



SAN FRANCISCO BAY
RESTORATION AUTHORITY

Memorandum

Date: June 18, 2021

To: Governing Board
San Francisco Bay Restoration Authority

From: Sam Schuchat, Executive Officer
Brian Mayhew, Treasurer of the Authority & Chief Financial Officer of the
Metropolitan Transportation Commission

Subject: Adoption of Fiscal Year 2021-22 Budget

Staff requests Authority review and approval of Resolution 78 adopting the Fiscal Year (FY) 2021-22 Budget.

The budget is divided into two distinct programmatic areas, the Project-Based Budget and the Operating Budget. Basic assumptions going into the FY 2021-22 budget are:

- Measure AA special parcel tax revenue will be approximately \$25 million.
- An administrative fee (5%) is taken off the top and transferred to the Operating Budget.
- The Operating Budget includes \$385,000 in interest earnings.
- Staff costs consist of both MTC and Coastal Conservancy staff which is proposed to increase by 9% as more staff resources are dedicated to project support and to account for salary/benefit increases.
- Operating contingency 10% of administration fee
- Project funding increases by \$23.5 million
- No change in the Project Contingency budget.

The budget reflects the 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 2021-22 budget and made available for future programming.

Project-Based Budget

The Measure AA special parcel tax is the main source of revenue for the Authority. The measure is a parcel tax of \$12 per year, raising approximately \$25 million annually 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 2021-22 project budget is an addition to the current adopted budget through FY 2020-21. The process follows this procedure:

- Life-to-Date project budget through FY 2020-21 \$ 94.7 million
- Proposed new project funding in FY 2021-22 \$ 23.5 million
- Final adopted Life-to-Date budget through FY 2021-22 \$118.2 million

This process allows us to track the total authorized project budget on an individual project basis until completion, adjustment or cancellation, without the need for constant budget amendments.

Project commitments for FY 2021-22 are \$23.5 million, with \$11.3 million remaining uncommitted at this time. Project funding includes:

- South San Francisco Bay Shoreline Project \$11.4 million
- Bay Restoration Integration Team (BRRIT) \$.4 million
- Community Grants Program \$.4 million
- Unallocated Project Funding \$11.3 million

The life-to-date budgets for the South San Francisco Shoreline Project and Community Grants Program will increase to \$50.0 million and \$600,000, respectively. BRRIT funding will increase to \$2.9 million. The remaining \$11.3 million in unallocated funding will be presented for approval at a later time. The FY 2021-22 proposed budget will bring total project funding to \$118 million, or 92% of the \$129 million collected through FY 2021-22.

The project contingency can be utilized across all approved projects to accommodate changes in project scope and priorities. Resolution 78 authorizes the Executive Officer to use the project contingency without further approval or budget amendment but only up to the extent of the total budgeted project contingency. The project contingency will remain at \$4.3 million. Under Resolution 28, the Executive Officer has delegated authority to increase project grant amounts by 15%, not to exceed \$100,000.

Operating Program

Funding for Authority operations are provided by a 5% administrative fee taken from parcel tax revenue plus interest earnings on idle cash. The total available for the FY 2021-22 Operating Budget is nearly \$1.7 million consisting of \$1.3 million administrative fee and \$385,000 interest earnings.

The proposed operating expense for FY 2021-22 is approximately \$1.6 million, including a budgeted contingency of 10%. The major changes are:

- Staff costs \$1.2 million up 9% to for additional staff support for a growing number of projects and to account for salary/benefit increases
- Ballot costs ended with the final FY 2021 payment
- Operating contingency \$120,075 up 102% increased from 5% to 10%

The end of the county ballot repayments releases over \$369,000 in operating costs allowing some flexibility to improve project management support and an increase to the operating contingency without taking away from current service levels. As projects grow in the future it will be difficult to manage the growing project portfolio within the funding limits of the 5% administration take-down.

Resolution 78 authorizes the Executive Officer to modify the FY 2021-22 expenses shown in the Operating Budget without approval of a budget amendment, but only as long as the expenses do not exceed the total approved budget. The proposed budget has a projected operating surplus of \$27,296.

Recommendation: Staff recommends approval of Resolution 78, *Adopting the FY 2021-22 Authority Budget.*