



Government Relations & Public Affairs Committee

March 6, 2013

Draft Budgets for Fiscal Year 2013/14

Issue: The Draft Fiscal Year 2013/14 Budgets are ready for Board consideration, release for public comment, and review by federal and state agencies.

Recommendation: That the Government Relations & Public Affairs Committee recommend that the Board of Directors release for public comment and agency review the Draft Fiscal Year 2013/14 Budgets.

Discussion: SACOG manages two primary budgets. The first and largest budget is SACOG's basic Operations Budget to cover the Overall Work Program (OWP) activities. The Operations Budget is funded mainly through several continuing federal and state revenue sources, supplemented by short-term specific discretionary and non-discretionary grants and contracts. The second budget, the Board and Advocacy Budget, is much smaller and covers Board costs such as per diem and mileage expenses, as well as the agency's state and federal advocacy efforts. The Board and Advocacy Budget is primarily funded by annual dues payments from SACOG member cities and counties and a portion of SACOG's interest earnings, consistent with federal and state requirements.

(1) SACOG Operations Budget

SACOG staff is very pleased to present an Operations Budget that balances current year revenues with current year expenditures. This achievement is due to a variety of actions that were initiated over the past seven years, with particular emphasis in the last four budget cycles, and is largely attributable to four main factors: cost containment measures relating to staffing, overhead cost and legal expenses; concessions from a cooperative Employee Association; discretionary grant awards through staff's entrepreneurial efforts with state and federal agencies; and some modest increases in federal and local funds.

By way of background, in FY 2010/11, for the first time, the Board authorized the use of \$1 million out of SACOG's approximately \$6 million in reserve funds to cover costs in the FY 2010/11 Operations Budget. At that time, staff estimated that the sunseting of earmarks/grants and the reduction in Local Transportation Fund (LTF) planning and administration due to the decline in sales taxes likely also would require SACOG to draw on approximately \$500,000 in reserves in each of FY 2011/12 and FY 2012/13.

In fact, rather than using up to \$2 million in reserves over the three fiscal years—FY 2010/11, FY 2011/12, and FY 2012/13—staff is now projecting to see a small increase (\$20,000) in fund balance after including the new FY 2013/14 period. A brief recap of each year is presented below.

- FY 2010/11: While the original Operations Budget projected reserve spending of just over \$1 million, year end fund balance actually increased by \$987,395. It should be noted that \$386,012 of this amount was due to surplus recovery of indirect costs which, as noted below, is being adjusted in FY 2012/13.

- FY 2011/12: While the original Operations Budget projected reserve spending of approximately \$850,000, the year-end fund balance reduction was \$618,776 after cost-containment actions were taken.
- FY 2012/13: The Operations Budget adopted last May balanced current year revenues and expenses except only for an indirect cost or overhead adjustment from FY 2010/11. Essentially, SACOG received excess revenues for indirect expenses in FY 2010/11 that it is adjusting for in FY 2012/13. As a result, the Operations Budget adopted in May 2012 projected approximately \$296,000 in reserve funds—e.g., a portion of the excess funds received in FY 2010/11.

Staff continues to track year-to-date progress on the current year budget. Partially due to staff availability constraints from unfilled positions and delays requested from external project partners, a number of grant-funded projects are occurring more slowly than anticipated. The slower grant funded activity could result in an increase in reserve spending by an additional \$300,000 for FY 2012/13. However, any such increase will be offset by an increase in grant revenues in FY 2013/14, as SACOG completes those grant funded projects. It should also be noted that if the economy continues to improve, an increase in planning and administration revenues derived from a sales tax source (LTF) will reduce substantially the total reserve need for FY 2012/13.

- FY 2013/14: The draft Operations Budget projects a surplus of current year revenues after covering expenses. Additionally, the budget includes the recovery of \$148,000 in indirect (overhead) costs from FY 2011/12.

As summarized in the preceding bullets, over four years there is a positive fund balance with no use of reserve funds. Notwithstanding the foregoing, due largely to expiration of several grants, very preliminary projections for FY 2014/15 forecast a deficit of just over \$1 million. It should be noted, however, that no additional contract or grant revenues not already in hand are included in the revenue part of that forecast, almost certainly an overly conservative assumption. In the past, we have substantially closed or eliminated gaps of that size during the 15 months that transpire before the next year's budget is adopted.

Before a final budget is presented in May for adoption, staff will continue to carefully monitor federal, state, and local government actions, and the overall state of the economy. If a budget surplus remains reasonable to assume, staff will prepare for Board consideration a proposal on how the surplus could be spent in the FY 2013/14 period. At the same time there is active monitoring of identified funding sources, staff will also continue to pursue entrepreneurial opportunities for new revenues.

(2) Board and Advocacy Budget

The Board of Directors and Advocacy Budget is much smaller than, and separate from, the Operations Budget because it funds activities that cannot be funded with state and federal funds, including Board per diem and other expenses, as well as state and federal advocacy work.

For FY 2009/10, we provided a 20 percent reduction in member dues in recognition of the challenging economic times, and we have not increased member dues over the subsequent three budget cycle. This draft Budget continues the dues reduction for FY 2013/14, but this is only possible due to the following cost reduction strategies implemented over the last several years:

1. A reduction in professional association membership dues.
2. Continuing the significant restructuring of both our state and federal advocacy contracts. Over the last several years, the contracts were reduced by over 60 percent, as the agency has relied on its strong internal resources at the state and federal levels.
3. Projected savings of approximately \$22,000 in the current fiscal year.

These cost reductions are especially essential this year because it is the fifth year of the member dues reductions and there is a further reduction in consultant activity that is being offset by additional staff effort. As with the last three budget cycles, this draft budget also utilizes modest reserves from the Board and Advocacy Fund. At the end of Fiscal Year 2013/14, the Fund reserves balance is projected to be at \$173,000.

Approved by:

Mike McKeever
Chief Executive Officer

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Attachments:

Attachment A: Summary of Revenues and Expenditures, which is a summary of the Overall Work Program activity, Board and Advocacy Budgeted costs, and the expected equipment costs

Attachment B: Summary of Overall Work Program (OWP) Revenue Sources which provide more revenue detail broken out in various categories, like federal, state, local, etc.

Attachment C: FY 2013-14 Total Overall Work Program Direct Services and Pass Through Project Revenue Estimates that identifies revenue sources by certain categories, and formatted for the benefit of our federal and state funding agencies

Attachment D: FY 2013-14 Total Overall Work Program Direct Services and Pass Through Project Cost Estimates that identifies costs by budget category, and formatted for the benefit of our federal and state funding agencies

Attachment E: Indirect costs information used and applied against the projects in the OWP. It also reflects the proposed indirect rate used for FY 2013/14

Attachment F: Board and Advocacy Budget for FY 2013/14

Attachment G: Equipment Expenditures Budget for FY 2013/14

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SACRAMENTO AREA COUNCIL OF GOVERNMENTS
Fiscal Year 2013 - 2014
SUMMARY OF REVENUES AND EXPENDITURES

REVENUES:**Overall Work Program:**

Federal	\$ 35,142,864
State	7,453,515
Local	4,211,015
Services to Others	239,950
In-Kind & Matching Funds from Others	1,510,506
Paratransit, Inc Four Party Agreement Funds	53,789
Use of SACOG Managed Fund Committed to Projects	1,797,000
Use of SACOG Undesignated Fund Balance	-
Use of SACOG Undesignated Fund Balance for Equipment	-
Subtotal - OWP Revenues	<u>50,408,639</u>

Board of Directors and Advocacy

Member Dues and travel costs	\$ 284,270
Use of Board of Directors Committed Fund Balance	29,797
Interest	10,000
Subtotal - Board and Advocacy Revenues	<u>\$ 324,067</u>

TOTAL REVENUES

TOTAL REVENUES	\$ 50,732,706
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EXPENDITURES:***Overall Work Program:**

Direct Labor and Benefits	\$ 6,504,219
Direct Consulting Costs	3,028,232
Direct Pass - through to Other Agencies	24,013,263
Direct Equipment and Software (Connect Card project)	5,015,000
Direct Pass - through SACOG Managed Fund Project Expenditures	1,797,000
Direct Other Costs (Printing, meetings, etc)	630,228
Known Costs Carried into 14/15	6,115,291
Indirect Costs * (allocated amount)	3,135,684
Indirect Costs carryforward amount from FY 11-12	(148,005)
Total OWP Expenditures	<u>\$ 50,090,912</u>

Board of Directors and Advocacy Costs

Board of Directors and Advocacy Costs	\$ 324,067
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Equipment (computers, equipment) Expenses

Equipment (computers, equipment) Expenses	\$ 70,000
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TOTAL EXPENDITURES

TOTAL EXPENDITURES	\$ 50,484,979
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Subtotal - Total Revenues Less Total Expenditures

Subtotal - Total Revenues Less Total Expenditures	\$ 247,727
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*Some costs will carryforward into future years. Future costs are offset by revenues.

* SACOG does not budget for depreciation. However, it is included in the indirect costs for calculation of the Indirect Cost rate. Estimated depreciation = \$36,000 annually.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
Fiscal Year 2013-14
SUMMARY OF OVERALL WORK PROGRAM (OWP) REVENUE SOURCES

		Percentage of Total
Federal Funding:	\$ 35,142,864	69.72%
Federal Highway Administration - Metropolitan Planning (PL)	2,800,171	
Federal Transit Administration (Section 5303)	927,063	
Federal Transit Administration (Section 5304)	364,925	
Federal Transit Administration (Section 5307)	1,902,373	
Federal Transit Administration (Section 5316 and 5317 passtl)	2,929,115	
FHWA State Planning & Research (SPR Partnership)	588,479	
Congestion Mitigation and Air Quality	16,132,775	
Regional Surface Transportation Program	1,299,830	
FTA Funds for Fee for JARC Programs	200,000	
CEC - SMUD	63,504	
DOE - SMUD	469,170	
FTA Funding Passed through to Unitrans and SRTD	7,465,458	
State of California Funding:	\$ 7,453,515	14.79%
Planning, Programming, Monitoring	826,000	
High Occupancy Vehicle Fines	20,000	
Strategic Growth Council - Prop 84 Funding	1,116,762	
STIP Funding through the CTC	837,000	
Caltrans Safe Routes to School	7,040	
State of California Food and Agriculture	292,800	
Specialty Crop Block Grant Program Phase 2	85,000	
Public Transportation Modernization, Improvement & Service Enhancement Account (PTMSEA)	4,268,913	
Local Funds:	\$ 4,211,015	8.35%
Transportation Development Act - Planning & Administration	2,205,700	
Transportation Development Act - Administration	457,215	
Placer County Transportation Planning Agency (PCTPA)	310,865	
El Dorado County Transportation Commission (EDCTC)	66,230	
Other Local Grants and Other	861,105	
Capitol Valley Regional SAFE (SAFE)	309,900	
Services to Others:	\$ 239,950	0.48%
Capitol Valley Regional SAFE (SAFE)	218,513	
Glenn County SAFE	2,963	
Sacramento County (ALUC)	18,474	
In-Kind Funds from Others:	\$ 1,510,506	3.00%
SECAT Program	1,259,430	
Transportation Management Associations (TMAs)	155,473	
Remaining in-kind	95,603	
Total Current Year Funds	\$ 48,557,850	96.35%
Paratransit Inc, 4-Party Agreement Funds	53,789	0.11%
Use of SACOG Managed Fund Committed to Projects	1,797,000	3.56%
Use of SACOG Undesignated Fund Balance	-	0.00%
Use of SACOG Undesignated Fund Balance for Equipment	-	0.00%
Total Use of Fund Balance	\$ 1,850,789	3.68%
Total OWP Revenues	\$ 50,408,639	100.00%

Element	Project #	Project	Total Budget	Salaries & Benefits	Indirect Services	Consultants/Membership/Legal for Specific Grant Projects	Consultants for HUD	Consultants/Membership/Legal for Non Grant Projects	Printing	Meetings/Other/in-kind	Pass-Through	Supplies/Data/Telecommunication	Equipment/Software	Marketing/Advertising	Costs for next fiscal year
Transportation Services	14-007-10	SECAT Program	\$ 10,980,212	\$ -	\$ -			\$ 2,500			\$ 10,977,712				
	14-007-13	Sustainability & Climate Action Planning	\$ 86,230	\$ 58,181	\$ 28,049										
	14-007-14	Integrated Basemap Program	\$ 162,212	\$ 109,448	\$ 52,765										
	14-007-18	Capital Area Plug-In Electric Vehicle Planning	\$ 63,508	\$ 38,685	\$ 18,650	\$ 5,173			\$ 1,000						
	14-007-20	Sacramento County Plug-In Electric Vehicle Planning	\$ 469,200	\$ 294,925	\$ 142,183	\$ 31,092			\$ 1,000						
	14-007-21	Shared Services	\$ 188,588	\$ 127,243	\$ 61,344										
14-008 Pass-Through to Other Agencies	14-008-09	American River Crossings Alternatives Study	\$ 336,955	\$ -	\$ -						\$ 336,955				
	14-008-10	Unitrans ITS	\$ 304,102	\$ 2,768	\$ 1,334						\$ 300,000				
	14-008-11	SACOG Managed Fund Projects	\$ 1,797,000	\$ -	\$ -						\$ 1,797,000				
	14-008-12	YCTD Transportation Planning Intern	\$ 40,000	\$ -	\$ -						\$ 40,000				
	14-008-13	SRTD Internship Program	\$ 37,298	\$ -	\$ -						\$ 37,298				
14-009 Miscellaneous Other Funding	14-009-04	SRTD Downtown-Natomas-Airport Rail Project	\$ 3,696,113	\$ -	\$ -						\$ 3,696,113				
	14-009-05	Downtown Riverfront Transit Alternatives Study	\$ 1,355,505	\$ 50,959	\$ 24,568						\$ 1,279,978				
	14-009-06	SRTD Green Line Analysis and Environmental Review	\$ 3,769,345	\$ -	\$ -						\$ 3,769,345				
	14-009-07	Interregional TDM Action Plan	\$ 187,851	\$ 22,756	\$ 10,971						\$ 154,124				
	14-009-08	Interjurisdictional TDM Action Plan	\$ 226,479	\$ 6,692	\$ 3,226						\$ 216,561				
14-012 JARC	14-012-01	SRTD JARC Operating Assistance	\$ 539,489	\$ -	\$ -						\$ 539,489				
	14-012-02	Roseville Transit JARC Operating Assistance	\$ 135,282	\$ -	\$ -						\$ 135,282				
	14-012-03	Vanpool Incentive Program	\$ 200,000	\$ -	\$ -	\$ 200,000									
	14-012-05	County of Sacramento Department of Health JARC	\$ 838,005	\$ -	\$ -						\$ 838,005				
	14-012-06	Yolo County Transportation District JARC	\$ 65,000	\$ -	\$ -						\$ 65,000				
	14-012-07	City of Roseville South Placer County New Freedom	\$ 38,000	\$ -	\$ -						\$ 38,000				
	14-012-08	Paratransit, Inc. New Freedom Mobility Management	\$ 265,241	\$ -	\$ -						\$ 265,241				
	14-012-09	SRTD New Freedom Capital Improvements	\$ 603,552	\$ -	\$ -						\$ 603,552				
	14-012-10	Western Placer CTSA New Freedom Operating Assistance	\$ 162,206	\$ -	\$ -						\$ 162,206				
	14-012-11	County of Sacramento Department of Health	\$ 40,036	\$ -	\$ -						\$ 40,036				
	14-012-12	Yolo County Transportation District	\$ 42,304	\$ -	\$ -						\$ 42,304				
	14-013 Sustainable Communities Strategy Implementation Grant (SGC#2)	14-013-01	SGC #2 Task A - RUCS	\$ 327,184	\$ 62,780	\$ 30,266	\$ 49,050								
14-013-02		SGC #2 Task B - Infill and Health	\$ 51,384	\$ 34,598	\$ 16,680										\$ 106
14-013-03		SGC #2 Task C - Regional Climate Action Plan	\$ 167,954	\$ 69,733	\$ 33,618	\$ 30,000									\$ 34,603
14-013-04		SGC #2 Task D - PECAS Integrated Land Use/Transportation	\$ 239,167	\$ 30,114	\$ 14,518										\$ 194,535
14-013-05		SGC #2 Task E - SCS Information Center	\$ 22,851	\$ 15,301	\$ 7,377										\$ 174
14-013-06		SGC #2 Task F - Complete Streets and Parking Standards	\$ 104,597	\$ 50,750	\$ 24,467										\$ 29,380
14-015 Services to Other Agencies	14-015-01	Capitol Valley SAFE	\$ 218,526	\$ 136,243	\$ 65,683	\$ 1,000			\$ 100		\$ 15,000	\$ 500			
	14-015-02	Glenn County SAFE	\$ 2,963	\$ 1,999	\$ 964										
Total			\$ 50,238,917	\$ 6,504,219	\$ 3,135,684	\$ 2,312,065	\$ -	\$ 716,167	\$ 65,206	\$ 192,709	\$ 25,810,263	\$ 54,313	\$ 5,015,000	\$ 318,000	\$ 6,115,291

SACRAMENTO AREA COUNCIL OF GOVERNMENTS OPERATIONS BUDGET
INDIRECT COSTS
Fiscal Year 2013-14

Total Direct Salaries and Benefits from OWP	\$ 6,504,219
Total Indirect Expenditures	2,987,616
Carry Forward (+/-) from FY 2011-12	148,005
Adjusted Indirect Total Costs	\$ 3,135,621
INDIRECT RATE - FY 2013-14	
(Total Adjusted Indirect Costs ÷ Total Direct Salaries and Benefits from OWP)	48.21%

EXPENDITURES:	Amount
Meetings/Training	\$ 10,000
Printing	13,500
Consultant	100,000
Mileage	12,000
Legal Services	75,000
Other Expenses	4,500
Books & Periodicals	2,000
Office Supplies	44,000
Postage	15,000
Telecommunications	50,000
Office Equipment Maintenance	7,000
Memberships	20,000
Depreciation	36,000
Insurance	71,000
Building Rent - Meridian Plaza	617,373
SACOG Vehicle Parking	10,000
Office Equipment < \$5,000	30,000
Accounting Processing Costs	10,000
Career Development Program	75,000
Computer Software Maintenance/Licenses	90,000
Temporary Services	500
Indirect Staffing (salaries/benefits)	1,694,743
TOTAL FOR FY 2012-13	\$ 2,987,616

¹This dollar amount includes the \$148,005 carryover number from the cumulative FY 2011-12 Indirect cost calculation, per Caltrans ICAP audit procedures. This number has to match the OWP indirect costs shown on the OWP Expenditure page. These are costs that SACOG over recovered in past years.

**SACRAMENTO AREA COUNCIL OF GOVERNMENTS
BOARD OF DIRECTORS AND ADVOCACY BUDGET
Fiscal Year 2013-14**

With Comparison to projected Fiscal Year 2012-13

REVENUE:	Fiscal Year 2013-14	Fiscal Year 2012-13 Budget	Fiscal Year 2012-13 Projected Actual	Difference
Membership Dues	\$ 284,270	\$ 284,270	\$ 284,270	\$ -
Board and Advocacy reserve funds	29,797	30,000		30,000
Other Local Funds - (est. interest on general account)	10,000	10,000	10,000	0
TOTAL REVENUES:	\$ 324,067	\$ 324,270	\$ 294,270	30,000
EXPENDITURES:				
Meetings / Training / Travel Expenses	\$ 69,000	\$ 69,111	\$ 55,000	14,111
Board Reimbursement(per Deim and Director Fees)	60,000	65,000	50,000	15,000
Board Parking Passes		1,000		1,000
Consultant	40,000	70,000	60,000	10,000
Printing	650	659	659	0
Supplies	2,700	5,000	2,780	2,220
Other Expenses	3,400	1,000		1,000
Memberships				
AMPO	10,400	10,000	10,342	(342)
NADO	4,000	4,000	4,000	0
NARC				0
Metro Chamber of Commerce	1,500	1,500	1,500	0
Climate Communities				0
TRB Dues	4,900	4,300		4,300
CTA Dues	1,050	1,200		1,200
CALCOG dues	21,000	21,000	17,986	3,014
California Transit Association				0
Awards		500		500
Employee's excess travel costs	500	500	500	0
Labor, Benefits, and Overhead - Staff performing Federal/State Legislative duties	104,967	70,000	100,000	(30,000)
TOTAL EXPENDITURES	\$ 324,067	\$ 324,770	\$ 302,767	\$ 22,003

Board and Advocacy Reserve Analysis and Projection		
	Amount	Time period
Subtotal -Reserve Balance	\$ 212,056	at 6/30/09
Less: Projected Use of reserves for FY 09/10 activity	(60,483)	
Subtotal -Reserve Balance	\$ 151,573	at 6/30/10
Less: Projected Use of reserves for FY 10/11 activity	\$ (42,034)	
Subtotal -Reserve Balance	\$ 109,539	at 6/30/11
Increase in reserves for FY 11/12 activity (revenues exceeded expenses)	\$ 101,583	
Subtotal -Reserve Balance	\$ 211,122	at 6/30/12
Increase in reserves for FY 12/13 activity (revenues exceeded expenses)	\$ (8,497)	
Subtotal -Projected Reserve Balance	\$ 202,625	at 6/30/13
Less: Projected Use of reserves for FY 13/14 activity	\$ (29,797)	
Subtotal -Projected Reserve Balance	\$ 172,828	at 6/30/14

SACOG Budget operations take place within the Planning and Administration Fund, as defined in SACOG's Annual Comprehensive Financial Report (CAFR). The Board and Advocacy (B&A) Fund is a designated Fund within this fund.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS
Equipment Expenditures
Fiscal Year 2013-14

	Fiscal Year 2013-14 Budget
REVENUE	
Local Funds	<u><u>\$ 70,000</u></u>
Carryover from previous fiscal years	
EXPENDITURES	
Computer Hardware	
Upgrades/Replacements	\$ 60,000
Office Furniture and Equipment	10,000
Total Equipment Expenditures	<u><u>\$ 70,000</u></u>