ITEM 14

MEETING DATE: May 26, 2023

TITLE: Adopt Work Plan, Fiscal Year 2023-24 Budget and Member Agency Contribution

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RECOMMENDATION

1. Approve Resolution 2023-12 adopting the Work Plan
2. Approve Resolution 2023-13 adopting the Fiscal Year ("FY") 2023-24 Budget
3. Approve Resolution 2023-14 adopting the FY 2023-24 Member Contribution

BACKGROUND

Section 6.d.4 of the Joint Powers Exercise of Powers Agreement requires that the Board adopt an annual budget no later than June 30 of each year. Additionally, Sacramento County, acting as the Treasurer/Auditor of the JPA, requires an adopted budget for processing transactions.

WORK PLAN

This Work Plan outlines specific goals and results the Board desires to achieve during the year and will help monitor how the desired goals are accomplished.

The JPA can summarize our efforts into a simple **'Mission Statement' – Secure Funding and Approvals for all 34 miles of the 4-lane Connector Project**.

The Board has consistently affirmed the preference to construct all 34 miles of the Connector as originally intended and as shown on the County of Sacramento General Plan Circulation Element.

The JPA has numerous organizational/administrative responsibilities, though the following are the primary work elements of focus:

1. <u>Secure funding for all 34 miles of the Connector project</u>

The Work Plan directs staff to pursue funding options that would deliver and construct the 4-lane Connector project for all 34 miles and ensure any new local funds are expedited and exclusively programmed to the JPA for use on the entire alignment per the discretion of the JPA Board of Directors.

1.A Continue to advocate for project funding through existing sources

The Work Plan directs staff to pursue strategies that would fund all delivery efforts associated with the construction of the 34-mile Project, such as:

- Continue to advocate for and pursue large Federal funding grants, such as INFRA, RAISE, or federal earmarks.
- Continue to advocate for and pursue large State funding grants under Senate Bill 1 funding programs (Local Partnership Program, Trade Corridor Enhancement Program, or Solutions for Congested Corridors Program).
- Continue to advocate for and pursue regional funding through the Sacramento Area Council of Governments.
- Continue to work with Sacramento Transportation Authority ("STA") to encumber Measure A money from the current program into the Connector project budget, and work with STA as appropriate on future sales tax measures.

1.B Explore project funding through new sources

The Work Plan directs staff to identify local transportation funding that would maximize flexibility on using funds for the Project, such as Assessment Districts, Enhanced Infrastructure Finance Districts, or new local sales tax measures.

Additionally, the Work Plan directs staff to identify State funds that can be captured with a collaborative strategy with the State of California Department of Transportation.

2. <u>Ensure consistency and alignment amongst federal, state, and regional planning documents for all 34 miles of the Connector project</u>

The Work Plan directs staff to explore potential remedies and strategies that would return the 4-lane 34-mile Project back into the federal Metropolitan Transportation Plan and ensure its eligibility for construction monies.

The Work Plan will also direct staff to explore opportunities to obtain federal/state funding for the 4-lane 34-mile Project associated with the Metropolitan Transportation Plan.

3. Advance Engineering Design, Construction, and Environmental Approvals

The Work Plan directs staff to advance CEQA-cleared Connector projects to shovel-ready construction status on the quickest timeline practicable, such as:

- Segment A1/A2 – Kammerer Road: advance engineering design and right-of-way activities.
- Segment C – Grant Line Rd: Continue planning studies and environmental work to delineate the Connector improvements and support the City of Elk Grove in exploring project phasing and environmental approvals.
- Segment D2 – Grant Line Road: Initiate final engineering design and right of way.
- Segment D3/E1 – Class I Path: Initiate final engineering design and right of way.

4. Develop and Implement Project Mitigation Strategies

The Work Plan directs staff to continue to implement its project mitigation strategy to buy, protect, and sell permanent open space in the southeast county on the quickest timeline practicable thereby maximizing the impact of taxpayer funds and reducing the risk to increased costs and inflationary conditions, such as:

- Purchase permanent open space in Fiscal Year 2024-26;
- Maintain SSCHP compliance plan for projects under construction;
- Participate in the South Sacramento Habitat Conservation Plan Leadership Group and the regional working group for the "Pathways to 30x30 California."

5. Ancillary efforts to the work elements include the following:

- Participate and engage with regional transportation and economic development initiatives such as the Chamber of Commerce Cap to Cap Program, Region Business Study Mission, and the 2024 Blueprint;
- Continue stakeholder outreach, media engagement, and information sharing through various forms including improvements to the JPA website; and
- Coordination and plan review of adjacent developments.

FY 2023-24 BUDGET

The proposed FY 2023-24 budget reflects the Work Plan above and is significantly less than in recent years due to construction activities completed.

The budget is presented in a single year; however, many construction and professional service expenditures carry over from year-to-year. As such, shown below is a draft three-year budget plan (subject to change) for the Board to demonstrate how the revenue sources could be used to advance the Project.

Measure A, State, and Federal funds are all Funding Sources provided on a reimbursement basis.

	2021-22 Budget	2022-23 Budget	Projected 2022-23 Year End	PROPOSED 2023-24 Budget	FORECASTED 2024-25 Budget	FORECASTED 2025-26 Budget
Funding Sources						
Member Contributions	$ 250,000	$ 250,000	$ 250,000	**$ 250,000**	$ 300,000	$ 375,000
Other Local Funding	$ 500,000	$ 3,459,000	$ 3,459,000	**$ 1,000,000**	$ 2,000,000	$ 1,000,000
Measure A Funding - Capital	$ 5,479,642	$ 1,570,000	$ 2,099,871	**$ 2,030,360**	$ 3,590,366	$ 2,700,000
Measure A Funding - Mitigation	$ 4,100,000	$ 852,013	$ 89,729	**$ 3,767,030**	$ 1,000,000	$ 1,000,000
State Funding	$ 220,000	$ -	$ -	**$ -**	$ -	$ -
Federal Funding	$ -	$ -	$ -	**$ 700,000**	$ 1,000,000	$ 2,300,000
Interest Income	$ 10,000	$ 10,000	$ 32,281	**$ 15,550**	$ 12,000	$ 12,000
Total Funding Sources	**$ 10,559,642**	**$ 6,141,013**	**$ 5,930,881**	**$ 7,762,940**	**$ 7,902,366**	**$ 7,387,000**
Work In Progress Expenses						
Project Related Overhead						
Personnel - Salaries & Related	$ 716,788	$ 748,420	$ 740,905	**$ 796,344**	$ 836,161	$ 877,969
Legal Services	$ 300,000	$ 200,000	$ 232,850	**$ 300,000**	$ 300,000	$ 300,000
Lease, Insurance, Supplies, Etc.	$ 116,550	$ 116,450	$ 113,613	**$ 156,750**	$ 156,758	$ 163,177
Audits & Accounting Services	$ 30,000	$ 30,000	$ 25,925	**$ 30,000**	$ 31,140	$ 32,000
Miscellaneous	$ 51,750	$ 48,438	$ 44,190	**$ 84,500**	$ 86,190	$ 86,052
Project Related Prof. Services	$ 1,432,591	$ 600,000	$ 525,266	**$ 2,510,000**	$ 2,760,630	$ 900,000
Land Acquisition & ROW	$ -	$ -	$ -	**$ -**	$ 2,610,000	$ 2,000,000
Mitigation	$ 4,100,000	$ 852,013	$ 89,729	**$ 3,767,030**	$ 1,000,000	$ 1,000,000
Construction	$ 3,720,795	$ 3,459,000	$ 3,643,733	**$ -**	$ -	$ 1,910,000
County Allocated & Fiscal Services	$ 91,168	$ 86,692	$ 95,817	**$ 118,316**	$ 121,487	$ 117,801
Total Work In Progress Expenses	**$ 10,559,642**	**$ 6,141,013**	**$ 5,512,029**	**$ 7,762,940**	**$ 7,902,366**	**$ 7,387,000**

EXPLANATION OF FUNDING SOURCES AND EXPENSES

The revenues anticipated in the proposed FY 2023-24 budget include a combination of member agency contributions, other local funds, STA Measure A allocations, and Federal funding. The primary sources of revenue are the following:

Funding Sources

- Member Contributions – Contributions remain at $50,000 for each jurisdiction. Staff anticipates future budgets will need to increase the contribution to fund our Project Related Overhead costs, which have increased significantly over the past years due to inflationary conditions among other factors.
- Other Local Funding – The City of Rancho Cordova and the County of Sacramento have committed to contribute $1,000,000 to fund a portion of engineering design and right-of-way acquisition services for Segment D2, which is programmed in the FY 2023-24 budget. Additional funding in the amount of $3,000,000 is needed to complete engineering design and right-of-way for Segment D2. It is expected that the City and County will provide this funding in future years.
- Measure A, Capital - Reimbursements will continue per the current capital contracts between the STA and the JPA covering the fiscal year 2023-24. Staff anticipates that STA will approve a new multi-year capital contract at the next board meeting.
- Measure A, Mitigation - Reimbursements will continue per the current capital contracts between the STA and the JPA covering the fiscal year 2023-24. Staff anticipates that STA will approve a new multi-year mitigation contract at the next board meeting.
- Federal Funding – The JPA was awarded $4,000,000 for the Segment D3/E1 White Rock Road Class I Path through the passage of the Consolidated Appropriations Act. Funding will be used for engineering design, right-of-way, and construction over the next three fiscal years, with $700,000 programmed in FY 2023-24.

Expenditures

- Project Related Overhead - The costs associated with supporting all segments of the Connector and the overall mission. These include Personnel (salaries and benefits); Facility (rent, insurance, equipment, phones, copier, software, advertising, postage, and office supplies); Legal Services (including general legal counsel and legal services related to project approvals and financing); Audit & Accounting Services; and Miscellaneous (workplace operations, travel, training, memberships, mileage).

- Project Related Professional Services - Services contracted to deliver professional-level competency in their technical fields in direct support of all segments of the Connector. An RFP process generally procures services and contracts are approved by the Board. The proposed budget includes professional services associated with the following:
    - Segment A1/A2 engineering design and right-of-way support
    - Segment D2 engineering design and right-of-way acquisition services
    - Segment D3/E1 Class I Path engineering design and right-of-way acquisition services
    - On-call services for civil and traffic engineering, land surveying, right-of-way, construction management, funding, project graphics, and visualization.
    - Project education and stakeholder outreach/communications

- Right of Way - Includes the cost of acquisition, relocation (if necessary), clearance and utility relocation activities, and property maintenance required to build the Project. No right-of-way acquisitions or relocations are associated with the proposed FY 2023-24 budget but may occur within the next three years.
- Mitigation - The cost of the project mitigation strategy and implementation, acquisition, maintenance, and restoration of permanent open space, environmental impact assessments, purchase of credits (if necessary), and compliance with SSHCP permitting requirements.
- Construction - All costs directly related to the construction of the Project. No construction is associated with the proposed FY 2023-24 budget but is anticipated to occur within the next three years.
- County Allocated and Fiscal Services - The County of Sacramento allocates its indirect costs (overhead) to all departments through the Allocated Cost Package. Allocated costs are mandatory and non-discretionary. Fiscal Services costs are based on the department usage and are identified through Internal Orders. The proposed budget also includes fees for departmental services provided by:
    - IO Finance – Treasury and accounting-related support
    - IO Technology – GIS Services/DocuSign/Desktop Support/Data Storage

ATTACHMENTS

a. Resolution 2023-12
b. Resolution 2023-13
c. Resolution 2023-14