

CHAPTER 6 FINANCIAL ANALYSIS

This chapter provides a summary of the estimated costs of construction, annual operations, and maintenance of the improvements associated with the Hybrid Alternative/SRA, which is anticipated to be adopted as the Locally Preferred Alternative (LPA). The chapter also summarizes committed, planned, and potential additional sources of project funding. Since publication of the Draft EIS/EIR, there have been no changes to the overall cost estimate for the Hybrid Alternative/SRA or to the project elements proposed for funding by the Federal Small Starts program.

For full details on costs and funding for all alternatives, as well as descriptions of funding sources and other projects to be coordinated with the Geary BRT project, please refer to the project Draft EIS/EIR, Chapter 9. While not required by CEQA, this discussion is included in this Final EIR for informational purposes.

6.1 Capital Costs

SFCTA and SFMTA have collectively developed cost estimates for the engineering, design, and construction of the proposed improvements. As a first step in estimating costs, SFCTA prepared preliminary-level engineering design drawings for each alternative over the entire Geary corridor. Design and construction costs are comprised of:

- Hard costs based on itemized quantities of project components using the preliminary engineering drawings, including anticipated contractor mark-ups
- Allowances for scope items identified as necessary but not yet defined at an engineering level
- Soft costs for needed professional services
- Contingencies to account for uncertainties inherent at this preliminary level of engineering design

These costs include all of the scope elements described in this chapter and analyzed in this document. Some of these scope elements are not strictly needed in order to provide and operate a BRT facility, but they otherwise benefit the community in other ways or are needed to facilitate the continued management and stewardship of the City's street, streetscape, and utility systems as changes are made to the Geary corridor to accommodate BRT. These related improvements are therefore important to coordinate closely with the BRT components for construction. Examples of each type of scope element are as follows:

- **BRT elements:** Includes new road surface and base for bus lanes where no surface currently exists (such as for center-running alternatives); new road surface for bus lanes where pavement condition is poor; new landscaped medians to accommodate bus lanes for center-running alternatives and segments; new bus bulbs; station platforms where none currently exist (such as for center-running bus lanes); station and stop passenger amenities; bus vehicles for increased service; right-turn pockets to improve bus flows; traffic signal modifications to improve bus flows and accommodate center-running bus lanes; and removal of the pedestrian bridge at Steiner Street to provide bus lanes and accommodate improved street-level crossings and smoother traffic flows. In addition,

elements such as underground sewer and water line relocations and replacements are needed to accommodate bus lanes, stations, and bus bulbs but represent opportunities for cost-sharing.

- **Related improvements:** Includes new street lights; roadway base and surface repair for mixed-flow travel lanes; traffic signal modifications for pedestrian crossing enhancements (including at Webster and Steiner Streets, where new surface crossings are proposed); traffic signal underground communications; pedestrian crossing bulb-outs; new landscaping on existing medians; sidewalk and streetscape improvements; a street re-design between Masonic and Presidio Avenues to accommodate bike lanes; and a street re-design between Gough and Scott Streets to accommodate a road diet to remove mixed-flow travel lanes.

The capital cost for the Hybrid Alternative/SRA is \$300 million. Although several changes were incorporated in this alternative between the Draft EIS/EIR and Final EIR (see Final EIR **Chapter 2**) the overall cost estimate has not changed. Of the three project changes, the retention of the pedestrian overcrossing at Webster Street and the elimination of BRT stops at Spruce Street would together reduce the cost of the Hybrid Alternative/SRA by approximately \$4 million. However, the additional pedestrian bulbs and other safety improvements added to the Hybrid Alternative/SRA would add a roughly equivalent cost. Therefore, on balance the changes to the Hybrid Alternative do not affect the total cost estimate of \$300 million.

6.1.1 FTA Small Starts-Funded Project Elements

For federal funding purposes, the cost estimate has been developed with separate costs for each scope element and corridor segment. As noted in Sections 6.1.2 and 6.1.3 below, the Project would draw upon multiple sources to fund its capital cost. This approach requires the Project to be separated into packages of scope elements as appropriate to maximize eligibility and competitiveness for each funding source. In addition, there are opportunities for cost-sharing with other City efforts, such as for re-surfacing and utility replacements, which SFMTA will pursue.

The cost of the Project is \$300 million, including the \$200 million cost of the FTA Small Starts package, which makes the project eligible to compete for funds within the FTA Small Starts program.

To illustrate Project packaging for funding purposes, Table 6-1 below describes separation of the Hybrid Alternative/SRA into three packages. A potential set of near-term improvements, as initially outlined in Draft EIS/EIR Section 2.3, has been bundled together as Package A and would be funded locally. Package B would serve as the project definition for application to the FTA Small Starts program. Package C would represent other concurrent improvements to be implemented in the corridor that would use other funding, including local sources and potentially other federal sources aside from the FTA Small Starts program.

All of the changes to the Hybrid Alternative/SRA incorporated since the Draft EIS/EIR would be included in Package A below, and would thus not affect the definition of the project for purposes of the Small Starts-funded package.

Table 6-1 Proposed Geary Corridor Funding Packages

PROJECT FUNDING PACKAGE	IMPROVEMENTS INCLUDED	COST ESTIMATE (YEAR OF EXPENDITURE \$) AND PROPOSED FUNDING SOURCES
A. Near-term improvements (initiate construction 2017)	<ul style="list-style-type: none"> • Red bus-only lane, Gough to Stanyan, where feasible¹ • Bus stop changes • Bus and pedestrian bulb-outs • Traffic signal upgrades • Right-turn pockets • Fillmore-area road diet (lane reduction), pedestrian bridges removal, median improvements, and signals • Upgraded station amenities and real-time passenger information • Mixed-flow lane re-surfacing, Market to Stanyan, as needed • Utility relocation related to BRT² 	<p style="text-align: right;">\$65M</p> <p style="text-align: right;">All local funds</p>
B. Geary Bus Rapid Transit project (initiate construction as early as 2018)	<ul style="list-style-type: none"> • Center-running, red bus-only lane, Stanyan to 27th Ave with high-amenity stations • Masonic-area transit improvements • Bus and pedestrian bulbs, stops, and signals (additional locations) • Vehicles for increased service • Utility relocation related to BRT² 	<p style="text-align: right;">\$200M</p> <p style="text-align: right;">FTA Small Starts (\$100M) with matching local and non-Small Starts federal funds</p>
C. Other Concurrent Improvements (initiate construction as early as 2018)	<ul style="list-style-type: none"> • Red bus-only lane and stop modifications, 27th to 48th Ave • Masonic-area bike lane and median modifications • Mixed-flow lane re-surfacing, remainder of corridor, as needed • Pedestrian bulbs (additional safety-related locations) west of Stanyan 	<p style="text-align: right;">\$35M</p> <p style="text-align: right;">Local and non-Small-Starts federal funds</p>

Notes:

1 Some blocks around Fillmore and Masonic may have insufficient width to designate a transit-only lane without additional street infrastructure changes.

2 Additional utility work not related to the Geary Corridor project may be coordinated with the project to minimize public disruption and maximize efficiency.

6.1.2 Budgeted/Planned Funding

SFCTA and SFMTA have identified a portion of the funding needed. Budgeted and planned funding sources for the Project are described below and summarized in Table 6-2, along with other potential funding sources, which are described in Section 6.1.3.

6.1.2.1 FEDERAL

- **FTA Small Starts (\$100 million).** This FTA program provides competitive grants for new transit projects with capital costs that do not exceed \$300 million. Since the Draft EIS/EIR, FTA has increased the maximum grant amount from \$75 to \$100 million, and the maximum project capital cost from \$250 to \$300 million. SFCTA and SFMTA intend to apply for the maximum grant amount, \$100 million, with plans to enter the program in Fiscal Year 2017/18.

6.1.2.2 LOCAL

- **Proposition K Sales Tax (\$50 million).** In November 2003, San Francisco voters approved Proposition (Prop K), extending the existing half-cent local sales tax for transportation and approving a new 30-year Expenditure Plan identifying projects and programs to be funded by the sales tax, including BRT on Geary. The Prop K Strategic Plan (2014) prioritized funding for BRT on Geary within the BRT/Transit Preferential Streets/MUNI Metro Network and Transit Enhancements categories. To date, the SFCTA Board has allocated \$17.16 million in Prop K funds for the planning/conceptual engineering, environmental studies, and detail design phases of the project. Going forward, an additional \$33.62 million is programmed to the Project, summing up to a total of \$50.79 million in Prop K funding.
- **Local General Obligation Bonds and SFMTA Revenue Bonds (up to \$18 million).** San Francisco voters approved a General Obligation bond measure for transportation in November 2014, with a program emphasis on improving transit and safe streets. In addition, SFMTA Revenue Bonds can fill in funding gaps where other funding sources have traditionally not been available and provide funding for state of good repair projects and capital improvement programs such as Muni Transit Safety and Spot Improvements, Transit Fixed Guideway Improvements, Pedestrian Safety and Traffic Signal Improvements and Muni Light Rail Vehicle Procurement. San Francisco voters had earlier authorized SFMTA to issue revenue bonds with the 2007 passage of Proposition A. The first such revenue bonds for new projects and financing existing debt were issued in 2012. SFMTA has programmed approximately \$9 million of these local sources for the proposed project in its Capital Improvement Program (CIP) and may consider adding additional revenue in future CIPs.
- **Proposition AA Vehicle Registration Fee (up to \$5 million).** In November 2010, San Francisco voters approved a \$10 increase in vehicle registration fees, with revenues dedicated to transportation improvements identified in the 30-year Expenditure Plan. Under this source, elements of the Project would be eligible for funds under all three Expenditure Plan categories: (1) street repair and reconstruction; (2) pedestrian safety; and (3) transit reliability and mobility improvements. Proposition AA (Prop AA) generates approximately \$5 million annually and is administered by SFCTA. Funds are currently programmed for projects through the Prop AA Strategic Plan and 5-Year Prioritization Programs, which cover Fiscal Years 2012/13 through Fiscal Year 2016/17. Prop AA funds are currently available in the Street Repair and Transit categories in Fiscal Year 2016/17. The next project selection is anticipated to occur in March 2017 for funds available in Fiscal Years 2017/18 – 2021/22.

6.1.3 Other Potential Funding Sources

As the project advances through the next steps of development and approvals, SFCTA and SFMTA staff will continue to identify possible sources of funding for the Project.

6.1.3.1 FEDERAL

- **Transit Performance Initiative (TPI) Investment Program.** In May 2012, the Metropolitan Transportation Commission (MTC) created the TPI Investment Program, which functions as a competitive capital program focused on incremental investments to

improve performance on major transit corridors. Projects funded via this program are expected to be implemented or under construction within 18 months of funding approval. In the first two funding cycles, a total of \$54.7 million in federal funds was awarded to twelve projects, including \$19.9 million to SFMTA for five projects, such as Mission Mobility Maximization and N-Judah Mobility Maximization projects, along with additional bus stop consolidation and roadway modifications. MTC estimates at least \$17 million available for the third round of programming, which is underway. Additional funds will be available for subsequent calls for projects. The Project would likely be eligible and competitive for funding under this program. Based on the previously awarded projects, the Project could receive up to \$10 million.

- **OneBayArea Grant (OBAG) Program (Federal Surface Transportation Program (STP) / Congestion Mitigation and Air Quality Improvement (CMAQ) Program Funds).** Projects funded through this program are selected by SFCTA for federal funding passed through MTC, and are meant to support projects that support transit oriented development and advance the region's greenhouse gas emissions reductions goals. Over \$35 million in federal funds were programmed to projects within San Francisco through the first grant cycle in 2012, with significant investments in streetscape upgrades, bicycle and pedestrian safety improvements, and local road rehabilitation. Elements of the proposed project, including the Small Starts BRT package (see Table 6-1), could compete for a portion of about \$35 million estimated to be available starting in Fiscal Year 2018/19. The Project would seek to secure up to \$10 million.
- **Lifeline Transportation Program (LTP).** Similar to OBAG, LTP is comprised of state and federal funds programmed by MTC, but San Francisco projects are selected by SFCTA and SFMTA. The LTP supports projects that improve transportation choices for low-income or otherwise disadvantaged communities or closes barriers to mobility. As the Geary corridor traverses identified Communities of Concern (Tenderloin/Civic Center, Western Addition, and Inner Richmond), components of the proposed project could potentially compete well in future LTP cycles. While the amount of LTP funding varies from cycle to cycle, with each cycle lasting approximately 3 years, in 2013 SFCTA programmed a little over \$5 million and SFMTA programmed over \$17 million to eligible projects. Based on previous cycles, the Project could compete for approximately \$5 in the 2017 call.

6.1.3.2 STATE

- **Cap and Trade.** The state's cap and trade program includes 10% of continuously appropriated funds for the Transit and Intercity Rail Capital Program (TIRCP). Although revenues are in a state of flux, SFMTA received \$86 million in the first two rounds of programming. In August 2016, the Legislature approved AB1613, which among other things appropriated \$135 million from prior auction process to TIRCP. TIRCP will fund direct investments in transit programs that reduce greenhouse gas emissions and benefit disadvantaged communities. The proposed project would be eligible to seek funds from this program although the amount is difficult to estimate at present. MTC has adopted a regional framework for the TIRCP, and includes funds for SFMTA core capacity and BRT projects generally, potentially also including the Geary BRT Project.

6.1.3.3 LOCAL

- **Charter Amendment / General Sales Tax Funds.** A charter amendment and a general sales tax increase for funding homelessness and transportation are currently proposed for the November 2016 ballot. If both measures are approved by voters, the sales tax could raise funds in the order of \$100 million annually for transportation, which would be distributed among various projects, potentially up to 30 million for the Project.
- **Other Developer Contributions.** The SFMTA works with real estate developers to fund transportation improvements that mitigate the impacts caused by new development through development agreements or other arrangements, which are separate and on top of the aforementioned TSF funds. It is possible that the Project could receive up to \$10 million in funds from developer contributions.
- **Transportation Sustainability Fee.** In 2015, San Francisco approved the Transportation Sustainability Fee (TSF) as part of a program that aims to take a comprehensive approach to new development's role in supporting the transportation system. The TSF replaces the existing Transit Impact Development Fee and helps to offset the impacts of new development on the transportation system. The TSF is anticipated to fund a \$1.2 billion expenditure program over 30 years. The amount and timing of these funds are dependent on the pace of development in San Francisco, but revenues are anticipated to be collected beginning in Fiscal Year 2016/17 with approximately \$5 million that could be used for the Project.

SFCTA and SFMTA staff will continue to advocate for future regional, state, and federal revenue sources for the Project, including new state and regional revenues such as from an additional Bay Area bridge toll, which is contemplated in the Regional Transportation Plan update that is underway.

Table 6-2 Planned and Potential Geary Corridor Funding Sources

PROPOSED FUNDING SOURCE	PROPOSED (UP TO) AMOUNT (\$M)	PROPOSED YEAR AVAILABLE
FEDERAL FUNDS		
FTA Small Starts	\$100	FY 2018
Transit Performance Initiative-Investment	\$10	FY 2018-2020
OBAG Program (Federal STP/ CMAQ Program funds)	\$10	FY 2019-2020
Lifeline Transportation Program	\$5	FY 2019
STATE FUNDS		
Cap and Trade	\$20	FY 2017-2020
LOCAL FUNDS		
Prop K Transportation Sales Tax	\$50	FY 2011-2020
Cost sharing opportunities (e.g. Public Utilities Commission, San Francisco Public Works, others for utilities, paving, etc.)	\$50	FY 2015-2020
Charter Amendment/Sales Tax	\$30	FY 2017-2020
2014 General Obligation Bond	\$13	FY 2015-2020
Other Developer Contributions	\$10	FY 2018-2020
Prop AA Vehicle Registration Fee	\$5	FY 2017-2020
SFMTA Revenue Bond	\$5	FY 2015-2020
Transportation Sustainability Fee	\$5	FY 2017-2020
TOTAL	\$313M	

6.2 Operations and Maintenance Costs

This section summarizes the expected operations and maintenance costs associated with each of the build alternatives. Funding for operations and maintenance of the proposed project would come from existing revenue sources for SFMTA, which include fare and parking revenues, operating grants (e.g., State Transit Assistance), traffic fees, and fines. Changes that have been incorporated in the alternative since the Draft EIS/EIR do not increase the proposed amount of transit service or materials that require maintenance, such as landscaping or other infrastructure, so the operations and maintenance costs have not changed.

6.2.1 Operating Costs

Table 6-3 illustrates the annual costs for SFMTA to run vehicles and provide revenue service for the No Build and the build alternatives. These estimates include the annualized vehicle operating costs and roadway maintenance costs. The operational cost of Alternative 2 and the Hybrid Alternative/SRA are the highest; approximately 33 percent higher than the No Build Alternative.

Alternatives 3 and 3-Consolidated are about 25 and 19 percent higher than the No Build Alternative, respectively.

Each build alternative would provide increased transit service (relative to No Build) in anticipation of higher demand resulting from improved transit performance.

It should be noted that these service plans and resulting operating costs are intended for analysis and comparison purposes only. Ultimately, SFMTA will make service decisions based on the analysis of empirical ridership data and other available resources. Therefore, actual service plans may vary.

Table 6-3 Annual Operating and Maintenance Costs for Proposed Service

COST TYPE	NO BUILD ALTERNATIVE	ALTERNATIVE 2	ALTERNATIVE 3	ALTERNATIVE 3-CONSOLIDATED	HYBRID ALTERNATIVE/SRA
Annualized Revenue Hour Vehicle Operating Cost*	\$36,471,000	\$48,409,000	\$45,586,000	\$43,322,000	\$48,340,000
% Change From No Build Alternative	--	+33%	+25%	+19%	+33%
Other Incremental Annualized Operating and Maintenance Costs**	\$251,000	\$1,091,000	\$596,000	\$596,000	\$858,000
% Change From No Build Alternative	--	+335%	+137%	+137%	+242%
Total Cost	\$36,722,000	\$49,500,000	\$46,182,000	\$43,918,000	\$49,198,000
Total % Change From No Build Alternative	--	+35%	+26%	+20%	+34%

Note: Operating and vehicle maintenance costs based on National Transit Database (NTD); other roadway maintenance accounts for paving, pothole, red lane, and landscape costs.

* Vehicle cost type includes costs for operating the service and maintaining the vehicles.

** Other cost type includes busway surface maintenance and landscaping maintenance.

Source: SFMTA, 2015

6.2.2 Maintenance Costs

Table 9-4 also shows the maintenance cost of the street infrastructure improvements. Each of the build alternatives would result in greater maintenance costs than the No Build Alternative. Increased maintenance costs include any needed repairs to potholes and patches to any center-running bus-only lanes, maintenance of thermoplastic material in side-running bus-only lanes, and additional landscaping and tree maintenance costs for new medians. Both Alternative 2 and the Hybrid Alternative/SRA's maintenance costs would be higher than those of Alternatives 3 and 3-Consolidated due to the additional costs associated with maintaining the red lanes in the side-running segments.

In summary, the total estimated annual operations and maintenance cost for the No Build Alternative would be approximately \$36.7 million. As shown in Table 9-4, annualized operations

and maintenance cost estimates range from \$43.9 million for Alternative 3-Consolidated (20 percent higher relative to the No Build Alternative), to \$49.5 million for Alternative 2 (35 percent higher relative to the No Build Alternative). For the Hybrid Alternative/SRA, annualized operations and maintenance would cost \$49.2 million, approximately 34 percent higher than the No Build Alternative.

6.3 Coordination with MTC and Plan Bay Area Consistency

The Metropolitan Transportation Commission (MTC) serves as the transportation planning, coordinating, and financing agency for the nine-county San Francisco Bay Area. The MTC functions as both a regional transportation planning agency for California, and for federal purposes, as the region's metropolitan planning organization (MPO). As such, it is responsible for regularly updating the Regional Transportation Plan (RTP)/Sustainable Communities Strategy (SCS), which adopts a land use vision and a transportation investment and growth strategy for the Bay Area. The most recent RTP/SCS, *Plan Bay Area*, was adopted in 2013 and specifies how \$292 billion in anticipated federal, state, and local transportation funds will be spent in the Bay Area during the next 25 years. Improvements to local and express bus services are included as a major project in the 2013 *Plan Bay Area*, including BRT service on Geary Boulevard with the cost of \$183.7 million. MTC is currently undertaking the next update, titled Plan Bay Area 2040, scheduled for adoption in 2017. The Plan Bay Area 2040 Draft Investment Strategy includes the Geary BRT Project with its full updated cost (\$300 million) as a high performing project in the financially constrained plan.

The 2017 Transportation Improvement Program (TIP), the comprehensive four-year regional spending plan, along with the Transportation Air-Quality Conformity Analysis for the 2013 RTP, was approved by MTC in September 2016 and is scheduled for final federal approval in mid-December 2016. The proposed 2017 TIP currently includes the Geary BRT project with the cost as shown in the 2013 RTP; however, MTC plans to update the 2017 TIP to reflect the updated cost and funding information at the time of the 2017 RTP adoption in 2017.

6.4 Financial Analysis Summary

In conclusion, the funding plan for the Project remains a work in progress, as is normal for a project of this type in the environmental phase, with \$64 million of the needed capital funding already committed and up to \$249 million in planned and potential funding sources identified. As the Project enters the detailed engineering design phase, SFCTA and SFMTA will seek additional grants from various sources to complete the funding plan. Funding for operations and maintenance of the Project would come from existing revenue sources for SFMTA, which include fare and parking revenues, operating grants (e.g., State Transit Assistance), traffic fees, and fines.