



**MAY 14, 2026**

**AGENDA ITEM # 7**

**INTRODUCE DRAFT STA BUDGET FOR FISCAL YEAR 2026-27**

Action Requested: Receive Presentation

Key Staff: Dustin Purinton, Chief Financial Officer

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**Recommendation**

Introduce the draft STA budget and related resolution for Fiscal Year 2026-27.

**Background**

The Sacramento Transportation Authority (STA) prepares an annual budget to guide the use of sales tax and other revenue sources in alignment with the Measure A Expenditure Plan. The budget serves as the primary fiscal planning document for funding regional transportation projects, administrative operations, and special programs such as the SacMetro Freeway Service Patrol (FSP), Neighborhood Shuttle, Consolidated Transportation Service Agency (CTSA), Sacramento Abandoned Vehicle Service Authority (SAVSA), and Federal Grants. The budget development process begins in December and involves a comprehensive review of revenues, expenditures, project timelines, and partner agency funding needs. In accordance with California Public Utilities Code Section 180105 and the STA Administrative Code, the Authority is required to adopt a balanced budget prior to the start of each fiscal year.

**Discussion**

Attached is a draft of the FY 2026-27 budget. The draft is a working copy of the document that will be brought back to the Governing Board in June. The budget is complete except for one notable exception – the appropriations limit calculation cannot be determined until the California Department of Finance publishes the price factors and population information letter for FY 2026-27 (expected mid-May).

As part of the FY 2026-27 budget, the Authority proposes to fund certain eligible countywide transportation planning and technical analysis activities through Professional Services (approximating \$100,000), rather than through local project reimbursements. These activities support countywide planning and policy objectives that inform future street and bridge investment decisions across Sacramento County and are consistent with eligible transportation planning uses under the Measure A Ordinance and Expenditure Plan. Budgeting these costs in advance of formula distributions reflects their regional benefit and longstanding STA practice for supporting countywide planning efforts.

For FY 2026-27, the proposed professional services costs are allocated proportionally among participating jurisdictions based on population and street and road lane-mile factors, pursuant to Board-approved methodologies. This approach does not modify Measure A formula allocation percentages or eligible use requirements within the Street and Road Maintenance program but provides a transparent and equitable mechanism for funding countywide planning activities that benefit all jurisdictions. These expenditures will be documented through the Authority's regular financial reporting and oversight processes, including review by the Independent Taxpayer Oversight Committee and external auditors.

The budget resolution in FY 2026-27 includes language that is consistent with the prior year to allow STA staff to administer budget balances to a limited degree without Board approval. Two additions to the resolution this year add STA staff authority to do the following:

- 1) Capital improvement projects are often implemented over multiple fiscal years, and actual expenditures may vary from annual budget estimates due to project scheduling, contracting, and construction phasing. Authorizing the Executive Director to roll forward unspent balances from previously approved capital improvement project appropriations from Fiscal Year 2025-26 into Fiscal Year 2026-27 ensures continuity of funding for Board-approved projects without expanding total appropriations or modifying project scopes. Roll-forward amounts will be limited to remaining balances associated with existing authorizations and will be reported to the Board through the Authority's quarterly budget-to-actual reports and bi-annual capital status reports.
- 2) Capital Improvement Program Funding Swap Authority: The Authority administers multiple funding sources supporting Board-approved capital improvement projects, including General Fund capital improvement program (CIP) revenues and the Sacramento County Transportation Mitigation Fee Program (SCTMFP). Authorizing transfers between these funds, as reflected in the adopted and amended budgets, provides administrative flexibility to align legally eligible funding with project expenditure timing and delivery needs. All transfers will be conducted consistent with applicable SCTMFP nexus study requirements and jurisdictional return-to-source provisions and will not modify project scopes or eligibility. Funding adjustments will remain subject to Board oversight and will be reported through the Authority's regular budget-to-actual and bi-annual capital status reporting processes.

The budget incorporates updated sales tax revenue forecasts developed in conjunction with the Authority's consultant – Neumo – in December 2025. In addition, staff worked with all remaining Capital Improvement Program (CIP) partners to determine funding needs for their projects over the next five years. The Authority continues to have sufficient fund balance and new revenues to fund the CIP. In general, the Authority is in good financial condition as staff regularly assess revenues, expenditure, and cash balances to ensure that needed and available funding are complementary.

The following information captures highlights from the draft budget (FY2025-26 budget vs FY2026-27 projection).

- Measure A Sales Tax Revenue is forecasted at \$178.0 million, a 3.6% increase from the FY 2025-26 budget due to countywide increases in per capita personal income and population.

- Capital Improvement Program (CIP) Appropriations decreased by \$19.4 million (-26.8%) to \$52.9 million, reflecting a reduction in planned capital spending.
- Administration Appropriations increased approximately \$120,000 (9.3%) to \$1.4 million, reflecting increased spending for one-time expenditures including 1) the implementation of an enterprise resource planning software system 2) economic impact study and 3) a community survey to support future planning and outreach efforts.
- Smart Growth Arterials and Corridors Program (SGACP): Funded through sales tax revenues the program includes funding to support staff-level planning and coordination related to state and federal transportation funding opportunities, County Vehicle Miles Traveled Mitigation, grant application matching funds, and federal grant matching funds.
- Transit and Special Programs: The Neighborhood Shuttle continues to operate as reimbursement-based program. The CTSA program is projected to pay out the remainder of the funds, assigned to Sacramento Regional Transit, held in the budget year 2026-27. The SAVSA program will close after the remaining funds are distributed to jurisdictions.

The Final Budget will be presented for adoption during the June 18<sup>th</sup> Board meeting.

*Attachment*

1. The Draft Sacramento Transportation Authority FY 2026-27 Budget will be available the afternoon of Friday May 8th at the Sacramento Transportation Authority office and online at: <https://www.sacta.org/budget>
2. Resolution Adopting the STA Budget for Fiscal Year 2026-27