



Approve Draft Budget and Overall Work Program for Fiscal Year 2024-2025

Action

Author: Loretta Su

Attachments: Yes

Approved by: James Corless

Referring Committee: Policy & Innovation

Issue:

The Draft Budget and Overall Work Program (Budget/OWP) for Fiscal Year (FY) 2024-2025 are ready for board consideration and release for public comment.

Recommendation:

The Policy and Innovation Committee unanimously recommended that the board release the Draft Budget/OWP for FY 2024-2025 for public comment.

Background/Analysis:

The SACOG Board of Directors adopts an annual budget for the SACOG Planning and Administration 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 Capitol Valley Regional Service Authority for Freeways and Expressways (CVR-SAFE) Board of Directors adopts its annual budget which includes expenses related to the freeway emergencies services in the counties of El Dorado, Sacramento, San Joaquin, Sutter, Yolo and Yuba counties and its activities are also 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 recently adopted Bipartisan Infrastructure Law, requires the development of an Overall Work Program (OWP) and budget 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 is separated out into two functional budgets for tracking and reporting purposes. The first budget is Operations Budget which includes OWP activities, capital assets and other related activities not associated with the OWP and 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 second budget is 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 meetings and board costs such as peer region tours, per diem and mileage expenses. The Board and Advocacy Budget 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, 2024, through June 30, 2025) and as a grant agreement between SACOG and Caltrans for certain federal and state formula funds that support our ongoing operations, planning, and programming activities. The OWP work plan activities for FY 2024-2025 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 March 1, 2024, 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 2024, 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:

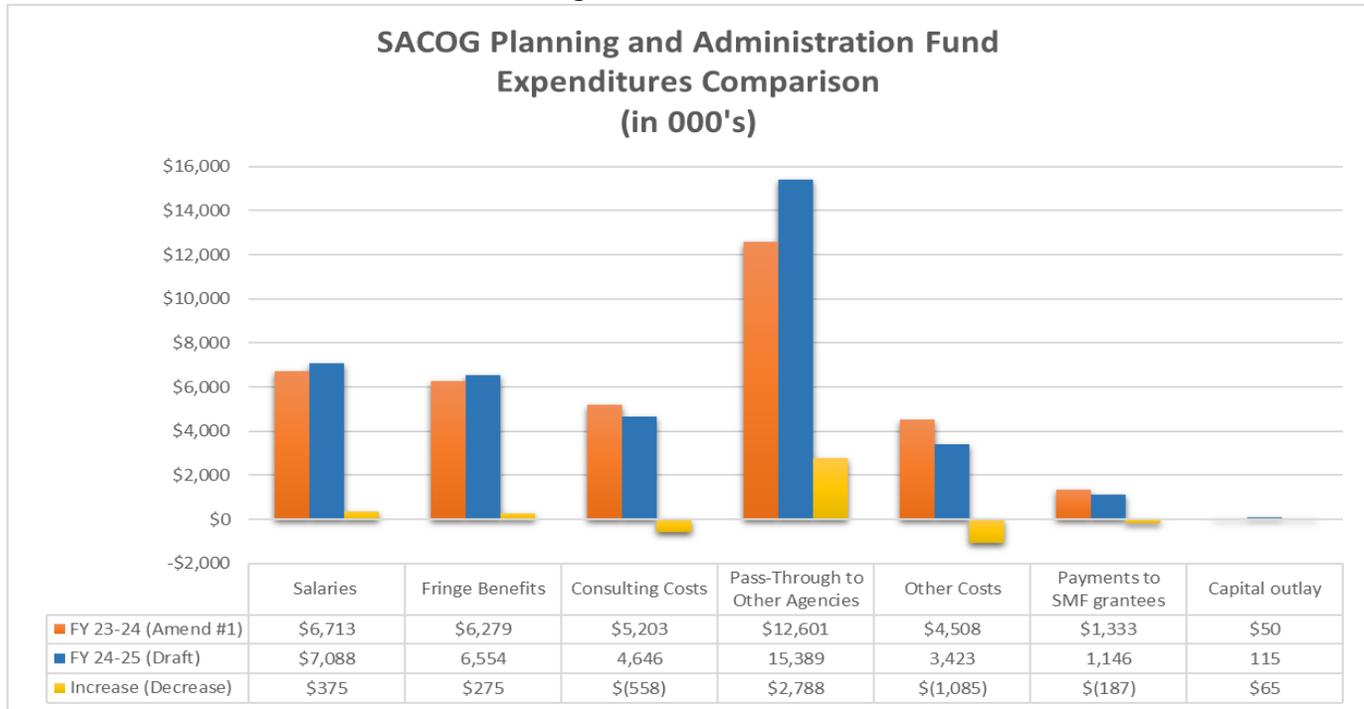
In order to implement SACOG's mission and goals, and deliver on our region's Metropolitan Transportation Plan and Sustainable Communities Strategy, SACOG's upcoming fiscal year's work program continues to focus on these priorities: (1) build vibrant and inclusive places, (2) foster the next generation of mobility solutions, (3) modernize the way we pay for transportation infrastructure, and (4) build and maintain a safe, equitable and resilient transportation system. Staff has taken a conservative approach to forecasting revenues and has only included grants and other revenues that are secured and anticipated to have corresponding expenditures in the fiscal year. Several grant applications are still outstanding and any successful 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, 2024, and any revisions to formula funds pending Caltrans and federal agencies review.

Fund Balance

At June 30, 2024, the SACOG Planning & Administration General Fund unassigned fund balance is projected to be approximately \$4.5 million plus various assigned reserves of \$3.7 million. This includes an anticipated \$400,000 savings from not having to use the full \$900,000 fund balance that was included in the FY 2023-2024 adopted budget due to the timing of expenses and/or use of other fund sources. However, staff is proposing to use this \$400,000 savings plus additional \$500,000 fund balance in FY 2024-2025 Budget for committed cash match requirements on grants and ongoing projects and activities like the staff costs for Green Means Go and consultant costs for the Blueprint Environmental Impact Report.

For this draft budget, total expenditures for the Planning and Administration General Fund are \$38,360,973 (Budget/OWP) in FY 2024-2025, an increase of 4.6 percent or \$1.7 million over the previous fiscal year of \$36.7 million. This proposed work program will see the delivery of the final work products for the Regional Early Action Program (REAP 1) housing activities and Caltrans Strategic Partnership Grants (FY 2022-2023 awards), with new and continuing initiatives such as the 2025 Blueprint, Green Means Go, Mobility Zones, Carbon Reduction Program, Trail Plan Implementation, and other discretionary grants. The increased staffing (1.5 FTE) is for support and execution of planning, programming, and project delivery commitments.

The chart below shows the expenditures summary for the fiscal year 2024-2025 which includes the Draft Operations and Board & Advocacy Budgets. **Attachment F** provided a summary of revenues and expenditures and estimated Fund Balance for the Planning and Administration General Fund.



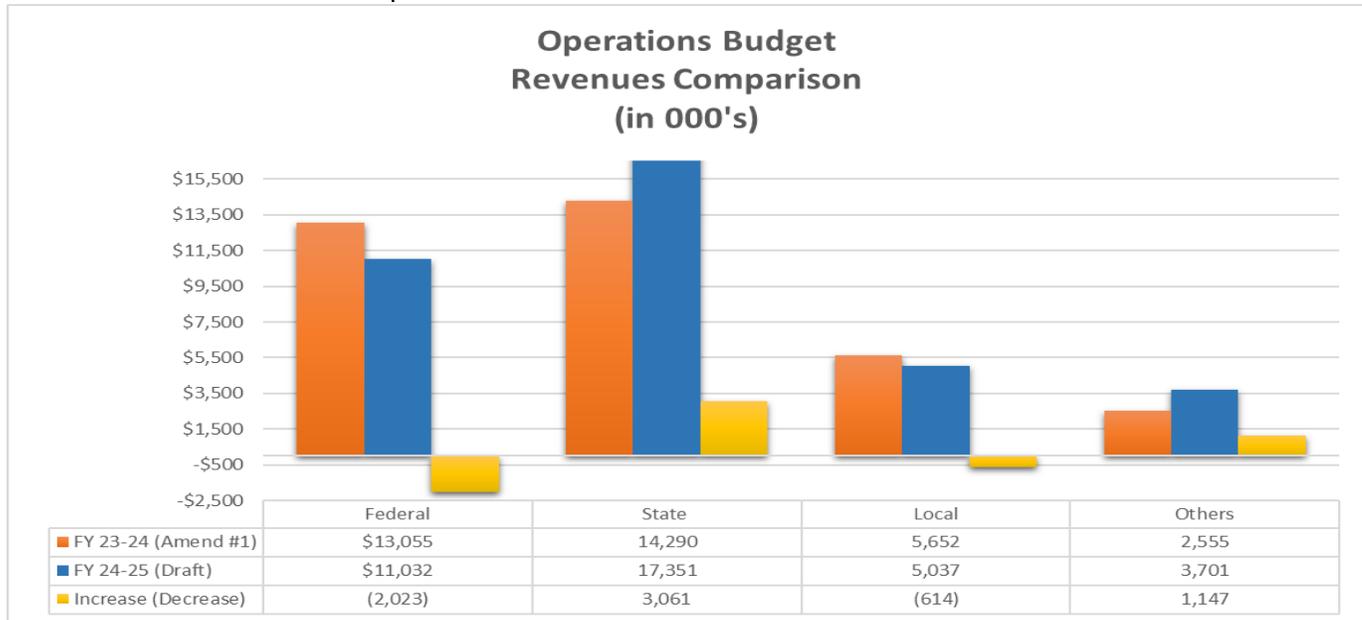
SACOG Operations Budget

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

Revenues

The draft Budget/OWP identifies \$33,720,802 in revenue and use of reserve fund balance and carryover funds of \$3,401,311, totaling \$37.1 million in FY 2024-2025. This is an increase of approximately 4.4 percent or \$1.6 million, compared to the previous fiscal year of \$35,551,531.

The chart below shows a comparison of revenues for FY 2023-2024 vs. FY2024-2025.



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

- ❖ Increase in revenues due to new or increase funding:
 - New SB 125 funding for administration of the Transit and Intercity Rail Capital and Zero Emission Transit Capital Programs (SAC238) in the amount of approximately \$766,000.
 - Increase in Green Means Go Pass-Through funds in the amount of \$2,379,000. This does not reflect the Governor’s proposed reduction of REAP funding in the released draft budget.

- ❖ Decrease in revenues due to completion or near completion of projects in FY 2023-2024. This includes:
 - FHWA State Planning & Research Funds (SP&R) funding of approximately \$851,000 due to the completion of the Leveraging Road Pricing and Shared Use Mobility Incentives grant (SAC226).
 - FTA Rescue Plan Act Stimulus Funding (ARPA) in the amount of approximately \$320,000 due to the completion of the Regional Transit Study and Transit Recovery Activities (SAC227).
 - CMAQ and RSTP funding in the amount of approximately \$832,000 due to winding down of the Regional Bike Share program and Mode Shift grant awards.
 - FTA 5307 funding in the amount of approximately \$307,000 primary due to winding down of the Next Generation Regional Mobility Hub Design (SAC232).
 - REAP 1 (Housing Elements) funding in the amount of approximately \$106,000 due to winding down of the program.

- ❖ Changes in formula planning funds:
 - Increase (carryover) of Metropolitan Planning Funds (PL & 5303) in the amount of approximately \$367,000.
 - Increase in Planning, Programming and Monitoring (PPM) funding in the amount of approximately \$251,000.
 - Decrease in Transportation Development Act (TDA) funding in the amount of approximately \$500,000 due to lower sales tax estimates.

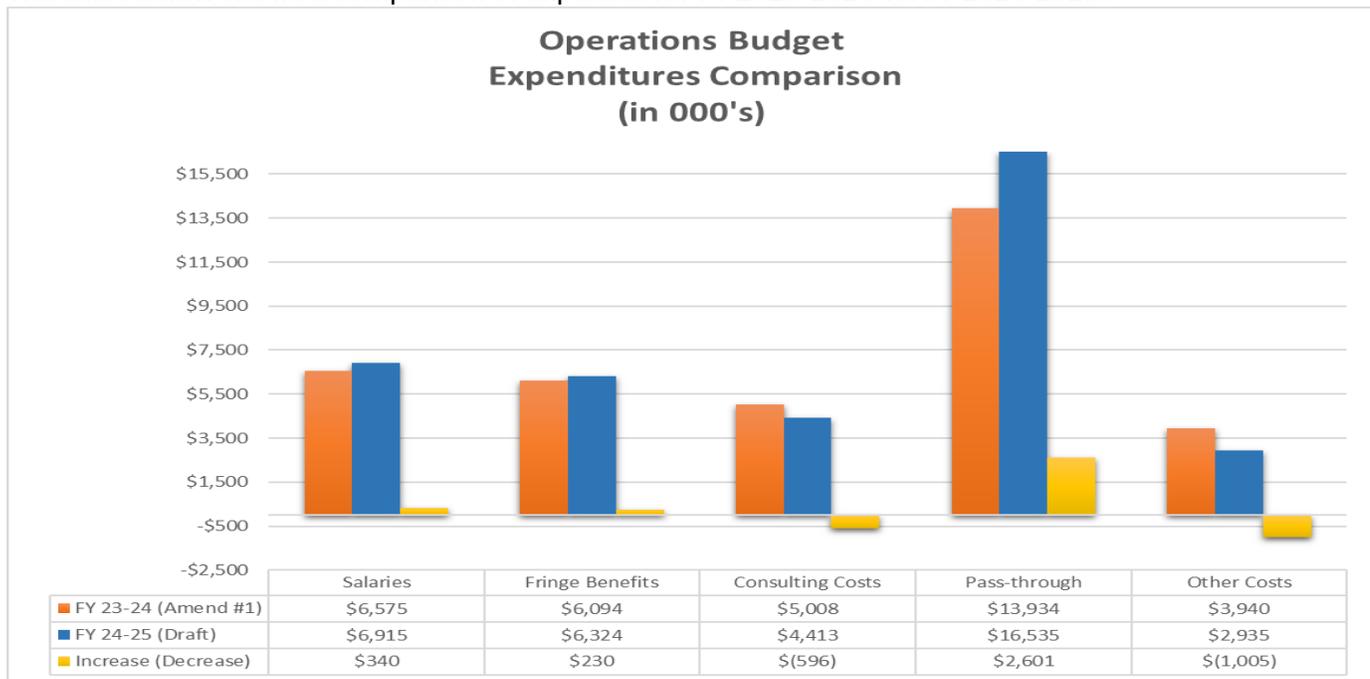
- Decrease in EDCTC and PCTPA contribution to the planning activities in the amount of \$219,000 due to pending memoranda of understanding with each agency in light of the changes in responsibilities for selecting federal funds for transportation projects.

❖ Changes in reserve and carryover fund balance:

- Increase in the use of SACOG Managed Fund for cash match for the Mobility Zones (RAISE grant) of \$313,000, funding for the EEI Program of \$300,000 and as a proposed loan to Capital Area Regional Tolling Authority (CARTA) of \$1,000,000. The terms and approval of the proposed loan to CARTA will be brought separately to SACOG in April and to CARTA in May.
- Include use of fund balance (carryover) of \$900,000 for committed and required cash match for grant awards and projects. This includes required cash match for Caltrans' Sustainable Transportation Planning grants, staff costs for Green Means Go and consultant costs for MTP/SCS Outreach and Technical Support, Race Equity & Inclusion Initiative (REI), Engage Empower & Implement (EEI) and Blueprint Environmental Impact Report (EIR).

Attachment A provides a summary of revenues changes by funding sources for FY 2024-2025 Budget/OWP, comparing to FY 2023-2024 Budget/OWP, as amended. **Attachments B and C** provide a summary of revenues and expenditures included in the FY 2024-2025 Budget/OWP. **Attachments D and E** show how revenues and expenditures included in the FY 2024-2025 Budget/OWP are allocated across the agency's work activities.

The chart below shows a comparison of expenses for FY 2023-2024 vs. FY 2024-2025.

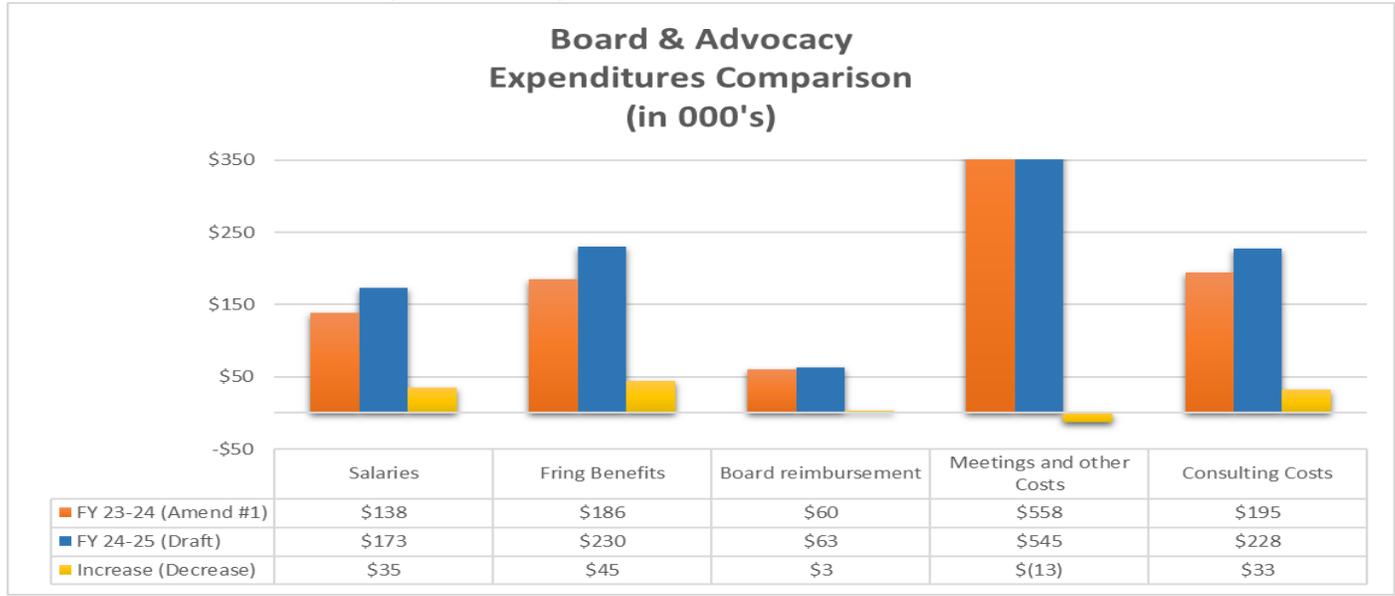


Attachment H is the Capital Assets Budget included in the FY 2024-2025 Budget/OWP. **Attachment I** describe SACOG's overhead costs included as part of the FY 2024-2025 Budget/OWP. These costs are considered indirect costs and recovered through an additional rate charge applied to any direct staff costs 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 for FTA and Caltrans' approval by June 2024.

Board and Advocacy Budget

The Board of Directors and Advocacy budget for FY 2024-2025 is \$1,032,646 and is funded primarily with member dues from member cities and counties and use of Board and Advocacy reserve funds of \$206,215. 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 G** provides a summary of the draft FY 2024-2025 Board and Advocacy budget.

The chart below shows a comparison of expenses for FY 2023-2024 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 2024 and the Final budget in June 2024. The preliminary SAFE Budget for FY 2024-2025 is \$2,813,000. 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 2024-2025 reflects a total revenue of \$34,753,448 and use of fund balance of \$3,607,526 for SACOG Planning and Administrative General Funds to cover the total expenditures of \$38,360,973 for staff, consultant, capital, indirect, board expenses and pass-through costs.