

Memorandum

Date: March 22, 2018
To: Transportation Authority Board
From: Anna LaForte – Deputy Director for Policy and Programming
Subject: 04/24/18 Board Meeting: Approve the 2019 Prop K Strategic Plan/5-Year Prioritization Program Update Approach

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <ul style="list-style-type: none">• Recommend approval of the 2019 Prop K Strategic Plan/5-Year Prioritization Program (5YPP) Update overall approach, including preliminary schedule and outreach approach.• Designate lead agencies for 5YPP development. <p>SUMMARY</p> <p>The Prop K Expenditure Plan requires that the Transportation Authority adopt periodic updates to the Strategic Plan and 5YPPs to guide the implementation of the program while supporting transparency and accountability. The Prop K Strategic Plan, last updated in 2014, sets policy for administration of the program to ensure prudent stewardship of taxpayer funds. It also reconciles the timing of expected sales tax revenues with the schedule for when project sponsors need those revenues, and provides a solid financial basis for the issuance of debt needed to accelerate the delivery of projects and their associated benefits to the public. The Strategic Plan is informed by the 5YPPs, which identify the projects to be funded by Prop K over a five-year period. Board adoption of the 5YPPs is a prerequisite for allocation of funds from 21 Prop K programmatic categories such as traffic calming, street resurfacing, transit facilities, and bicycle safety. The 2019 5YPPs will cover the five-year period starting July 1, 2019. They will be developed by the eligible project sponsors for each category, with one sponsor designated by the Board as lead agency, and in collaboration with Transportation Authority staff. We are targeting adoption of the 2019 Strategic Plan and 5YPP update by November/December 2018.</p>	<ul style="list-style-type: none"><input type="checkbox"/> Fund Allocation<input checked="" type="checkbox"/> Fund Programming<input type="checkbox"/> Policy/Legislation<input type="checkbox"/> Plan/Study<input type="checkbox"/> Capital Project Oversight/Delivery<input type="checkbox"/> Budget/Finance<input type="checkbox"/> Contract/Agreement<input type="checkbox"/> Other: <hr/>
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DISCUSSION

Background.

In November 2003, nearly 75% of San Francisco voters approved Prop K, extending the existing half-cent local transportation sales tax and adopting a new 30-year Expenditure Plan. The Prop K Expenditure Plan describes the types of projects that are eligible for funds, including both specific projects (e.g. Central Subway) and programmatic (i.e., non-project specific) categories. It also

establishes limits on sales tax funding by Expenditure Plan line item and sets expectations for leveraging of sales tax funds with other federal, state and local dollars to fully fund the Expenditure Plan programs and projects. The Expenditure Plan estimates that \$2.35 billion (in 2003 \$'s) in local transportation sales tax revenue will be made available to projects over the 30-year program; however, it does not specify how much sales tax funds any given project would receive by year. The Expenditure Plan calls for development and periodic update of a Strategic Plan and 5YPPs to guide the day to day implementation of the Prop K program.

We last updated the Strategic Plan and 5YPPs in 2014. We are currently in year four of the 2014 5YPPs, which identify projects for funding from July 1, 2014 through June 30, 2019 (Fiscal Years 2014/15 through 2018/19). Thus, we are rapidly ramping up activities to support the 2019 Strategic Plan and 5YPP update. We anticipate a 10-month development process. A description of the overall approach, and preliminary schedule and outreach strategy are provided below.

Prop K Strategic Plan Update.

The Strategic Plan includes three main elements: policies, revenues, and expenditures. In preparation for the 2019 Strategic Plan update we are working to establish a Strategic Plan baseline that we plan to present to the Board for adoption in May 2018. As part of the baseline, we will update the 2014 Strategic Plan policies for Board adoption. We do not expect major changes given that this is the third update and the policies have already been refined through prior efforts.

The baseline also serves as a “true up” that incorporates actual revenues and expenditures including financing costs since the 2014 update through Fiscal Year 2016/17, updated revenue projections through the end of the program in 2034, and updated debt assumptions based on our first bond issuance in 2017 and the proposed revolving credit facility (a separate item on this meeting agenda). The baseline will also update future Prop K funding and cash flow for the major capital projects and paratransit operations category which do not have the 5YPP requirement. The major capital projects that will be addressed in the Strategic Plan Baseline include the Central Subway, Caltrain Electrification, Doyle Drive Replacement and the Caltrain Downtown Extension to a Rebuilt Transbay Terminal.

For each Expenditure Plan line item (e.g. project or programmatic category), the Strategic Plan baseline establishes how much unallocated Prop K funds are available by Fiscal Year through 2034, the last year of the Expenditure Plan. Adoption of the baseline allows us to initiate the 5YPP updates, described in the section below. As we work with sponsors to develop draft 5YPPs that identify the projects to be funded in the next five years along with their Prop K cash flow needs, we will make corresponding changes to the Strategic Plan baseline expenditures and financing assumptions. Then in fall 2018, the Board will be asked to concurrently adopt the final 2019 Strategic Plan and 5YPP updates.

5YPP Update.

Following Board adoption of the Strategic Plan Baseline, Transportation Authority staff will release final guidance to project sponsors to inform the 5YPP update process. Development of the Strategic Plan and 5YPPs is an iterative process requiring extensive communication between the Transportation Authority and eligible project sponsors to identify a set of proposed projects, schedules, and funding plans that support timely and effective implementation of the Expenditure Plan. Finding a balance between the availability of funds (Prop K and matching funds) and project delivery requires analyzing agency capabilities to delivery projects on the schedule and at the cost they have proposed, while

maximizing fund leveraging opportunities – without which the Expenditure Plan program of projects cannot be delivered.

The 5YPP requirement was added to the Prop K Expenditure Plan to allow the Prop K program to be strategic, coordinated, and transparent by letting the Board, public, and project sponsors know what to expect in the next five years. They are intended to provide transparency in how sponsors prioritize projects for Prop K funding, to establish a pipeline of projects that are ready to advance as soon as Prop K and other funds are available, and to encourage coordination across Prop K programs. In short, the 5YPP development process is the key opportunity to provide input on what projects should be funded with Prop K in the next five years.

The 2019 5YPPs will cover Fiscal Years 2019/20 to 2023/24. In compliance with Expenditure Plan requirements, each 5YPPs will include: a prioritization methodology to rank projects within a category; a 5-year program or list of projects with information on scope, schedule, cost and funding (including non-Prop K funding); and performance measures. The 5YPPs also will include a summary of project delivery accomplishments for the prior 5YPP period and proposed leveraging of non-Prop K funds as compared to Expenditure Plan assumptions.

5YPP Lead Agencies.

As established in the Expenditure Plan, each 5YPP is developed by a lead agency designated by the Transportation Authority Board, working closely with the Transportation Authority and other project sponsors eligible for Prop K funds in each category, as well as any other interested agencies. We have consulted with the Transportation Authority's Technical Working Group and are recommending that the Board designate the lead agencies for the 2019 5YPPs as shown in Attachment 1.

Schedule.

Attachment 2 provides a preliminary schedule of major milestones in the development and adoption of the 2019 Prop K Strategic Plan and 5YPPs. Schedule adherence relies on both Transportation Authority staff and project sponsors completing their work in a timely fashion. We are targeting completion of the update process by the end of calendar year 2018 to allow project sponsors to include programmed Prop K funds in their Fiscal Year 2019/20 annual budgets.

Outreach Approach.

There are two goals for outreach related to the 2019 Strategic Plan/5YPP Update. The first is to allow the Board, the public, and project sponsors the opportunity to identify and provide input on the projects that will get funded with Prop K funds over the five-year period starting July 1, 2019. The second is to increase awareness of the Prop K transportation sales tax program. Attachment 3 details the preliminary approach for outreach, which is organized into three rounds of outreach. It also lists a menu of strategies to target the relevant audiences for this effort (i.e., the Board, public, project sponsors and other interested stakeholders). We will work with Commissioner's Offices over the coming months to refine the strategies that will be employed.

FINANCIAL IMPACT

There are no impacts to the Transportation Authority's adopted or proposed amended Fiscal Year 2017/18 budget associated with the recommendation action. However, the Prop K Strategic Plan is an important long-range financial planning tool for the Transportation Authority as it forecasts sales tax revenues and expenditures, and estimates financing needs to ensure that sufficient funds are available when needed to deliver projects. Both the Strategic Plan and the 5YPPs will program funds

Agenda Item 14

to specific projects by fiscal year; however, actual allocation of funds is subject to separate approval action by the Board.

CAC POSITION

The CAC will consider this item at its March 28, 2018 meeting.

SUPPLEMENTAL MATERIALS

Attachment 1 – Proposed Lead Agencies for Each 5YPP

Attachment 2 – 2019 Prop K Strategic Plan/5YPP Update Proposed Schedule

Attachment 3 – 2019 Prop K Strategic Plan/5YPP Proposed Outreach Approach

Attachment 4 – 2019 Prop K Strategic Plan/5YPP Update Presentation

Attachment 1.
2019 Prop K Strategic Plan/5YPP Update
Expenditure Plan Programmatic Categories Requiring a 5YPP

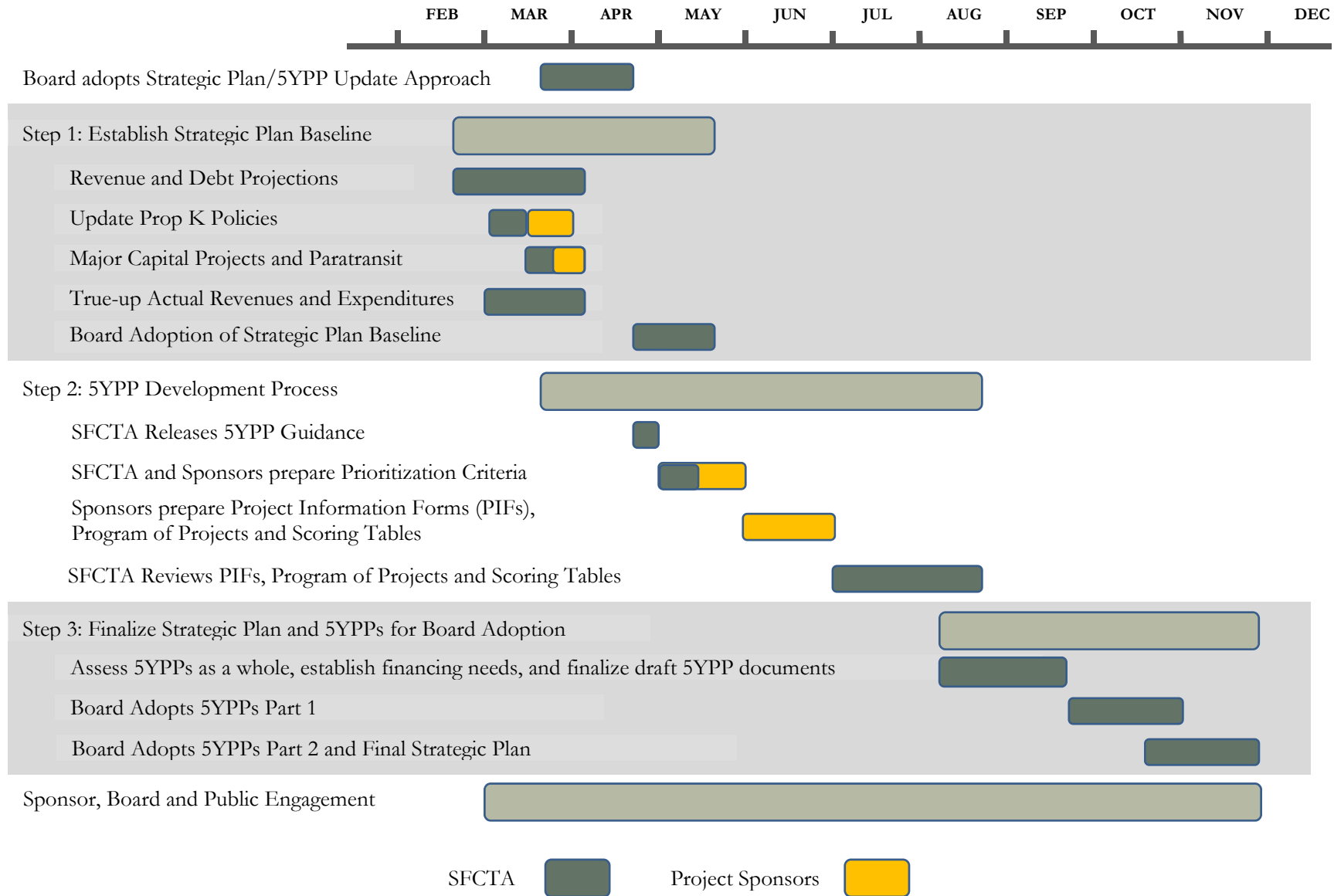


EP ¹ No.	Category	Eligible Project Sponsors ¹ (Agencies in bold are proposed 5YPP leads ²)
1	Bus Rapid Transit/Transit Preferential Streets/MUNI Metro Network	SFMTA , SFPW, Planning, SFCTA
7	Caltrain Capital Improvement Program	PCJPB
8	BART Station Access, Safety and Capacity	BART , SFPW, SFMTA
9	Ferry	PORT , GGBHTD
10	Transit Enhancements	SFMTA , BART, SFPW, PCJPB
17	New and Renovated Vehicles	SFMTA , BART, PCJPB
20	Rehabilitate/Upgrade Existing Facilities	SFMTA , BART, PCJPB
22	Guideways	SFMTA , BART, PCJPB
26	New and Upgraded Streets	SFCTA , Caltrans, SFPW, PCJPB, PORT, SFMTA
31	New Signals and Signs	SFMTA
32	Advanced Technology and Information Systems (SFgo)	SFMTA
33	Signals and Signs	SFMTA
34	Street Resurfacing, Rehabilitation, and Maintenance	SFPW
37	Pedestrian and Bicycle Facility Maintenance	SFPW , SFMTA
38	Traffic Calming	SFMTA , SFPW
39	Bicycle Circulation/Safety	SFMTA , BART, SFPW, PCJPB
40	Pedestrian Circulation/Safety	SFMTA , BART, SFPW, PCJPB
41	Curb Ramps	SFPW , SFMTA
42	Tree Planting and Maintenance	SFPW
43	Transportation Demand Management/Parking Management	SFCTA , CAO (formerly DAS), Planning, SFE, SFMTA
44	Transportation/Land Use Coordination	SFCTA , BART, SFPW, PCJPB, Planning, SFMTA

¹ Acronyms include: EP (Expenditure Plan category), BART (Bay Area Rapid Transit District), Caltrans (California Department of Transportation), CAO (City Administrator's Office, formerly Department of Administrative Services), SFPW (Department of Public Works), GGBHTD (Golden Gate Bridge, Highway & Transportation District), PCJPB (Peninsula Corridor Joint Powers Board or Caltrain), PORT (Port of San Francisco), Planning (Planning Department), SFCTA (San Francisco County Transportation Authority), SFE (Department of the Environment), SFMTA (San Francisco Municipal Transportation Agency), and TJPA (Transbay Joint Powers Authority).

² The lead agency role is a coordinator or convener role among eligible project sponsors for that category and other interested agencies and stakeholder. It does not confer veto power.

Attachment 2.
2019 Prop K Strategic Plan/5YPP Update
Proposed Schedule



Attachment 3
2019 Prop K Strategic Plan/ 5-Year Prioritization Program Update
Proposed Outreach Approach

Goals:

- Allow the Board, the public, and project sponsors the opportunity to identify and provide input on the projects that will get funded with Prop K transportation sales tax funds over the five-year period starting July 1, 2019.
- Increase awareness of the Prop K transportation sales tax program.

Overall Outreach Approach:

Development of the 2019 Prop K Strategic Plan and 5-Year Prioritization Program (5YPP) update is anticipated to occur over a ten-month period from March to December 2018. Outreach will occur throughout the next ten-months and will focus on three main audiences: the Board, the public, and project sponsors. Our proposed outreach approach includes three rounds or phases of outreach, which are described below. This is followed by a list of proposed outreach strategies that will be used to engage the target audiences.

Round 1: March - June 2018

- Purpose:
 - Educate the Board, public, and stakeholders about the Prop K transportation sales tax program (e.g. what is it? what projects has Prop K funded in the past?).
 - Provide input to the Transportation Authority and project sponsors on the projects to be funded by Prop K. Input will be sought from the Board, public, project sponsors, and other interested stakeholders.

Round 2: August - October 2018

- Purpose: Present the projects proposed for Prop K funding to the Board and the public to ensure that public input has been appropriately incorporated.

Round 3: October – November 2018

- Purpose: Present the draft final 5YPPs and Strategic Plan for approval.

Potential Outreach Strategies:

Outreach meetings will be conducted in Spanish and Chinese, as appropriate, and key outreach materials will be translated, as well.

- Transportation Authority's website, e-newsletter (The Messenger), and social media (e.g. Next Door, Twitter, Facebook)
- Online slide deck in multiple languages
- Transportation Authority Technical Working Group monthly meetings
- District newsletters from the Commissioner's Offices
- Board briefings

Attachment 3
2019 Prop K Strategic Plan/ 5-Year Prioritization Program Update
Proposed Outreach Approach

- Transportation Authority Board and Committee meetings, and Citizen Advisory Committee meetings
- Participation in public meetings for other Transportation Authority projects
- Participating in District events, such as Town Halls
- Targeted outreach to Communities of Concern through community-based organizations, which may include but are not limited to:
 - APA Family Support Services
 - APRI San Francisco
 - Chinatown Community Development Center
 - Coleman Advocates
 - District 11 Council
 - Mission Economic Development Agency
 - South of Market Community Action Network
 - Tenderloin Neighborhood Development Center
- Stakeholders meetings, which may include but are not limited to:
 - Bicycle Advisory Committee
 - Pedestrian Safety Advisory Committee
 - San Francisco Bicycle Coalition
 - SF Transit Riders
 - SFMTA Citizens Advisory Committee
 - Vision Zero Coalition
 - Walk San Francisco

2019 Prop K Strategic Plan and 5-Year Prioritization Programs Update

Citizens Advisory Committee



SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

March 28, 2018

2019 Prop K Strategic Plan/5YPP Update Presentation Overview



- ▶ **Overview of Prop K**
 - ▶ Expenditure Plan
 - ▶ Strategic Plan
 - ▶ 5-Year Prioritization Programs (5YPPs)
- ▶ **Why is the Strategic Plan & 5YPP Update important?**
- ▶ **What is the process to update the Strategic Plan and 5YPPs?**
- ▶ **What is the schedule?**
- ▶ **What is the outreach strategy?**



Proposition K (Prop K)

What is it?



- ▶ **Approved by nearly 75% of San Francisco voters in 2003**
- ▶ **Extended ½ cent local transportation sales tax**
- ▶ **Approved a new 30-year Expenditure Plan, superseding Prop B (prior sales tax)**
 - ▶ **Developed through first (2003) countywide transportation plan**
 - ▶ **\$2.35 billion in sales tax funds to deliver \$12.9 billion (2003 \$'s) in transportation improvements**



Prop K Expenditure Plan

What does it do?



- ▶ Determines eligibility for Prop K funds – specific projects (e.g. Central Subway) and programs (e.g. traffic calming)
- ▶ Allows for financing to accelerate project delivery
- ▶ Sets caps for maximum amount of Prop K funds available to each category over 30 years
- ▶ Identifies eligible project sponsors
- ▶ Establishes other requirements (e.g. Strategic Plan, 5YPPs)



SAN FRANCISCO
PLANNING
DEPARTMENT



SFMTA
Municipal Transportation Agency



TRANSBAY JOINT POWERS AUTHORITY



SF Environment
Our home. Our city. Our planet.
A Department of the City and County of San Francisco

Prop K Expenditure Plan

4 Major Categories of Projects



Streets & Traffic Safety 24.6%

- Bicycle and Pedestrian
- Street Resurfacing
- Signals and Signs
- Major Capital Projects

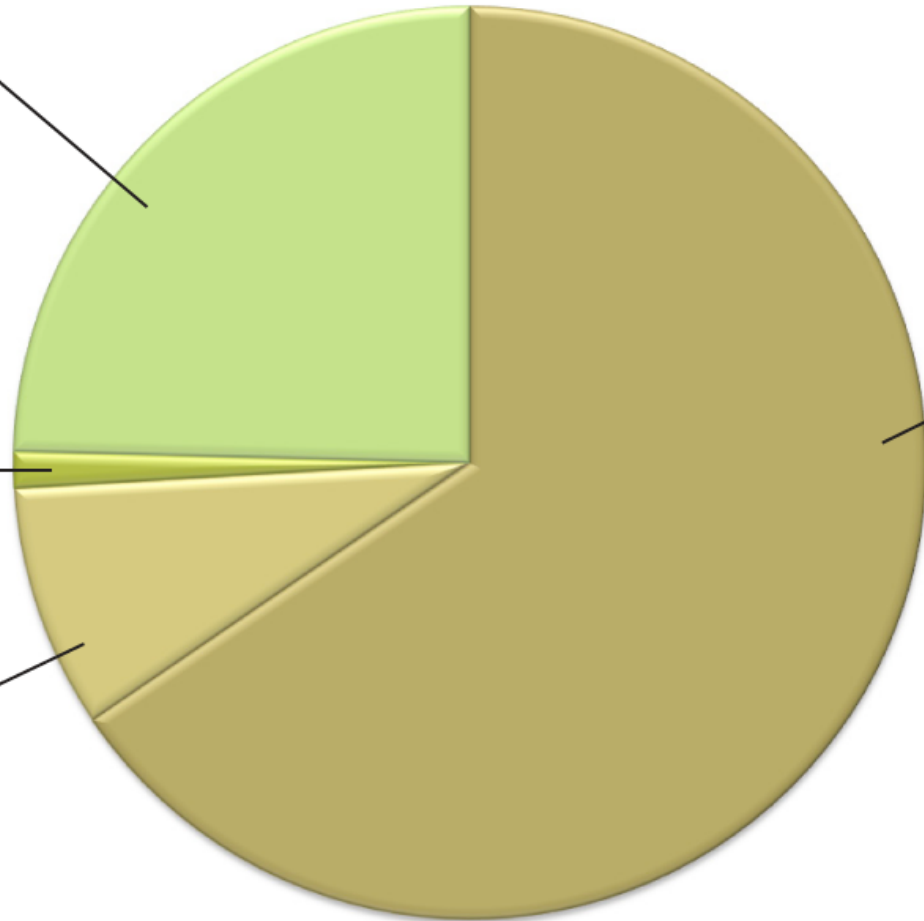
Strategic Initiatives 1.3%

- Parking Management
- Transportation / Land Use Coordination

Paratransit 8.6%

Transit 65.5%

- MUNI
- BART
- Caltrain
- Ferries



Prop K Strategic Plan

What is it?



- ▶ **Primary tool that guides the implementation of the 30-year Expenditure Plan**
- ▶ **Specifically, the Strategic Plan**
 - ▶ Establishes policies for administration of program
 - ▶ Forecasts sales tax revenue over 30 years
 - ▶ Assigns Prop K funds to categories by fiscal year
 - ▶ Forecasts expenditures by fiscal year
 - ▶ Estimates financing needs

Prop K 5YPPs

What is the purpose?



- ▶ **Establish 5-year program (or list) of projects**
 - ▶ Supports comprehensive funding strategy
- ▶ **Provide transparency for how projects are prioritized**
- ▶ **Encourage coordination across programs and sponsors**
- ▶ **Provide opportunities for public and Board input early in the project development process**



Prop K 5YPPs Required for 21 Programmatic Categories



- BRT/TPS/MUNI Metro Network *
- Caltrain Capital Improvement Program
- BART Station Access, Safety, Capacity
- Ferry
- Transit Enhancements
- Vehicles
- Facilities
- Guideways
- New and Upgraded Streets
- New Signals and Signs
- SFgo: Advanced Tech and Info Systems
- Signals and Signs Maintenance and Renovation
- Street Resurfacing, Rehab and Maintenance
- Pedestrian and Bicycle Facility Maintenance
- Traffic Calming
- Bicycle Circulation/Safety
- Pedestrian Circulation/Safety
- Curb Ramps
- Tree Planting and Maintenance
- Transportation Demand/Parking Management
- Transportation/Land Use Coordination

*BRT stands for Bus Rapid Transit. TPS stands for transit preferential streets.

Prop K 5YPPs Designated Elements



- ▶ **Each 5YPP includes:**
 - ▶ **Prioritization methodology**
 - ▶ **5-year program (or list) of projects with funding and cash flow by fiscal year**
 - ▶ **Project Information Forms with scope, schedule, cost, and funding**
 - ▶ **Performance measures**
 - ▶ **Project delivery status**



2019 Strategic Plan/5YPP Update

Why is it important? Why now?



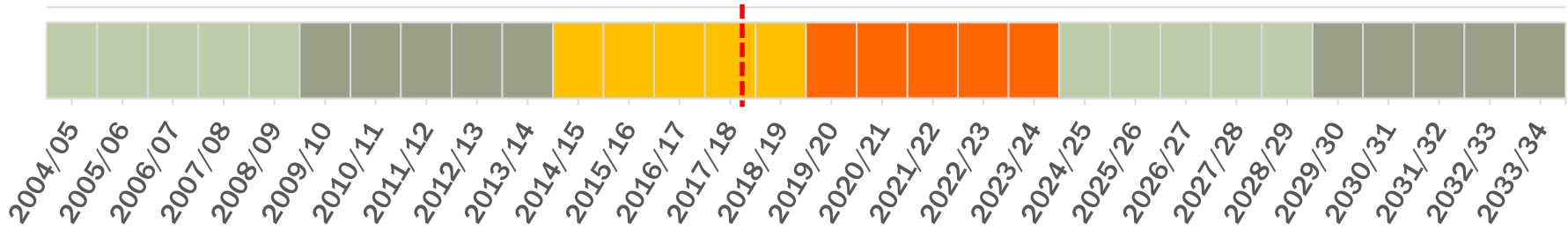
- ▶ Determines which projects will receive funding over next five years
- ▶ Respond to current context
 - ▶ Board interests, agency priorities, changing funding landscape
- ▶ Helps ensure funds are available to support project delivery
- ▶ Support transparency and accountability
 - ▶ Board, sponsor, public engagement
- ▶ Needed now to program funds for 5-year period starting July 1, 2019

30-Year Prop K
Expenditure Plan

2009 SP/5YPP
Update

2014 SP/5YPP
Update

2019 SP/5YPP
Update



Current 5-Year Period

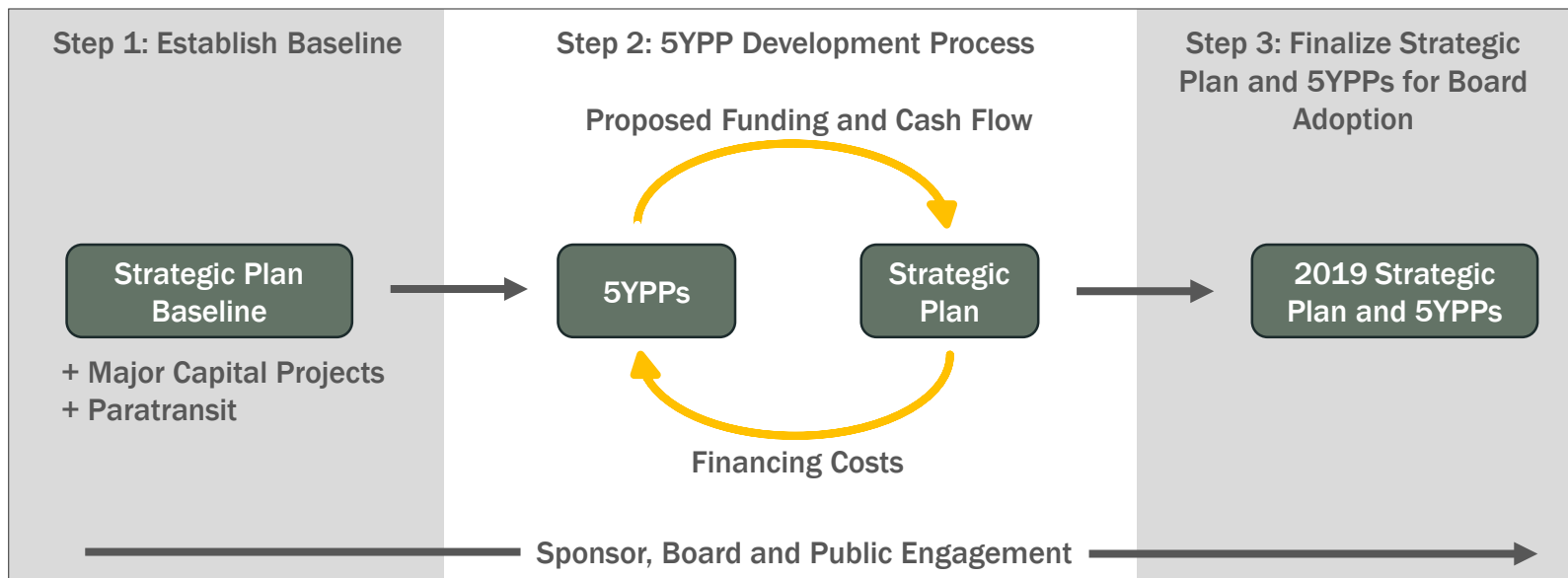
2019 SP/5YPP Update

2019 Strategic Plan/5YPP Update

What is the process?



- ▶ Iterative process requiring extensive communication between SFCTA and project sponsors
- ▶ Strategic Plan and 5YPPs evolve in parallel and are closely coordinated



2019 Strategic Plan/5YPP Update

Step 1: Establish Strategic Plan Baseline



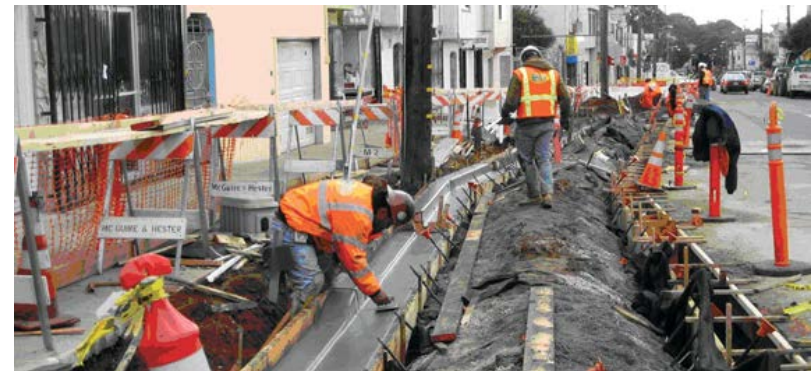
- ▶ For each Expenditure Plan category, Strategic Plan Baseline determines how much Prop K is available by fiscal year through 2034
- ▶ True-up to incorporate actual revenues and expenditures including financing costs since 2014 Strategic Plan update
- ▶ Update revenue projections and debt assumptions
- ▶ Update future funding and cash flow for Major Capital Projects and Paratransit (5YPPs are not required)
- ▶ Review and update Prop K policies
- ▶ Board adopts Strategic Plan Baseline

2019 Strategic Plan/5YPP Update

Step 2: 5YPP Development Process



- ▶ **Transportation Authority issues 5YPP guidance**
- ▶ **Lead agency, with eligible sponsors and SFCTA, develop prioritization criteria, proposed program (or list) of projects, performance measures**
- ▶ **SFCTA prepares 5YPP project delivery status based on Portal grants reporting**
- ▶ **All collaborate to conduct outreach**



2019 Strategic Plan/5YPP Update

Step 3: Finalize for Board Adoption



- ▶ **Assess 5YPPs as a whole to:**
 - ▶ **Ensure Board and public input addressed appropriately**
 - ▶ **Coordinate across categories**
 - ▶ **Establish financing needs and costs by category with Strategic Plan**
- ▶ **Refine as needed**
- ▶ **Transportation Authority Board adopts 5YPPs and final Strategic Plan**



2019 Strategic Plan/5YPP Update Proposed Schedule



Board adopts Strategic Plan/5YPP Update Approach

Step 1: Establish Strategic Plan Baseline

Revenue and Debt Projections

Update Prop K Policies

Major Capital Projects and Paratransit

True-up Actual Revenues and Expenditures

Board Adoption of Strategic Plan Baseline

Step 2: 5YPP Development Process

SFCTA Releases 5YPP Guidance

SFCTA and Sponsors prepare Prioritization Criteria

Sponsors prepare Project Information Forms (PIFs),
Program of Projects and Scoring Tables

SFCTA Reviews PIFs, Program of Projects and Scoring Tables

Step 3: Finalize Strategic Plan and 5YPPs for Board Adoption

Assess 5YPPs as a whole, establish financing needs, finalize draft 5YPP documents

Board Adopts 5YPPs Part 1

Board Adopts 5YPPs Part 2 and Final Strategic Plan

Sponsor, Board and Public Engagement



2019 Strategic Plan/5YPP Update Outreach Approach



- ▶ **Main audiences: the Board, the public, project sponsors**
- ▶ **Opportunity to identify and provide input on projects that will get Prop K funds over the 5-year period starting July 1, 2019**
- ▶ **Now through December 2018**
- ▶ **Three rounds or phases**
- ▶ **Proposed menu of strategies to engage target audiences**



2019 Strategic Plan/5YPP Update Opportunities and Other Considerations



- ▶ **Neighborhood Transportation Improvement Program (NTIP)**
- ▶ **School area traffic calming**
- ▶ **Vision Zero**
- ▶ **Geographic equity**
- ▶ **Caltrain Downtown Extension**
- ▶ **Senate Bill 1 project pipelines**

Questions?

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