



Approve Draft Budget and Overall Work Program for Fiscal Year 2025-2026, Adopt Salary Schedule

Action

Author: Loretta Su

Attachments: Yes

Referring Committee: Policy & Innovation

Issue:

The Draft Budget and Overall Work Program (Budget/OWP) for Fiscal Year (FY) 2025-2026 is ready for board consideration and release for public comment. Also included is the updated salary schedules.

Request:

Approve

Recommendation for Board:

The Policy and Innovation Committee recommended that the board release the Draft Budget/OWP for FY 2025-2026 for public comment and approve the updated salary schedule.

Recommendation for Committee:

That the Policy and Innovation Committee recommend that the board release the Draft Budget/OWP for FY 2025-2026 for public comment and approve the updated salary schedule.

Background:

The SACOG Board of Directors adopts an annual budget for the SACOG Planning and Administration General Fund (General Fund Budget) which includes the Overall Work Program activities (OWP), Board of Directors and Advocacy budget, capital assets, and other related functions/activities not associated with the OWP. The Board of Directors of the Capitol Valley Regional Service Authority for Freeways and Expressways (CVR-SAFE) adopts its annual budget, which includes expenditures related to freeway emergency services in El Dorado, Sacramento, San Joaquin, Sutter, Yolo, and Yuba counties. Additionally, its activities are included in the OWP. The annual budgets are prepared on a modified accrual basis of accounting and adopted on a basis consistent with generally accepted accounting principles. The legal level of control is at the fund object level and board approval is required for additional appropriations.

Federal law, including the Bipartisan Infrastructure Law, requires the development of an Overall Work Program and Budget (Budget/OWP) by the federally designated Metropolitan Planning Organization (MPO). As such, SACOG's OWP describes the continuing, comprehensive, and coordinated metropolitan planning process for the six-county Sacramento region. The Budget/OWP includes annual agency revenues and expenditures, and is used by Caltrans, federal agencies, and others to track activities of SACOG, Caltrans, the El Dorado County Transportation Commission (EDCTC), and the Placer County Transportation Planning Agency (PCTPA).

SACOG Planning and Administration General Fund Budget (General Fund Budget) is separated out into two functional budgets for tracking and reporting purposes.

- **The Operations Budget:** includes OWP activities, capital assets and other related activities not associated with the OWP. It is mainly funded through a combination of formula-based federal and state revenue sources, supplemented by short-term specific discretionary and non-discretionary grants, and contract funds.
- **The Board and Advocacy Budget:** includes a portion of technical assistance SACOG provides to its members, the agency's state and federal advocacy efforts, as well as board costs such as per diem and mileage expenses. It is primarily funded by annual dues payments from SACOG member cities and counties.

The OWP serves as the primary reference for SACOG's budget and work activities for the upcoming fiscal year (July 1, 2025, through June 30, 2026) and as a grant agreement between SACOG and Caltrans for certain federal and state formula funds that support SACOG ongoing operations, planning, and programming activities. The OWP work plan activities for FY 2025-2026 align and support SACOG's strategic goals: (1) Equity, (2) Economy and (3) Environment. The OWP requires the approval of Caltrans, Federal Highway Administration (FHWA), and the Federal Transit Administration (FTA) after the adoption by SACOG Board of Directors. Staff submitted an administrative draft version of the OWP to Caltrans on February 28, 2025, for a preliminary review of major work elements to ensure that SACOG's planned activities are consistent with the amount and purpose of funding sources supporting the work program.

With the board's approval, staff will release the draft Budget/OWP for public review and comment. Staff will provide a summary of any changes resulting from comments received from Caltrans, federal agencies, and other partners' preliminary review, along with any other comments received during the public review period, in April 2025, with the draft final version of the Budget/OWP. The attachments to this item include the budget financial summaries associated with the Draft Budget/OWP submitted to Caltrans. Because of the size of the OWP document, it is available to view or download on SACOG's website by clicking this link: [Draft OWP](#).

Discussion/Analysis:

Since the Policy & Innovation Committee meeting, staff have made some minor adjustments based on new information. The changes in revenues and expenditures do not substantially change the draft budget.

To implement SACOG's mission and goals and deliver on our region's Metropolitan Transportation Plan and Sustainable Communities Strategy, SACOG's upcoming fiscal year's work program focuses on these priorities:

1. Build vibrant and inclusive places
2. Foster the next generation of mobility solutions
3. Modernize the way we pay for transportation infrastructure

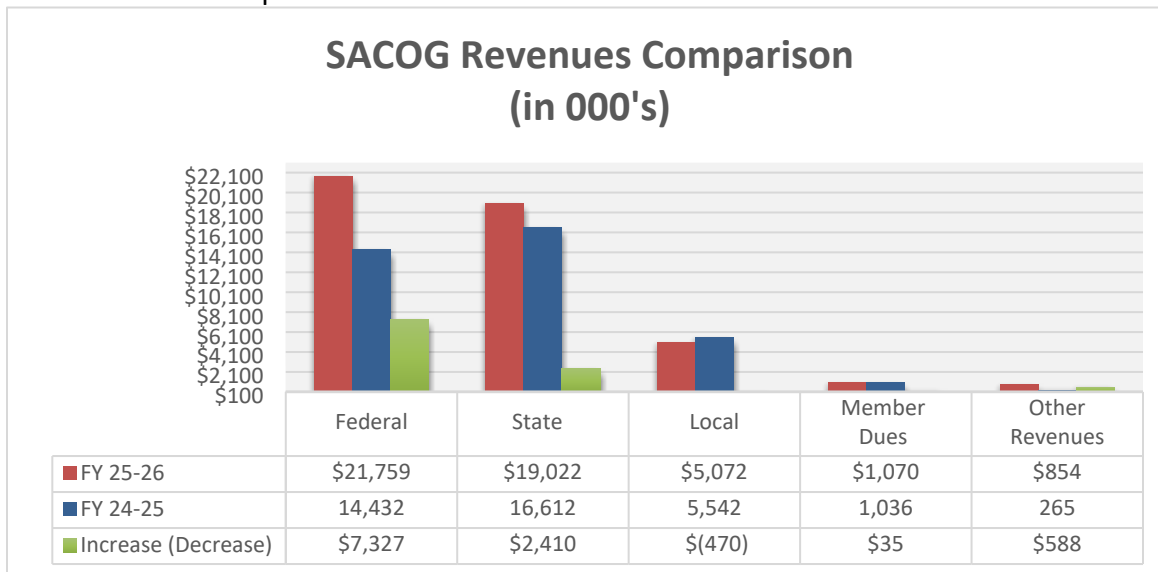
4. Build and maintain a safe, equitable and resilient transportation system

Staff have taken a conservative approach to forecast revenues and has only included grants and other revenues that are secured and anticipated to have corresponding expenditures in the fiscal year. Any success with grant applications in the coming months may require adjustments to the budget. Other adjustments may include carryover funds from the current fiscal year that will not be fully spent by June 30, 2025, and any revisions to formula funds pending Caltrans and federal agencies review.

Fund Balance

On June 30, 2025, the SACOG Planning & Administration General Fund unassigned fund balance is projected to be approximately \$5.7 million plus various assigned operating reserves of \$3.8 million. This includes savings of \$434,000 from the approved use fund balance of \$900,000 for committed cash match requirements on discretionary grant and committed program expenses which will not be spent by June 30, 2025, and will be carried over to FY 2025-2026 Budget/OWP.

The total proposed General Fund Budget includes revenues of \$47,776,394 and use of various reserve fund balance of \$1,397,254, totaling \$49,173,647 in FY 2025-2026. This represents an increase of 14.5 percent or \$6,223,682 compared to Amendment #1 to Budget/OWP for FY 2024-2025, which was \$42,949,965. The chart below shows a comparison of revenues for FY 2025-2026 vs. FY 2024-2025 for the General Fund Budget.



Below shows the breakdown of the two functional budgets that makes up the total proposed General Fund Budget amount.

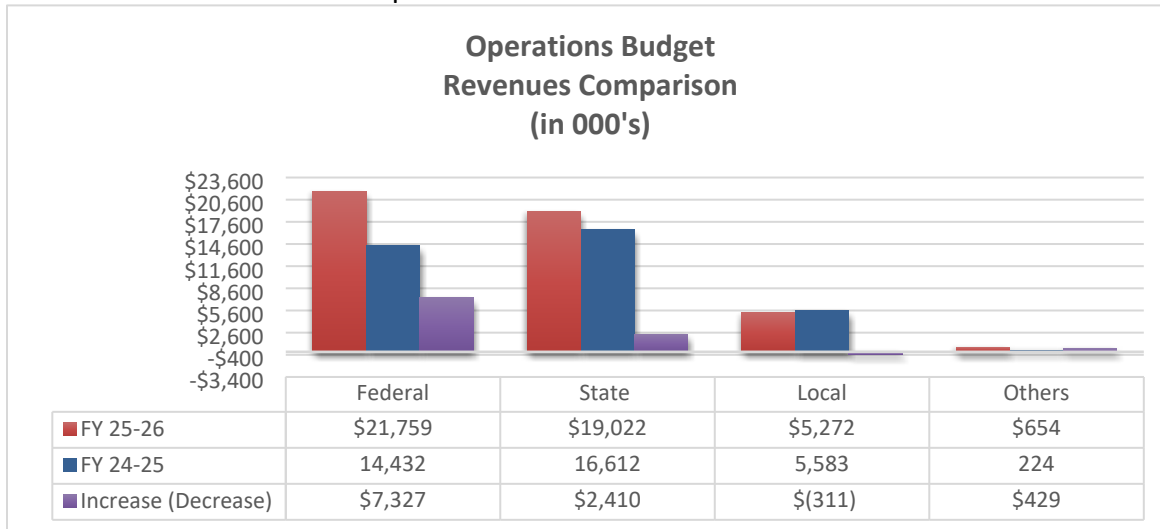
SACOG Operations Budget

This functional budget consists of the Overall Work Plan activities, capital assets and other related functions/activities not associated with the OWP.

Revenues

The draft Operations Budget includes revenues of \$46,706,038 in revenues and use of reserve funds of \$1,172,254 for FY 2025-2026. This represents an increase of approximately 14.8 percent or \$6,166,373 compared to the FY 2024-2025 Budget/OWP of \$41,711,918.

The chart below shows a comparison of revenues for FY 2025-2026 vs. FY 2024-2025.



Some highlights (not intended as an exhaustive list) of revenue changes are as follows:

Increase in Revenues Due to New or Increase Funding

- **Reconnecting Communities and Neighborhoods (RCN) funds:** increase of \$8,355,967 for the Green Means Go Program.
- **Regional Early Action Planning Grants Program (REAP 2):** Increase of \$1,153,957 for the Green Means Go program, net of restricted funds.

Decrease in Revenues Due to Completion or Near Completion of Projects in FY 2024-2025

- **FTA Rescue Plan Act Stimulus Funding (ARPA):** Decrease of \$161,426 due to the completion of the Regional Transit Study and Transit Recovery Activities (SAC227).
- **Regional Early Action Planning Grants Program (REAP 2):** Decrease of \$475,253 due to the completion of the state required housing elements (SAC217).
- **FHWA State Planning & Research Funds (SP&R):** Decrease of \$95,104 due to the completion of the Leveraging Road Pricing and Shared Use Mobility Incentives grant (SAC226).
- **CMAQ and RSTP funding:** Decrease of \$790,113 for winding down of the Regional Bike Share program and Mode Shift grant awards.
- **FTA 5307 funding:** Decrease of \$161,426 for completion of the Next Generation Regional Mobility Hub Design grant (SAC232).
- **Pass-through State Transit and Intercity Rail Capital Program (TIRCP) funding:** Decrease of \$787,000 for the Transit Operators contactless fare system.
- **State Transit and intercity Rail Capital Program funds:** Decrease of \$291,789 for SB 125 Transit Program.
- **Local Funds:** Decrease of \$180,406 as SACOG is transitioning out of the project management and administration support for CARTA.

Changes in Formula Planning Funds

- **Planning, Programming and Monitoring (PPM) funding:** Increase of \$178,397.
- **Transportation Development Act (TDA) funding:** Increase of \$292,668 due to reduction of estimated sales taxes revenue for Sacramento County LTF funds. This is in addition to the reduction of sales taxes revenue of \$326,679 for Fiscal Year 2024-2025.

Changes in reserve/carryover fund balance

- **Use of SACOG Managed Fund:** Decrease of \$782,913 for committed community design projects and EEI Program, offset by SMF Interest Income of \$400,000.
- **Pension Trust:** Proposed use of \$225,000 to offset the increased pension unfunded actuarial liability (UAL) payment for Fiscal Year 2025-2026. The Pension Trust had a balance of \$2,070,495 as of December 31, 2024.
- **Fund Balance (Carryover):** Only include the approved use of \$434,431 for required cash match for Caltrans' Sustainable Transportation Planning grants and consulting expenses for Engage Empower & Implement (EEI) and Blueprint Environmental Impact Report (EIR) from fiscal year 2024-2025. Staff is not proposing to use of additional unassigned fund balance to balance Fiscal Year 2025-2026 budget expenses.

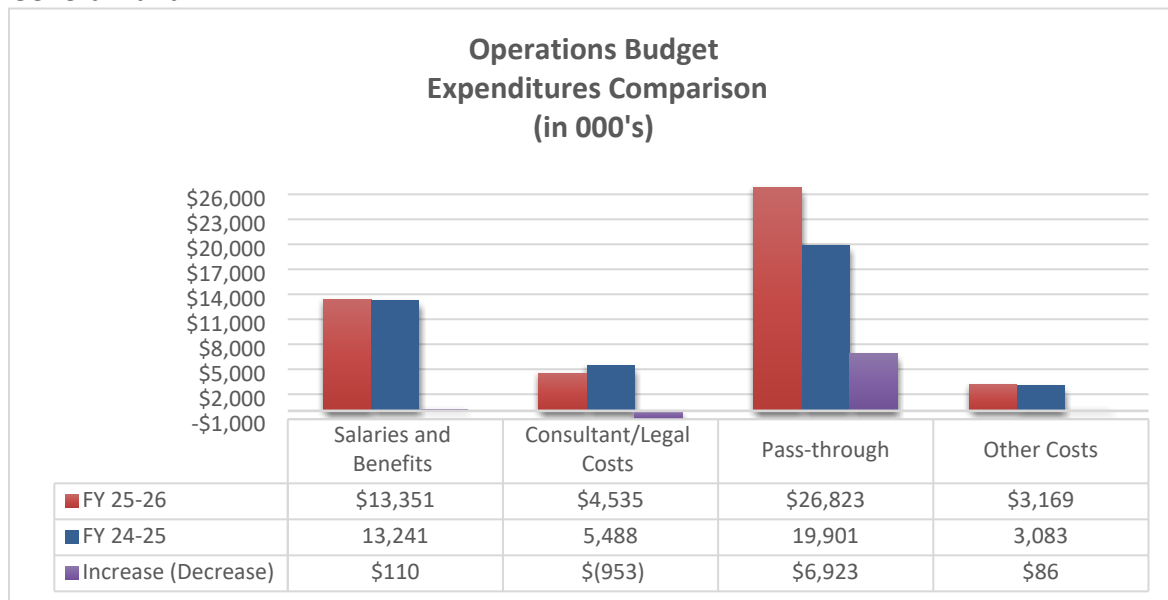
Expenditures

The proposed expenditures for the Operations Budget are \$47,878,292 in FY 2025-2026. This represents an increase of 14.8 percent or \$6.2 million, compared to FY 2024-2025 Budget/OWP of \$41,711,919. This proposed work program includes new and continuing initiatives in implementing the four priorities, including the 2025 Blueprint, Green Means Go, Mobility Zones, Regional Funding Round, REI Initiative, and Engage, Empower & Implement (EEI).

Key Changes in Expenditures for FY 2025-2026 Compared to FY 2024-2025

- **Salaries and Benefits:** Slight increase due to the 3 percent cost-of-living adjustments (COLA) based on existing labor agreement to apply a COLA depending on the change in the California Consumer Price Index and related benefits costs. This is offset by the elimination of the two open positions from the current fiscal year budget. **Attachment K** is the salary schedule reflecting COLA for FY 2025-2026.
- **Pass-through to Other Agencies:** Increase primarily due to the Green Means Go program with additional funding from Reconnecting Communities and Neighborhoods (RCN) and existing REAP 2 Green Means Go funding of approximately \$9,510,000, offset by other pass-through fundings like State Housing Elements , Transit Operators contactless fare system and Engage, Mode Shifts, Truxel Bridge Feasibility Study, and Empower and Implement (EEI) Program of approximately \$2,587,000.
- **Consultant/Legal Costs:** Decrease primarily due to nearing completion of Environmental Impact Report (EIR) for 2025 Blueprint of \$562,000, Transit Operators Long Range Financial Analysis and Planning of \$233,000 and Next Gen Regional Mobility Hub of \$115,000.

The chart below shows a comparison of expenses for FY 2025-2026 vs. FY 2024-2025. **Attachment F** provided a summary of revenues and expenditures and estimated Fund Balance for the Planning and Administration General Fund.



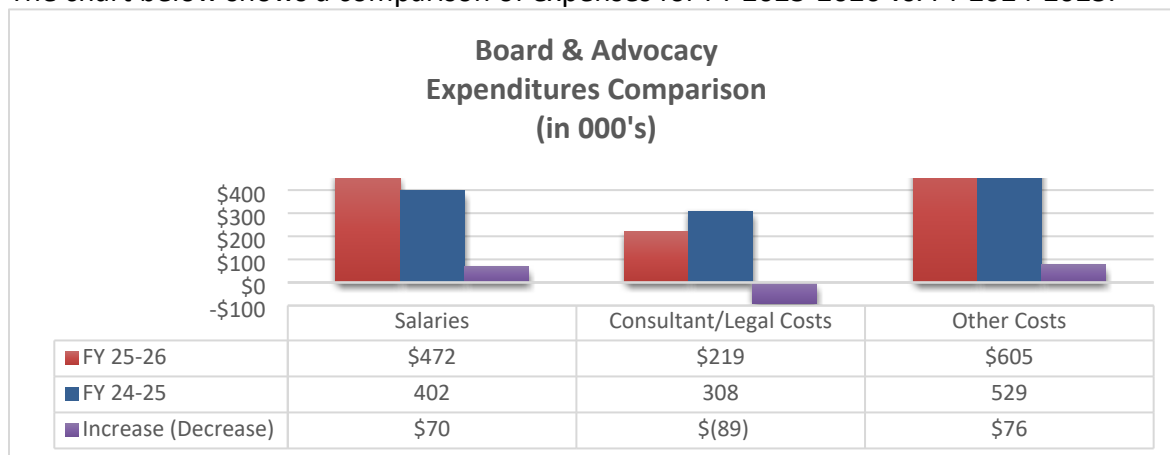
Attachment A provides a summary of revenues changes by funding sources for FY 2025-2026 Budget/OWP, comparing to FY 2024-2025 Budget/OWP. **Attachments B and C** provide a summary of revenues and expenditures included in the FY 2025-2026 Budget/OWP and **Attachments D and E** show how revenues and expenditures are allocated across the agency's work activities.

Attachment G is the Capital Assets Budget included in the FY 2025-2026 Budget/OWP. **Attachment H** describe SACOG's overhead costs included as part of the FY 2025-2026 Budget/OWP. These costs are considered indirect costs and recovered through an additional rate charge applied to any direct staff costs billed to projects. Indirect costs include salaries and benefits of administrative and accounting staff, internal management activities performed by management, building rent and utilities, software, and other costs associated with SACOG's overhead. Staff will submit the fringe and indirect rates (ICAP) for FTA and Caltrans' approval by June 2025.

Board and Advocacy Budget

The Board of Directors and Advocacy budget for FY 2025-2026 is \$1,295,356. It is funded primarily with member dues from member cities and counties and use of Board and Advocacy reserve funds of \$225,000. These Board and Advocacy activities include state and federal advocacy, partnership events and meetings, board per diem and other expenses. The budget also includes partnerships and technical assistance to member jurisdictions beyond what is possible in the main budget either due to eligibility or budget constraints. **Attachment I** provides a summary of the draft FY 2025-2026 Board and Advocacy budget.

The chart below shows a comparison of expenses for FY 2025-2026 vs. FY 2024-2025.



CVR-SAFE Budget (for Information only)

The SAFE Board of Directors will act on the draft CVR-SAFE budget in May 2025 and the Final budget in June 2025. The preliminary SAFE Budget for FY 2025-2026 is \$3,463,101. SACOG provides administrative services for CVR-SAFE so the activities are included in Budget/OWP.

Fiscal Impact/Grant Information:

The Draft Budget/OWP for FY 2025-2026 reflects a total revenue of \$47,776,394 and use of fund balance of \$1,397,254 for SACOG Planning and Administrative General Funds to cover total expenditures of \$49,173,647 in salaries, fringe benefits, consultant, capital, indirect, board expenses and pass-through expenditures.

List of Attachments:

Attachments A-J - Budget Schedules

Attachment K – Updated Salary Schedules