

C/CAG AGENDA REPORT

Date: May 12, 2022

To: City/County Association of Governments of San Mateo County Board of Directors

From: Sean Charpentier, Executive Director

Subject: Review the initial draft, assumptions, and input on the C/CAG Fiscal Year 2022/23 Program Budget and Member Fees.

(For further information or questions contact Sean Charpentier at scharpentier@smcgov.org)

RECOMMENDATION

That the C/CAG Board of Directors review the initial draft, assumptions, and input on the C/CAG Fiscal Year 2022/23 Program Budget and Member Fees.

FISCAL IMPACT

In accordance with the proposed C/CAG 2022/23 Program Budget.

SOURCE OF FUNDS

Funding sources for C/CAG include member assessments, cost reimbursement from partners, grants, regional/state/federal transportation and other funds, property tax/fee, Department of Motor Vehicle fees, State or Federal earmarks, and interest.

BACKGROUND

Each year, the C/CAG Board reviews the draft annual budget and member fees in the month of May and approves the final version in June.

Table 1: Budget Summary Comparison

	Expenditures	Revenues	Ending Balance
Adopted 2021/22	\$22,451,444	\$16,597,381	\$18,767,141
Projected 2021/22	\$16,419,004	\$15,649,449	\$24,832,791
Draft 2022/23	\$26,293,101	\$156,915,905	\$14,861,916

For fiscal year 2022/23, it is proposed that the total member fees and assessments as follows:

- Member Fees (including General Fund and Gas Tax Fees) – Pursuant to Budget Guidance approved in C/CAG Resolution 22-04, a 5% increase will take effect this year. The budget guidance also linked future years to the regional Consumer Price Index, with a ceiling of 3%.
- Congestion Relief Program Assessment – Same amount as FY 2021/22. This assessment is authorized by the C/CAG Board every four years. Annual countywide total is \$1,850,000.

For budgeting purposes, the draft member fees for each individual member agency were sent to City and County Managers on March 22, 2022.

The Draft C/CAG Fiscal Year 2022/22 Program Budget and Member Fees are being presented to the Finance Committee for review at its May 11, 2022 meeting. Any recommendations from the Finance Committee will be reported to the C/CAG Board at the May 12, 2022 meeting. Final C/CAG Fiscal Year 2022/23 Program Budget and Fees will be submitted to C/CAG Board for approval on June 9, 2022.

Major Organizational Updates:

C/CAG saw significant personnel changes, with the transition of an Executive Director, and the successful recruitment of a Transportation Systems Coordinator and two Transportation Program Specialists. In addition, C/CAG worked on guidance on address the OPEB liability and approved budget planning guidance for Member fees.

Assumptions and Highlights on Draft FY 2022/23 Budget:

C/CAG manages its funds by grouping related revenues and expenditures into 10 specific Program Funds. This includes General Fund, Transportation Fund, Smart Corridor Fund, Stormwater (NPDES) Fund, Measure M (\$10 Vehicle Registration Fee) Fund, and etc. Detailed description for each of the Program Funds are provided in Attachment 4.

The General Fund is set up to cover C/CAG general overhead related revenues/expenditures. The allowable expenses, such as legal and accounting fees and printing costs, are shared by the other C/CAG program funds prorated based on the proportionate share. Airport/Land Use (ALUC) related expenses are fully funded by the General Fund.

Revenues - Primary sources of funds:

1. Member fees – As described on page 1 above, assessments for this year reflect a 5% increase.
2. Vehicle registration fees and property taxes – C/CAG levies a \$10 vehicle registration fee for transportation and stormwater runoff programs. C/CAG receives certain property tax for the stormwater program. C/CAG also receives a portion of the Air District levied vehicle registration fee. For the FY 2022-23 budget, it is assumed the overall revenues will be substantially the same as last year.
3. Grants – C/CAG receives two types of grants:
 - a. On-going planning grants: MTC provides a five-year grant for various transportation planning and programming related activities and projects, allocated on an annual basis. Any unspent amount can be rollover. Revenue is on a reimbursable basis.
 - b. Project specific grants: This type of grant is for a specific project, typically on a reimbursable basis.

Expenditures – various:

Staffing costs: “Administrative Services” and Professional Services” line items

The stormwater manager position held by Matt Fabry was shifted from a position with City of Brisbane to a County position. C/CAG paid all costs when the position was contracted through Brisbane, so there is not anticipated to be a fiscal impact. Upon approval of the budget, staff will

begin the recruitment process for this position.

To address the increasing workload, staff is planning to fund a Deputy Director position. This will require a separate action by the County after the approval of the C/CAG budget.

Consultant Services:

A majority of the expenditures are for consultants. The term “new” denotes consulting costs that were not included in the current year budget.

The major consultant costs include:

1. C/CAG Equity Study
2. Caltrans Sustainable Planning Grant for GHG Mitigation Program
3. New- Dumbarton Roadway PID (study to connect express lanes to the Dumbarton Bridge). This funding is provided by the SMCTA with a local match from SAMCEDA.
4. Smart Corridor: This will fund the construction costs of the South San Francisco segment. In addition, funding is set aside to complete project design and pay for initial construction related expenses for the Northern Cities segment, covering the cities of Daly City, Brisbane and Town of Colma.
5. New- Finance Consultant/Extra Help: C/CAG does not have dedicated finance staff. The budget includes \$150,000 for a finance consultant to assist C/CAG in financial activities and identifying its finance needs.
6. New- Funding for additional audio-visual services for services and/or equipment to assist C/CAG Board and Committees with the provision of audio-visual services for “room with a zoom” options.

Distributions

This line item is typically for transfers of funding to other organizations such as Commute.org. It includes \$3.7M for the Smart Corridor program, which includes committed funding for construction of the South San Francisco Smart Corridor Project (pursuant to C/CAG Board approved funding agreements), and anticipated funding required to purchase fiber conduits for the Northern Cities segment and other upcoming construction expenses.

Express Lane JPA

For three years, C/CAG has provided start up operating loans to the San Mateo County Express Lane JPA. It is anticipated that a fourth loan will be necessary for Fiscal Year 2022/23. The terms and assumptions will remain the same (the rate consistent with the County pool to be repaid from future toll revenue). The draft budget includes the placeholder amount from last year.

Staff are working with SMCEL-JPA staff to identify the estimated revenues and expenditures for FY 2022/23, and will provide an updated estimate in time for the C/CAG Board adoption of a budget at the June Board meeting. The southern segment (between Santa Clara County line and Whipple Ave) opened in February, and the northern segment (between Whipple Ave. and I-380) will open towards the end of this calendar year. The tolls are set in response to the congestion. The higher the traffic or congestion, the higher the tolls. Traffic has not returned to the levels experienced before the pandemic. Correspondingly, the toll revenue on the southern segment may not be sufficient to fully fund the SMCEL-JPA Budget, and another operating loan from both C/CAG and the SMCTA will likely be necessary.

Other

There is currently approximately OPEB (Other Post-Employment Benefits) Unfunded Accrued Liability (UAL) of approximately \$600,000. OPEB benefits are typically for retiree health coverage. At the October 18, 2021, Finance Committee, the Finance Committee recommended a goal of amortizing the UAL in a period of 10 years. Staff do not recommend making an amortizing payment at the June 2022 Budget adoption, but suggests using the proposed financial consultant to prepare a C/CAG budget projection that would inform the recommended amortization amounts and timeframe, as well as a possible indirect cost allocation to distribute the costs among all relevant C/CAG funds.

ATTACHMENTS

1. Proposed C/CAG Member Fee for Fiscal Year 2022/23.
2. FY 2022-23 C/CAG Projected Statement of Revenues, Expenditures, and Changes in Fund Balance and FY 2022/23 C/CAG Projected Statement of Revenues, Expenditures, and Changes in Fund Balance.
3. Entire Draft Budget Book