



Approve Draft Budget and Overall Work Program for Fiscal Year 2022-2023

Action

Prepared by: Loretta Su

Attachments: Yes

Approved by: James Corless

Referring Committee: Policy and Innovation

1. Issue:

The Draft Budget and Overall Work Program (Budget/OWP) for Fiscal Year (FY) 2022-2023 are ready for board consideration and release for public comment.

2. Recommendation:

The Policy and Innovation Committee unanimously recommend that the board release the Draft Budget/OWP for FY 2022-2023 for public comment.

3. Background/Analysis:

Federal law, including the recently adopted Bipartisan Infrastructure Law, requires the development of an 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's Budget/OWP also includes funds programmed for Board & Advocacy, Capital Assets, locally funded projects with costs ineligible to be charged to grant programs that are not included in the OWP.

SACOG manages two primary budgets. The first and largest budget is SACOG's Operations Budget that covers the OWP activities. The Budget/OWP 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, 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 (beginning July 1, 2022) and as a grant agreement between SACOG and Caltrans for certain formula state and federal funds that support our ongoing operations, planning, and programming activities. The OWP work plan

activities for FY 2022-2023 align and support SACOG's three strategic goals: (1) Economic Prosperity; (2) Connected Communities; and (3) Vibrant Places. Staff submitted an administrative draft version of the OWP to Caltrans on March 1, 2022, for a preliminary review of major work elements and to ensure that SACOG's planned activities are consistent with the amount and purpose of funding sources supporting the work program. Staff received comments back from Caltrans and Federal Highway Administrations (FHWA) that required update to several project descriptions, tasks/end products, funding source clarifications and requirements and detailed budget tables. None of the comments SACOG received on the draft OWP resulted in a fiscal impact to the budget.

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 May 2022, with the draft final version of the Budget/OWP. The attachments to this item include the updated budget financial summaries associated with the Draft OWP submitted to Caltrans. Because of the size of the OWP document, it is available to view or download on SACOG's website as part of this committee's agenda by clicking this link: [Draft OWP](#).

4. Discussion/Analysis:

Staff is pleased to present a draft Budget/OWP for FY 2022-2023 that balances current year revenues with current expenditures. The budget fully funds existing staff and work program activities and fills vacant positions, including one new position. Staff has taken a conservative approach to forecasting revenues and only included grants and other revenues that are secured and anticipated 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, 2022, and any revisions to formula funds pending Caltrans and federal agencies review.

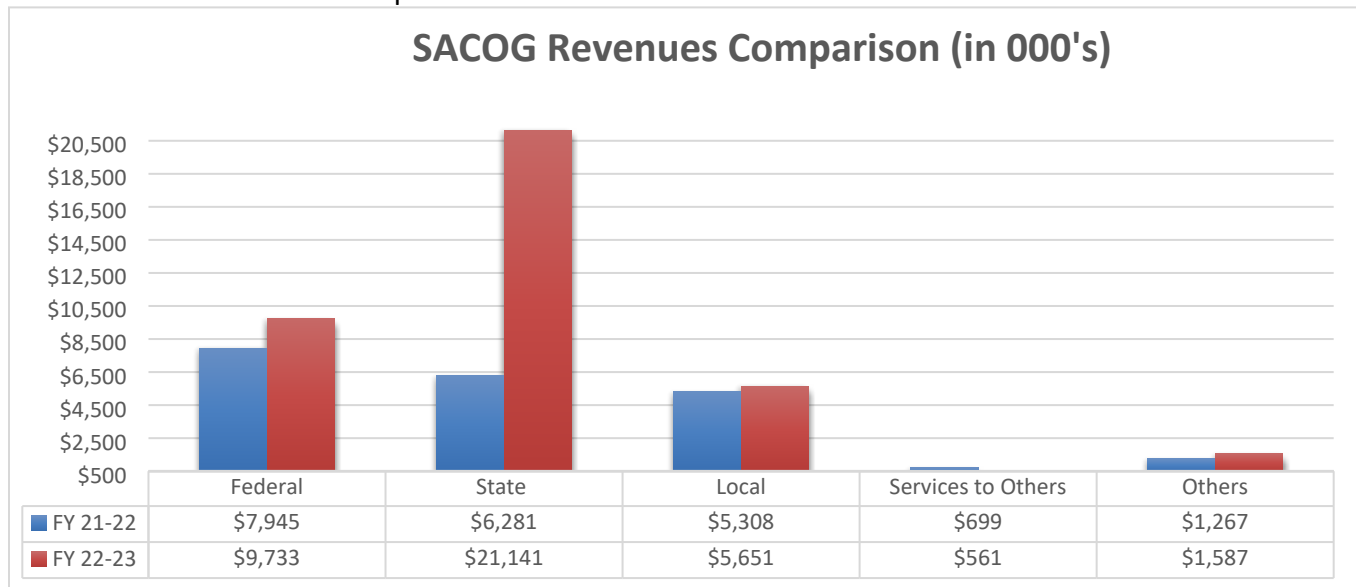
Fund Balance

The unassigned fund balance for SACOG Planning & Administration fund is projected to be \$4.1 million at June 30, 2022. This amount includes the \$800,000 anticipated from Amendment #4 to the Budget/OWP for FY 2021-2022 but does not include the \$780,000 of Transportation Development Act Carryover Funds (Contingencies Fund Balance) of which \$500,000 was committed to ongoing projects and activities like Race, Equity & Inclusion (REI) Initiative; Engage, Empower & Implement (EEI); Leveraging Road Pricing and Shared Use; Sacramento Regional Emergency; Regional Transit Study and Transit Recovery; and 2024 Blueprint (previously referred to as the MTP/SCS). Staff is recommending assigning the \$800,000 surplus from FY 2021-2022 to the Contingencies Fund Balance which allows the executive director to direct these funds to swap out and pay for these multi-year projects.

SACOG Operations Budget

SACOG's estimated net revenue for FY 2022-2023 is approximately \$38.7 million, an increase of approximately \$17.2 million or 79.9 percent, comparing to \$21.5 million in FY 2021-2022 Budget/OWP, as amended.

The chart below shows a comparison of revenues for FY 2021-2022 vs. FY 2022-23.



The increase in revenues is mainly due to the following:

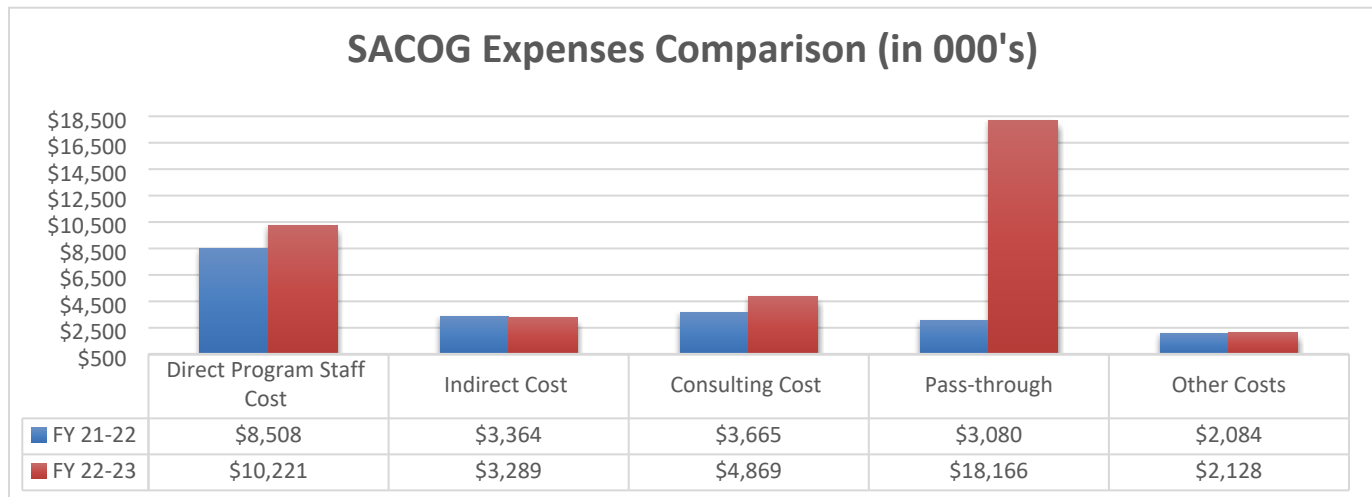
- Increase in federal 5303 and PL Consolidated Planning Grant (CPG) pass-through Caltrans in the amount of \$1,112,655.
- Increase in Federal Transit Administration American Rescue Plan Act (ARPA) Stimulus Funding for Regional Transit Study and Transit Recovery Activities (SAC227) in the amount of \$194,051.
- Increase in Green Means Go Program funding with Regional Early Action Planning Grant Program of 2021 (REAP 2) in the amount of \$8,408,185 and SB 170 fund in the amount of \$3,492,841. SACOG will receive \$34 million in REAP 2 funds from the Housing and Community Development department (SAC229) and an additional \$4 million in SB 170 funds from Strategic Growth Council grant (SAC228) for the Green Means Go Program. The funds are programmed into the Budget/OWP based on anticipated expenditures for the fiscal year.
- Increase in REAP 1 (Housing Elements) funding in the amount of \$3,105,846. The funds are programmed into the Budget/OWP based on anticipated expenditures for the fiscal year.
- Increase in TDA funding in the amount of \$349,786.
- Increase in (Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funding for the Connect Card Project in the amount of \$462,462.
- Increase in the use of SACOG Managed Fund (SMF) Committed to Projects in the amount of \$230,000.

The increase is partially offset by several significant work efforts that are completed or nearing completion in FY 2022-2023, so revenues and expenditure associated with funding those work activities have decreased.

Summary of projects and activities at or nearing completion in FY 2021-2022:

- Road, Highway, Bridge Major Investment Studies
- Regional Transit Optimization and Prioritization Plan
- Downtown Transit Sacramento Service Integration Study
- Sacramento Region Parks and Trails Strategic Development
- Downtown Transit Sacramento Service Integration Study
- Built-Out Inventory Data

Attachment A provides a summary of revenues changes by funding sources for the FY 2022-2023 Budget/OWP, comparing to FY 2021-2022 Budget/OWP, as amended. **Attachments B and C** provide a summary of revenues and expenditures included in the FY 2022-2023 Budget/OWP. **Attachments D and E** show how revenues and expenditures included in the FY 2022-2023 Budget/OWP are allocated across the agency's work activities. The chart below shows a comparison of expenses for FY 2021-2022 vs. FY 2022-2023.



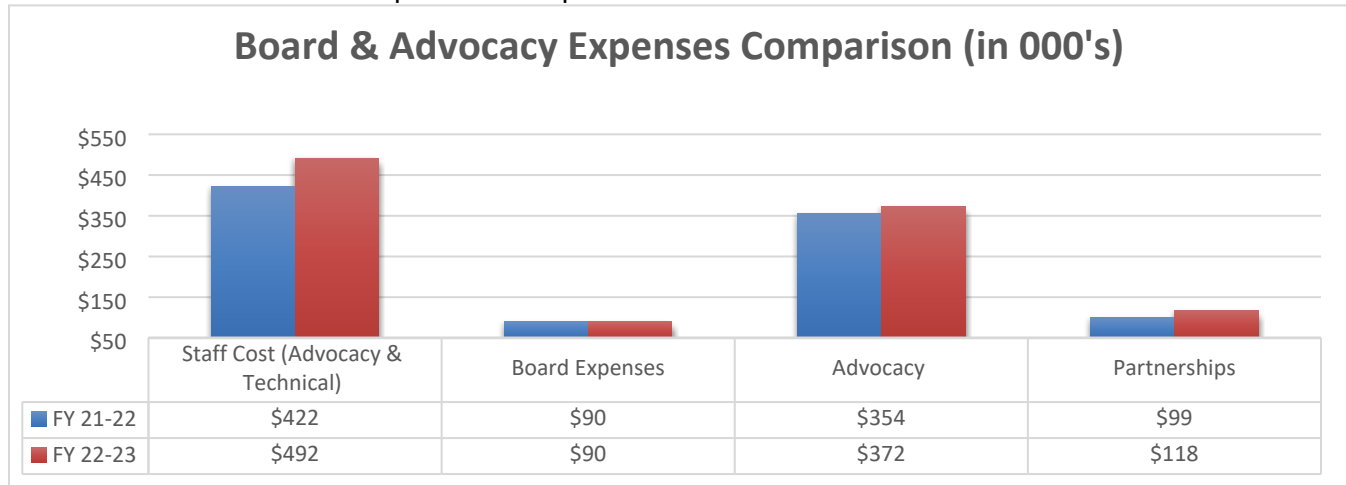
Attachment F describes SACOG's overhead costs included as part of the FY 2022-2023 Budget/OWP. These costs are considered indirect costs and recovered through an additional rate charge applied to any direct staff costs billed to projects. Indirect costs include salaries and benefits of administrative 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 the cognizant agency (FTA) approval by June 2022.

Attachment G is the Capital Assets Budget included in the FY 2022-2023 Budget/OWP.

Board and Advocacy Budget

The Board of Directors and Advocacy Budget for FY 2022-2023 is \$1,071,635 which includes use of Board and Advocacy reserve funds of \$95,002. This budget is separate from the Budget/OWP because it funds activities that cannot be funded with state and federal funds, including state and federal advocacy, board per diem and other expenses. It also funds partnerships and technical assistance to member jurisdictions beyond what is possible in the main budget either due to eligibility or budget constraints. **Attachment H** provides a summary of the draft FY 2022-2023 Board and Advocacy budget.

The chart below shows a comparison of expenses for FY 2021-2022 vs. FY 2022-2023.



SAFE Budget (for Information only)

The preliminary SAFE Budget for FY 2022-23 is \$2,572,124. The SAFE budget is being approved by the SAFE Board. However, because SACOG is contracted with SAFE to provide the services, so these activities are included in Budget/OWP.

5. Fiscal Impact/Grant Information:

The Draft Budget/OWP for FY 2022-2023 reflects a total revenue and expenditures of \$42,316,393 in staff, consultant, capital, indirect, board expenses and pass-through expenditures.

6. This staff report aligns with the following SACOG Work Plan Objectives:

N/A