



# Memorandum

**Date:** April 20, 2017  
**To:** Transportation Authority Board  
**From:** Cynthia Fong – Deputy Director for Finance and Administration  
**Subject:** 05/09/17 Board Meeting: Preliminary Fiscal Year 2017/18 Budget and Work Program

<p><b>RECOMMENDATION</b>    <input checked="" type="checkbox"/> <b>Information</b>    <input type="checkbox"/> <b>Action</b></p> <p>None. This is an information item.</p> <p><b>SUMMARY</b></p> <p>The purpose of this memorandum is to present the Transportation Authority’s preliminary Fiscal Year (FY) 2017/18 annual budget and work program and seek input. The proposed budget and work program will come back to the Board for adoption in June.</p>	<p><input type="checkbox"/> Fund Allocation</p> <p><input type="checkbox"/> Fund Programming</p> <p><input type="checkbox"/> Policy/Legislation</p> <p><input type="checkbox"/> Plan/Study</p> <p><input type="checkbox"/> Capital Project Oversight/Delivery</p> <p><input checked="" type="checkbox"/> Budget/Finance</p> <p><input type="checkbox"/> Contracts</p> <p><input type="checkbox"/> Procurement</p> <p><input type="checkbox"/> Other:</p> <hr/>
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**DISCUSSION**

**Background.** Pursuant to State statutes (California Public Utilities Code Sections 131000 et seq.) the Transportation Authority must adopt an annual budget by June 30 of each year. As called for in the Transportation Authority’s Fiscal Policy (Resolution 16-56) and Administrative Code (Ordinance 16-01), the Board shall set both the overall budget parameters for administrative and capital expenditures, the spending limits on certain line items, as well as adopt the budget prior to June 30 of each year.

**Organization.** The Transportation Authority’s preliminary FY 2017/18 Work Program includes activities in five major functional areas that are overseen by the Executive Director: 1) Policy and Programming, 2) Capital Projects delivery support and oversight, 3) Planning, 4) Technology, Data & Analysis and 5) Finance and Administration. These categories of activities are organized to efficiently address the Transportation Authority’s designated mandates, including overseeing the Prop K Sales Tax Expenditure Plan, functioning as the Congestion Management Agency (CMA) for San Francisco, acting as the Local Program Manager for the Transportation Fund for Clean Air (TFCA) program and administering the \$10 Prop AA vehicle registration fee. Our organizational approach also reflects the principle that all activities at the Transportation Authority contribute to the efficient delivery of transportation plans and projects, even though many activities are funded with a combination of revenue sources and in coordination with a number of San Francisco agencies as well as federal, state and regional agencies.

The Transportation Authority is segregating its functions as the Treasure Island Mobility Management Agency (TIMMA) as a separate legal and financial entity effective July 1, 2017. The TIMMA FY

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2017/18 Budget and Work Program will be presented to the TIMMA Board as a separate item at its June meeting.

Attachment 1 contains a description of the Transportation Authority's preliminary work program for FY 2017/18. Attachment 2 displays the preliminary budget in a format described in the Transportation Authority's Fiscal Policy. The division of revenues and expenditures into the Sales Tax program, CMA program, TFCA program and Prop AA program in Attachment 2 reflects the four distinct Transportation Authority responsibilities and mandates. Attachment 3 shows a more detailed version of the proposed budget and Attachment 4 provides additional descriptions of line items in the budget.

**Revenues.** Total revenues are projected to be \$130.8 million and are budgeted to decrease by an estimated \$6.6 million from the FY 2016/17 Amended Budget, or 4.8%, which is primarily due to the substantial completion of the I-80/Yerba Buena Island Interchange Improvement construction project in October 2016, funded by federal and state grant funds.

Sales tax revenues, net of interest earnings, are projected to be \$106.5 million, or 81.5% of revenues, is a decrease of \$1.7 million from the sales tax revenues expected to be received by the Transportation Authority in FY 2016/17. Sales tax revenues have recovered from the FY 2009/10 low; however, FY 2017/18 is projecting a slight decrease compared to prior year based on indications of a recent slowdown in San Francisco's economy, as well as across the state and nation.

**Expenditures.** Total expenditures are projected to be about \$335.6 million. Of this amount, capital project costs, most of which are awarded as grants to agencies like the San Francisco Municipal Transportation Agency, are \$248.4 million. Capital projects costs are 74% of total projected expenditures, with 2.9% of expenditures budgeted for administrative operating costs, and 23.1% for debt service and interest costs. Capital expenditures in FY 2017/18 of \$248.4 million are budgeted to increase by \$15 million, or 6.5%, from the FY 2016/17 Amended Budget, which is primarily due to an anticipated higher capital expenditures for the Prop K program overall.

Debt service costs of \$77.6 million are for costs related to the continuation of the Revolving Credit Agreement and for a proposed \$300 million sales tax revenue bond that includes a re-financing \$46 million of the \$140 million Revolving Credit Agreement with a sales tax revenue bond. The intention of re-financing is to preserve our ability to quickly access cash in the Revolving Credit Agreement, if needed. This line item also includes debt issuance costs and related underwriter fees funded from bond proceeds.

**Other Sources and Uses.** The Other Financing Sources (Uses) section of the Line Item Detail for the FY 2017/18 budget includes inter-fund transfers (for example between the sales tax and CMA funds). These transfers represent the required local match or appropriation of Prop K to federal grants such as the Surface Transportation Program and South of Market Freeway Ramp Intersection Safety Improvement Study (also known as Vision Zero Ramps). In addition, the estimated level of sales tax capital expenditures for FY 2016/17 and FY 2017/18 will likely trigger the need to issue a fixed rate bond up to a maximum of \$300 million in the beginning of FY 2017/18. While the 2013 Strategic Plan anticipated the bond, the precise timing of the bond issue will depend on our analyses of Prop K capital project cash needs and our ongoing analysis of credit market conditions. We will continue to monitor and forecast capital spending closely during the upcoming year through a combination of evaluating cash flow needs for allocation reimbursements, project delivery progress reports and conversations with project sponsors, particularly our largest grant recipient, the San Francisco Municipal Transportation Agency. The size and duration of needed financing will be easier to forecast following receipt of FY 2016/17 third quarter invoices. We will bring a separate request for approval to issue the proposed \$300 million sales tax revenue bond in the next few months

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**Fund Balance.** The budgetary fund balance is generally defined at the difference between assets and liabilities, and the ending balance is based on previous year's audited fund balance plus the current year's budget amendment and the budgeted year's activity. There is a positive amount of \$84.4 million in total fund balances, as a result of the anticipated debt issuance.

**Next Steps.** The preliminary FY 2017/18 budget will be presented for information to the Board in May. The final proposed FY 2017/18 Annual Budget and Work Program will be presented to the Citizens Advisory Committee in May, and the Transportation Authority Board in June. A public hearing will precede consideration of the FY 2017/18 Annual Budget and Work Program at the Transportation Authority's June 13 Board meeting.

### **FINANCIAL IMPACT**

None. This is an information item.

### **CAC POSITION**

None. This is an information item.

### **SUPPLEMENTAL MATERIALS**

Attachment 1 – Preliminary Work Program

Attachment 2 – Preliminary Budget

Attachment 3 – Preliminary Budget – Line Item Detail

Attachment 4 – Line Item Descriptions

**Attachment 1**  
Preliminary Fiscal Year 2017/18 Annual Work Program



The Transportation Authority's preliminary Fiscal Year (FY) 2017/18 Work Program includes activities in five major divisions overseen by the Executive Director: 1) Policy and Programming, 2) Capital Projects, 3) Planning, 4) Technology, Data and Analysis, and 5) Finance and Administration. The Executive Director's office is responsible for directing the agency in keeping with the annual Board-adopted goals, for the development of the annual budget and work program, and for the efficient and effective management of staff and other resources. Further, the Executive Director's office is responsible for regular and effective communications with the Board, the Mayor's Office, San Francisco's elected representatives at the state and federal levels and the public, as well as for coordination and partnering with other city, regional, state and federal agencies.

The agency's work program activities address the Transportation Authority's designated mandates and functional roles. These include: serving as the transportation sales tax administrator and Congestion Management Agency (CMA) for San Francisco, acting as the Local Program Manager for the Transportation Fund for Clean Air (TFCA) program and administering the \$10 Prop AA vehicle registration fee. The Transportation Authority is also operating as the Treasure Island Mobility Management Agency (TIMMA). The TIMMA FY 2017/18 Work Program will be presented to the TIMMA Board as a separate item. Our work program also reflects the multi-disciplinary and collaborative nature of our roles in planning, funding and delivering transportation projects and programs across the city, while ensuring transparency and accountability in the use of taxpayer funds.

## **PLAN**

Long-range, countywide transportation planning and CMA-related policy, planning and coordination are at the core of the agency's planning functions. In FY 2017/18, we will continue to implement recommendations from the 2013 San Francisco Transportation Plan (SFTP), while we advance Connect SF (previously known as the Long-Range Transportation Planning Project) as part of our multi-agency partnership with the San Francisco Municipal Transportation Agency (SFMTA), Planning Department, and others. This will include transit and freeway modal studies, as well as a continued emphasis on demand management policies. We will also continue to further corridor, neighborhood and community-based transportation plans under our lead, while supporting efforts led by others.

We will undertake new planning efforts meant to inform and respond to emerging trends and policy areas (e.g. transportation network companies and autonomous vehicles). This strategic area of focus for our planning work includes planning for mobility as a service (MaaS) and "active congestion management," such as the mobility management work on Treasure Island. Active congestion management encompasses the planning, design, implementation, and potentially regulation or operation of infrastructure or operational tools to optimize travel demand across modes for a given area in real time.

Most of the FY 2017/18 activities listed below are strong multi-divisional efforts, often lead by the Planning Division in close coordination with Transportation, Data and Analysis; Capital Projects; and the Policy and Programming Divisions. Proposed activities include:

### Active Congestion Management:

- Freeway Corridor Management Study (FCMS) Phase 2: Complete Phase 2 corridor planning study in close coordination with city, regional and state agencies to advance a feasible set of near-term freeway management projects for US 101 and I-280 corridors, including potential managed lanes connecting San Francisco to San Mateo and Santa Clara counties along US 101. Advance initial SF corridor through Caltrans project development process and initiate environmental review Participate in the Metropolitan Transportation Commission's (MTC's) Managed Lanes Implementation Study and position SF's corridor for Regional Measure 3 (RM3) and Senate Bill 1 (SB1) funds (e.g. Congested Corridor



Program).

- Bay Area Rapid Transit (BART) Perks: Complete an evaluation of the travel incentives pilot program conducted in partnership with BART. The pilot program tested the use of incentives to shift peak period travel demand into San Francisco on BART, using gamification and technology to generate changes in travel patterns.

SFTP Implementation and Board Support:

- Geary Corridor Bus Rapid Transit (BRT) Environmental Clearance and Design Support, Oversee Geneva Harney BRT Feasibility Study: Complete federal environmental review of the Geary Corridor BRT Final Environmental Impact Statement (FEIS), transition project lead to the SFMTA, support the SFMTA's efforts to enter the project into the Federal Transit Administration's Small Starts program to secure federal funds, and provide engineering support and oversight as the SFMTA advances design of the near-term and core BRT projects. We will also oversee and support SFMTA's lead of Geneva-Harney BRT studies.
- Neighborhood Transportation Improvement Program: Continue implementation of the sales tax-funded Neighborhood Transportation Improvement Program (NTIP), identified as a new equity initiative in the 2013 SFTP. We will continue to work closely on identification and scoping of new NTIP planning and capital efforts, including advancing recommendations from recently completed plans, in coordination with Board members and SFMTA's NTIP Coordinator, as well as to monitor and provide support to underway NTIP efforts led by other agencies.
- Lombard Crooked Street Congestion Management System: Building on the recently-completed NTIP District 2 planning study, conduct a follow-on study to further plan, conduct outreach, and advance conceptual (physical and operational) designs and cost estimates for a reservations and pricing system to improve safety and reduce congestion on the crooked street. Coordinate with the SFMTA and other agencies to implement the traffic management and enforcement recommendations of the NTIP planning study.
- Vision Zero Ramps Study: Complete Phase 1 and continue Phase 2 of the Freeway Ramp Vision Zero Safety Assessment of pedestrian, bicycle, and vehicle conflicts and road safety on local San Francisco streets associated with I-80 on- and off- ramps, including developing recommendations for 10 ramps. Phase 1 is funded by a District 6 NTIP Planning grant. Phase 2 is funded by a Caltrans Partnership Planning grant.
- Late Night Transportation Study Phase II: In partnership with the San Francisco Entertainment Commission and the Office of Economic and Workforce Development (OEWD), we have led several elements of the Late Night Transportation Study Phase II. This year we will advance service recommendations and support transit operators and stakeholders in advocating for funding (RM3, SB1, MTC Lifeline Transportation Program (LTP)) to implement needed services. We will also explore ways to potentially partner with private mobility services to serve late-night needs.

Long Range, Countywide, and Inter-Jurisdictional Planning:

- Bay Area Core Capacity Transit Study: As part of the multi-agency project team, support this two-year MTC-led effort, looking at major transit capacity improvements for the core of San Francisco (Muni Metro) and the Transbay corridor (e.g. BART, AC Transit). This builds on recommendations from the 2013 SFTP. Results will feed into Plan Bay Area 2040, Connect SF and new revenue measures (e.g. RM3). We also expect to participate in follow-on regional studies



of a second Transbay Tube, including standard gauge and BART options, in coordination with local, regional and state partner agencies.

- **SFTP Update:** In collaboration with San Francisco agencies and regional partners, complete a minor update of the 2013 SFTP in parallel with the completion of Plan Bay Area 2040 and as one of the early deliverables of Connect SF. This work includes, reporting on relevant transportation and demographic trends, progress implementing recommendations since the last update, incorporating new sector work performed by the Transportation Authority and others, and updating project costs and funding.
- **Emerging Mobility Services & Technologies:** This year we will complete our policy study in collaboration with the SFMTA, to establish a policy framework, objectives, and metrics to evaluate potential impacts and assess whether and how new mobility services and transportation technologies, including autonomous vehicles, are helping San Francisco meet its primary SFTP goals related to healthy environment, livability, economic competitiveness, and state of good repair in addition to other transportation lenses such as equity and affordability. The outputs of this project will serve as a policy memorandum supporting Connect SF and the next update of the SFTP, as well as shaping current policy initiatives in this area.
- **Support Statewide and Regional Planning Efforts:** Continue to support studies at the state and regional levels including the California High-Speed Rail Authority's Environmental Impact Report, the California State Transportation Agency's Statewide Rail Plan, Caltrans' Transportation Plan and Statewide Bicycle Plan and Transit Plans.

#### Transportation Forecasting and Analysis:

- **Travel Forecasting and Analysis for Transportation Authority Studies:** Provide modeling, data analysis, technical advice and graphics services to support efforts such as SFTP, subsequent phases of FCMS, Treasure Island program, the Congestion Management Program (CMP), Emerging Mobility Services and Technology transit ridership and traffic congestion impact studies, and Travel Demand Management strategy effectiveness research.
- **Modeling Service Bureau:** Provide modeling, data analysis, and technical advice to city agencies and consultants in support of many projects and studies. Expected service bureau support this year for partner agencies and external parties is to be determined.
- **Data Warehouse and Research Support:** Continue to serve as a data resource for city agencies, consultants, and the public and enhance data management and dissemination capabilities by initiating implementation of a data warehouse and visualization tools to facilitate easy access to travel data, review and querying of datasets, and supporting web-based tools for internal and external use. Analyze and publish important results from the 2012 California Household Travel Survey. Support researchers working on topics that complement and enhance our understanding of travel behavior. Potential topics include: gather and analyze trip data on Transportation Network Companies and acquire or partner with private big data sources; explore the fusion of multiple geographic data sources such as cell phone data with transit fare card, vehicle location, and passenger data; investigate bicycle route choice data before and after the implementation of bicycle infrastructure projects.
- **Model Consistency/Land Use Allocation:** Complete the requirements for model consistency in coordination with MTC as a part of the CMP update. Participate in Bay Area Model Users Group. Continue supporting the refinement of the Bay Area land use growth allocation model with the Planning

**Attachment 1**  
Preliminary Fiscal Year 2017/18 Annual Work Program



Department, the Association of Bay Area Governments (ABAG) and MTC. Coordinate land use analysis activities in cooperation with these same agencies.

- Travel Demand Model Enhancements: Continue to implement SF-CHAMP and Dynamic Traffic Assignment model improvements, with special emphasis on transit reliability and model performance. In conjunction with MTC and the Puget Sound Regional Council, continue development of a dynamic transit assignment model that will enhance our ability to analyze the impacts of service reliability and crowding on transit trip-making. In collaboration of MTC, the San Diego Association of Governments, Puget Sound Regional Council, and ARC, continue development of an open-source activity-based travel demand model platform.

## FUND

The agency was initially established to serve as the administrator of the Prop B half-cent transportation sales tax (superseded by the Prop K transportation sales tax in 2003). This remains one of the agency's core functions, which has been complemented and expanded upon by several other roles which have subsequently been taken on including acting as the administrator for Prop AA and the TFCA County Program, and serving as CMA for San Francisco. We serve as a funding and financing strategist for San Francisco projects; we advocate for discretionary funds and legislative changes to advance San Francisco project priorities; provide support to enable sponsors to comply with timely-use-of-funds and other grant requirements; and seek to secure new sources of revenues for transportation-related projects and programs. The work program activities highlighted below are typically led by the Policy and Programming Division with support from all agency divisions.

Fund Programming and Allocations: Administer the Prop K sales tax, Prop AA vehicle registration fee, and TFCA programs, which the agency directly allocates or prioritizes projects for grant funding; oversee calls for projects and provide project delivery support and oversight for the LTP, One Bay Area Grant (OBAG), and county share State Transportation Improvement Program in our role as CMA. Provide technical, strategic and advocacy support for a host of other fund programs, such as the new revenues to be generated and distributed under SB1, the State's Cap-and-Trade and Active Transportation Programs, and federal competitive grant programs. Notable efforts planned for FY 2017/18 include:

- Prop K Strategic Plan Model Update: The Prop K Strategic Plan model is the financial planning tool that guides implementation of the sales tax program. In preparation for the 2018 Strategic Plan and 5-Year Prioritization Program quadrennial updates, we will be exploring the potential to fund another cycle of Neighborhood Transportation Improvement Program grants and administration, as well as upgrading the model to increase functionality and make it more user friendly and easier to maintain for Policy and Programming Division staff.
- Prop K Customer Service and Efficiency Improvements: This ongoing multi-division initiative will continue to improve the Transportation Authority's processes to make them more user friendly and efficient for both internal and external customers, while maintaining a high level of transparency and accountability appropriate for administration of voter-approved revenue measures. Planned improvements include design and implementation of an online allocation request form, upgrades to mystreetsf.com – our interactive project map, and ongoing enhancements to the Portal – our web-based grants management database used by our staff and project sponsors.
- Implement the 2017 Prop AA Strategic Plan: We will work closely with project sponsors and continue to support delivery of projects underway, as well as advance new projects with funds programmed in the 2017 Prop AA Strategic Plan (pending approval by the Board in May)..

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Preliminary Fiscal Year 2017/18 Annual Work Program



- **OBAG Cycle 2:** In March 2017 we released a call for projects for \$42.3 million in OBAG 2 funds. Project applications were due to us in April 2017, and we anticipate our programming recommendations will be submitted to MTC in mid-2017. In the fall, we will work to advance our project priorities through the MTC approval process and work with project sponsors to obligate the FY 2017/18 federal funds.
- **LTP and Community Based Transportation Plans (CBTPs):** In late summer 2017 we anticipate MTC will approve LTP guidelines enabling us to program an estimated \$2.5 million in LTP funds through a competitive call for projects, with project priorities due to MTC by the end of 2017. MTC will also embark upon a new round of CBTP funding, and we anticipate we will receive approximately \$175,000 to update some of our existing CBTPs in Communities of Concern or to implement new ones.
- **Federal-Aid Sponsor Support and Streamlining Advocacy:** Our staff will continue to provide expertise in grants administration for federally funded projects and to play a leadership role in supporting regional efforts to streamline the current federal-aid grant processes and provide input to new guidelines being promulgated as a result of the federal Fixing America's Surface Transportation (FAST) Act.

**Capital Financing Program Management:** Jointly led by the Finance and Administration Division and the Policy and Programming Division, and in close coordination with our Financial Advisors, we will continue to provide effective and efficient management of our debt program to enable accelerated delivery of sales-tax funded capital projects at the lowest possible cost to the public. We anticipate issuing a sales tax revenue bond in the first half of the fiscal year, and using the bond to re-finance the recent \$46 million Revolver draw and to finance anticipated capital expenditures over the next three years.

**Plan Bay Area 2040:** As CMA, continue to coordinate San Francisco's input to Plan Bay Area 2040 during the final stage of project approval in summer 2017. After Plan adoption, engage in subsequent implementation efforts around affordable housing, economic vitality, and resilience. This involves close coordination with San Francisco agencies, the Mayor's office, and our ABAG and MTC Commissioners, as well as coordination with Bay Area CMAs, regional transit agencies and other community stakeholders.

**SB1:** Engage with state and regional agencies to coordinate advocacy as the program guidelines are developed in order to ensure a fair distribution of revenues that is beneficial to San Francisco's interests. Seek discretionary funding for our agency's priorities, particularly with regard to our Treasure Island work and US 101/280 Express Lanes, and support other City and regional agencies' applications. Ensure our Board and MTC Commissioners are engaged in the process of prioritizing funds.

**New Revenue Advocacy:** Advocate for San Francisco priorities and new local, regional, state and federal funds by providing Board member staffing, issue advocacy at various venues (such as at MTC committees, Bay Area CMA meetings, and SPUR) and ongoing coordination with, and appearances before, the MTC, California Transportation Commission, and federal agencies. Notable efforts planned for FY17/18 include:

- **RM3:** We will continue to lead efforts to set priorities for an additional bridge toll on state owned bridges to fund projects that alleviate congestion on bridge corridors.
- **Task Force 2045:** Work closely with our Board members, the Mayor's Office, the SFMTA and key stakeholders to target the 2018 ballot for consideration of a new local revenue measure.

**Legislative Advocacy:** We will continue to monitor and take positions on state legislation affecting San Francisco's transportation programs, and develop strategies for advancing legislative initiatives beneficial to San Francisco's interests and concerns at the state and federal level. Working with other toll operators





through the California Toll Operations Committee, we will identify and engage in legislative efforts to support our future Treasure Island work and other managed lanes efforts. Our advocacy builds off of SFTP recommendations, the agency's adopted legislative program (e.g. includes Vision Zero, new revenue, and project delivery advocacy), and is done in coordination with the Mayor's Office, the Self-Help Counties Coalition, and other city and regional agencies.

**Funding and Financing Strategy:** Provide funding and financing strategy support for Prop K signature projects, many of which are also included in MTC's Regional Transit Expansion Agreement. Examples include: Caltrain Electrification, Central Subway, Transbay Transit Center/Downtown Extension and Van Ness Avenue and Geary Corridor BRT. Continue to serve as a funding resource for all San Francisco project sponsors, including brokering fund swaps, as needed.

## **DELIVER**

The timely and cost-effective delivery of Transportation Authority-funded transportation projects and programs requires a multi-divisional effort, led primarily by the Capital Projects Division with support from other divisions. As in past years, the agency focuses on providing engineering support and overseeing the delivery of the Prop K sales tax major capital projects, such as the Presidio Parkway, the SFMTA's Central Subway, Radio Replacement and facility upgrade projects; the Transbay Transit Center/Caltrain Downtown Extension; and Caltrain Electrification. The agency is also serving as lead agency for the delivery of certain projects, such as the I-80/Yerba Buena Island (YBI) Interchange Improvement Project and I-280/Balboa Park Area Freeway Ramps projects, which typically are multi-jurisdictional in nature and often involve significant coordination with the Caltrans. Key delivery activities for FY 2017/18 include the following:

### Transportation Authority – Lead Construction:

- I-80/YBI West Bound (WB) On-Off Ramps Project and YBI Bridge Structures: Continue to lead construction of new I-80/YBI WB on-off ramps on the east side of YBI. Construction activities for the I-80/East Side YBI Ramps Improvement Project began in February 2014 and are anticipated to be complete in late 2017. Work with Caltrans, BATA, Treasure Island Development Authority (TIDA), and the U.S. Coast Guard on implementation (supplemental environmental analysis, final design and right of way certification) of the YBI west bound on-off ramps (Phase 2) Southgate Road Realignment project. Continue supplemental environmental analysis, final engineering and design of the West Side Bridges and prepare for construction. Prepare for Construction Manager/General Contractor (CM/GC) implementation of the West Side Bridges project. Continue coordination activities with Caltrans, BATA, the OEWD and TIDA.
- Presidio Parkway Project: Continue supporting Caltrans through the final stages of project delivery of the Phase 2 project, including landscaping components. Work with Caltrans to ensure compliance with conditions associated with prior allocations of federal economic stimulus funds; actively assist Caltrans with oversight of the public-private partnership (P3) contract including implementation of various programs outlined in the contract such as the Workforce Development Program and the Underutilized Disadvantaged Business Enterprise Program. In FY 2017/18, we anticipate completing the P3 study that is comparing the effectiveness of delivering Phase 1 of the project using the more traditional design-bid-build model, with Phase 2 which is being delivered as a P3. We anticipate construction close-out for Phase 2 by spring 2018.

### Transportation Authority – Lead Project Development:

- I-280 Interchange Modifications at Balboa Park Ramps: Continue leading next steps for implementing recommendations from the Balboa Park Circulation Study. This includes working towards

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Preliminary Fiscal Year 2017/18 Annual Work Program



achieving Caltrans approval of the Project Initiation Document (PID) for the southbound I-280 off-ramp to Ocean Avenue (to improve safety at the ramp/local street interface) by summer 2017, and preparing a Ramp Closure Analysis for the northbound I-280 on-ramp from Geneva Avenue, anticipated to be completed by mid-2018.

- Quint-Jerrold Connector Road: Coordinate with city agencies on right of way issues with Union Pacific Railroad and Caltrain and advance design and support the Quint Street Bridge Replacement project.

Transportation Authority – Project Delivery Support:

- Caltrain Early Investment Program and California High-Speed Rail Program: Coordinate with the California High-Speed Rail Authority (CHSRA) and city agencies on high-speed rail issues affecting the city; work with Caltrain, MTC, the Mayor's Office and other Peninsula and regional stakeholders to monitor and support delivery of the Caltrain Early Investment Program including the Communications Based Overlay Signal System and Electrification projects. Continue to work closely with aforementioned stakeholders to fully fund electrification and support delivery of the blended system to the Peninsula corridor that extends to the new Transbay Transit Center.
- Central Subway: Project management oversight; scope/cost/schedule and funding assessment and strategy.
- Transbay Transit Center/Caltrain Downtown Extension: Project management oversight and provide support for Board member participation on other oversight bodies (Transbay Joint Powers Authority, Board of Supervisors), assist with funding assessment and strategy and participate on Planning Department-led Railyard Alternatives and I-280 Boulevard Feasibility Study.
- Van Ness Avenue BRT: Oversee SFMTA construction efforts including environmental compliance and general project oversight. Work closely with SFMTA and an inter-agency project team to maintain project integrity and quality while controlling budget and schedule.
- Vision Zero: Continue to support the Vision Zero Committee and agency staff in delivering the program of projects that will enable San Francisco to achieve the goal of Vision Zero.
- Engineering Support: Provide engineering support, as needed, for other Transportation Authority-led planning and programming efforts.

**TRANSPARENCY & ACCOUNTABILITY**

This section of the work program highlights ongoing agency operational activities, and administrative processes to ensure transparency and accountability in the use of taxpayer funds. It includes ongoing efforts lead by the Finance and Administration Division (e.g. accounting, human resources, procurement support), by the Transportation, Data and Analysis Division (e.g. Information Technology and systems integration support), and by the Executive Office (e.g. Board operations and support, budgeting and communications) as listed below:

- Board Operations and Support: Staff Board meetings including standing and ad hoc committees, Vision Zero Committee and Treasure Island Mobility Management Agency meetings.
- Audits: Prepare, procure, and manage fiscal compliance and management audits.
- Budget, Reports and Financial Statements: Develop and administer Transportation Authority budget, including performance monitoring, internal program and project tracking. Monitor internal controls and prepare reports and financial statements.

**Attachment 1**  
Preliminary Fiscal Year 2017/18 Annual Work Program



- Accounting and Grants Management: Maintain payroll functions, general ledger and accounting system, including paying, receiving and recording functions. Manage grants and prepare invoices for reimbursement.
- Debt Management and Oversight: Monitor financial and debt performance, analyze finance options and develop recommendations, issuing and managing debt.
- Systems Integration: Ongoing enhancement and maintenance of the enterprise resource planning system (business management and accounting software) to improve accounting functions, general ledger reconciliations and financial reporting, as well as enabling improved data sharing with the Portal (web-based grants management database used by agency staff and project sponsors).
- Contract Support: Oversee procurement process for professional consultant contracts, prepare contracts, and manage compliance for contracts and associated Memoranda of Agreement and Understanding.
- Disadvantaged Business Enterprise and Local Business Enterprise: Administer program, review and update policy for any new state and federal requirements, conduct outreach and review applications and award certifications.
- Communications and Community Relations: Execute the agency's communications strategy with the general public, the agency's board, various interest groups and other government agencies. This is accomplished through various means, including fostering media and community relations, developing strategic communications plans for projects and policy initiatives, disseminating agency news and updates through 'The Messenger' newsletter, supporting public outreach and helping coordinate events to promote the agency's work. This year the agency plans to develop an agency-wide strategic communications plan to institutionalize best practices. We will also continue participating in racial equity training and multi-agency working groups.
- Website Maintenance: Update content and maintain and enhance interactive project delivery reporting features such as the mystreetsf.com project map.
- Policies: Maintain and update Administrative Code, Rules of Order, fiscal, debt, procurement, investment, travel, and other policies.
- Human Resources: Administer recruitment, personnel and benefits management and office procedures. Conduct or provide training for staff. Advance agency workplace excellence initiatives through staff working groups, training and other means.
- Office Management and Administrative Support: Maintain facilities and provide procurement of goods and services and administration of services contracts. Staff front desk reception duties. Provide assistance to the Clerk of the Board as required with preparation of agenda packets and minutes, updates to website and clerking meetings.
- Legal Issues: Manage routine legal issues, claims and public records requests.
- **Information Technology:** Provide internal development and support; maintain existing technology systems including phone and data networks; develop new collaboration tools to further enhance efficiency and technological capabilities; and expand contact management capabilities.

**San Francisco County Transportation Authority**  
**Attachment 2**  
**Preliminary Fiscal Year 2017/18 Annual Budget**



**Preliminary Annual Budget by Fund**

	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund For Clean Air Program	Vehicle Registration Fee For Transportation Improvements Program	Preliminary Budget Fiscal Year 2017/18	Increase/ (Decrease)	Amended Budget Fiscal Year 2016/17
<b>Revenues:</b>							
Sales Tax Revenues	\$ 106,530,189	\$ -	\$ -	\$ -	\$ 106,530,189	\$ (1,688,950)	\$ 108,219,139
Vehicle Registration Fee	-	-	-	4,834,049	4,834,049	-	4,834,049
Interest Income	201,748	-	1,698	84,125	287,571	(47,135)	334,706
Federal/State/Regional Revenues	-	18,396,590	737,931	-	19,134,521	(4,783,609)	23,918,130
Other Revenues	2,000	-	-	-	2,000	(65,207)	67,207
<b>Total Revenues</b>	<b>106,733,937</b>	<b>18,396,590</b>	<b>739,629</b>	<b>4,918,174</b>	<b>130,788,330</b>	<b>(6,584,901)</b>	<b>137,373,231</b>
<b>Expenditures:</b>							
Capital Project Costs	225,472,242	16,493,328	645,660	5,757,300	248,368,530	14,991,051	233,377,479
Administrative Operating Costs	6,486,127	2,954,049	46,003	197,772	9,683,951	691,295	8,992,656
Debt Service	77,590,968	-	-	-	77,590,968	55,264,301	22,326,667
<b>Total Expenditures</b>	<b>309,549,337</b>	<b>19,447,377</b>	<b>691,663</b>	<b>5,955,072</b>	<b>335,643,449</b>	<b>70,946,647</b>	<b>264,696,802</b>
<b>Other Financing Sources (Uses):</b>	<b>328,888,704</b>	<b>1,050,787</b>	<b>-</b>	<b>-</b>	<b>329,939,491</b>	<b>283,603,656</b>	<b>46,335,835</b>
<b>Net Change in Fund Balance</b>	<b>\$ 126,073,304</b>	<b>\$ -</b>	<b>\$ 47,966</b>	<b>\$ (1,036,898)</b>	<b>\$ 125,084,372</b>	<b>\$ 206,072,108</b>	<b>\$ (80,987,736)</b>
Budgetary Fund Balance, as of July 1	\$ (45,667,323)	\$ -	\$ (47,966)	\$ 5,064,419	\$ (40,650,870)	N/A	\$ 40,382,935
Budgetary Fund Balance, as of June 30	\$ 80,405,981	\$ -	\$ -	\$ 4,027,521	\$ 84,433,502	N/A	\$ (40,604,801)

Note: As of July 1, 2017, TIMMA will be a separate legal and financial entity from the Transportation Authority. The TIMMA FY2017/18 Budget will be presented to the TIMMA Board as a separate item at its June 2017 meeting.

**San Francisco County Transportation Authority**  
**Attachment 3**  
**Preliminary Fiscal Year 2017/18 Budget**  
**Line Item Detail**



	Preliminary Budget by Fund				Preliminary Budget Fiscal Year 2017/18	Increase/ (Decrease)	Amended Budget Fiscal Year 2016/17
	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund For Clean Air Program	Vehicle Registration Fee For Transportation Improvements Program			
<b>Revenues:</b>							
Sales Tax Revenues	\$ 106,530,189	\$ -	\$ -	\$ -	\$ 106,530,189	\$ (1,688,950)	\$ 108,219,139
Vehicle Registration Fee	-	-	-	4,834,049	4,834,049	-	4,834,049
Interest Income	201,748	-	1,698	84,125	287,571	(47,135)	334,706
Federal/State/Regional Revenues							
Federal BART Travel Incentives Program	-	27,822	-	-	27,822	(191,504)	219,326
Federal CMAQ Program: eFleet Carsharing Electrified Project	-	-	-	-	-	(11,530)	11,530
Federal CMAQ Program: Transportation Demand Management Partnership Project	-	28,810	-	-	28,810	-	-
Federal FHWA Transit Reliability Research	-	-	-	-	-	(48,500)	48,500
Federal Highway Bridge Program - I-80/Yerba Buena Island Interchange Improvement	-	10,612,249	-	-	10,612,249	6,937,908	3,674,341
Federal Highway Bridge Program - Yerba Buena Island Bridge Structures	-	2,932,097	-	-	2,932,097	1,725,516	1,206,581
Federal South of Market Freeway Ramp Intersection Safety Improvement Study	-	124,342	-	-	124,342	47,170	77,172
Federal Strategic Highway Research Program	-	77,650	-	-	77,650	258	77,392
Federal Surface Transportation Program 3% Revenue	-	1,833,272	-	-	1,833,272	447,955	1,385,317
State Planning, Programming & Monitoring SB45 Funds	-	667,000	-	-	667,000	220,000	447,000
State Seismic Retrofit Proposition 1B - I/80 YBI Interchange Improvement Project	-	1,374,929	-	-	1,374,929	898,879	476,050
Regional Agency Contributions - Model Service Bureau	-	-	-	-	-	(71,257)	71,257
Regional BART - Travel Incentives Program	-	1,800	-	-	1,800	(29,032)	30,832
Regional BATA - I-80/Yerba Buena Island Interchange Improvement	-	291,619	-	-	291,619	(526,119)	817,738
Regional San Francisco (OEVD) - Late Night Transportation	-	100,000	-	-	100,000	100,000	-
Regional San Francisco (Planning, SFMTA) - Travel Demand Modeling Assistance	-	225,000	-	-	225,000	-	225,000
Regional San Francisco (SFMTA) - Alemany Interchange Improvement Study	-	-	-	-	-	(99,670)	99,670
Regional San Francisco (SFMTA) - Commuter Shuttle Hub Study	-	-	-	-	-	(70,027)	70,027
Regional San Francisco (SFMTA) - Lombard Crooked Street Congestion Mgmt System Development	-	100,000	-	-	100,000	100,000	-
Regional San Francisco (SFMTA) - School Transportation Survey	-	-	-	-	-	(45,100)	45,100
Regional Vehicle Registration Fee Revenues (TFCA)	-	-	737,931	-	737,931	(13,393)	751,324
Prior Year Program Revenue Carryover	-	-	-	-	-	(14,183,973)	14,183,973
Other Revenues							
Local Match: City CarShare eFleet Carsharing Electrified	-	-	-	-	-	(195)	195
San Francisco Dept of Environment - Shower Facilities	2,000	-	-	-	2,000	-	2,000
SFMTA - Project Management Training	-	-	-	-	-	(24,800)	24,800
Sublease of Office Space	-	-	-	-	-	(40,212)	40,212
<b>Total Revenues</b>	<b>106,733,937</b>	<b>18,396,590</b>	<b>739,629</b>	<b>4,918,174</b>	<b>130,788,330</b>	<b>(6,584,901)</b>	<b>137,373,231</b>

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**San Francisco County Transportation Authority**  
**Attachment 3**  
**Preliminary Fiscal Year 2017/18 Budget**  
**Line Item Detail**



	Preliminary Budget by Fund				Preliminary Budget Fiscal Year 2017/18	Increase/ (Decrease)	Amended Budget Fiscal Year 2016/17
	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund For Clean Air Program	Vehicle Registration Fee For Transportation Improvements Program			
<b>Expenditures:</b>							
Capital Project Costs							
Individual Project Grants, Programs & Initiatives	225,000,000	-	645,660	5,713,370	<b>231,359,030</b>	23,692,191	207,666,839
Technical Professional Services	472,242	16,493,328	-	43,930	<b>17,009,500</b>	(8,701,140)	25,710,640
Administrative Operating Costs							
Personnel Expenditures							
Salaries	2,324,835	1,897,437	31,282	134,485	<b>4,388,039</b>	145,843	4,242,196
Fringe Benefits	1,094,040	892,912	14,721	63,287	<b>2,064,960</b>	68,632	1,996,328
Pay for Performance	194,965	-	-	-	<b>194,965</b>	-	194,965
Non-personnel Expenditures							
Administrative Operations	2,670,287	163,700	-	-	<b>2,833,987</b>	491,320	2,342,667
Equipment, Furniture & Fixtures	150,000	-	-	-	<b>150,000</b>	5,300	144,700
Commissioner-Related Expenses	52,000	-	-	-	<b>52,000</b>	(19,800)	71,800
Debt Service							
Debt Issuance Costs	2,150,000	-	-	-	<b>2,150,000</b>	2,150,000	-
Interest and Fiscal Charges	7,105,133	-	-	-	<b>7,105,133</b>	5,778,466	1,326,667
Revolving Credit Agreement Repayment	22,000,000	-	-	-	<b>22,000,000</b>	1,000,000	21,000,000
Revolving Credit Agreement Re-finance Repayment	46,335,835	-	-	-	<b>46,335,835</b>	46,335,835	-
Total Expenditures	<u>309,549,337</u>	<u>19,447,377</u>	<u>691,663</u>	<u>5,955,072</u>	<b><u>335,643,449</u></b>	<u>70,946,647</u>	<u>264,696,802</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in - Prop K Match to Grant Funding	-	1,050,787	-	-	<b>1,050,787</b>	(1,231,346)	2,282,133
Transfers out - Prop K Match to Grant Funding	(1,050,787)	-	-	-	<b>(1,050,787)</b>	1,231,346	(2,282,133)
Face Value of Debt Issued (\$300 million)							
Sales Tax Revenue Bond Proceeds	253,664,165	-	-	-	<b>253,664,165</b>	253,664,165	-
Revolving Credit Agreement Re-finance	46,335,835	-	-	-	<b>46,335,835</b>	46,335,835	-
Premium on Issuance of Debt	29,939,491	-	-	-	<b>29,939,491</b>	29,939,491	-
Draw on Revolving Credit Agreement	-	-	-	-	<b>-</b>	(46,335,835)	46,335,835
Total Other Financing Sources (Uses)	<u>328,888,704</u>	<u>1,050,787</u>	<u>-</u>	<u>-</u>	<b><u>329,939,491</u></b>	<u>283,603,656</u>	<u>46,335,835</u>
<b>Net Change in Fund Balance</b>	<u>\$ 126,073,304</u>	<u>\$ -</u>	<u>\$ 47,966</u>	<u>\$ (1,036,898)</u>	<b><u>\$ 125,084,372</u></b>	<u>\$ 206,072,108</u>	<u>\$ (80,987,736)</u>
Budgetary Fund Balance, as of July 1	<u>\$ (45,667,323)</u>	<u>\$ -</u>	<u>\$ (47,966)</u>	<u>\$ 5,064,419</u>	<b><u>\$ (40,650,870)</u></b>	N/A	<u>\$ 40,382,935</u>
Budgetary Fund Balance, as of June 30	<u>\$ 80,405,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,027,521</u>	<b><u>\$ 84,433,502</u></b>	N/A	<u>\$ (40,604,801)</u>

Includes Sales Tax and Vehicle Registration Fee For Transportation Improvements Reserved for Program and Operating Contingency

Fund Reserved for Program and Operating Contingency	<b>\$ 10,653,019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 483,405</b>	<b>\$ 11,136,424</b>
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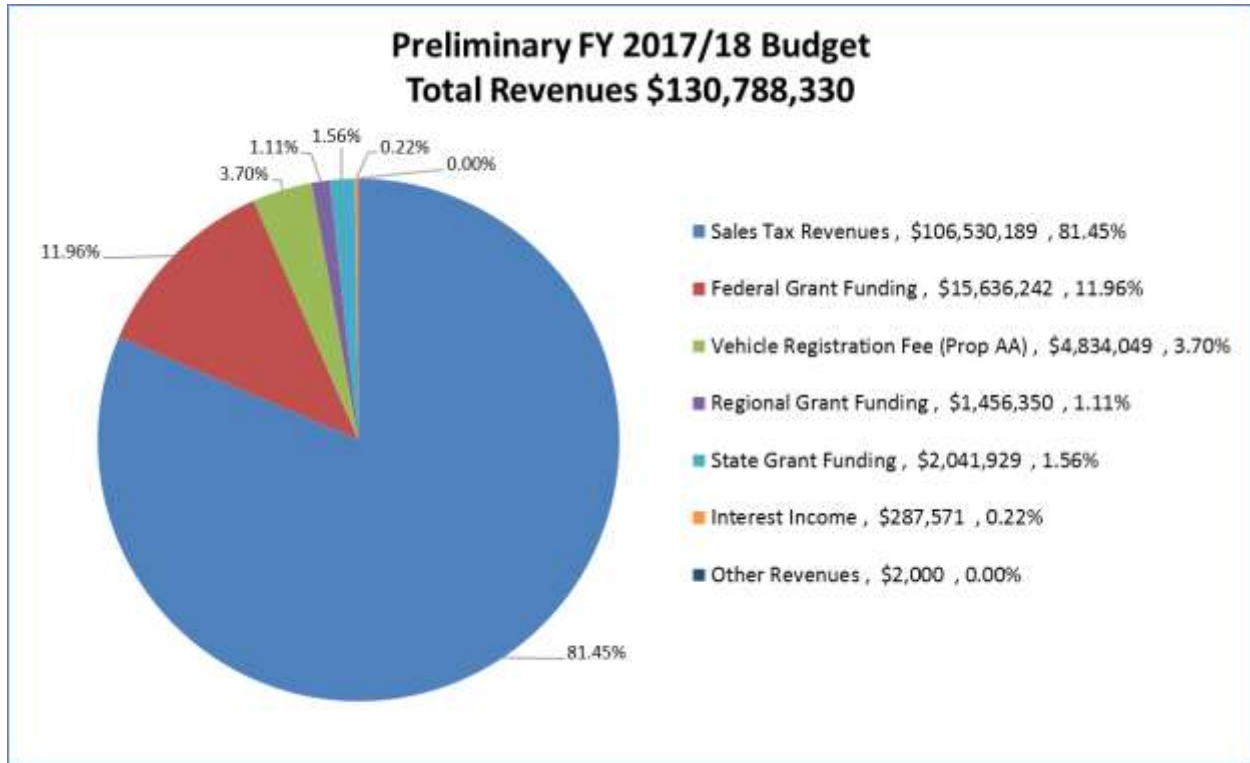
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**Attachment 4  
Line Item Descriptions**



**TOTAL PROJECTED REVENUES.....\$130,788,330**

The following chart shows the composition of revenues for the preliminary FY 2017/18 budget.



Prop K Sales Tax Revenues: .....\$106,530,189

The budgeted revenues for Sales Tax programs are from a voter-approved levy of 0.5% sales tax in the County of San Francisco for transportation projects and programs included in the voter-approved Expenditure Plan. The 2003 Prop K Sales Tax Revenue’s Expenditure Plan includes investments in four major categories: 1) Transit; 2) Streets and Traffic Safety; 3) Paratransit services for seniors and disabled people and 4) Transportation System Management/Strategic Initiatives. Based on Fiscal Year (FY) 2016/17 revenues to date, the Transportation Authority projects FY 2017/18 sales tax revenues to decrease compared to the budgeted revenues for FY 2016/17 by 1.6% or \$1.7 million. The sales tax revenue projection is net of the Board of Equalization’s charges for the collection of the tax and excludes interest earnings budgeted in Interest Income. Sales tax revenues have recovered from the FY 2009/10 low; however, FY 2017/18 is projecting a slight decrease compared to prior year based on indications of a recent slowdown in San Francisco’s economy, as well as across the state and nation.

Vehicle Registration Fee for Transportation Improvements Program (Prop AA) Revenues: ..... \$4,834,049

These revenues (excluding interest earnings budgeted in Interest Income) fund projects that will be delivered under Prop AA’s Expenditure Plan. This measure, approved by San Francisco voters in November 2010, collects an additional \$10 vehicle registration fee on motor vehicles registered in San Francisco. Revenues must be used to fund projects included in the voter-approved Expenditure Plan, such as local road repairs, pedestrian safety improvements, and transit reliability improvements. This

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Line Item Descriptions**



amount is net of the Department of Motor Vehicle's charges for the collection of these fees. Prop AA Revenues for FY 2017/18 are based on the Prop AA Strategic Plan.

Interest Income: ..... \$287,571

Most of the Transportation Authority's investable assets are deposited in the City's Treasury Pool. Based on the average interest income earned over the past year, the deposits in the Pooled Investment Fund are assumed to earn approximately 0.8% for FY 2017/18. The level of Transportation Authority deposits held in the pool during the year depends on the Prop K capital project reimbursement requests. The budget cash balance consists largely of allocated Prop K funds, which are invested until invoices are received and sponsors are reimbursed. In addition, we are assuming to earn approximately 0.3% interest income on the proposed \$300 million sales tax revenue bond in FY 2017/18.

Congestion Management Agency (CMA) Programs Federal, State and Regional Grant Revenues: ..... \$18,396,590

The CMA program revenues (excluding Other Revenues) for FY 2017/18 will be used to cover ongoing staffing and professional/technical service contracts required to implement the CMA programs and projects, as well as for large projects undertaken in the Transportation Authority's role as CMA. The FY 2017/18 budget includes \$15.2 million from federal, state and regional funding for work on the I-80/Yerba Buena Island (YBI) Interchange Improvement Project and YBI Bridge structures (collectively known as YBI Project). CMA revenues are also comprised of federal, state and regional grant funds, including funds received from the Federal Highway Administration, Metropolitan Transportation Commission (MTC), and the California Department of Transportation (Caltrans). Several of these grants are project-specific, such as those for the BART Travel Incentives Program, Strategic Highway Research Program, Transit Reliability Research Project, and South of Market Freeway Ramp Intersection Safety Improvement Study (also known as Vision Zero Ramps project). Other funding sources, such as federal Surface Transportation Program and state Planning, Programming, and Monitoring funds, can be used to fund a number of eligible planning, programming, model development, and project delivery support activities, including the Freeway Corridor Management Study and San Francisco Transportation Plan update. Regional CMA program revenues include technical and travel demand model services provided to City agencies in support of various projects.

Transportation Fund for Clean Air (TFCA) Program Regional Revenues: ..... \$737,931

The TFCA Vehicle Registration Fee Revenues (excluding interest earnings included in Interest Income above) are derived from a \$4 surcharge on vehicles registered in the nine Bay Area counties and must be used for cost-effective transportation projects which reduce motor vehicle air pollutant emissions. Budgeted revenues are based on a funding estimate provided by the Bay Area Air Quality Management District, which administers these revenues.

Other Revenues: ..... \$2,000

Other revenues budgeted in FY 2017/18 include a nominal contribution from the San Francisco Department of Environment for shared office space.

**TOTAL PROJECTED EXPENDITURES ..... \$335,643,449**

The Transportation Authority's Total Expenditures projected for the budget year are comprised of Capital Expenditures of \$248.4 million, Administrative Operating Expenditures of \$9.7 million, and

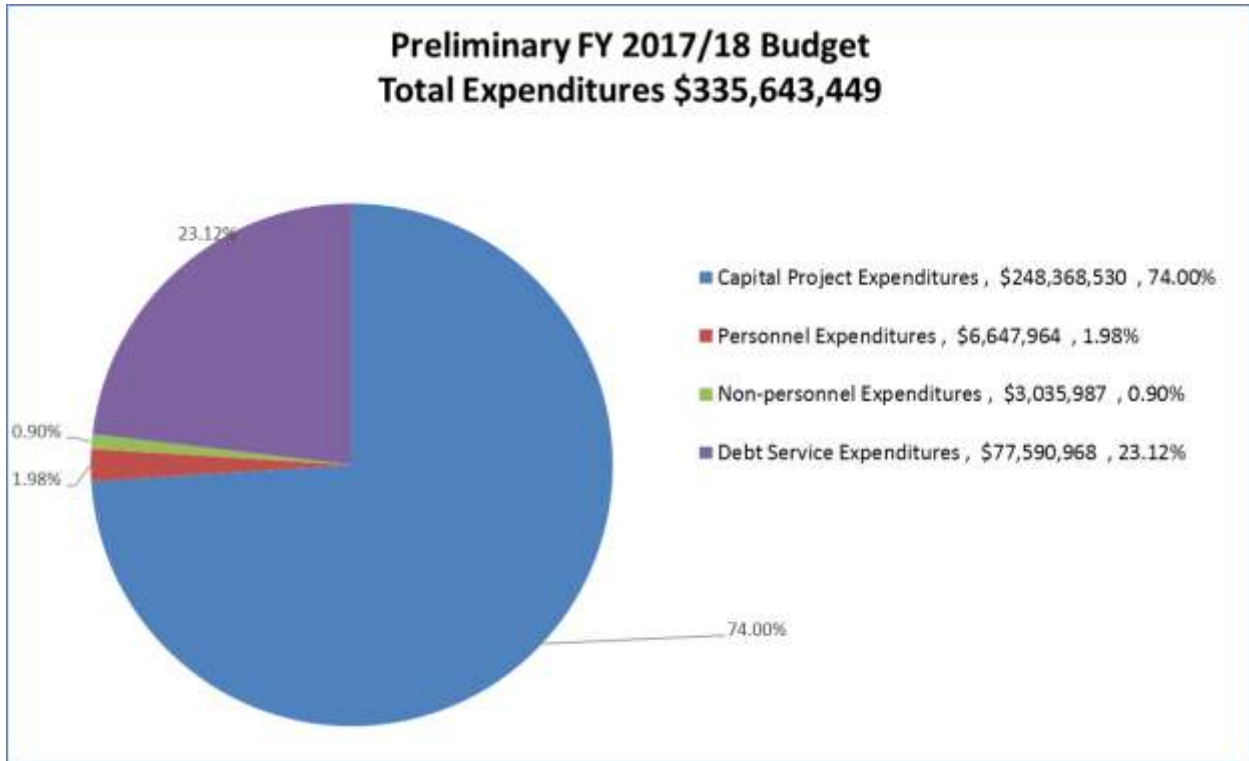


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Line Item Descriptions**



Debt Service Expenditures of \$77.6 million.

The following chart shows the composition of expenditures for the preliminary FY 2017/18 budget.



**CAPITAL EXPENDITURES.....\$248,368,530**

Capital expenditures in FY 2017/18 are budgeted to increase from the FY 2016/17 Amended Budget by an estimated 6.4%, which is primarily due to an anticipated higher capital expenditures for the Prop K program overall, most of which are awarded as grants to agencies like the San Francisco Municipal Transportation Agency (SFMTA). Project expenditures by Program Fund are detailed below.

**Sales Tax Program Expenditures:.....\$225,472,242**

The estimate for sales tax capital expenditures reflects a combination of estimated cash flow needs for existing allocations based on review of reimbursements, project delivery progress reports and conversations with project sponsors, as well as anticipated new allocations estimated for FY 2017/18. The anticipated largest capital project expenditures include the SFMTA’s vehicle procurements, Radio Communications System & Computer-Aided Dispatch Replacement and Central, Control and Communications projects.

**CMA Programs Expenditures:.....\$16,493,328**

This line item includes staff time and technical consulting services such as planning, programming, engineering, design, environmental, or programming services, which are needed in order to fulfill the Transportation Authority’s CMA responsibilities under state law. Included are various planning efforts and projects such as the Geary Corridor Bus Rapid Transit project, Freeway Corridor Management Study, San Francisco Transportation Plan update, Strategic Highway Research Program, South of

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Market Freeway Ramp Intersection Safety Improvement Study (also known as Vision Zero Ramps), and travel demand model services. Also included is the additional construction and engineering activities for the YBI Bridge Structures and YBI Southgate Road Realignment Improvement project, which is supported by federal and state funding.

TFCA Program Expenditures:..... \$645,660

This line item covers projects to be delivered with TFCA funds, a regional program administered by the Bay Area Air Quality Management District, with the Transportation Authority serving as the County Program Manager for San Francisco. These monies must be used for cost-effective transportation projects which reduce motor vehicle air pollutant emissions. The TFCA capital expenditures program includes carryover prior year projects with multi-year schedules as well as projects not anticipated to be completed in FY 2016/17. It also includes an estimate for expenditures for the FY 2017/18 program of projects, which is scheduled to be approved by the Board in June 2017.

Vehicle Registration Fee for Transportation Improvements Program (Prop AA) Expenditures: ..... \$5,757,300

This line item includes projects that will be delivered under the voter-approved Prop AA Expenditure Plan. Consistent with the Expenditure Plan, the revenues will be used for design and construction of local road repairs, pedestrian safety improvements, transit reliability improvements, and travel demand management projects. The Prop AA capital expenditures include new FY 2017/18 projects based on the approved Prop AA Strategic Plan, and carryover prior year projects with multi-year schedules as well as projects not anticipated to be completed in FY 2016/17. The largest capital project expenditures include the Brannan Street Pavement Renovation project, the Broadway Chinatown Streetscape Improvement project, and the Muni Metro Station Enhancements project.

**ADMINISTRATIVE OPERATING EXPENDITURES ..... \$9,683,951**

Operating expenditures include personnel expenditures, administrative expenditures, Commissioner-related expenditures, and equipment, furniture and fixtures.

Personnel:..... \$6,647,964

Personnel costs are budgeted at a higher level by 3.3% compared to the FY 2016/17 Amended Budget. In December 2016, through Resolution 17-17, the Board approved a staff reorganization plan to address staff capacity and sustainability issues given the ongoing ambitious work programs, Board interest in expanding and enhancing certain aspects of the work program and are needed to support our agency's role as the Treasure Island Mobility Management Agency. The reorganization plan included adding five new positions, raising the agency's total staff from 41 to 46 full time equivalents, and reclassification of two positions. The FY 2017/18 budget reflects the addition of two of the five approved new positions and two promotions. Capacity for merit increases is also included in the pay-for-performance and salary categories; however, there is no assurance of any annual pay increase. Transportation Authority employees are not entitled to cost of living increases. All salary adjustments are determined by the Executive Director based on merit only.

Non-Personnel: ..... \$3,035,987

This line item includes typical operating expenditures for office rent, telecommunications, postage, materials and office supplies, printing and reproduction equipment and services, and other

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Line Item Descriptions**



administrative support requirements for all Transportation Authority activities, along with all administrative support contracts, whether for City-supplied services, such as the City Attorney legal services and the Department of Technology cablecast services, or for competitively procured services (such as auditing, legislative advocacy, outside computer system support, etc.). Also included are funds for ongoing maintenance and operation of office equipment; computer hardware; licensing requirements for computer software; and an allowance for replacement furniture and fixtures. This line item also includes Commissioner meeting fees, and compensation for Commissioners' direct furniture, equipment and materials expenditures. Non-personnel expenditures in FY 2017/18 are budgeted to increase from the FY 2016/17 Amended Budget by an estimated 18.6%, which is primarily due an increase in office rent, additional legal services related to the Geary Corridor Bus Rapid Transit project, financial advisory services related to the Strategic Plan model update, and independent analysis and oversight services.

**DEBT SERVICE EXPENDITURES..... \$77,590,968**

In June 2015, the Transportation Authority substituted its \$200 million commercial paper notes (Limited Tax Bonds), Series A and B with a \$140 million tax-exempt revolving credit loan agreement (Revolver Credit Agreement). By 2021, it is expected that the Revolving Credit Loan, which financed prior year capital expenditures, will be fully repaid. As of April 10, 2017, \$140 million of the Revolving Credit Agreement is outstanding. This line item also assumes a continuation of the current Revolving Loan Agreement and a \$22 million repayment against the outstanding \$140 million balance.

Debt service expenditures in FY 2017/18 are budgeted to increase by \$55.3 million from prior year, which is primarily due to re-financing \$46 million of Revolving Credit Agreement with a proposed sales tax revenue bond. The intention of re-financing is to preserve our ability to quickly access cash in the Revolving Credit Agreement, if needed. This line item also includes debt issuance costs and related underwriter fees funded from bond proceeds.

**OTHER FINANCING SOURCES/USES.....\$329,939,491**

The Other Financing Sources/Uses section of the Line Item Detail for the FY 2017/18 budget includes inter-fund transfers (for example between the sales tax and CMA funds). These transfers represent the required local match or appropriation of Prop K to federal and state grants such as the Surface Transportation Program and Vision Zero Ramps. In addition, the estimated level of sales tax capital expenditures for FY 2016/17 and FY 2017/18 will likely trigger the need to issue a fixed rate bond up to a maximum of \$300 million in the beginning of FY 2017/18. The proposed \$300 million sales tax revenue bond will be paying approximately \$254 million of planned capital expenditures, based on the 2013 Strategic Plan, and re-financing the \$46 million of Revolving Credit Agreement drawn down in April 2017 per Resolution 17-26. While the 2013 Strategic Plan anticipated the bond, the precise timing of the bond issue will depend on our analyses of Prop K capital project cash needs and our ongoing analysis of credit market conditions. We will continue to monitor and forecast capital spending closely during the upcoming year through a combination of evaluating cash flow needs for allocation reimbursements, project delivery progress reports and conversations with project sponsors, particularly our largest grant recipient, the SFMTA. The size and duration of needed financing will be easier to forecast following receipt of FY 2016/17 third quarter invoices. We will bring a separate request for approval to issue the proposed \$300 million sales tax revenue bond in the next few months.

**BUDGETARY FUND BALANCE FOR CONTINGENCIES..... \$11,136,424**

The Transportation Authority's Fiscal Policy directs that the Transportation Authority shall allocate

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**Line Item Descriptions**



not less than five percent (5%) and up to fifteen percent (15%) of estimated annual sales tax revenues as a hedge against an emergency occurring during the budgeted fiscal year. In the current economic climate, a budgeted fund balance of \$10.7 million, or 10% of annual projected sales tax revenues, is set aside as a program and operating contingency reserve. The Transportation Authority has also set aside \$483,405 or about 10% as a program and operating contingency reserve respectively for the Prop AA Program.