SAN FRANCISCO BAY
RESTORATION AUTHORITY

Memorandum

Date: June 6, 2025

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 Proposed Fiscal Year 2025-26 Operating and Project Budget

Staff requests that the San Francisco Bay Restoration Authority (SFBRA) review and approve Resolution 138, adopting the Proposed Fiscal Year (FY) 2025-26 Operating and Project Budget.

The proposed budget is divided into two distinct programmatic areas: the Project Budget and the Operating Budget. Basic assumptions going into the FY 2025-26 budget are:

- Measure AA Special Parcel Tax Revenue will be approximately $25.9 million.
- The county collection fees will be approximately 0.8 million.
- An administrative fee of 5% of the Special Parcel Tax Revenue or $1.3 million is deducted and allocated to the Operating Budget.
- The Operating Budget includes $1.9 million in interest earnings. The excess interest earnings are included in the fund balance.
- Staff costs include personnel from both the Metropolitan Transportation Commission (MTC) and the State Coastal Conservancy (SCC). Proposed increases of 8% for MTC staff and 11% for SCC staff reflect additional resources dedicated to project support and salary adjustments.
- Project funding increases by $24.2 million.

The proposed 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 2025-26 budget and made available for future programming.

Project 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 30th of each year. The FY 2025-26 project budget is an addition to the current adopted budget through FY 2024-25. The process follows this procedure:

- Life-to-Date project budget through FY 2024-25 $ 190.2 million
- Proposed new project funding in FY 2025-26 $ 24.2 million
- Final adopted Life-to-Date budget through FY 2025-26 $ 214.4 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 6, 2025 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, 2025.

Proposed Project commitments for FY 2025-26 are:

- Community Grants Program $ 0.6 million
- Newark Baylands $10.5 million
- Unallocated Measure AA Projects $13.1 million

The life-to-date for Community Grants Program will increase to $3.0 million. The life-to-date unallocated Measure AA projects increases to $21.7 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 2025-26 proposed budget will bring total project funding to $214.4 million, or 92% of the $233.8 million revenue projected through FY 2025-26.

The project contingency can be used across all approved projects to accommodate changes in project scope and priorities. Resolution 138 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. 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 accumulated cash balances. The total revenue for the FY 2025-26 Operating Budget is \$3.2 million consisting of the \$1.3 million administration fee and \$1.9 million interest earnings.

Proposed operating expense for FY 2025-26 is approximately \$2.2 million, including a budgeted contingency of \$129,672. Major changes from the FY 2024-25 budget include:

- MTC Staff costs increased by \$32,311 (8%) and State Coastal Conservancy (SCC) staff costs increased by \$105,000 (11%) for additional staff support for a growing number of projects and to account for a 2.8% cost-of-living adjustment which will be approved by the Metropolitan Transportation Commission in June 2025.
- Banking & Finance Fees expenses costs are budgeted \$12,800 lower than FY 2024-25.

Resolution 138 authorizes the Executive Officer to modify the FY 2025-26 expenses shown in the Operating Budget without approval of a budget amendment, but only if expenses do not exceed the total amount of authorized expenses in the approved budget. The proposed operating budget has a projected operating surplus of \$1,000,237.

Recommendation: Staff recommends approval of Resolution 138, *Adopting the FY 2025-26 San Francisco Bay Restoration Authority Operating and Project Budget*.