

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance and Information Technology

BRIEF DESCRIPTION:

Adopting the SFMTA Proposed FY 2013-2017 Capital Improvement Program (CIP) and approving the Fiscal Year (FY) 2012-2013 and FY 2013-2014 Capital Budget of \$550.5 million and \$472.8 million respectively.

SUMMARY:

- On January 3, 2012, the SFMTA Board of Directors approved the Agency's 20-Year Capital Plan for FY 2013 through FY 2032. The Capital Plan represents the Agency's fiscally unconstrained capital needs for the upcoming 20 years. The 20-Year Capital Plan serves as the basis for developing the fiscally constrained five-year Capital Improvement Program (CIP) and the two-year Capital Budget.
- The five-year CIP balances anticipated revenues and expenditures totaling \$3.0 billion for capital improvement projects. This includes \$592 million in projects that began in prior years and will carry forward into the new five-year period. New anticipated revenues during the upcoming five years are estimated at \$2.4 billion over the five-year period.
- The CIP includes the Capital Budget for FY 2012-2013 and FY 2013-2014, which consists of appropriations of \$550.5 million \$472.8 million respectively, and funds 256 projects within 16 capital programs, including transit, paratransit/taxis, streets, bicycles, parking and traffic and pedestrian projects.
- The Operating Fund is expected to contribute \$5 million for FY 2013 and FY 2014 to provide support for critical pre-development planning efforts, local match to state and federal grant sources, and operating projects to improve system accessibility and safety. Further details are provided in Enclosures A and B.
- Given the challenges in capital funding sources in the upcoming five-year period, the CIP and two-year budgets have attempted to maximize all available capital resources.

ENCLOSURES:

1. SFMTAB Resolution
2. Enclosure A – FY 2013-2017 Revenue Budget by Source
3. Enclosure B – FY 2013-2017 Funded Projects by Capital Program

APPROVALS:

DATE

DIRECTOR _____ 3/29/12

SECRETARY _____ 3/29/12

ASSIGNED SFMTAB CALENDAR DATE: April 3, 2012

PAGE 2.

PURPOSE

Adoption of the SFMTA 2013-2017 Capital Improvement Program (CIP) and the approval of the FY 2012-2013 and FY 2013-2014 Capital Budget. The SFMTA Board adopts the CIP as the plan for the implementation of various capital efforts. The first two years of the CIP serve as the adopted Capital Budget.

GOAL

On January 3, 2012, the SFMTA Board of Directors approved a new SFMTA Strategic Plan for Fiscal Years 2013-2018. The Strategic Plan includes four overarching goals that shape how the SFMTA focuses its attention, resources, and staff. The CIP is meant to build on the Strategic Plan by presenting a 5-Year program of projects meant to implement the Strategic Plan over the same period. The goals included in the strategic plan include:

Goal 1: Create a safer transportation experience for everyone.

Goal 2: Make transit, walking, bicycling, taxi, ridesharing, and carsharing the preferred means of travel.

Goal 3: Improve the environment and quality of life in San Francisco.

Goal 4: Create a workplace that delivers outstanding service.

DESCRIPTION

SFMTA Capital Plan, Capital Improvement Program and Capital Budget

On January 3, 2012, the SFMTA Board of Directors approved the Agency's 20-Year Capital Plan for FY 2013 through FY 2032. The Capital Plan represents the Agency's fiscally unconstrained capital needs for the upcoming 20 years. The 20-Year Capital Plan serves as the basis for developing the fiscally constrained five-year Capital Improvement Program and the two-year Capital Budget. Given limited funding availability, the SFMTA prioritizes the capital projects that can be advanced during each five-year CIP and programmed during the two-year Capital Budget.

A five-year Capital Improvement Program or CIP establishes a baseline of available revenues to program to specific capital investments. Projects are prioritized based on revenue constraints and are given specific scope, schedules and budgets to establish accountability in project delivery and efficient use of available resources. The five-year CIP represents the subset of capital projects identified in the Capital Plan that are likely to be funded and active within the next five years i.e. this programming document establishes the funding that the SFMTA expects to receive within the next five-year timeframe. While not a guarantee of funding, the CIP conveys specific commitments or expectations from funding agencies to support the SFMTA's highest priorities and most ready capital improvement projects.

The two-year Capital Budget further refines the five-year CIP to account for the timing of budget allocations, individual capital grants and the availability of capital project implementation staff. It is presented to the SFMTA Board for approval on a two-year cycle, concurrent with the SFMTA Operating Budget.

The Capital Budget establishes expenditure limits, based on expected revenues, for priority projects and programs for FY 2013 and FY 2014. It covers planning, conceptual engineering, design, construction, and procurement.

Proposed 2013 - 2017 Capital Improvement Program

PAGE 3.

The FY 2013-2017 CIP is a financially constrained five year plan, which provides the SFMTA with a financial strategy to fund projects that keep the transportation system in a State of Good Repair, improve safety, maximize resources through complete street investments and improve the reliability of the transit system. The CIP balances anticipated revenues and expenditures totaling \$3 billion for capital improvement projects over the five-year period consisting of \$592 million in projects that will carry forward into the new five-year period and new revenues of \$2.4 billion that the SFMTA expects to receive during the five years.

The CIP includes the Capital Budget for FY 2012-13 and FY 2013-14, which totals \$550.5 million and \$472.8 million respectively, and includes funding for 256 projects within 16 capital programs. The Operating Fund contribution for capital expenditures in FY 2012-2013 and FY 2013-2014 is \$5 million, and will provide support for critical pre-development planning efforts, local match to state and federal grant sources and operating projects to improve system accessibility and safety. Further details are provided in Enclosures A and B.

Given the challenges in capital funding sources in the upcoming five-year period, the CIP and two-year capital budgets have attempted to maximize all available capital resources:

- Identifying alternative funding opportunities;
- Maximizing existing sources that are carried forward from prior years;
- Leveraging local flexible funding sources with competitive state and federal grants; and
- Pursuing closing completed projects and reallocating remaining funds if feasible.

Notwithstanding the financial challenges the SFMTA is facing, including possible reductions in Federal funding, the projects included in the 2013-2017 CIP continue to reflect the Board's adopted policies and plans, as found in the SFMTA Strategic Plan 2013-2018 and the SFMTA 20-Year Capital Plan. To that end, projects recommended for funding were evaluated using the following criteria:

- What is the value to the end customer?
- What is the project worth to the end customer?
- What will the project cost? Will it result in long-term maintenance or operational savings to the SFMTA?
- Are staffing and other resources available to commit to the public that the project can be delivered?

ALTERNATIVES CONSIDERED

The development of the Capital Budget and Capital Program was based on extensive input over time from the Board, staff, and community stakeholders on desirable project priorities. Staff also received technical guidance on expected funding from local and regional experts.

FUNDING IMPACT

Adoption of the CIP and the Capital Budget will enable the selected projects to proceed, subject to receipt of federal and state funding.

PAGE 4.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

No other approvals are needed. The SFMTA will obtain environmental clearance for specific projects, as needed, prior to seeking approval for their implementation. Additionally, the SFMTA Board and Board of Supervisors as necessary will approve contracts required for completion of capital projects.

The City Attorney has reviewed this report.

RECOMMENDATION

Staff recommends that the SFMTA Board of Directors adopt the FY 2013 - 2017 Capital Improvement Program and approve the Capital Budget of \$550.5 million for FY 2012-2013 and \$472.8 million for FY 2013-2014

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, On January 3, 2012, the SFMTA Board of Directors approved the Agency's 20-Year Capital Plan for FY 2013 through FY 2032, which represents the Agency's unconstrained capital needs for the upcoming 20 years and serves as the basis for developing the fiscally constrained five-year Capital Improvement Program (CIP) and the two-year Capital Budget; and

WHEREAS, The FY 2013-2017 CIP represents a five-year projection of the planned expenditures and anticipated revenues for the SFMTA's capital program; and

WHEREAS, The CIP includes the Capital Budget for FY 2012-2013 and FY 2013-2014, which consists of appropriations of \$550.5 million in FY 2012-2013 and \$472.8 million in FY 2013-2014, funding 256 projects within 16 capital programs, including public transit, paratransit/taxis, streets, bicycles, and pedestrian projects; and

WHEREAS, The FY 2012-2013 and FY 2013-2014 Capital Budget is being prepared in accordance with City Charter Section 8A.106; and

WHEREAS, Charter Section 8A.106(b) requires the SFMTA to certify that the Capital Budget is adequate in all respects to make substantial progress towards meeting the goals, objectives, and performance standards established pursuant to Section 8A.103 for the fiscal years covered by the budget; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors adopts the FY 2013-2017 Capital Improvement Program and approves the two year Capital Budget of \$550.5 million for FY 2012-2013 and \$472.8 million for FY 2013-2014, as itemized in Enclosure B; and be it further

RESOLVED, That in accordance with the requirements of Charter Section 8A.106(b), the SFMTA certifies that the FY 2012-2013 and FY 2013-2014 SFMTA Capital Budget is adequate in all respects to make substantial progress towards meeting the goals, objectives, and performance standards established pursuant to Section 8A.103 for FY 2012-2013 and FY 2013-2014; and be it further

RESOLVED, That the Director of Transportation is authorized to make any necessary technical and clerical corrections to the approved Capital Budget of the SFMTA and to allocate additional revenues and/or City and County discretionary revenues in order to fund additional adjustments to the capital budget, provided that the Director of Transportation shall return to the SFMTA Board of Directors for approval of technical or clerical corrections that, in aggregate, exceed a five percent increase of the total SFMTA FY 2012-2013 and FY 2013-2014 Capital Budget.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of April 3, 2012.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency