



From: Sam Schuchat, Executive Officer
Brian Mayhew, Treasurer & MTC CFO

RE: FY 2018-19 Budget

Submitted for Authority Review and approval is Resolution 47 authorizing the Restoration Authority Budgets for FY 2018-19 and amending the FY 2017-18 budget to ratify actions taken during FY 2017-18.

The budget is laid out in two district programmatic areas, Project and Operating budgets. Basic assumptions going into the FY 2018-19 budget:

- Staff costs are fully burdened with benefits and overhead.
- Project revenue (parcel tax) will not change from FY 2017-18 level.
- Administrative fee (5%) is taken off the top and transferred to the Authority Operating Budget.
- An estimate for interest earnings has been added to the Operating Budget.
- Repayment of ballot costs will begin in FY 2018-19.
- Funds remaining unspent or encumbered are carried over from FY 2017-18 and included in the available balance for FY 2018-19.
- A 15% contingency line has been added to the Project and Operating Budgets.

The nature of the Authority allows all committed funds including grants and contracts to be budgeted and carried forward without further budget action until completed or cancelled. Uncommitted or unencumbered funds from a prior year are added to the estimated balance for the FY 2018-19 budget and made available for programming.

Project Based Budget

The Project Based Budget is the main source of revenue and expenditure for the Authority. The property assessment is set at \$12 per parcel so the revenue should not change. We have added a provision for project fees which is a partial offset for the new Bay Restoration Regulatory Integration Team project proposed in the budget.

The Authority had a FY 2017-18 total of approximately \$23.7 million in potential project funding after provision for administrative fees and county collection charges. The list of projects approved during FY 2017-18 totaled \$18 million, which after the staff recommended 15% contingency will leave an uncommitted balance of \$2.1 million to carry into FY 2018-19.

We propose to add a 15% project contingency (\$3.7 million) that can be utilized across all approved projects to accommodate changes in project scope and priorities without delaying delivery.

Net Fees	\$23.7 million
2017-18 Projects	<18.0>
Project Contingency	< 3.6>
Year End balance	\$ 2.1 million
Net Fees	\$24.3 million
2018-19 Projects	< 6.9>
Project Contingency	< 3.7>
Year End Balance	\$13.7 million
Total Available FY 2018-19	<u>\$15.8 million</u>

A total of \$7.0 million is currently proposed as new project funding, \$6.3 million after County Administrative fees. The projects in the proposed budget include \$5 million for 900 Innes, \$1.25 million for the Bay Restoration Regulatory Integration Team, and \$600,000 for the South Bay Salt Ponds Project.

While actual numbers may vary and will not be available until the FY 2017-18 audit is completed, the Authority will have a balance of approximately \$15.8 million available to program for additional projects in FY 2018-19.

Operating Program

Funding for Authority Operations are provided by: a) a 5% draw against parcel tax revenue and b) interest earnings on idle cash. The total available for FY 2018-19 operating purposes is nearly \$1.6 million consisting of \$1.3 million of parcel tax revenue (the 5% administrative fee) and \$300,000 interest earnings.

The proposed operating budget for FY 2018-19 is approximately \$1.5 million, including a budgeted contingency of 15%, leaving a projected operating surplus of \$121,771. Staff costs will be about half the budget with the repayment of the ballot initiative taking up another 30%. Banking and finance fees and other cash management costs that are not within staff overhead constitute the remainder of the budget.

The two fiscal years combined will produce an unencumbered balance of approximately \$852,000. These funds are available for programming and budgeting purposes at any time during FY 2018-19.

Resolution 47

Resolution 47 will be the first Authority Resolution governing the administration of the operating and project budgets. The Resolution includes:

- Projects are budgeted on a life-to-date basis needing no further budget action unless increased or cancelled.
- Operating authority will lapse at the end of the fiscal year except properly encumbered contracts for which services will be delivered in a subsequent year will carry over into the new fiscal year without need of a budget amendment.
- A budgeted contingency may be used to increase a project budget without formal budget action so long as the contingency is available.
- The operating budget is administered at the line item level but requires a formal increase only to increase total operating expenditures.
- Funds are pooled for cash flow and investment purposes and may be advanced during the year provided such advance is restored to the originating fund by fiscal year end.
- The Authority should set a goal of one full year operating revenue as an operating reserve.

These rules are designed to allow flexibility in both project and operating funds yet maintain the budget integrity of individual project and overall operating budgets.

Recommendation

Staff recommends approval of Resolution 47 approving the Restoration Authority Budget for FY 2018-19.



RESOLUTION NO. 47

FY 2018-19 AUTHORITY BUDGET

Whereas, the San Francisco Bay Restoration Authority (“Authority”) was established by the San Francisco Bay Restoration Authority Act, California Government Code Section 66700 et seq. (“Act”) as a regional entity to generate and allocate resources for the protection, restoration, enhancement, and enjoyment of tidal wetlands and wildlife habitat in San Francisco Bay and along its shoreline; and

Whereas, on October 24, 2016, the State Coastal Conservancy ("Conservancy"), the Association of Bay Area Governments ("ABAG") and the Authority entered into a joint powers agreement ("JPA") pursuant to which ABAG provides treasurer services for the Authority; and

Whereas, on December 15, 2017, the Conservancy, ABAG and the Authority amended the JPA to reflect that ABAG’s staff services under the JPA will be provided by the Metropolitan Transportation Commission ("MTC") pursuant to a Contract for Services between ABAG and MTC; and

Whereas, Staff has prepared a proposed budget for FY 2018-19 that includes anticipated revenue and expenses as detailed in Attachment A, including modifications of the FY 2017-18 budget; and

Whereas, the proposed budget for FY 2018-19 has been reviewed and recommended for approval by the MTC CFO acting as Treasurer to the Authority;

Now Therefore Be It Resolved, that the San Francisco Bay Restoration Authority hereby:

1. Adopts the Proposed budget for FY 2018-19 along with incorporated changes to the FY 2017-18 budget.
2. Authorizes Staff to modify the operating budget as necessary except that any change that would increase overall expenses approved in the operating budget must first be approved by the Authority Board as part of a formal budget amendment.

3. Authorizes staff to carryover expenses properly encumbered in the prior fiscal year and for which services will not be provided until FY 2018-19 and amend these encumbrances into the FY 2018-19 budget without formal budget action except to inform the authority of the amount of the carryover. All other operating contracts and expenses shall lapse at fiscal year-end.
4. Authorizes staff to budget and encumber project budgets for authorized grants and carryover all unspent balances regardless of fiscal year until the Authority's grant funding obligations are complete or the grant agreement terminated.
5. Directs staff to obtain formal approval of any increase to the approved overall Project Based Budget except where funding for the increase is derived from an approved and budgeted contingency. Staff will keep the Authority Board informed of any use of an authorized contingency and any remaining balance.
6. Authorizes staff to pool funds for investment and authorizes advances for cash flow purposes provided that such advances are reconciled and restored to the originating fund by fiscal year end
7. Directs staff to research and recommend operating and project reserve levels

PASSED AND ADOPTED by the Governing Board of the San Francisco Bay Restoration Authority at its meeting on June 1, 2018, by the following vote:

AYES: Governing Board Members _____

NOES: Governing Board Members _____

ABSENT: Governing Board Members _____

ABSTAIN: Governing Board Members _____

Dave Pine, Chair

I, Ashmika Singh, Clerk of the Governing Board of the San Francisco Bay Restoration Authority, do hereby certify that the foregoing is a true and correct copy of the Resolution adopted by the Governing Board of the San Francisco Bay Restoration Authority at its meeting of June 1, 2018, which Resolution is on file in the office of this regional governmental entity.

Ashmiika Singh, Clerk

SF Bay Restoration Authority - Project Based Budget

	Adopted Budget FY 2017-18	Proposed Budget FY 2018-19
Revenue		
4620 Measure AA Special Tax Revenue	\$ 25,715,160	\$ 25,715,160
Less 5% Administration Fee	(1,285,758)	(1,285,758)
Project Fees		600,000
Total Project Revenue	\$ 24,429,402	\$ 25,029,402
Expense - Projects		
County Administration Fee	752,168	752,168
Technical Services - Consultants	-	47,500
South Bay Salt Ponds Restoration Project, Phase 2	7,421,730	600,000
South San Francisco Bay Shoreline Project	4,439,406	-
Restoring wetland-upland transition zone habitat	2,661,264	-
Montezuma Tidal and Seasonal Wetlands Restoration Project	1,610,000	-
Deer Island Basin Phase 1 Tidal Wetlands Restoration Project	630,000	-
San Leandro Treatment Wetland	539,000	-
Encinal Dune Restoration and Public Access	450,000	-
Restoration Strategy for lower Sonoma Creek	150,000	-
900 Innes	-	4,998,600
Bay Restoration Regulatory Integration Team	-	1,250,000
Project Contingency (15%)*	3,664,410	3,664,410
Total Projects Expense	\$ 22,317,978	\$ 11,312,678
Uncommitted Balance	\$ 2,111,424	\$ 13,716,724
Beginning Balance	\$ -	\$ 2,111,424
Ending Balance	\$ 2,111,424	\$ 15,828,148

*15% Tax Revenue Net 5%

SF Bay Restoration Authority - Operating

	Adopted Budget FY 2017-18	Proposed Budget FY 2018-19
Revenue		
Administration Transfer in	\$ 1,285,758	\$ 1,285,758
Interest Revenue	-	300,000
Total Operating Revenue	\$ 1,285,758	\$ 1,585,758
Expense		
MTC Staff	\$ 39,068	\$ 164,402
State Coastal Conservancy Staff	397,932	480,100
Ballot Cost	-	369,421
Travel	9,000	7,700
Audit	-	50,000
Banking & Finance Fees	-	145,000
Insurance	12,500	12,500
Consultants	92,200	40,000
Committee Member Stipend	5,000	2,000
Operating Contingency (15%)*	-	192,864
Total Expense	\$ 555,700	\$ 1,463,987
Surplus/Deficit	\$ 730,058	\$ 121,771
Beginning Balance	\$ -	\$ 730,058
Ending Balance	\$ 730,058	\$ 851,829

*15% of Operating Revenue



DATE: June 1, 2018

TO: Governing Board
San Francisco Bay Restoration Authority

FROM: Sam Schuchat, Executive Officer; Matt Gerhart, Program Manager;
Caitlin Sweeney, Program Manager
San Francisco Bay Restoration Authority

SUBJECT: **Staff Work Plan: Fiscal Year 2018/2019**

The following outlines the Restoration Authority's proposed staff work plan for Fiscal Year 2018/19, covering the period of July 2018 to June 2019. It includes an overview of staff work associated with each major task, and the approximate percent effort associated with each task. Staff costs are estimated with full benefit and overhead costs included. However, during the operating year only actual costs incurred will be billed.

This year's projected budget/work plan incorporates anticipated program growth and a shift of a few areas of emphasis; namely, it reflects: a) the incorporation of core MTC accounting and finance services in the indirect rate of ABAG/MTC rather than as a direct billed category, b) additional time required to administer the Advisory and Oversight Committees from what had earlier been assumed, c) the projected program growth of the grant program, and d) consolidation of technical outreach into the Authority General Work task. It reflects an anticipated ten projects being funded this year rather than the average of six that was earlier assumed.

San Francisco Bay Restoration Authority Fiscal Year 2018/2019 Staff Workplan

The total estimated annual staff and direct costs for operations for the Restoration Authority is **\$652,202**.

Task 1: Revenue Management Approximate % of staff time = 5%

For FY 18/19 annual tax administration services (provided by the Authority's consultant, NBS) will continue, with oversight by staff. The annual audit will be contracted. Treasury and accounting services will continue through MTC and be covered by fully burdened rates of program staff.

Task 2: Authority Board Approximate % of staff time = 15%

Task 2 includes staff time, and consultants' time, related to the Restoration Authority's Governing Board. It includes the following subtasks:

1. *Governing Board Policies*. These may include, but are not limited to: a conflict of interest policy, a lobbying ordinance, grant management and contracting policies. Lead staff will draft these policies, and support staff will review, including the Authority's legal staff.
2. *Preparation of Agendas*. A lead staff person will develop the Governing Board agendas, facilitate staff review, finalize the agenda, and coordinate with the Governing Board clerk on the preparation of supporting materials and the agenda packet. Supporting staff will review the agenda and agenda packet (developed by the Governing Board clerk) and provide feedback.
3. *Board Clerk*. The clerk's main roles include, but are not limited to: scheduling meetings, posting meeting dates and notices on the Restoration Authority's website, preparing annotated agendas and agenda packets, preparing hard-copy materials for the board meetings (agendas, speaker forms, board schedules, etc.), setting up for board meetings and packing up after board meetings, duties during board meetings such as recording the meeting, taking notes, and facilitating roll call for attendance and actions, preparing meeting summaries and circulating for staff review, and conducting board meeting follow-up (such as collecting original signatures on resolutions and attendance sheets).
4. *Staffing Board Meetings*. This accounts for all of the Restoration Authority's staff time associated with review of board meeting materials, attendance at board meetings, and needed follow-up following board meetings.
5. *Filling Board Vacancies (as needed)*. This subtask entails ABAG's preparation of an announcement, receipt and review of applicants, coordination within ABAG in making appointments, and subsequent orientation of new members. This task involves minimal Restoration Authority staff time from a few staff members.
6. *Annual Reports*. This includes drafting annual written reports on funds collected and expended, as well as providing updates on the status of Restoration Authority projects. This task involves staff time from a variety of members.
7. *Annual Audit*. Staff will coordinate an annual audit to be conducted by a consultant.

Task 3: Advisory Committee

Approximate % of staff time = 10%

Task 3 accounts for staff time related to the Restoration Authority's Advisory Committee. Main subtasks associated with the management of the Advisory Committee include:

1. Staff time for the preparation of agendas, meeting minutes, and other documents as needed, which will occur on a quarterly basis. A project manager serves as lead for working with the Advisory Committee Chair on the preparation of these documents and supporting staff will review. Staff time for presentations to the Advisory Committee to keep them updated on grant program progress.
2. Clerk duties for Advisory Committee meetings, which will also occur on a quarterly basis. This includes sending out public notices, formatting and posting the agendas and meeting materials to the website, making room reservations, and confirming the quorum.
3. Staff support for the Advisory Committee's development of recommendations to the board on grant program elements. This often involves project managers' support for ad hoc subcommittees to develop draft recommendations for consideration by the full Advisory Committee.
4. Management of the member addition process, which will be led by a project manager, and supported by the clerk and other staff members. The first half of appointments to the committee will come to completion during this fiscal year.

Task 4: Independent Citizens Oversight Committee

Approximate % of staff time = 10%

In FY 17/18 this task will expand as the Oversight Committee convenes to begin its work.

Subtasks are anticipated to include:

1. Preparation of agendas, notices, and other documents as needed, which is anticipated will occur semi-annually and will be led by the clerk, and supported by staff.
2. Staffing of the Oversight Committee meetings, which is anticipated will occur on a semi-annual basis and involves the clerk as well as Restoration Authority staff.
3. Staff will manage the member addition process, which will be led by a couple of lead staff members, and supported by the clerk and other staff.
4. Preparation of Oversight Committee Reports, which may involve the services of an outside financial and/or program consultant, if approved by the Board and funds are available.

Task 5: Grant Program

Approximate % of staff time = 40%

This task will continue to expand as grant-making accelerates. Subtasks will include:

1. Finalization of Annual RFP. The year will begin with the finalization and release of the program's second RFP.
2. Staff will manage the review and selection process of proposals submitted on an annual basis, also managed by a lead staff and supported by other staff, consistent with the Grant Guidelines and RFP.
3. For each active Authority project, staff secure contracts, manage contracts (including reviewing and approving reports, invoices, and other related contract and project documents), and prepare and pay invoices. Project managers are assigned individual projects and perform all activities related to that project, with overall support for the grant program provided by a lead staff. Contract management is provided by the

Conservancy's Contract Manager (covered by overhead in SCC staff rates); payment of invoices additionally involves MTC's treasury and accounting staff.

1. Transferring the SFBRA's project list to the SFBJV's EcoAtlas and Project Tracker System. Updating the SFBRA project list, as-needed, in partnership with the SFBJV.
2. Editing the Request for Proposals (RFP) on an annual basis for release the following year, and creation and maintenance of grant program documents (forms, templates, etc.)

Task 6: Restoration Authority General Work *Approximate % of staff time = 20%*

Task 6 captures other staff tasks associated with the administration of the Restoration Authority. Subtasks include:

1. Development of the Restoration Authority's work plan and budget, which is led by the Program Manager, and supported by staff.
2. Maintenance of the Restoration Authority's website, www.sfbayrestore.org, on which relevant documentation for the public is posted and maintained. Management of the website involves the time for one lead staff person. This year's budget anticipates significant time and consulting costs associated with a full revision of the site.
3. Public outreach and education, such as the creation of website content, outreach products, presentations, and other materials as-needed. Preparation of public outreach and education materials is led by the authority's Public Information Officer and supported by other staff.
4. Outreach to potential Authority project proponents and partners, with a focus on building capacity in the region for successful projects; assisting in leveraging Authority funds with other federal, state and local funding sources; and advancing relevant policy and planning discussions.
5. Restoration Authority staff meetings, which involve the preparation and review of the staff agenda, the staff meeting itself, the preparation of meeting summaries, and action items and needed follow-up from each staff meeting. This task involves a lead staff person who will prepare agendas and summaries, as well as time for supporting staff to review agendas and summaries, and for all staff to attend meetings.
6. Management of inquiries to the Restoration Authority's email address, info@sfbayrestore.org, phone inquiries, as well as suggestions for upcoming board meetings, and other requests. This task is led by a lead staff person, and supported by other staff as-needed.
7. Outstanding legal costs and other direct costs.