Adopt the Final Prop L Strategic Plan

San Francisco
County Transportation
Authority

Community Advisory Committee
March 26, 2025

Prop L Expenditure Plan

- Determines eligibility of projects and sponsor agencies through 28 programs
- Sets funding caps for each program over 30 years
- Allows for financing to accelerate project delivery
- Includes requirements such as a Board-approved **Strategic Plan** and **5-Year Prioritization Programs (5YPPs)**, as a prerequisite for allocation

Proposition L Expenditure Plan

Up to $2.6 billion (2020 $s) in sales tax revenues over 30 years*

TRANSIT MAINTENANCE & ENHANCEMENTS

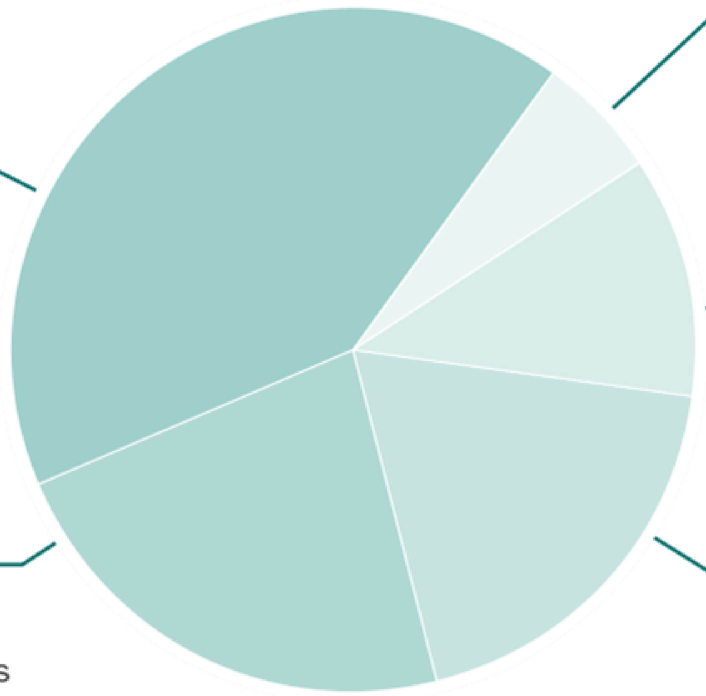
41.2%

Muni, BART, Caltrain, Ferry
Maintenance, rehabilitation and replacement
Station/Access improvements
Next generation transit planning

MAJOR TRANSIT PROJECTS

22.6%

Muni Bus/Train Reliability & Efficiency Improvements
Muni and BART Core Capacity
Caltrain Downtown Extension



TRANSPORTATION SYSTEM DEVELOPMENT & MANAGEMENT

5.9%

Transportation demand management
Neighborhood and equity-focused planning and implementation

PARATRANSIT

11.4%

Transit services for seniors and people with disabilities

STREETS & FREEWAYS

18.9%

Pedestrian and bicycle improvements
Signals and traffic calming
Street repaving
Major street and freeway redesign planning

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* Includes both Priority 1 (conservative forecast) and Priority 2 (more optimistic) revenues.

What is in the Strategic Plan?

- Establishes **policies** for Prop L administration
- Forecasts sales tax **revenues** over 30 years
- Forecasts **expenditures** by fiscal year
  - Sets programming and cash flow by fiscal year for each program
  - Estimates debt needs

Photo by Sergio Ruiz flic.kr/p/2oAvRWu

Why is the Strategic Plan important?

- Supports project delivery and leveraging of other funds by ensuring Prop L funds are available when needed
- Informs debt strategy
- Supports transparency and accountability in how sales tax funds are used

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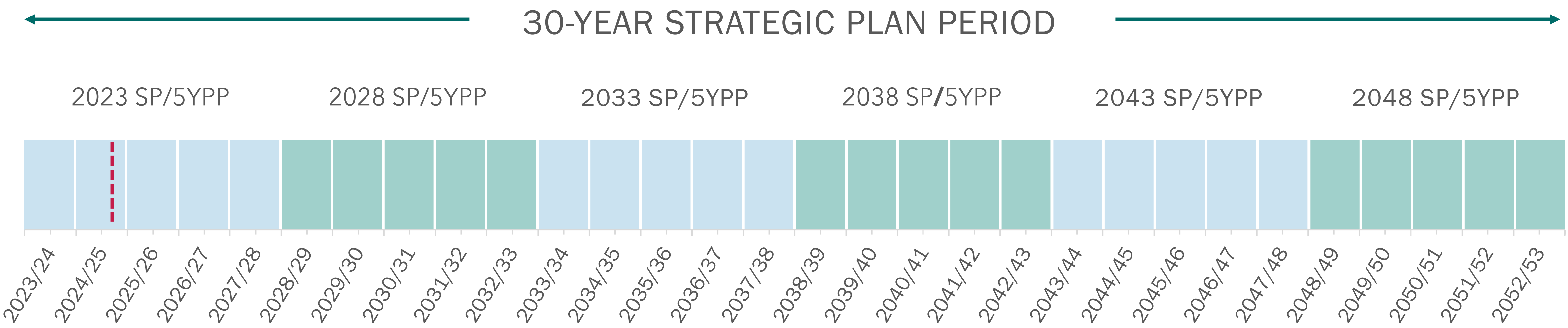
The Strategic Plan and 5YPPs Work Together

The Strategic Plan provides a 30-year financial look at Prop L.

The 5-Year Prioritization Programs (5YPPs) provide specific project funding detail in 5-year windows.



Why Now?

- Board has approved the Prop L 5YPPs
- Adoption of the final Strategic Plan marks the end of the 5YPP/Strategic Plan update process

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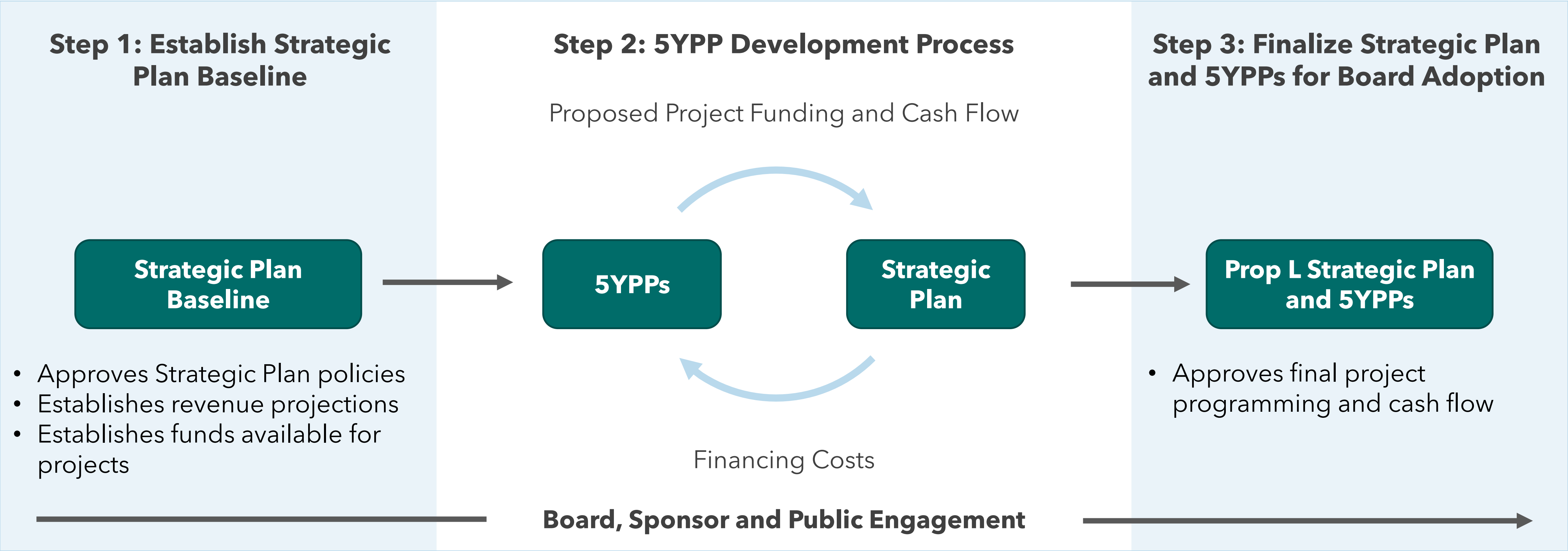
Strategic Plan / 5YPPs Development

Development of the Strategic Plan and 5YPPs is an iterative process.



Final Strategic Plan

To finalize the Strategic Plan, we:

- Updated revenues, expenditures, and financing costs based on actuals for FY22/23 and FY23/24
- Evaluated assumptions (e.g., revenues, interest rates, reserves, policies)
    - Adjusted sales tax revenue forecast downward
    - Incorporated Muni Maintenance, Rehabilitation, and Replacement 5YPP Amendment
    - Keep most assumptions the same
- Reduced programming beginning in year 6 to fit within the updated, lower 30-year revenue envelope

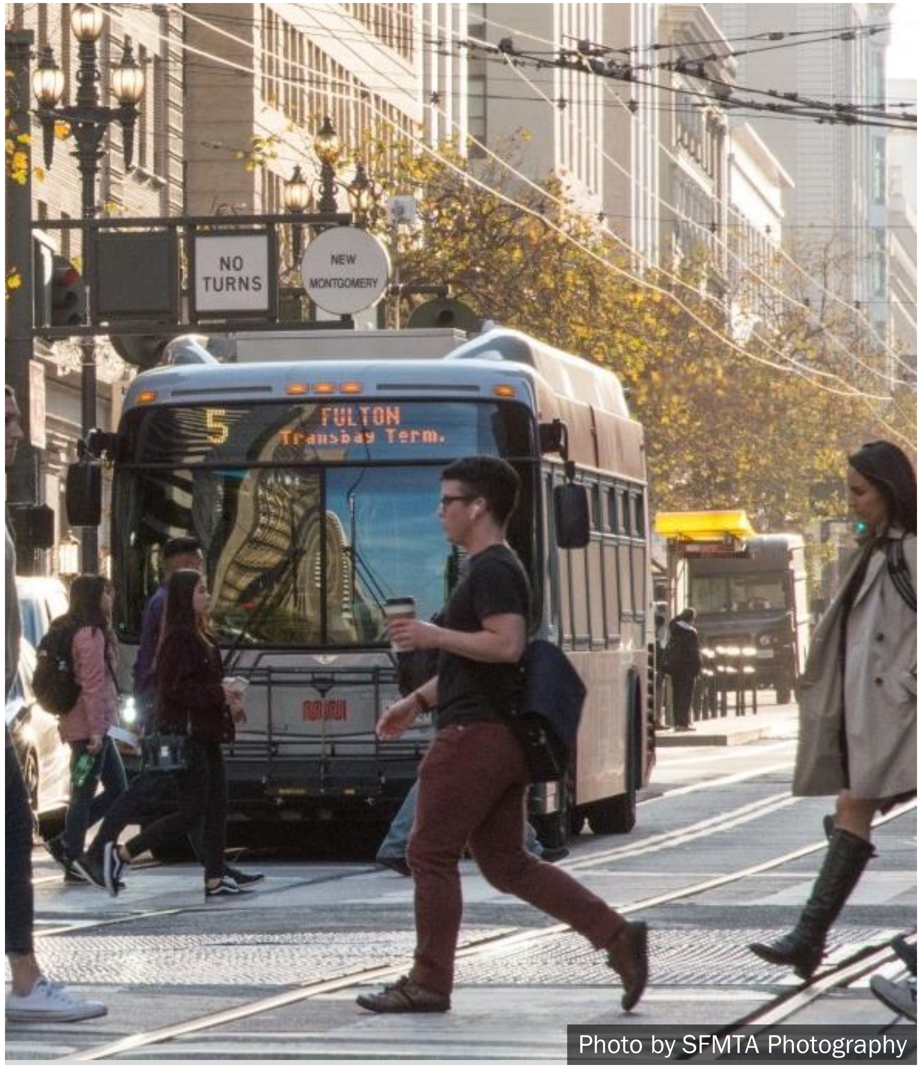


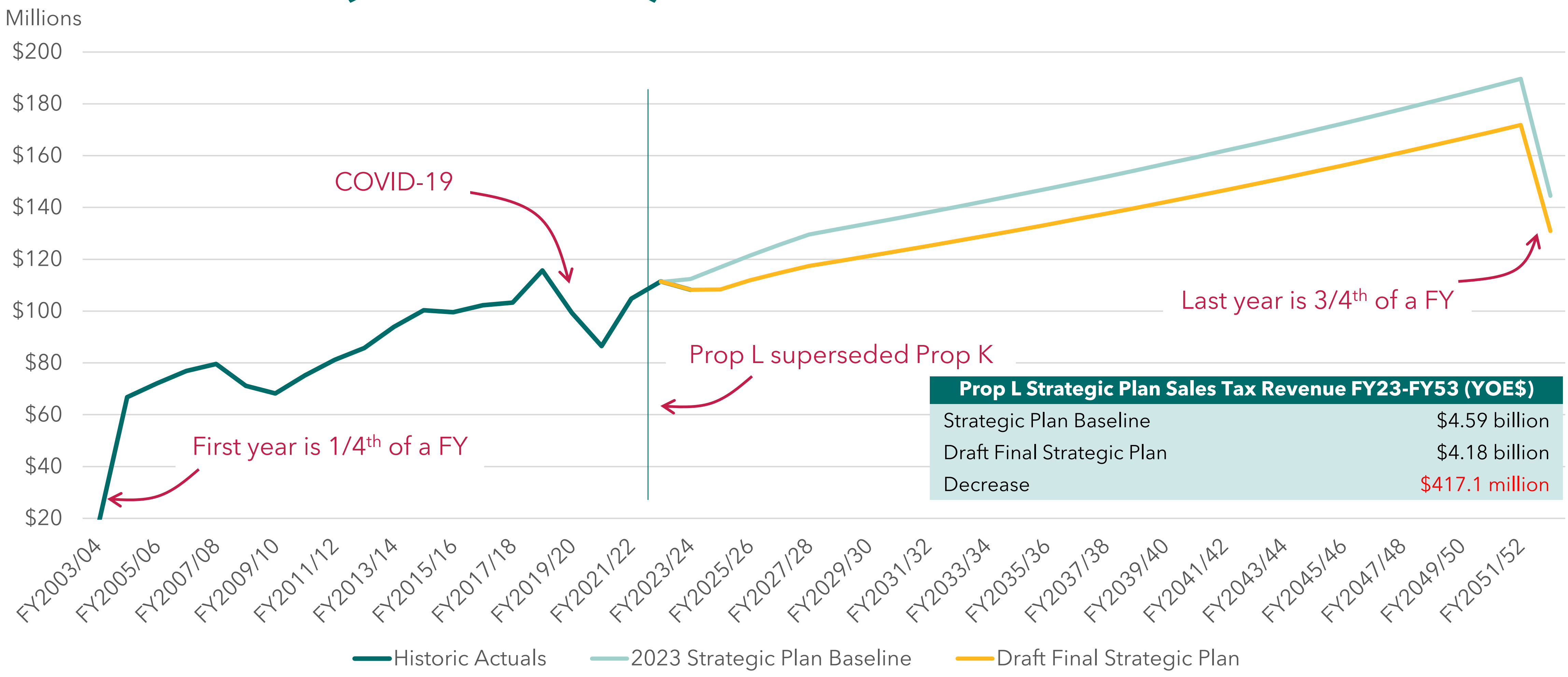
Photo by SFMTA Photography

Strategic Plan Revenues

- Updated 30-year revenue forecast reflects an 11% lower projection
- We revisit sales tax projections with each Strategic Plan/5YPP update cycle

30-YEAR FORECAST, NET OF $550M ASSUMED PROP K CARRYFORWARD	$2020 TOTAL (MILLIONS)
Prop L Strategic Plan Baseline Revenues (Spring 2023)	$2,195
Prop L Draft Final Strategic Plan Revenues (Winter 2025)	$1,950
Difference	($245)

Historical Actuals and 30-Year Revenue Forecast (YOE $s)



Prop L Strategic Plan Sales Tax Revenue FY23-FY53 (YOE$)	
Strategic Plan Baseline	$4.59 billion
Draft Final Strategic Plan	$4.18 billion
Decrease	$417.1 million

Strategic Plan Expenditures

(No changes from Strategic Plan Baseline)

Operating Costs and Program Administration

- 6.9% (same as Prop K), tapering off FY48/49 – FY52/53 for planning, programming, project delivery support, and oversight for Expenditure Plan projects
- 1% (same as Prop K) as allowed by statute for program administration

Capital Reserve

- Protects against risk that actual revenues are lower than projected
- Holding last 1.75 years of revenue ($303M $YOE) in reserve

Strategic Plan Expenditures
Prop K Carryforward Frontloaded

PROP K CARRYFORWARD OBLIGATIONS	AS OF SPRING 2023
Prop K 2017 Sales Tax Revenue Bonds	$234.7 million
Annual Debt Service for Prop K 2017 Bonds through FY34	~$21.3 million
Open Prop K Grants	400
Prop K Remaining Balance[1]	$400 million[2]

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1 Overwhelming majority of Prop K grant balances are assumed to be reimbursed by FY27.

2 $2.2 million has been deobligated from Prop K grants since Baseline approval.

Draft 30-Year Revenues and Expenditures Comparison

REVENUES (IN MILLIONS YOE$)	STRATEGIC PLAN BASELINE	DRAFT FINAL STRATEGIC PLAN	CHANGE
Sales Tax Revenue	**4,668.4**	**4,251.3**	**(417.1)**
Investment Income	2.9	1.4	(1.5)
Exchanges & Loans	126.8	214.4	87.6
Long Term Bond Proceeds	843.6	876.8	33.2
TOTAL	**5,641.6**	**5,343.9[1]**	**(297.7)**

EXPENDITURES (IN MILLIONS YOE$)	STRATEGIC PLAN BASELINE	DRAFT FINAL STRATEGIC PLAN	CHANGE
Program Administration and Operating Costs	304.6	277.2	(27.4)
Exchanges & Loans	120.2	182.3	62.1
Funds Used on Projects	**3,086.3**	**2,786.4**	**(299.9)**
Financing Costs	638.9	648.5	9.6
Capital Reserve[2]	439.8	338.9	(100.9)
Long Term Bond Debt Service	1,051.9	1,085.1	33.2
TOTAL	**5,641.6**	**5,318.4[1]**	**(323.2)**

1 Total revenues and total expenditures differ due to the Exchanges & Loans line. From 2003 to 2053, Exchanges & Loans net out to zero. However, this table captures April 1, 2023, and onward, and there are more Exchanges & Loans on the revenue side during the time period, and more on the expenditure side prior to April 1, 2023.

2 The Capital Reserve in the Baseline included $334M (the last 1.75 years of revenue) compared to $303M in the Final Strategic Plan. The Capital Reserve also includes a modest amount of unprogrammed funds to keep the program financially constrained.

Principles to Adjust Programming to Fit Within Lower Revenue Forecast

- Keep funding as programmed in the approved 5YPPs (FY23/24 – FY27/28) to protect the near-term funding levels and approved project lists
- Preserve funding, to the extent possible, to meet Federal Transit Administration Full Funding Grant Agreement (FFGA) commitments (The Portal and BART Core Capacity) to support significant leveraging
- Sustain accelerated Baseline funding level for Paratransit services as long as possible for stability of this critical program
- Seek to bring all programs except The Portal and BART Core Capacity to comparable levels of funds available (programming + financing) over 30-year period (85-89% of Priority 1 funding level over 30-years)

Programming and Cash Flow Changes

Major Capital Projects with FFGA and Mission Bay Ferry Landing

- The Portal (FFGA)(leveraging $3 billion CIG[1] grant)
  - Preserve programming at $300 million, delay cash flow
- BART Core Capacity (FFGA)(leveraging $1.3 billion CIG[1] grant)
  - Reduce programming from $90 million to $85 million, delay cash flow
  - Will identify other sources to meet SF's remaining commitment ($15 million) to $100 million
- Mission Bay Ferry Landing (only project in this program)
  - Preserve programming at $4.5 million, significant delay to cash flow

[1]CIG stands for Capital Investment Grant.

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Outyear Programming Changes

Programs seeking to sustain advanced programming levels

- Paratransit (service for seniors and persons with disabilities)
  - Preserve programming at about $13 million/year plus escalation through FY34/35 and partial funding in FY35/36 (ends 2 years sooner than Baseline), modestly delay cash flow
- Caltrain Maintenance
  - Preserve $5 million annually through FY32/33, reduce to $4.5 million through FY41/42 and partial funding in FY42/43 (ends 3 years sooner than Baseline)
  - Sales tax offsets SFMTA/CCSF's annual local capital match contribution to Caltrain

Outyear Programming Changes

All other programs adjusted to fit within same share of updated funds available over 30 years

- For all other programs, except Muni Maintenance*, we are programming 85-89% of funds available
  - Programs that did not advance heavily in first 5 years see a 20% annual reduction in programming starting in FY28/29
  - Programs that advanced heavily in first 5 years see a larger (> 20%) annual reduction in the outyears

* See next slide for Muni Maintenance program

Outyear Programming Changes

Muni Maintenance, the largest Expenditure Plan required additional adjustments to fit within funds available

- Muni Maintenance
  - Largest Prop L program ($784 million 2020$s) has a corresponding outsized impact on cash available/cash needs in the Strategic Plan
  - Delay cash flow in FY23/24 – FY27/28 to reflect recent 5YPP amendment
  - Reduce programming in FY28/29 – FY39/40, increase programming in FY40/41- FY50/51
  - Total 30-year programming increases by $23 million compared to the Baseline, as amended

Outyear Programming Changes

Programs that did not heavily advance in the first 5 years (i.e. 5YPPs) saw a ~20% annual reduction beginning in FY28/29

- Muni Reliability
- Muni Core Capacity
- Ferry Maintenance
- Transit Enhancements
- Next Generation Transit Investments
- Street Resurfacing
- Pedestrian and Bicycle Facilities
- Trees (+ one year less programming)
- Curb Ramps
- Managed Lanes
- Transformative Freeways
- Transportation Demand Management
- Neighborhood Transportation Program
- Equity Priority Transportation
- Development-Oriented Transportation
- Citywide/Modal Planning

Outyear Programming Changes

Programs that advanced heavily in first five years were reduced more in outyears (25 – 30%)

- BART Maintenance
- Bayview Caltrain Station
- Traffic Signs and Signals
- Safer and Complete Streets
- Vision Zero Ramps

Final Strategic Plan

Reminder of Key Assumptions for Future Debt

- Strategic Plan model is financially constrained to ensure we can cover all program costs, including debt costs, over the 30-year program
  - Actual debt when issued, if lower, gets reflected in the next Strategic Plan update and is made available to projects (next update in early FY27/28).
- Strategic Plan model uses a combination of short-term debt (Revolving Credit Agreement) and long-term debt (bonds)
  - Includes new short-term debt instrument (Revolving Credit Agreement approved October 2024)

Final Strategic Plan

Debt Assumptions (in millions YOE$s)

The Strategic Plan debt assumptions ensure funds are available if needed. Based on historic trends, actual debt needs will likely be lower than shown.

CATEGORIES	2023 SP BASELINE	DRAFT FINAL SP
Total estimated bond principal over 30-year plan period[1]	$1,051.9	$1,085.1
Total estimated financing costs[1,2]	$638.9	$648.5

1 Includes 2017 sales tax revenue bond

2 Includes short term (revolving credit agreement) and long term (bond) interest costs

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Final Strategic Plan

Key Takeaways

- Strategic Plan updates happen every 5 years and are done in concert with updates to the 5-year project lists. The Final Strategic Plan marks the end of this update.
- In this Final Strategic Plan, we reduced revenues by 11% over the 30-year period to reflect current economic conditions.
- To fit within the updated, lower revenue envelope, we reduced programming starting in year 6 and preserved the important near-term programming in the adopted 5YPPs.
- We assume similar levels of debt in the Final Strategic Plan compared to the Baseline.

For More Information

sfcta.org/funding/half-cent-transportation-sales-tax

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