

Association of Bay Area Governments

Finance Committee

November 14, 2024

Agenda Item 5.d.

Proposed FY 2024-25 Operating Budget Amendment

Subject

Report on Resolution No. 5-2024, Revised, authorizing the Association of Bay Area Governments (ABAG) Proposed Fiscal Year (FY) 2024-25 Operating Budget Amendment for referral to the ABAG Executive Board

Background:

On April 18, 2024, the ABAG General Assembly adopted ABAG Resolution No. 5-2024, approving the FY 2024-25 ABAG Operating Budget and Work Plan. According to Article XI.B (5) of the ABAG Bylaws, the Executive Board has authority to amend the Budget to meet changing conditions or to accept new or additional grant or other revenue.

The proposed ABAG FY 2024-25 Operating Budget Amendment adjusts ABAG's and SFEP's grant budget to account for reductions to the Regional Early Action Planning (REAP) 2.0 grant funds and increases due to newly awarded grants to SFEP. SFEP's budget is also adjusted to reduce anticipated spenddown of existing grants and to align overhead costs with an updated overhead rate. Staff is not recommending amendments for the BayREN, SFEP Conference and Bay Trail Non-Profit budgets.

The combined ABAG revenue budget, including ABAG grants, is \$92.8 million, which is an overall decrease of \$2.8 million, or -2.9% from the approved budget. The summarized revenue detail includes:

	FY 2024-25 Approved (millions)	FY 2024-25 Amendment 1 (millions)	Change \$	Change %
Revenue				
Administration	\$ 3.7	\$ 3.7	\$0.0	0.0%
ABAG Grants	9.3	5.8	(\$3.5)	-37.6%
BayREN-Energy	39.4	39.4	\$0.0	0.0%
SFEP	43.0	43.7	\$0.7	1.7%
Bay Trail Non-Profit	0.2	0.2	\$0.0	0.0%
Total	\$ 95.6	\$ 92.8	(\$2.8)	-2.9%

Amendments to the operating budget include:

- A small increase to the ABAG Administration expense budget of \$906 to reconcile the Beale Assessments line item with the adopted 375 Beale budget.
- ABAG Grants reduced by \$3.5 million. The original budget included \$8 million from the REAP 2.0 grant. This amount is reduced as a result of statewide reductions to the REAP 2.0 grant awarded to the Metropolitan Transportation Commission (MTC). Staff is

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working to identify alternative local funding to advance the housing policy grants that were intended to be funded by this grant.

- SFEP's budget increased by \$0.7 million. This amendment adds new grant funding from State Coastal Conservancy for the Palo Alto Horizontal Levee project and the Bay Area Toll Authority (BATA) for Highway Resilience projects. These increases are offset by reductions in anticipated FY 2024-25 expenditure in various grants, making these funds available for budgeting in future fiscal years. On the expense side, additional consultant and professional fees correspond with the new grant-funded projects, and SFEP's overhead costs are reduced by \$450 thousand as a result of an update to the methodology used to calculate indirect cost rates across all entities administered by the MTC.
- No changes are proposed to the BayREN, SFEP Conference, or Bay Trail Non-Profit budgets.

Recommended Action:

The ABAG Finance Committee is requested to accept the report and to refer ABAG Resolution No. 5-2024, Revised, to the ABAG Executive Board for adoption.

Attachments:

- A. Proposed FY 2024-25 Operating Budget Amendment
- B. Resolution No. 5-2024 Revised

Reviewed:



Andrew Fremier