



**SAN FRANCISCO BAY**  
RESTORATION AUTHORITY

**Memorandum**

**Date:** May 8, 2020

**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 2020-21 Budget

Submitted for Authority review and approval of Resolution 65 adopting the Fiscal Year (FY) 2020-21 Budget.

The budget is divided into two distinct programmatic areas, the Project-Based Budget and the Operating Budget. Basic assumptions going into the FY 2020-21 budget are the following:

- Measure AA special parcel tax revenue will be approximately \$25 million. Adjustment for prior year actual AA special tax revenue and related expenses have been applied to current year budget.
- An administrative fee (5%) is taken off the top and transferred to the Operating Budget.
- An estimate of \$385,000 in interest earnings is included in the Operating Budget.
- Staff costs consist of both MTC and Coastal Conservancy staff. The combined staff cost will increase by 36% as more staff resources are dedicated to project support and to account for salary/benefit increases.
- FY 2020-21 will be the final year for repayment of ballot costs.
- The Project-Based Budget contingency will increase by \$1.2 million to \$4.9 million.
- The Operating Budget includes a contingency of \$63,750.

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 2020-21 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. The project fee revenue of \$375,000 is a partial offset for the Bay Restoration Regulatory Integration Team (BRRIT) project. The project fee represents contributions from other organizations to support the costs of the BRRIT.

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 2020-21 project budget is an addition to the current adopted budget through FY 2019-20. The process follows this procedure:

- Life-to-Date project budget through FY 2019-20
- Proposed new project expenses in FY 2020-21
- Final adopted Life-to-Date budget (prior and current project expenses) proposed through FY 2020-21

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.

In FY 2020-21, the Authority revenue will total \$25.3 million with net revenue of approximately \$23.3 million after provision for the 5% administrative fee, county tax collection charges, and technical tax consultant services.

A total of \$24.2 million is currently proposed as the new project expense funding in FY 2020-21, including approximately \$11.4 million in new projects, \$11.4 million for the South San Francisco Bay Shoreline Project and \$200,000 for the Community Grants Program with the balance uncommitted for future allocation.

The project contingency will increase by \$1.2 million to a total of \$5.0 million. The project contingency can be utilized across all approved projects to accommodate changes in project scope and priorities. Resolution 65 authorizes the Executive Officer to use the project contingency without approval of a budget amendment but only up to the extent of the total budgeted project contingency. Under Resolution 28, the Executive Officer has delegated authority to increase project grant amounts by 15%.

### **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 2020-21 operating revenue is nearly \$1.6 million consisting of \$1.3 million administrative fee and \$385,000 interest earnings.

The proposed operating expense for FY 2020-21 is approximately \$1.9 million, including a budgeted contingency of 5%. Staff costs will be about 59% of the budget with the repayment of the ballot initiative taking up another 20%. Banking and finance fees are identified separately from MTC's indirect cost, and are budgeted to cover MTC expenses for treasury and cash management costs. Resolution 65 authorizes the Executive Officer to modify the FY 2020/21 expenses shown in the Operating Budget without approval of a budget amendment as long as the expenses do not exceed the total approved expenses.

The proposed budget will leave a projected operating deficit of \$198,536 which will be covered with available fund balance. As the Ballot costs will be fully repaid by the end of FY 2020-21, staff anticipates there will be sufficient administrative funds to cover the increases in staffing costs.

**Recommendation:** Staff recommends approval of Resolution 65, *Adopting the FY 2020-21 Authority Budget*.