



Adopt the Final 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 Final Budget and Overall Work Program (Final Budget/OWP) for Fiscal Year (FY) 2024-2025 are ready for board action.

**Recommendation:**

The Policy and Innovation Committee unanimously recommended that the board adopt the Final Budget/OWP for FY 2024-2025 and authorize the executive director to finalize and execute a loan with the Capital Area Regional Tolling Authority.

**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.

SACOG's OWP is prepared to comply with SACOG's federal and State Agencies' regulatory funding requirements and describes the continuing, comprehensive, and coordinated metropolitan planning process for the six-county Sacramento region. Amendments to the Budget/OWP are typical throughout the year to modify projects, add new projects or revenues, change project descriptions, or adjust staff and expenditures between OWP work elements and/or operating activities. 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 board costs such as 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.

The board authorized the release of the Draft Budget/OWP for FY2024-2025 for public comment at its March 2024, board meeting. Caltrans requires that the board adopt the final Budget/OWP and submit it for review and approval by May 10, 2024. The Final Budget/OWP reflects comments received from SACOG's federal and state partners, including updates to several project descriptions and tasks/end products. **Attachment L** includes the review comments received from Caltrans and Federal Highway Administration (FHWA) along with SACOG's responses. None of the comments SACOG received on the draft OWP resulted in a fiscal impact to the Budget. The attachments to this item include the final budget financial summaries associated with the draft Final Budget/OWP. Because of the size of the OWP document, it is available to view or download on SACOG's website by clicking this link: [FY 2024- 2025 Final OWP](#).

Under prior delegation from the board and authorization per the approved Fund Balance Policy (as shown in **Attachment K**), the executive director is authorized to enter into loan agreements where there is a need for financing and/or cash flow

#### **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.

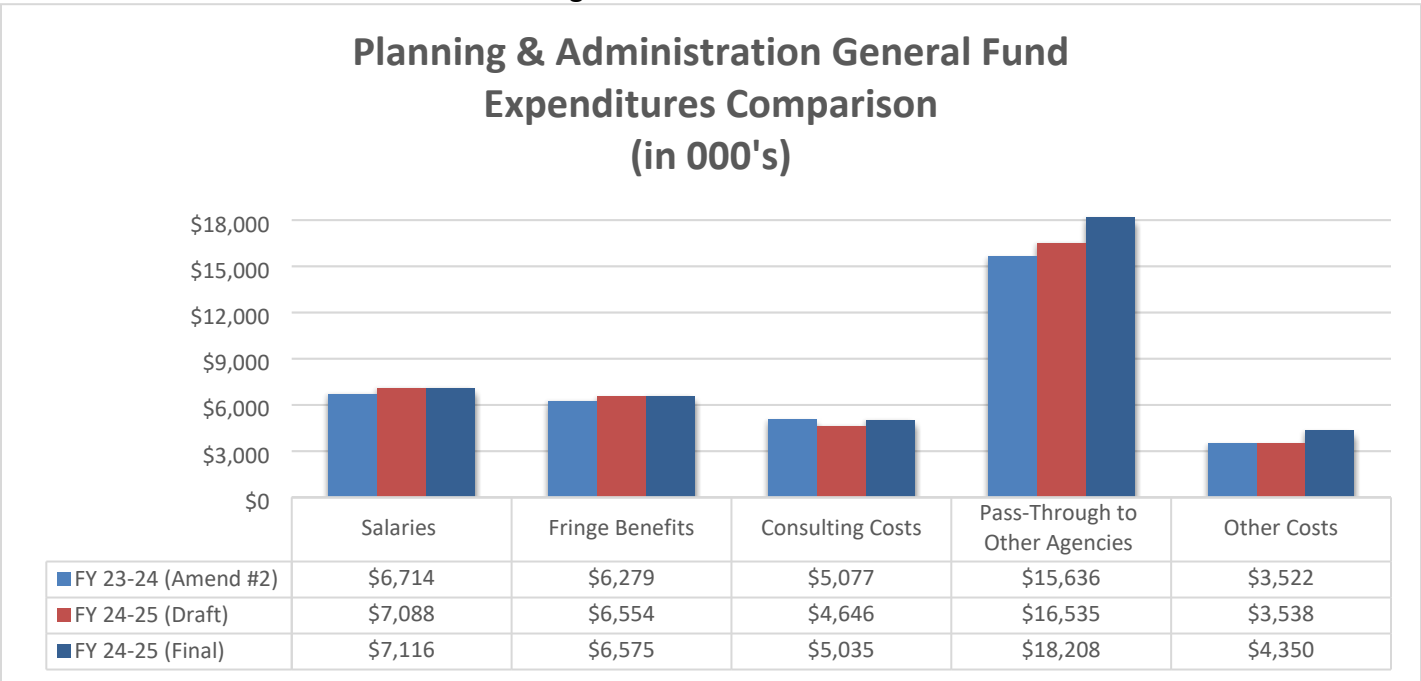
#### **Fund Balance**

At June 30, 2024, the SACOG Planning & Administration General Fund unassigned fund balance is projected to be approximately \$4.5 million plus various operating and contingencies reserve funds of \$3.8 million. This includes an anticipated \$465,000 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 \$400,000 savings plus additional \$500,000 fund balance in FY 2024-2025 Budget for carryover activities, committed cash match requirements on grants and ongoing activities like the staff costs for Green Means Go and consultant costs for the Blueprint Environmental Impact Report and Engage, Empower, Implement project.

The Final Budget/OWP reflects total expenditures for the Planning and Administration General Fund of \$41,286,677, and an increase of 7.6 percent or \$2.9 million, compared to the Draft Budget/OWP of \$38,360,973. The Final Budget/OWP reflects a new pass-through grant award for the Green Means Go program and administering fees for the SB125 Transit Funding.

The chart below shows the Planning and Administration General Fund expenditures summary for the FY 2024-2025 which includes the Final Operations and Board & Advocacy Budgets, compared to Draft Budget and FY 2023-2024 Budget (proposed Amend #2). **Attachment F** provided a summary of revenues and expenditures and estimated Fund Balance for the Planning and Administration General Fund.



SACOG Planning and Administration General Fund Budget is separated out into two functional budgets (SACOG Operations Budget and Board & Advocacy Budget) for tracking and reporting purposes. The breakdown of the two functional budgets are as follows:

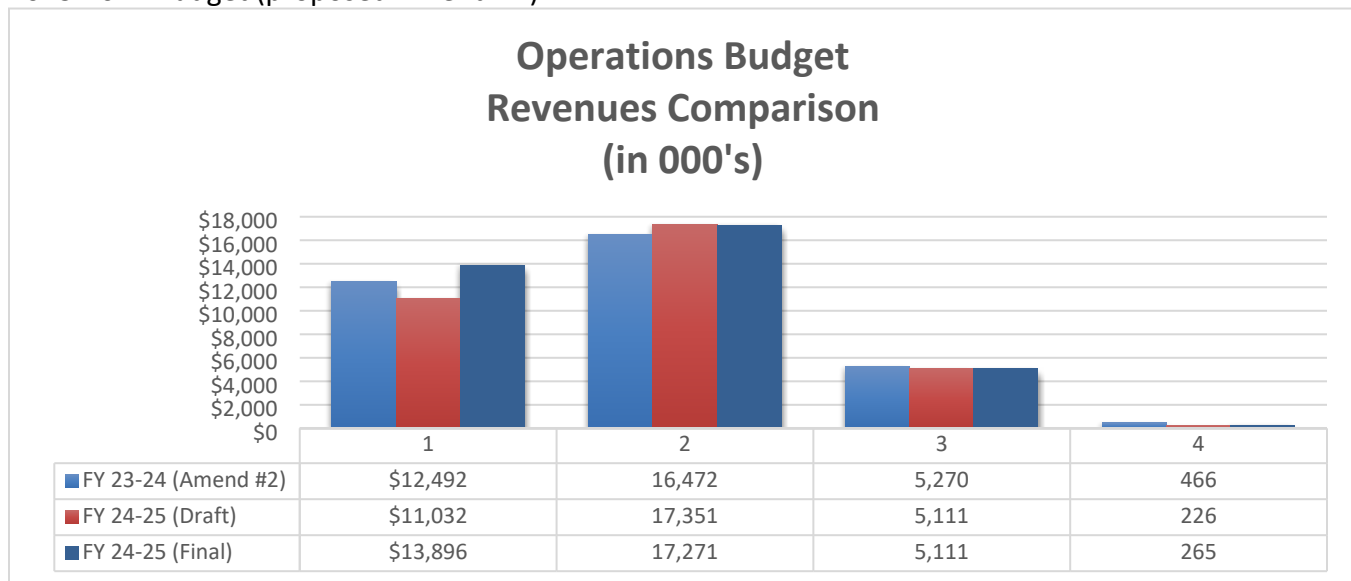
**SACOG Operations Budget**

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

**Revenues**

The Final Budget/OWP for the Operation Budget for FY 2024-2025 identifies revenues of \$36,543,079 and use of reserve fund balance and carryover funds of \$3,502,551, totaling \$40,045,631. This is an increase of approximately 7.9 percent or \$2.9 million, compared to the Draft Budget of \$37,122,113.

The chart below shows a comparison of revenues for Final Budget vs. Draft Budget for FY2024-2025 vs. FY 2023-2024 Budget (proposed Amend #2).



**Some highlights (not intended as an exhaustive list) of revenue changes (Draft Budget vs. Final Budget for FY 2024-2025 Budget) are as follows:**

- ❖ Increase in revenues due to new or increase funding:
  - New Federal Department of Transportation (DOT) Reconnecting Communities and Neighborhoods (RCN) for Green Means Go (SAC239) in the amount of \$22,500,000. However, this is a multi-year project required to be reported in its entirety, but the current fiscal year budget only reflects revenue in the amount of approximately \$2,289,000.
  - New Transit Operative Pass-Through Funds for Yuba-Sutter Transit Next Gen Transit Facility Environmental Phase (SAC219) in the amount of \$339,000, of which \$300,000 is funded with Federal RSTP and \$39,000 required local match from Yuba-Sutter Transit.
  - Net increase in various discretionary grant/program revenues based on updated expenditures in the fiscal year. This includes CMAQ and RSTP funding of approximately \$223,000 for Transportation Demand Management (SAC133) and Carbon Reduction Program (CRP) funding of approximately \$53,000 for Carbon Reduction Program (SAC234) and Trail Plan Implementation (SAC235).

**Some highlights (not intended as an exhaustive list) of revenue changes (FY 23-24 Amend #2 (proposed) vs. Final Budget for FY 2024-2025) are as follows:**

- ❖ Increase in revenues due to new or increase funding:
  - New Federal Department of Transportation (DOT) Reconnecting Communities and Neighborhoods (RCN) for Green Means Go (SAC239) in the amount of approximately \$2,289,000 for the current fiscal year.
  - 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 \$686,000.
  - Increase in Green Means Go Pass-Through funds in the amount of approximately \$2,374,000. This does not reflect the Governor's proposed reduction of REAP funding in the released draft

budget.

- Net increase in various discretionary grant/program revenues based on updated expenditures in the fiscal year. This includes FTA 5304 funding of approximately \$310,000 for Truxel Bridge Concept and Feasibility Study (SAC234) and Del Paso Multimodal Transportation Network and Land Use Compatibility Action Plan (SAC237) and Carbon Reduction Program (CRP) funding of approximately \$308,000 for Carbon Reduction Program (SAC234) and Trail Plan Implementation (SAC235).

❖ 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 \$701,000 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 \$292,000 due to the completion of the Regional Transit Study and Transit Recovery Activities (SAC227).
- CMAQ and RSTP funding in the amount of approximately \$227,000 due to winding down of the Regional Bike Share program and Mode Shift grant awards.
- FTA 5307 funding in the amount of approximately \$165,000 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.
- Department of Conservation funding of approximately \$71,000 due to the completion of Coordinated Rural Opportunities Plan (CROP) Grant (SAC223).
- One-time pass-through funds to transit operators to purchase the contactless fare payments system (SAC219) funded with State Transit and Intercity Rail Capital Program (TIRCP) in the amount of \$2,180,000.

❖ Changes in formula planning funds:

- Increase (carryover) in Metropolitan Planning Funds (PL & 5303) in the amount of approximately \$177,000.
- 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 \$75,000 due to lower sales tax estimates.
- Decrease in EDCTC and PCTPA contribution to the planning activities in the amount of \$220,000 due to pending memoranda of understanding with each agency in light of the changes in responsibilities for selecting federal funds for transportation projects.

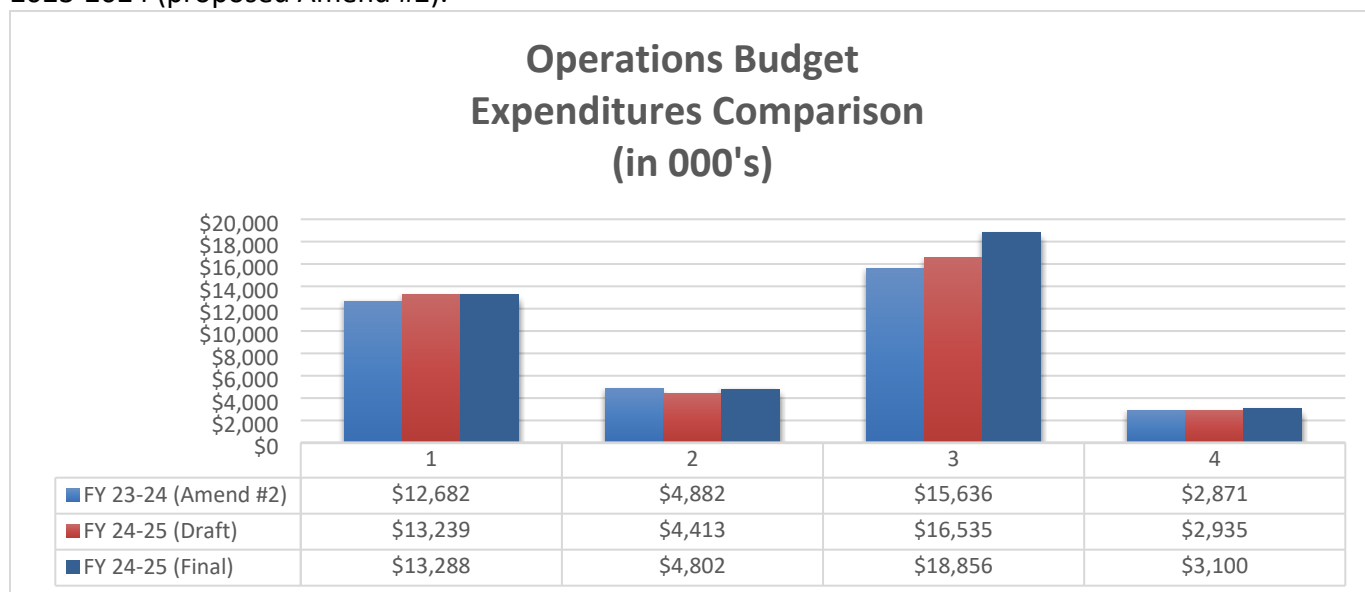
❖ Changes in reserve and carryover fund balance:

- Increase in the use of SACOG Managed Fund for community design projects, cash match for the Mobility Zones (RAISE grant) and EEI funding of approximately \$367,000 and as a proposed loan to Capital Area Regional Tolling Authority (CARTA) of \$1,300,000. The terms and approval of the proposed loan to CARTA are shown in **Attachment J** and will be brought to the CARTA board for consideration 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 Final Budget/OWP, comparing to Draft Budget and 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 Final Budget vs. Draft Budget for FY2024-2025 vs. FY 2023-2024 (proposed Amend #2).

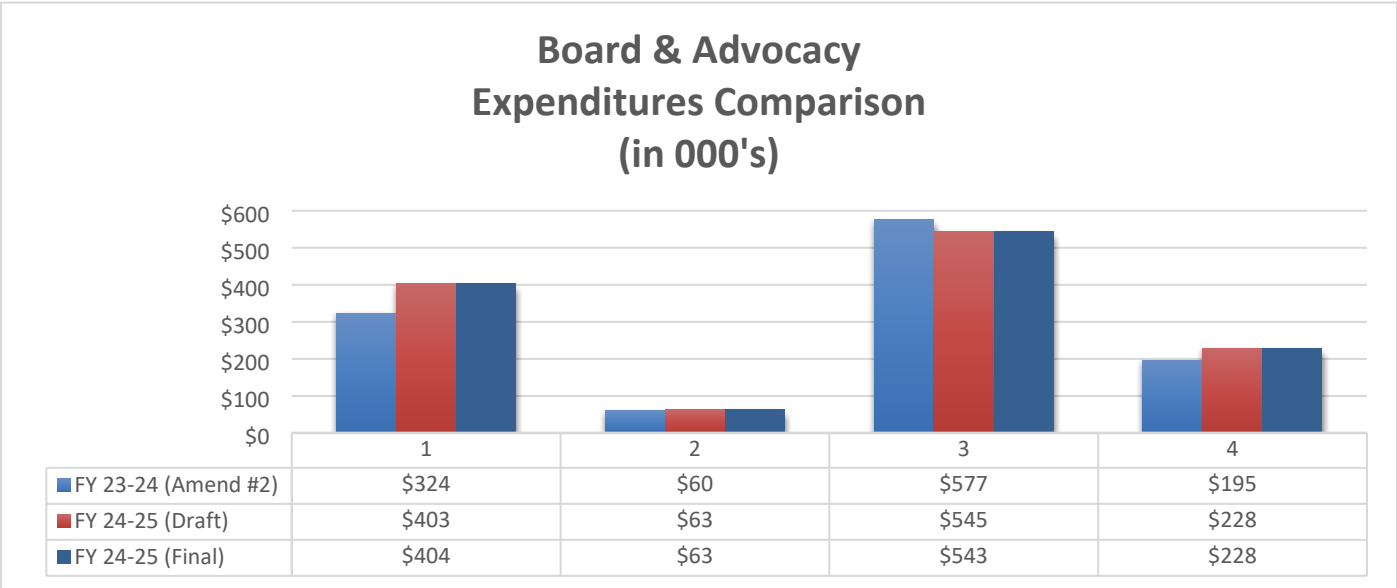


**Attachment H** is the Capital Assets Budget included in the FY 2024-2025 Budget/OWP. **Attachment I** describe SACOG's overhead costs included as part of the FY 2024-2025 Budget/OWP. These costs are considered indirect costs and recovered through an additional rate charge applied to any direct staff 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 \$1,238,046 and is funded primarily with member dues from member cities and counties and use of Board and Advocacy reserve funds of \$202,397. 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 Final FY 2024-2025 Board and Advocacy budget.

The chart below shows a comparison of expenses for Final Budget vs. Draft Budget for FY2024-2025 vs FY 2023-2024 (proposed Amend #2).



**Attachment M** is the resolution approving the SACOG Planning and Administration General Fund which includes the Operations Budget and the Board and Advocacy budget.

**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 \$3,474,427. SACOG provides administrative services for CVR-SAFE so its activities are included in the Budget/OWP for FY 2024-2025.

**CARTA (for Information only)**

In February, the CARTA Board of Directors designated SACOG to be the administering agency for its operations. For the current fiscal year, the SACOG Board of Directors in January approved spending SACOG funds on some of the initial support for establishing CARTA. SACOG provides administrative services for CARTA, so its activities are included in the Budget/OWP for FY 2024-2025. Since CARTA currently does not have a source of revenue, staff is proposing to loan \$1.3 million of SACOG Managed Fund to CARTA to be repaid to SACOG with interest. A draft loan agreement between SACOG and CARTA, and a Promissory Note are included as **Attachment J**. The CARTA Board of Directors will act on the CARTA budget at its May 16, meeting.

**Fiscal Impact/Grant Information:**

The Final Budget/OWP for FY 2024-2025 reflects a total revenue of \$37,578,728, use of reserve funds of \$2,804,949 (inclusive of a \$1.3 million loan to CARTA) and unassigned fund balance of \$900,000 to cover total expenditures of \$41,283,677 in staff, consultant, capital, indirect, board expenses and pass-through expenditures, of which \$40,045,631 is SACOG Operations Budget and \$1,238,046 for Board and Advocacy Budget.