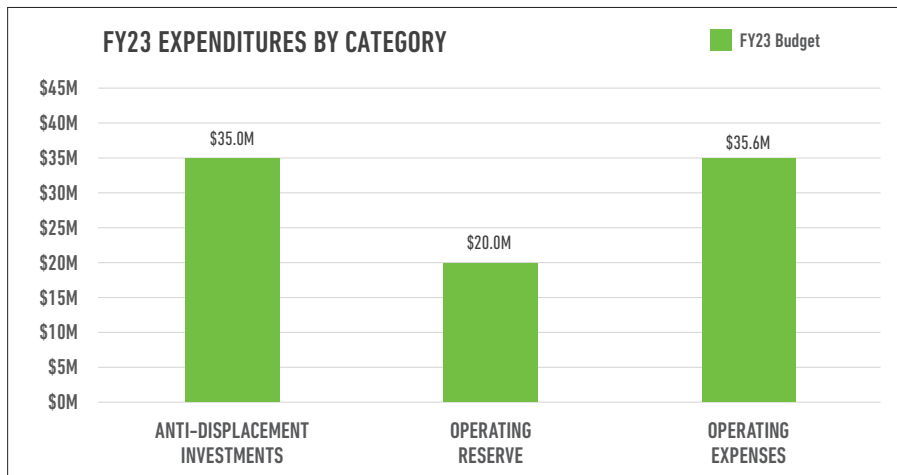
BUDGET HIGHLIGHTS



BUDGET HIGHLIGHTS

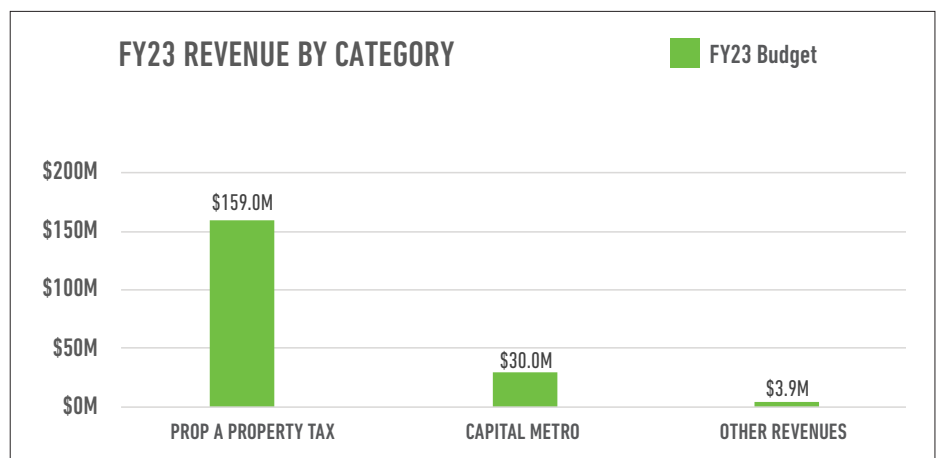
FY2022–2023

The FY 2022–23 Budget, ATP's second full-year budget, totals \$90.6 million, with 39% of the funding, or \$35.0 million, budgeted for transit-supportive anti-displacement investments, 22% million to seed a new operating reserve with \$20.0 million, and the remaining 39% funding operating expenses. ATP accounts for all operating costs within the operating fund, instead of allocating to projects, allowing for greater transparency of agency costs, increased administrative efficiency, and enhanced trend analysis.



SOURCES OF FUNDS

ATP's FY23 total revenue is projected to be \$192.9 million. The property tax revenue represents approximately 20% of the total O&M property tax collected by the City of Austin. CapMetro contributions to ATP total \$30.0 million: \$10 million from the Capital Expansion Fund and \$20 million in sales tax receipts. New in FY23 are \$3.9 million in investment interest income revenues.



BUDGET HIGHLIGHTS

CAPITAL

There are no transfers of funds in FY23 for capital projects. Existing appropriations of \$205.1 million from prior years are sufficient to allow continuation of project development. Planned spending in the fiscal year is \$50.0 million for the existing project management and engineering contracts and new contracts for architectural services, systems and vehicles, and real estate services.

Both the Pleasant Valley and Expo MetroRapid bus line projects are under construction. Local funding match of \$35.6 million has been fully appropriated through FY22. The interlocal agreement between ATP and CapMetro governing the funding contribution was approved by both Boards in July 2022. The capital budget for the remaining Project Connect elements will be appropriated concurrent with approval of project-specific ILAs.

NEW OPERATING RESERVE

It is essential that governmental organizations maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures). New in FY23, ATP is adding an operating reserve of at least 180 days of operating expenses and seeding that fund with \$20.0 million. Staff will continue to evaluate the need for and appropriate levels of various reserves, to potentially include a capital and debt service reserve in future years.

BUDGET HIGHLIGHTS

DISPLACEMENT PREVENTION

In FY23, ATP will transfer \$35.0 million into the Anti-Displacement Fund of \$35.0. With this third allocation, the total funds set aside to reimburse the City of Austin for displacement prevention activities is \$100.0 million.

SUPPORT SERVICE AGREEMENTS

In anticipation of the approval of support service agreements with CapMetro and the City for administrative and project support, \$3.8 million and \$3.5 million, respectively, has been included in the budget. The reimbursement provided to CapMetro will include salaries for staff supporting ATP business activities and IT software and hardware. The City will be reimbursed for its efforts to assist with the overall coordination of input from relevant City departments and for the design review, permitting, and inspection of Project Connect.

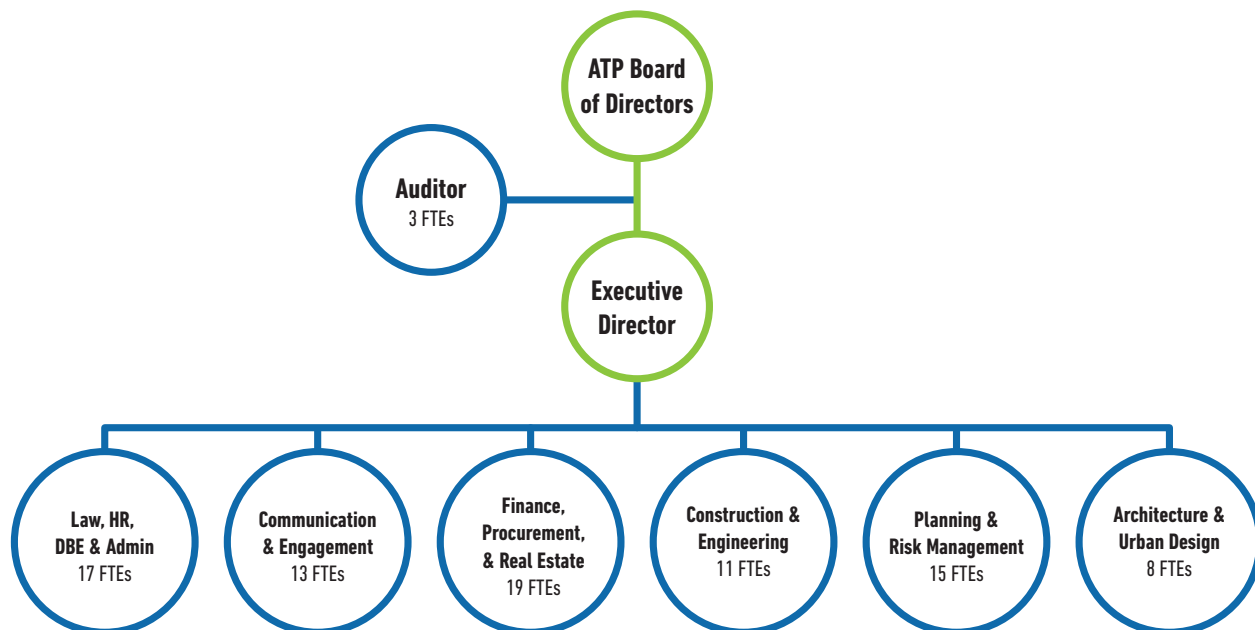
STAFFING

Starting in FY23, the ATP Board will begin formally approving staffing levels along with the adoption of the budget. This best practice recommended by organizations such as the Government Finance Officers Association ensures that the Board has a key tool in effective strategic planning and proper financial oversight.

In FY23, ATP's authorized personnel will grow from 84.5 to 87 positions, which includes 8 positions seconded from CapMetro. The new positions in FY23 are two Senior Auditors to support the audit workplan and an increase in the Executive Director position from part-time to full-time, as directed by the Board.

Currently, ATP has 35 vacancies and will need to fill a few positions critical to furthering organizational independence. An IT Director will be essential to moving ATP onto a stand-alone network and working with consultants to finish the final phase of the ERP implementation. Likewise, a Chief Communications Officer will be needed to bring in-house services currently provided by CapMetro. Prior to filling the remaining vacancies, leadership will be engaging in a rigorous and intentional review of program needs.

BUDGET HIGHLIGHTS



Employees are ATP’s most valuable resource—without a dedicated, expert staff, the goals of Project Connect would not be possible. In order to recruit and retain this level of expertise, ATP, in partnership with CapMetro, offers a robust benefits packet that includes, but is not limited to, health care, retirement, paid time off, tuition reimbursement, a wellness program, and childcare. The FY23 budget also includes \$240,000 for a 4% wage increase planned for October 2022. Total pay and benefits for FY23 is \$11.7 million.

FINANCIAL POLICIES

Along with the Board’s adoption of the FY23 Budget, ATP’s financial policies will be approved to ensure sound financial management practices based on industry best practices are maintained. The financial policies help ensure thoughtful, cautious, and pragmatic oversight of the agency’s financial resources. Included are 23 policies covering accounting, budget, purchasing, reserves, investments, and debt. New in FY23 is a financial policy establishing an operating reserve and specifying how and when that funding shall be accessed and replenished.

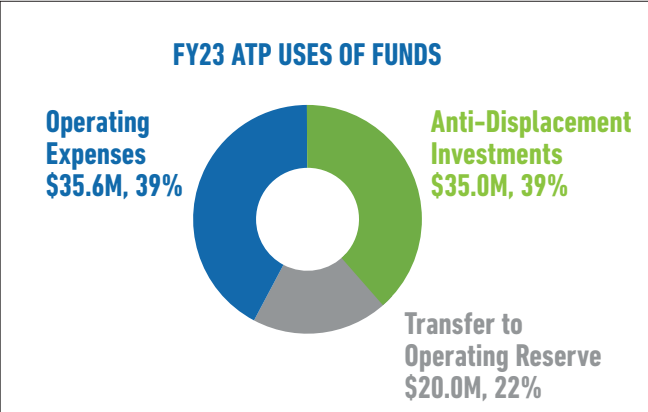
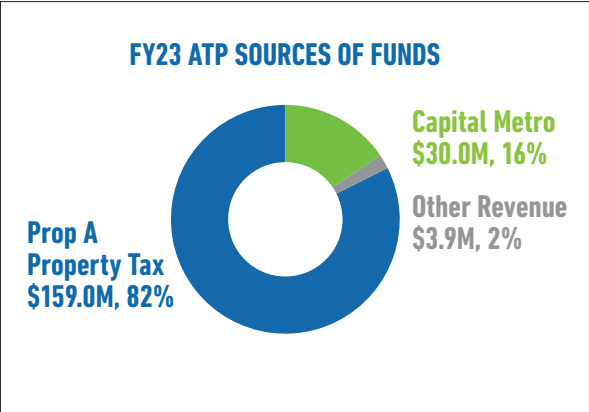
OPERATING BUDGET



OPERATING BUDGET

OPERATING BUDGET OVERVIEW

ATP’s FY23 operating budget comprises three main components: the transit-supportive anti-displacement funding, a transfer to the new operating reserve, and the operating expenses necessary to bring the Project Connect vision to fruition. In FY23, funding will come from a dedicated portion of the City of Austin’s property tax revenue, CapMetro contributions, as well as a small amount of interest revenue. Over the next few years, the revenue stream will expand to include federal grants and proceeds from the issuance of revenue-backed bonds.



OPERATING BUDGET

REVENUE

ATP's FY23 revenue is primarily made up of property tax revenues. With the approval of Proposition A, voters authorized an increase in the ad valorem tax rate equal to approximately 20% of the total O&M property tax collected by the City of Austin. In FY22, that revenue is estimated at \$157.3 million, an increase of \$2.5 million from budget, and in FY23 it is projected at \$159.0 million.

Other sources of revenue include \$30.0 million in CapMetro contributions to ATP: \$10 million from the Capital Expansion Fund and \$20 million in sales tax receipts. New in FY23 are \$3.9 million in investment interest income revenues.

Revenue	FY22 Amended Budget	FY22 Estimate	FY23 Approved Budget
Proposition A Property Tax	154,781,877	157,260,867	158,970,567
CapMetro	23,365,670	23,365,670	30,000,000
Other Revenue	—	1,201,816	3,924,235
Total Revenue	178,147,547	181,828,353	192,894,802

OPERATING BUDGET

EXPENDITURES

The FY23 expenditure budget is \$90.6 million, which includes all operating costs, including staff salaries, rent and utilities, and administrative contracts, as well as reimbursements totaling \$3.5 million for the City of Austin's Project Connect Office and \$3.8 million for shared services with CapMetro, and the transfers to the reserve and Anti-Displacement Initiatives funds.

Throughout the year, staff review current expenditure trends as well as significant planned expenses and compare against budgeted levels. These comparisons form the basis for the current year (FY22) estimate. Transfers are estimated at budget, but operating expenses are trending well below budget largely due to 35 vacant positions carried forward from the previous fiscal year, resulting in a current year estimate of \$24.0 million, or a savings of \$14.1 million from the FY22 Budget. Those savings will remain in the fund for future appropriations.

Additionally, the FY22 Budget below includes a capital budget amendment, approved by the ATP Board on July 20, which increased the Transfer to Capital by \$9.2 million in order to fully appropriate funding for the Expo and Pleasant Valley MetroRapid projects, a prerequisite for FTA Small Starts grant funding.

Expenditures	FY22 Amended Budget	FY22 Estimate	FY23 Approved Budget
Transfer to Capital	241,807,565	241,807,565	—
Transfer to the Anti-Displacement Investments Fund	42,000,000	42,000,000	35,000,000
Operating Expenses	38,127,802	24,004,872	35,552,489
Transfer to Operating Reserve	—	—	20,000,000
Total Expenditures	321,935,367	307,812,437	90,552,489

TRANSFER TO CAPITAL

The transfer to capital represents the additional appropriations necessary to fund planned spending on all capital projects. Because all revenue is recorded directly into the Operating Fund, a transfer into capital is needed to fund project expenditures. In FY23, existing appropriations from FY21 and FY22 are sufficient to allow continuation of project development, so no additional transfer to capital is necessary. On the capital ledger, the funding source is shown as cash. Details on the capital projects, including spend plans, can be found in the Capital Budget section.

OPERATING BUDGET

OPERATING EXPENSES

ATP as an entity was created with a specific purpose: to oversee and finance the acquisition, construction, equipping, and operations and maintenance for the rapid transit system; and finance the transit-supporting anti-displacement strategies related to Project Connect. ATP's operating costs include general and administrative costs directly related to the corporate office and costs associated with the management and overseeing of the Project Connect rapid transit projects. They include labor, rent, utilities, computer software and maintenance, supplies, equipment, staff development, and professional services. Also included are reimbursements to CapMetro and the City of Austin for support with marketing, information technology, grant requirements, and the expediting of permit reviews.

FUND SUMMARY AND RESERVES

In FY22, \$178.1 million in revenue and \$321.9 million in expenditures were authorized by the Board. These amounts have been updated to \$181.8 million and \$307.8 million, respectively, based on current revenue and spending levels, which along with a prior year balance of \$145.8 million, brings the total balance carried into FY23 to \$19.9 million. This balance, combined with FY23 budgeted revenues of \$192.9 million, will be available to fund the total expenditure budget of \$90.6 million, leaving \$122.2 million reserved for future project commitments.

The \$122.2 million that is reserved for future commitments is an important financial tool that enables ATP to respond to future anticipated but unbudgeted events. In FY23, the balance will be available via budget amendment to fund ILAs with CapMetro as they are approved.

ATP Operating Fund Summary			
	FY22 Amended Budget	FY22 Estimate	FY23 Approved Budget
Balance from Prior Year	143,787,820	145,839,258	19,855,174
Total Revenue	178,147,547	181,828,353	192,894,802
Total Expenditures	321,935,367	307,812,437	90,552,489
Reserved for Future Project Commitments	—	19,855,174	122,197,487

OPERATING BUDGET

TRANSFER TO ANTI-DISPLACEMENT INVESTMENTS FUND

The funding approved on November 3, 2020 via Proposition A included \$300.0 million to prevent transportation investment-related displacement and ensure people of different incomes can benefit from the transportation investment. Per an ILA between ATP and the City, funds will be provided to the City on a reimbursement basis to administer and implement the Project Connect Anti-Displacement Programs. The City will use the funds:

- To acquire real property for transit supportive development that will preserve and/or increase the amount of affordable housing proximate to the transit corridors, or
- For financing tools and other anti-displacement strategies related to the implementation of Project Connect.

Funds are budgeted as a transfer from the Operating Fund into the Anti-Displacement Investments Fund in accordance with the sequencing plan and as established in Exhibit B of the ILA. ATP has now appropriated \$100 million in the first two years and will appropriate another \$200 million over the next ten years. Notably, and in alignment with this schedule, with this budget \$100.0 million will have been appropriated within the first 20 months of ATP's operations. Due to the timing of the expenditures, funds allocated to the program may not be entirely consumed in the same fiscal year. The remaining unspent funds will be reserved in the Anti-Displacement Investments Fund for future needs.

Anti-Displacement Investments Fund Summary			
	FY22 Amended Budget	FY22 Estimate	FY23 Approved Budget
Unspent Balance from Prior Year	23,000,000	23,000,000	54,000,000
Transfer in from Operating Fund	42,000,000	42,000,000	35,000,000
Transfer to City of Austin	(65,000,000)	(11,000,000)	(41,000,000)
Unspent Funds	—	54,000,000	48,000,000



CAPITAL BUDGET



CAPITAL BUDGET

CAPITAL BUDGET OVERVIEW

The capital budget funds the total cost of acquiring or constructing an agency asset, including design, bidding, project management, right-of-way acquisition, and construction. Unlike the operating budget, which appropriates funding annually, capital budget funds are available until expended, typically over multiple years. The annual capital budget provides the additional appropriations necessary to begin new, or continue existing, projects.

To date, the capital budget has been solely funded via a transfer from the operating budget. It is planned that in the future, funding sources will expand to include revenue-backed debt, grants, federal loans, and various other smaller revenue sources.

Funding for CapMetro-led Project Connect projects, such as the MetroRapid Menchaca-South Lamar & Gold lines, MetroExpress, and the McKalla Station, will be appropriated at a future date once those projects have governing interlocal agreements approved by both the CapMetro and ATP Boards.

ATP Capital Budget Overview				
	Prior Appropriations	Prior Spend through FY22	FY23 New Appropriations	FY23 Planned Spending
ATP - Lead Projects				
Light Rail	\$205.1	\$92.1	—	\$50.0
CapMetro - Lead Projects				
Commuter Rail Station (McKalla)	14.3	6.0	—	0.0
MetroRapid Expo & Pleasant Valley	35.6	10.8	—	24.8
MetroRapid Menchaca-South Lamar & Gold	14.0	1.4	—	0.0
Park & Rides	13.3	0.5	—	0.0
Neighborhood Circulators	0.2	0.2	—	0.0
ATP FY 2023 Capital Budget	\$282.5	\$111.0	—	\$74.8

CAPITAL BUDGET

LIGHT RAIL PROJECTS

The light rail system continues to progress through project development in partnership with CapMetro, City of Austin, and other stakeholders. Existing appropriations are sufficient to allow continuation of project development. FY23 planned spending totals \$50.0 million, which includes continued funding of the contracts with AECOM and HNTB for preliminary engineering work, planned contracts to provide real estate, engineering, architectural, facilities, systems and vehicles services, and project management costs provided by HDR.

HDR, as the program manager/owner's representative for Project Connect, augments ATP staff to successfully manage the program, provide NEPA compliance analysis and documentation, secure Federal Transit Administration funding and work with partner agencies. Tasks include help with scheduling, cost control, cost estimating, technical document review, strategic communications, graphics, video and 3D visualizations, conceptual and preliminary engineering, and alternatives analysis.

CAPITAL BUDGET

METRORAPID PROJECTS

In FY23, ATP anticipates spending \$24.8 million for the Expo Center and Pleasant Valley MetroRapid lines that will provide the Austin community and visitors with alternate routes to get around the city. Plans for MetroRapid include an all-electric expanded bus service, newly designed stations, and an improved customer experience. The projects include:

- The **Expo Center MetroRapid**, which consists of an approximately 12-mile route along some of the highest ridership corridors in the CapMetro system — Trinity St, San Jacinto Blvd, Manor Rd, and Loyola Ln. A total of 44 stations will be served throughout the corridor, seamlessly connecting downtown Austin with northeast Austin.
- The **Pleasant Valley MetroRapid**, which consists of an approximately 15-mile route along E. William Cannon, Pleasant Valley Rd, and Airport Blvd corridors. Because this route acts as a north-south spine east of I-35, extending transit coverage to the growing area of southeast Austin, it represents one of the highest ridership corridors in the CapMetro system. A total of 43 stations will be served, improving mobility and connectivity of several communities in east/southeast Austin between Mueller and Goodnight Ranch.

Both projects are under construction and an interlocal agreement on betterments along the MetroRapid projects has been approved by the CapMetro Board and the Austin City Council. Both projects were included in the U.S. Department of Transportation's FY22 Annual Report on Funding Recommendations and recommended for funding in President Biden's FY2022 Budget, and CapMetro and ATP are coordinating with FTA to pursue Small Starts Grant Agreements under the Capital Investment Grants Program. The package to formally request Small Starts Grant Agreements for Expo Center and Pleasant Valley was transmitted to FTA in March 2022. Pursuant to conversations with the FTA, the ATP Board fully appropriated the local funding match of \$35.6 million through a budget amendment in FY22. Service for both routes is anticipated to begin in summer 2023.



APPENDIX

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OPERATING FUND SUMMARY

ATP FY 2023 Operating Fund Summary			
	2022 Amended Budget	2022 Estimate	2023 Approved Budget
Balance from Prior Year	143,787,820	145,839,258	19,855,174
Revenue			
Prop A Property Tax	154,781,877	157,260,867	158,970,567
Capital Metro	23,365,670	23,365,670	30,000,000
Other Revenue	—	1,201,816	3,924,235
Total Revenue	178,147,547	181,828,353	192,894,802
Total Funds Available	321,935,367	327,667,611	212,749,976
Expenditures			
Transfer to Capital	241,807,565	241,807,565	—
Transfer to Anti-Displacement Investments Fund	42,000,000	42,000,000	35,000,000
Transfer to Operating Reserve	—	—	20,000,000
Operating Expenses	38,127,802	24,004,872	35,552,489
Total Expenditures	321,935,367	307,812,437	90,552,489
Reserved for Future Project Commitments	—	19,855,174	122,197,487

ANTI-DISPLACEMENT FUND SUMMARY

ATP FY 2023 Anti-Displacement Investments Fund Summary			
	2022 Amended Budget	2022 Estimate	2023 Approved Budget
Balance from Prior Year	23,000,000	23,000,000	54,000,000
Transfers In			
Operating Fund	42,000,000	42,000,000	35,000,000
Total Revenue	42,000,000	42,000,000	35,000,000
Total Funds Available	65,000,000	65,000,000	89,000,000
Expenditures			
Transfer to City of Austin	65,000,000	11,000,000	41,000,000
Total Expenditures	65,000,000	11,000,000	41,000,000
Balance	—	54,000,000	48,000,000

OPERATING RESERVE FUND SUMMARY

ATP FY 2023 Operating Reserve Fund Summary			
	2022 Amended Budget	2022 Estimate	2023 Approved Budget
Balance from Prior Year	—	—	—
Transfers In			
Operating Fund	—	—	20,000,000
Total Revenue	—	—	20,000,000
Total Funds Available	—	—	20,000,000
Expenditures			
Transfer to Operating Funds	—	—	—
Total Expenditures	—	—	—
Balance	—	—	20,000,000

FINANCIAL POLICIES

OVERVIEW

The Government Finance Officers Association considers the adoption of financial policies to be a best practice in that they “are central to a strategic, long-term approach to financial management.” Specifically, well-written policies can institutionalize good financial management practices, help the organization avoid unnecessary risk, support favorable bond ratings which in turn reduce the cost of borrowing, and clearly communicate the policy framework within which staff is working.

ACCOUNTING POLICIES

1. ATP will establish accounting practices that conform to generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) for governmental entities.
2. ATP’s annual financial report will be audited by an independent certified public accounting firm and will be issued no later than six months following the end of the fiscal year. The annual report will include a government-wide Statement of Net Position and a government-wide Statement of Activities, which are accounted for on a full-accrual accounting basis and an economic-resources focus, using accounting methods similar to those used by private-sector companies. ATP’s annual report will also include fund financial statements that provide more detailed information about ATP’s most significant funds, rather than for the entity as a whole.
3. The audit firm will report the results of the annual audit to ATP’s Finance and Risk Advisory Committee within 60 days after the issuance of the annual report. The Chief Financial Officer will ensure the timely resolution of audit recommendations as applicable.
4. The internal Auditor shall be responsible for conducting financial and performance audits. The Executive Director shall be responsible for establishing a process to ensure timely resolution of audit recommendations.
5. Only assets with a value of at least \$10,000 and a life of at least four years shall be capitalized. Capital assets shall be recorded at cost and depreciated over their useful lives using the straight-line method.
6. All grants and other federal and state funds will be managed to comply with the laws, regulations, and guidance of the grantor.
7. Grant revenue will be recognized when all eligibility requirements have been met. The grantor will retain a reversionary interest in the capital asset over the estimated useful life of that asset.

FINANCIAL POLICIES

BUDGET POLICIES

8. A five-year financial forecast will be prepared annually, projecting revenue and expenditures. The forecast will be used as a planning tool in developing the following year's budget.
9. The board shall adopt an annual operating budget and capital budget no later than its September board meeting immediately preceding the start of the fiscal year. The proposed budget will be made available for public review at least 21 days prior to the board meeting.
10. Budget accountability rests primarily with individual departments. Department directors will review budget variances on a quarterly basis with ATP's Budget Director. Significant budget variances will be further evaluated by the Budget Director and the responsible Chief to determine whether remedial action is required. If remedial action is required, the Budget Director will make recommendations to the Chief Financial Officer/Chief Development Officer to address the variance.
11. Quarterly reports on year-to-date spending compared to budget will be provided to the Board; such reports will be reported no later than 45 days after the close of each quarter, with the 4th Quarter report reported no later than 60 days after the close of the year.

RESERVE AND CONTINGENCY POLICIES

12. An Operating Reserve of at least 180 days of operating expenses shall be budgeted annually and used for unanticipated events that reduce or delay revenue collection. Funds shall be allocated from the Operating Reserve by the ATP Board through a budget amendment. Funds shall be allocated each year in the budget process to replace any use of the Operating Reserve during the preceding fiscal year to maintain the balance of the Operating Reserve at the level set above.
13. Reserves and contingencies may be set aside periodically for specific future purposes. These funds are to be used at the discretion of the Chief Financial Officer.

PURCHASING POLICIES

14. ATP shall have and maintain a Procurement Policy, to be approved by the Board, that is consistent with all applicable local, state, and federal statutes, and:
 - a. Provides for public confidence in the integrity, fairness, and accountability of ATP's procurement system.

FINANCIAL POLICIES

- b. Ensures the fair and equitable treatment of all persons who deal with the procurement system of ATP.
- c. Promotes contracting opportunities for all Disadvantaged Business Enterprises (DBEs), Minority-Owned Business Enterprises (MBEs), and Women-Owned Business Enterprises (WBEs), both as prime contractors and subcontractors.
- d. Fosters full and open competition.
- e. Meets the customer's needs in terms of cost, quality, and timeliness of the delivered product or service.
- f. Promotes positive relationships through courtesy and impartiality in all phases of the procurement process.
- g. Handles confidential information or proprietary information with proper consideration of the ethical and legal ramifications of disclosure.
- h. Maintains the integrity of ATP's procurement system.
- i. Provides for the timely, impartial resolution of all procurement issues.
- j. Provides increased efficiency and effectiveness in ATP's procurement activities, thereby exercising good stewardship of public funds and maximizing, to the fullest extent possible, the purchasing value of those public funds.

INVESTMENT POLICIES

- 15. ATP's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with local, state and federal law. ATP investments will be made in accordance with the following objectives in priority order:
 - a. Preservation of capital and protection of principal;
 - b. Maintenance of sufficient liquidity to meet operating needs;
 - c. Security of ATP funds and investments;
 - d. Diversification of investments to avoid unreasonable or avoidable risks; and
 - e. Maximization of return on the portfolio.
- 16. As a nonprofit entity acting on behalf of the City of Austin, ATP is subject to Chapter 2256 of the Texas Government Code and may accordingly invest its funds in:
 - a. Obligations of the United States or its agencies and instrumentalities.
 - b. Direct obligations of the State of Texas.

FINANCIAL POLICIES

- c. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
- d. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.
- e. Bankers' acceptance, so long as each such acceptance has a stated maturity of 270 days or less from the date of its issuance, will be liquidated in full at maturity, is eligible collateral for borrowing from a Federal Reserve Bank, and is accepted by a domestic bank whose short-term obligations are rate at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency or which is the largest subsidiary of a bank holding company whose short-term obligations are so rated.
- f. Commercial paper with a stated maturity of 365 days or less from the date of its issuance that either:
 - i. Is rated not less than A-1, P-1, or the equivalent by at least two nationally recognized credit rating agencies; or,
 - ii. Is rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.
- g. Fully collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas, and secured by a combination of cash and obligations described by a. above (the principal and interest on which are guaranteed by the United States or any of its agencies), pledged with a third party selected or approved by ATP, and having a market value (including accrued interest) of no less than the principal amount of the funds disbursed. The term includes direct security repurchase agreements and reverse security repurchase agreements. The term of any reverse repurchase agreement may not exceed 90 days after the reverse security repurchase agreement is delivered. Money received by ATP under the terms of a reverse security repurchase agreement may be used to acquire additional authorized investments, but the term of the authorized investment acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

FINANCIAL POLICIES

- h. Certificates of deposit issued by depository institutions that have a main office or branch office in Texas that are:
 - i. guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or,
 - ii. secured by obligations that are described by a. through d. above, which are intended to include all direct federal agency or instrumentality issues that have a market value of not less than 102% of the principal amount plus accrued interest of the certificates.
- i. Share Certificates issued by a depository institution that has a main office or branch office in Texas and that is guaranteed or insured by the National Credit Union Share Insurance or its successor.
- j. Securities and Exchange Commission (SEC)-registered and regulated, no-load money market mutual funds that comply with the SEC Rule 2a7, and provides ATP with a Prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940. Excluding bond proceeds, no more than 80% of ATP's monthly average fund balance may be invested in money market mutual funds. And excluding bond proceeds, ATP may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.
- k. Local government investment pools (LGIP) organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Act) and that meet the requirements of the PFIA Section 2256.016, to include:
 - i. assets that consist exclusively of the obligations that are described by Section IV.A., a. through i. above and/or money market mutual funds permitted in j. above that are also consistent with the Investment Policies and Objectives adopted by the LGIP.
 - ii. continuously rated no lower than AAA, AAAm or at an equivalent by at least one nationally recognized rating service.
 - iii. provide ATP with all PFIA required reporting, financial, and disclosure information.
- l. A securities lending program that meets the following conditions:
 - i. A securities lending agreement shall be executed in writing.
 - ii. The securities lending agreement and all loans shall be executed only with a primary securities dealer, as defined by the Federal Reserve; or a financial institution doing business in the state of Texas that has a senior debt rating of at least A or its equivalent by two nationally recognized rating services.

FINANCIAL POLICIES

- iii. The securities lending agreement shall have a term of one year or less.
 - iv. All loans shall be terminable at any time.
 - v. The securities lending agreement shall require that all collateral be pledged to or owned by ATP, held in ATP's name, and as applicable, deposited simultaneously as the security loaned with a third party approved by ATP.
 - vi. Collateralization requirements for all loans shall:
 - 1. include the term or maturity of all collateral that ends no later than the expiration date of the specific loan transaction;
 - 2. be collateralized at not less than 102% of the market value of the securities loaned to included accrued interest and be marked-to-market daily with market value reported daily to ATP; and
 - 3. be collateralized by:
 - a. pledged securities issued by the United States government or its agencies or instrumentalities as defined in Section IV.A. a. through d. above;
 - b. cash invested in accordance with Section IV.A. a. through d., f., or j. listed above.
17. Investments in collateralized mortgage obligations are strictly prohibited. These securities are also disallowed for collateral positions.

DEBT MANAGEMENT POLICIES

- 18. ATP shall establish a sinking fund to ensure that cash is available to make timely debt service payments.
- 19. Refunding of outstanding debt obligation should produce overall positive net present value savings of at least approximately 4.25% of the refunded par.
- 20. ATP shall issue debt by selling bonds competitively, by negotiated sale, or through private placements. The method of sale shall be determined prior to the issuance of debt and will be dependent on market conditions.
- 21. ATP shall use competitive procurement methods to select professional firms in the bond issuance process.
- 22. The term of debt obligations issued by ATP should equal the lesser of the useful life of the item being financed with no term exceeding 30 years.
- 23. ATP may not enter into a debt or financing arrangement unless the transaction is in full compliance with all applicable state and federal laws.

BUDGET PROCESS

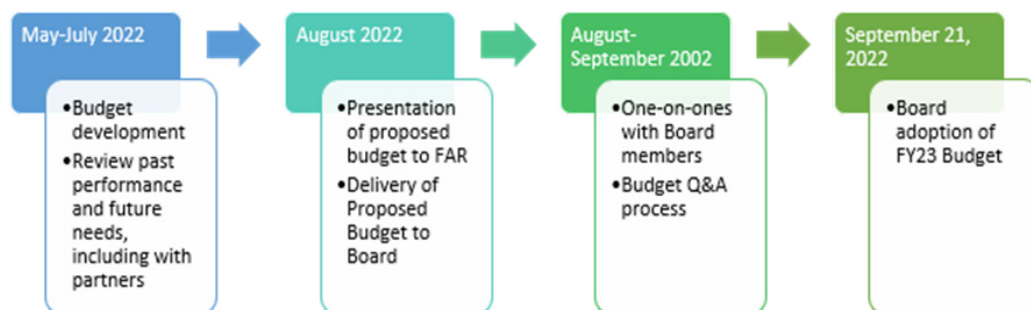
BUDGET DEVELOPMENT

The operating and capital budgets have been prepared with the goal of delivering a fiscally prudent, balanced budget and developed in compliance with the included financial policies. ATP's primary financial goal is to implement Project Connect, as envisioned by its stakeholders, as efficiently and as effectively as possible. The budget process is a key piece of the strategy to achieve these results in a coordinated manner and to make fiscally responsible decisions that will ultimately produce a premier transit system for Austin, Texas.

The budget process serves two principal purposes. Internally, development of the budget provides a forum for the coordinated planning of objectives and tasks within ATP and between its partner organizations. It sets the expectations for performance in the coming year. For the community and other stakeholders, the budget reports on the status of projects and services, detailing the agency's operational objectives, capital improvements, and funding plans.

The annual budget is prepared on a modified accrual basis and adopted by the Board of Directors each fiscal year. For the operating budget, budgetary control is set at the total annual appropriated budget. Operationally, the annual budget is segmented into smaller cost pools with individual appropriation controls in place to provide a greater level of budgetary checks. With respect to capital budgets, budgetary control is set at the total aggregate appropriation by project. In addition, project contingency accounting is used to control expenditures within available project funding limits. Prior to adoption, the proposed budget is presented to the Board of Directors, the Finance and Risk Advisory Committee, and posted on the internet. Adoption of the budget must be on or before September 30 of each year.

The internal process is a collaborative and iterative one, with the agency's senior leadership providing strategic direction and critical review, managers and project managers preparing resource estimates, and financial staff providing feedback and technical support for the process. The Board is engaged during budget development to review major assumptions, structural elements, and cost drivers. Once the proposed budget has been published, the ATP Board provides final review and adoption with support from the Financial and Risk Advisory Committee.



BUDGET PROCESS

BUDGET DOCUMENT

This document is designed to convey to the reader the financial plan for ATP in a clear, concise, and easy to read manner. To that end, it has been divided into four sections. The Introduction includes information about ATP and Project Connect, as well as highlights of the budget. The goal of the Introduction is to provide a high-level overview of the budget so that a general user may not need to delve deeper into the document. The next two sections discuss the operating and capital budgets in detail. The agency's revenue, expenses, and reserves are addressed in the Operating Budget. The Capital Budget provides total appropriations, spend plans, and project details on a project-by-project basis. The final section, the Appendix, provides supporting materials. Included are the agency's fund summaries, financial policies, a description of the budget process, and a glossary of terms and acronyms used throughout the document.

GLOSSARY & ACRONYMS

APPROPRIATION: The legal device by which a governing body authorizes the spending of government funds for specific purposes. Operating appropriations are approved for a single fiscal year, but capital improvement appropriations are multi-year and remain in place until exhausted.

BOND: A debt instrument that requires repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate.

BOND ISSUANCE/SALE: The process where a taxing entity sells bonds as a means of borrowing capital for projects. The taxing entity then repays this debt to the lender over a period of time similar to the manner in which a homeowner pays a mortgage.

BOND PROCEEDS: The amount of principal received from bond issuances (sales) to back up capital improvement expenses.

CAPITAL BUDGET: A plan of proposed projects or investments for fixed assets (primarily infrastructure) and the means of financing them. The annual capital budget is the primary means by which most of the acquisition and construction activities for facilities and major improvements of a government occur.

CAPITAL EXPENDITURE: Expenditures made to purchase capital assets or increase the efficiency, capacity, useful life or economy of an existing asset.

EXPENDITURE: A decrease in net financial resources. They include current operating expenses that require the current or future use of net current assets, debt service, and capital outlay.

FISCAL YEAR (FY): A 12-month period for which an organization plans the use of its funds, which does not necessarily correspond to a calendar year. The fiscal year adopted by Austin Transit Partnership is from October 1 through September 30.

FULL-TIME EQUIVALENT (FTE): A position converted to the decimal equivalent of a full-time position based on a 2,080-hours-per-year work schedule.

FUND BALANCE: Fund Balance is the cash on hand used to pay monthly operating costs, such as salaries, staff health costs, fuel, supplies, utilities, and other expenses.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP): The established standards that guide how financial statements are prepared and presented, such as what items should be recognized, what amounts should be reported for each of the elements, what line items should be included, how items should be aggregated, and what specific information is most important.

GLOSSARY & ACRONYMS

GRANT: Revenue from another government body or organization, usually in support of a specific program or function.

INTERLOCAL AGREEMENT (ILA): A contractual agreement between two or more governmental entities to provide a governmental function or service that each party to the contract is authorized to perform individually. Governed by Chapter 791 of the Texas Government Code.

LOCAL GOVERNMENT CORPORATION (LGC): A local government corporation may be created under Texas Transportation Code Chapter 431 to aid and act on behalf of one or more local governments to accomplish any governmental purpose of those local governments. A local government corporation has the powers of a transportation corporation authorized for creation by the Texas Transportation Commission, which among other powers, includes the power to issue bonds and notes.

RESERVE: An account in which a portion of the fund balance is set aside for a future use and which is, therefore, not available for further appropriation or expenditure.

REVENUE: The income generated from taxes, fees, payments, grants, and other revenue. Also includes transfers from other governmental entities.

TRANSFER: The authorized exchange of cash or other resources between funds, departments, accounts, or other entities. Must include a revenue-to-expense transaction.

BUDGET ADOPTION RESOLUTION



Austin Transit Partnership Board of Directors Resolution

Meeting Date: 09/21/2022

ATP-2022-010

Resolution Approving the ATP Fiscal Year 2023 Budget

SUBJECT: Approval of a resolution adopting the Fiscal Year 2023 Budget.

FISCAL IMPACT: Establishes the FY2023 Operating Budget at \$90,552,489 and authorizes 87.0 full-time equivalent employees.

RESPONSIBLE DEPARTMENT: Finance

EXECUTIVE SUMMARY: Austin Transit Partnership ("ATP") requires an approved budget for FY2023 to cover operations and capital expenditures necessary to oversee and finance the acquisitions, construction, equipping, and operations and maintenance of Austin's rapid transit system. The ATP FY2023 budget totals approximately \$90.6 million, including \$35 million for transit-supportive anti-displacement investments, \$20 million for an operating reserve, and \$35.6 million for operating expenses which includes funding for 87.0 full-time equivalents.

BUDGET ADOPTION RESOLUTION

**RESOLUTION
OF THE
AUSTIN TRANSIT PARTNERSHIP
BOARD OF DIRECTORS**

STATE OF TEXAS

Resolution ID: ATP-2022-010

COUNTY OF TRAVIS

**Resolution Approving the ATP Fiscal
Year 2023 Budget**

WHEREAS, Austin Transit Partnership staff has developed a budget for Fiscal Year 2023 to fund the operations and capital expenditures necessary to oversee and finance the acquisition, construction, equipping, and operations and maintenance of Project Connect during the next fiscal year.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of ATP that the ATP Fiscal Year 2023 budget is hereby adopted, including amendments, attached hereto as Exhibit A.

DocuSigned by:

Casey Burack

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Casey Burack

Secretary of the Board

10/27/2022

Date: _____

BUDGET ADOPTION RESOLUTION

**RESOLUTION
OF THE
AUSTIN TRANSIT PARTNERSHIP
BOARD OF DIRECTORS**

STATE OF TEXAS

Resolution ID: ATP-2022-010

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Casey Burack

Secretary of the Board

10/27/2022

Date: _____

BUDGET ADOPTION RESOLUTION

DIRECTION TO THE EXECUTIVE DIRECTOR AND DIRECTOR OF INTERNAL AUDIT FOR THE FISCAL YEAR 2023 ATP BUDGET

Approved September 21, 2022

BE IT FURTHER RESOLVED that the Executive Director must give notice to the Board prior to filling any additional staff positions, beyond those the two positions (Chief of Engineer and Construction and Chief Communications Officer) the Board has already been made aware of, the positions that have already been filled, or the 9 additional positions identified as critical in the next 3 months (Legal Services, IT, Business Processes Development, Training/Equity, Accounting, Communications, Audit, and Planning and Controls) at the ATP Board meeting on September 21, 2022, this prior notice must provide the Board sufficient time to be able to raise questions and concerns, if any, and for the Board to convene to discuss, take action, or move in a different direction if it so wishes; and

BE IT FURTHER RESOLVED that the Executive Director must give notice to the Board of the full amounts of the HDR, AECOM, and HNTB task orders for the second half of Fiscal Year 2023, once negotiations are concluded, this prior notice must provide the Board sufficient time to be able to raise questions and concerns, if any, and for the Board to convene to discuss, take action, or move in a different direction if it so wishes; and

BE IT FURTHER RESOLVED that the Director of Internal Audit must give notice to the Board prior to adding more than one Audit staff position to her department, this prior notice must provide the Board sufficient time to be able to raise questions and concerns, if any, and for the Board to convene to discuss, take action, or move in a different direction if it so wishes.