



**SAN FRANCISCO BAY**  
RESTORATION AUTHORITY

**Memorandum**

**Date:** June 14, 2024

**To:** Governing Board  
San Francisco Bay Restoration Authority

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

**Subject:** Adoption of the Fiscal Year 2024-25 Operating and Project Budget

Staff requests Authority review and approval of Resolution 125 adopting the Fiscal Year (FY) 2024-25 Operating and Project Budget.

The budget is divided into two distinct programmatic areas: the Project-Based Budget and the Operating Budget. Basic assumptions going into the FY 2024-25 budget are:

- Measure AA special parcel tax revenue will be approximately \$25.9 million.
- An administrative fee (5% or \$1.3 million) is taken from gross parcel tax revenue and transferred to the Operating Budget.
- The Operating Budget includes \$800,000 in interest earnings, necessary to balance the budget. Interest earnings in excess of budgeted amounts will be retained in the Authority's operating fund for use in future years.
- Staff costs consist of both Metropolitan Transportation Commission (MTC) and State Coastal Conservancy (SCC) staff. MTC and SCC staff costs are proposed to increase by 8% and 21% respectively, as more staff resources are dedicated to project support and for salary increases.
- Project funding increases by \$24.2 million.
- Project contingency budget is \$3.1 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 2024-25 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 \$25.9 million annually for a total of twenty years from its commencement.

Projects are budgeted on a Life-to-Date (LTD) budget basis, compared to operating expenditures that expire on June 30<sup>th</sup> of each year. The FY 2024-25 project budget is an addition to the current adopted budget through FY 2023-24. The process follows this procedure:

- Life-to-Date project budget through FY 2023-24                      \$ 166.0 million
- Proposed new project funding in FY 2024-25                      \$ 24.2 million
- Final adopted Life-to-Date budget through FY 2024-25            \$ 190.2 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. The June 14, 2024 Governing Board meeting includes authorization requests for additional funding for new phases of existing projects or new projects. If the projects are authorized, this budget will be updated to reflect the authorized projects as of June 30, 2024.

Project commitments for FY 2024-25 are \$0.6 million, with \$23.6 million remaining uncommitted. FY 2024-25 project funding includes:

- Community Grants Program    \$ 0.6 million
- Unallocated Measure AA Projects                                      \$20.5 million
- Project Contingency     \$ 3.1 million

The life-to-date for Community Grants Program will increase to \$2.4 million. The life-to-date unallocated Measure AA projects increases to \$33.6 million and will be presented for approval at a later date. The life-to-date for project contingency increases to \$3.6 million. The FY 2024-25 proposed budget will bring total project funding to \$190.2 million, or 92% of the \$207.5 million revenue through FY 2024-25.

The project contingency can be used across all approved projects to accommodate changes in project scope and priorities. Resolution 125 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 was supplemented to replace the funds used in the previous year, for a current total of \$3.6 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 is provided by a 5% administrative fee taken from parcel tax revenue plus interest earnings on idle cash. The total revenue for the FY 2024-25 Operating

Budget is \$2.1 million consisting of the \$1.3 million administration fee and the \$0.8 million interest earnings.

The proposed operating expense for FY 2024-25 is approximately \$2.1 million, including a budgeted contingency of \$129,495. Major changes from the FY 2023-24 budget include:

- MTC Staff costs increased by \$32,651 (8%) and State Coastal Conservancy (SCC) staff costs increased by \$170,000 (21%) for additional staff support for a growing number of projects. The increases also account for a 3.8% cost-of-living adjustment for MTC Staff, annual cost of living increases for Conservancy staff (which range from 2-10% depending upon classification), and an approximately 15% special salary adjustment for Conservancy project staff approved by the State in September of 2023.
- Consultant and other operating expenses costs are budgeted \$20,000 higher than FY 2023-24.

Resolution 125 authorizes the Executive Officer to modify the FY 2024-25 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 \$14,959.

**Recommendation:** Staff recommends approval of Resolution 125, *Adopting the FY 2024-25 San Francisco Bay Restoration Authority Operating and Project Budget.*