Memorandum

Date: June 12, 2026

To: Governing Board
San Francisco Bay Restoration Authority

From: Amy Hutzel, Executive Officer
Derek Hansel, Treasurer of the Authority and Chief Financial Officer of the Metropolitan Transportation Commission

Subject: Adoption of the Fiscal Year 2026-27 Operating and Project Budget

Staff requests the Authority's review and approval of Resolution No. 143 adopting the Fiscal Year (FY) 2026-27 Operating and Project Budget.

The budget is divided into two distinct programmatic areas: the Operating Budget and the Project-Based Budget.

Key assumptions underlying the proposed budget include:

- Measure AA Special Parcel Tax Revenue is projected to be approximately $26.0 million.
- An administrative transfer of 5% of the Special Parcel Tax Revenue, or $1.3 million, is allocated from this revenue to support the Operating Budget.
- The Operating Budget assumes $3.0 million in interest earnings, with any excess interest retained in the fund balance.
- Staffing costs include a 3.8% Cost-of-Living Adjustment (COLA), a new Metropolitan Transportation Commission (MTC) term-limited full-time position, and ongoing personnel support from both the MTC and the State Coastal Conservancy (SCC).
- The project-based budget increases by approximately $24.1 million.

The budget reflects the San Francisco Bay Restoration Authority's practice of allowing all committed funds, including grants and contracts, to be budgeted and carried forward without further Authority approval until the project is completed or cancelled. Uncommitted or unencumbered funds from a prior year are added to the estimated balance for the FY 2026-27 budget and made available for future programming.

Operating Program

The San Francisco Bay Restoration Authority (SFBRA) is a regional agency established by the California legislature to collect and manage Measure AA parcel tax revenues, which fund shoreline and wetland restoration projects throughout the Bay Area.

The proposed FY 2026-27 Operating Budget is supported by the Authority's primary revenue sources: a 5% administrative transfer from parcel tax revenues and interest earnings on the Authority's fund balance. Total operating revenue is projected at $4.3 million, consisting of $1.3 million in administrative fees and $3.0 million in interest earnings.

Total operating expenditures are budgeted at approximately $2.7 million, including a contingency reserve of $0.1 million.

Key FY 2026-27 budget overview and highlights include:

SFBRA is administered through a Joint Powers Agreement (JPA) between the Association of Bay Area Governments (ABAG) and the State Coastal Conservancy (SCC). Together, these agencies provide staffing for the administrative, operational, financial, and technical support for programs and projects.

MTC staff support the SFBRA through a Contract for Services, which was established in July 2017 with the Association of Bay Area Governments (ABAG).

Staffing costs are organized into three distinct categories to provide clarity on how resources support operations and project delivery:

1. MTC Staffing Costs
    - Projected costs are $0.7 million - Supports core SFBRA functions, including program management, financial administration, and day-to-day operations.

2. MTC Staffing Costs – BRRIT
    - Projected costs are $0.4 million - Supports regulatory coordination through the Bay Restoration Regulatory Integration Team (BRRIT), including a proposed term-limited, full-time liaison position. This position is necessary due to National Oceanic and Atmospheric Administration – National Marine Fisheries Service (NOAA–NMFS) staffing shortages and reprioritization, which limit their ability to fully participate in BRRIT activities. Establishment of this position remains subject to coordination and agreement among MTC, NOAA–NMFS, and SCC.

3. SCC Staffing Costs
    - Projected costs are $1.1 million – Supports SFBRA restoration project management, grant management, administration, legal, and technical oversight. SCC staffing costs are projected to remain consistent with FY 2025–26 levels.

- Overall staffing costs are projected to increase by 25%, or approximately $0.5 million, compared to FY 2025-26, primarily due to the addition of the MTC term-limited, full-time Bay Restoration Regulatory Integration Team (BRRIT)/NOAA-NMFS liaison position. In addition, the MTC staffing costs budget incorporates a 3.8% Cost-of-Living Adjustment (COLA), consistent with existing MTC labor agreements and is anticipated for approval by the MTC Commission on June 24, 2026.

- General operating expenses have increased by 2% compared to FY 2025-26. These costs include audit, insurance, consultant services, and other costs associated with supporting ongoing projects and initiatives. The increase also reflects ongoing funding of the Operating Contingency (currently maintained at 10% of administrative revenue).

Project-Based Budget

The Measure AA special parcel tax is the Authority's primary source of revenue. The measure is a $12 annual parcel tax that generates approximately $25.9 million per year for a total of twenty years.

Projects are budgeted on a Life-to-Date (LTD) budget basis, compared to operating expenditures that expire on June 30th of each year. The FY 2026-27 project budget is an addition to the current adopted budget through FY 2025-26. The process follows this procedure:

- Life-to-Date project budget through FY 2025-26 $ 214.4 million
- Proposed new project funding in FY 2026-27 $ 24.1 million
- Final adopted Life-to-Date budget through FY 2026-27 $ 238.5 million

At the June 12, 2026 Governing Board meeting, staff will present requests to authorize additional funding for new phases of existing projects, as well as for new projects. If approved, the FY 2025-26 Project Budget will be updated to reflect these actions as of June 30, 2026. These project allocations will be funded using available resources from the unallocated Measure AA Project line, which currently totals $14,916,158 in FY 2025-26, with funds transferred to specific project budgets upon approval. This approach allows staff to track the full, authorized budget for each individual project through completion, modification, or cancellation, without requiring frequent budget amendments.

Project commitments for FY 2026-27 are $0.6 million for the Community Grants Program and $10.5 million for Newark Baylands, with $13.0 million remaining uncommitted. FY 2026-27 project funding includes:

- Community Grants Program $ 0.6 million
- Newark Baylands $ 10.5 million
- Unallocated Measure AA Projects $ 13.0 million

The life-to-date for Community Grants Program will increase to $3.6 million. The life-to-date unallocated Measure AA projects will increase to $28.0 million and will be presented for approval at a later date. The life-to-date for project contingency is consistent at $3.6 million. The FY 2026-27 proposed budget will bring total project allocations to $238.5 million, or 92% of the $259.5 million total revenue received through FY 2026-27.

The project contingency can be used across all approved projects to accommodate changes in project scope and priorities. Resolution No. 143 authorizes the Executive Officer to use the project contingency without further approval or a budget amendment provided expenditures do not exceed the total approved contingency amount. Under Resolution No. 143, the Executive Officer has delegated authority to increase project grant amounts by up to 15%, not to exceed $100,000.

Resolution No. 143 authorizes the Executive Officer to modify the FY 2026-27 expenses shown in the Operating Budget without approval of a budget amendment, but only if expenses do not exceed the total approved budget. The proposed operating budget has a projected operating surplus of $2.1 million.

Based on the proposed Operating and Project-Based Budgets for FY 2026–27, staff recommend adoption of the budget as presented. The budget reflects prudent financial planning, supports ongoing program implementation, and ensures sufficient resources for both administrative operations and project delivery. Approval will enable the Authority to continue advancing its restoration goals while maintaining transparency, fiscal discipline, and flexibility to incorporate Board-approved project actions.

Recommendation: Staff recommends approval of Resolution No. 143, *Adopting the FY 2026-27 San Francisco Bay Restoration Authority Operating and Project Budget*.