

CHAPTER 11: Capital Investment Program (CIP)

Overview

The 20-Year Capital Investment Program (CIP) focuses on integrating capital planning, capital budgeting, capital financing, and capital project prioritization concepts into a long-range strategic plan designed to improve the capital assets of the SFMTA. Capital projects are major investments in rolling stock, equipment, or physical plant, the costs of which are not covered in the operating budget and which have a depreciable life of more than five years. The CIP contains the estimated project cost and the funding sources for those projects known at this time. The major goal of this program is to strategically reinvest the Agency's dollars into capital assets, thereby improving the existing assets' physical condition, extending asset useful life, and increasing asset value, as well as acquiring new assets. Investing in the capital program will strengthen the SFMTA's ability to achieve many of its strategic goals, such as delivering better quality services and increasing the financial capacity of the Agency.

The FY 2008-27 Capital Investment Program provides information on the development of a capital project, types of construction and capital improvement programs, capital funding, capital prioritization processes, capital program implementation processes and the capital asset inventory and management program. Also, this chapter provides a listing of capital projects that represent the most critical capital improvement needs of the SFMTA.

Program Highlights

The following is a summary of the major highlights, policy changes, new concepts, challenges, and accomplishments of the SFMTA in programming and delivering capital projects over the last two years:

- **Capital Investment Plan:** The 20-Year Capital Investment Plan reflects planned expenditures of **\$18.3** billion and anticipated revenues of **\$9.3** billion (*see Figures 11-1 through 11-4*). The net of both revenues and expenditures is a projected shortfall of **\$9.0** billion over a twenty-year (20) period of time. The projected revenues (\$9,285,832) represent **50.7%** of the capital funding needed to support the CIP. The SFMTA is exploring a number of strategies to address the projected shortfall and to secure the funding for the CIP, the operating budget (as outlined in Chapter 6, Section - "Proposed Solutions for Long Term Financial Stability"), and other funding opportunities for major capital projects such as Central Subway. A major capital financing strategy is the development of a Federal New Starts Grant application for the Central Subway project for approximately \$762 million. Other financing strategies include new legislative initiatives (sales tax), operating revenue-generating strategies (advertising revenues and increased fees), and the opportunity to issue revenue bonds in the near future.
- **Proposition 1B:** In addition, on November 7, 2006, California voters approved the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B). This act authorized \$20 billion in general obligation bond proceeds for transportation projects statewide. (*See more on this funding below*)

- Charter Amendments: In August 2005, the City and County of San Francisco policy-makers amended the City Charter to strengthen the capital planning and budgeting oversight and management process of the City's Ten-Year Capital Improvement Plan. The Charter Amendments requires that the City annually adopt a ten-year capital expenditure plan for city-owned facilities and infrastructure. Also, the Charter Amendments established the City Capital Planning Committee (CPC) to serve as the administrative oversight committee for the city-wide 10-Year CIP and required each City department to develop a 10-Year CIP which is reviewed annually by the City Capital Planning Committee. (*See more on this plan below.*)
- SFMTA Strategic Plan: The SFMTA began the development of this year's CIP with the review of the Agency's 2007 Strategic Plan. For the first time, the SFMTA ensured that the long and short range capital plans and the capital project prioritization processes were premised on the goals and objectives of the Agency's Strategic Plan. The integration of the strategic planning and capital planning processes are detailed within the capital project prioritization process as outlined below.
- Management and Leadership: The SFMTA underwent a major reorganization and change in leadership during this period of time. One major change that affected the Capital Investment Program was the combining of the Construction Division and the Planning Division into the new "*Transportation Planning and Development Division.*" This reorganization enhances and improves the coordination of the long-range strategic planning processes and the construction development of the capital program. Also, the reorganization enhances staff communications and improves project delivery.
- Quality Assurance (QA) Program: During the Agency's reorganization, the Quality Assurance Program was created. This program is tasked with evaluating the effectiveness of the Transportation Planning and Development Division's project development functions from the design phase through the construction/implementation phases and serves as an important systematic monitoring tool for management. The QA program evaluation activities include performing audits, surveillances, and technical reviews of projects to determine conformance with established policies, guidelines and procedures. Also, this section is responsible for developing the Quality Assurance Plan, Procedures and requirements for projects, reviewing the Contractors' and the Consultants' Quality Assurance / Quality Control plans, and providing a quality training program for staff and consultants.
- Capital Asset Management Program (CAMP): The SFMTA supported the new Regional Transportation Inventory Control Initiative (RTICI) administered by the Metropolitan Transportation Commission (MTC). The MTC RTICI focuses on the development of a regional asset management and inventory program for 22 San Francisco Bay Area transit operators. During this period, the SFMTA also embarked upon the development and implementation of the Capital Asset Management Program (CAMP). The CAMP will encompass a three-phase process that includes program evaluation and development of an

implementation plan, asset inventory and condition assessment, and reporting and asset valuation. *(See more on this program below)*

- Contract Administration: The SFMTA formed a Contract Administration unit, which has been instrumental in the aggressive and successful contract administration for the Third Street Light Rail project. The Unit continues to improve contract administration procedures. During this past year, the Unit issued the SFMTA's first design-build request for proposals for the Geneva Historic Street Car Enclosure project. Requests for proposals were issued for consultant services for the Radio Replacement Project, the Rehabilitation of PCC Streetcars, Presidio Overhead Wire Replacement, Traffic Signal Contract 57, and the construction of new Operator Restrooms.
- Engineering: During the past year, the Engineering staff has provided extensive engineering and construction support to the construction operations of the Third Street Light Rail Project. In light of this additional burden, the Engineering staff was able to complete the design for the following types of project:
 - 22-Filmore / 33-Stanyan Overhead Replacement projects;
 - Feeder Upgrades Phase 2 project;
 - Traffic signal and overhead wire modifications at Cortland Avenue and Bayshore Boulevard for Home Depot development;
 - Structural modifications to allow Green Rail Facility Steam Clean room to be used for LRV trucks; and
 - Overhead wire special work for the double track 3-part wye at Third and Cesar Chavez Streets.

In addition this unit completed the Conceptual Engineering Reports (CERs) or Draft CERs for the following projects:

- 22-Filmore / 33-Stanyan Overhead Replacement projects;
- Visitation Valley Intermodal Terminal (part of the Third Street Light Rail Project);
- Church and Duboce Streets Track Replacement;
- Rail Reconstruction;
- Escalator Replacement;
- California Street Cable Car Infrastructure;
- Green Maintenance Shop Roof and HV Equipment Replacement; and
- Phelan Loop Development Project.

Major Capital Projects

The SFMTA has made significant progress towards the completion and development of various major capital projects, as described in previous chapters. These projects include: Third Street LRT Phase I (Initial Operating Segment) and II (Central Subway), Bus Rapid Transit, Radio Replacement, and NextMuni passenger information system. Below is an update and overview of these accomplishments:

- Third Street Light Rail Line (T-THIRD): The completion of the construction of the Third Street Light Rail Project, Phase 1, highlights the most significant accomplishment for the SFMTA. This accomplishment involved significant involvement of professionals at all levels, including Construction, Contract Management, Project Management, Engineering, and Project Integration. The Construction Management Unit was successful in completing all major construction activities by the “soft-launch” of weekend service on January 13, 2007. However, construction of minor work and the correction of punch list items continued through the “hard-launch” of revenue service on April 7, 2007.

Significant activities which occurred prior to the “soft-launch” included:

- Achieved Safety Certification for Third Street;
- In depth investigation and verification of platform heights throughout the Muni Metro system;
- Resolved CPUC audit findings of Third Street Project overhead wire inspections;.
- Developed and coordinated the Third Street Operational Readiness exercises; and
- Developed and managed the Third Street Operational Testing Program.

The SFMTA also managed the community events for the “soft-launch” ceremonies and established the program and placed the groundwork for the hugely successful community outreach celebration to celebrate the start of revenue service.

Recognizing the importance of project and contract close-out, the Transportation Planning and Development Division established a “Contract Close-out” Unit which has been successful in pursuing all outstanding contractual issues remaining on the Third Street construction contracts. This Unit has been successful in reaching bilateral agreement on over twenty contract modifications and is pursuing the successful closeout to include the unqualified contractor release, on all Third Street Contracts early in the next Fiscal Year. Significantly, the Project was completed within the MTA Board’s authorized budget allocation.

- Central Subway: The Central Subway project is one of the largest capital projects in the CIP. The MTA has made significant strides on the initial planning, financing, and staffing of this project, as stated below:
 - Conducted value engineering and identified cost reduction measures to reduce the Year of Expenditure Project Cost from \$1.4 billion to under \$1.3 billion.
 - Re-initiated the Supplemental EIS/EIR with a second Notice of Preparation issued on September 20, 2006. Completed the Supplemental EIS/EIR Administrative Draft and issued to SF Planning Department and FTA.
 - Conducted Community Meetings covering North Beach, Chinatown, Union Square/Downtown and South of Market.
 - Conducted over 30 stakeholder outreach meetings in addition to the Community

- and Community Advisory Meetings over the last fiscal year.
- Developed a new cost estimate for Modified Locally Preferred Alternative Project.
 - Obtained \$200 million of additional funding from CA Proposition 1B, bringing the total identified funding to \$1.2 billion.
 - Established the Project Office which consolidated MTA Staff and Consultant Staff. Initiated Project staffing plan and development of Project Team.
 - Began development of request for proposals for the two major consultant contracts: Program Manager / Construction Manager and Design Consultant.
- Bus Rapid Transit (BRT) - Van Ness: The agency led in technical review and development of a feasibility study of a Bus Rapid Transit (BRT) project for Van Ness Avenue. The SFMTA partnered with the SFCTA to fully-fund EIR and bring EIR through the RFP/bidding/consultant selection and initial scoping stages. The Agency has set the preliminary stages of this project for Federal New Starts funding. The environmental review is underway.
 - Radio System Replacement Project: Finalized the Request for Proposal (RFP) and obtained approval from the MTA Board to advertise for a consultant to prepare the performance specifications for a new Radio Communication System. Advertised the RFP in May, 2007 and held the pre-proposal conference on June 21, 2007.
 - Next MUNI: Significant progress was made on completing the installation of the Automated Vehicle Locator (AVL) system, also known as NextMUNI. Installation of vehicle tracking equipment was completed in all buses, trolleys, LRVs, historic fleet and cable cars. In addition, of the base 460 NextMUNI vehicle announcement signs, 192 were installed at passenger platforms and bus shelters throughout the City. This program has been enthusiastically accepted by the MTA's customers, which are able to access vehicle arrival and departure information both on the internet at www.nextmuni.com and through cellular telephones.

Capital Prioritization Process

The SFMTA has developed a new *capital project prioritization process* which is based upon a tiered decision making process, qualitative and quantitative analysis of the capital project attributes, and project scoring and ranking.

The 20-Year Capital Investment Plan comprises approximately 320 capital projects with varying levels of attributes and importance to the Agency. Therefore, it is beneficial to rank and prioritize capital projects because the amount of expenditures and number of projects requested often exceeds the amount of available funding. However, before a capital project is screened for ranking and prioritization, the project must first be developed and justified. Below is an overview of the prioritization process from project development to the final steps of scoring and ranking:

Development of a Project: Capital projects are conceptualized or developed in a variety of ways such as during the annual call for projects, planning studies, engineering assessments, maintenance and operations staff observations, through the Capital and Planning Working Group Committee (CAPWOC) process, or as a priority of an external capital funding program. The annual call for projects is requested during the preparation of the annual budget. This process allows staff to submit their anticipated capital needs during the submission of their budget.

Project Cost Estimates: During the development of the project, the project is given a preliminary cost estimate. Once the project is better defined and funding has been identified, engineering prepares a Conceptual Engineering Report (CER). The CER establishes the project's baseline budget. Cost estimates are escalated to year-of-expenditure dollars. For the 20-year CIP presented here, a 4% annual cost escalation factor was generally assumed. After the project is developed and a cost estimate is refined, the project moves forward into the prioritization process.

Capital Project Prioritization Process: The SFMTA begins the capital project prioritization process with the review of the Agency's overall mission, strategic plan and objectives, Proposition E Service Standards, and the Short Range Transit Plan (SRTP) as a basis for the establishment of the main criteria and sub criteria. The criteria established for this process were used to rank projects along with a scoring mechanism that assigns a range of values based upon each project's strengths and weaknesses.

The three (3) step decision making process includes the evaluation of the attributes and purposes of the capital project against specific criteria measurements. This process is briefly described below:

Step 1: Includes the vetting or assignment of a capital project to a main and sub criteria (Mission Critical, Preservation, Transportation Priority, Mission Development), which are ranked in that order with "Mission Critical" highest. This decision making process is performed by staff familiar with the attributes of the capital projects and construction programs.

Step 2: Includes the evaluation (High, Medium, and Low) of projects based upon the criteria and project scoring. This decision making process is performed by staff familiar with the detailed attributes of the project, purpose of the capital project, and the project's impact on the SFMTA.

Step 3: Includes the review of the overall project scoring and ranking by management.

During Step 1 of the process, capital projects are screened and assigned within one of the following four (4) main criteria and three subcriteria. (*See Figure 11-5 – Capital Investment Plan Prioritization Criteria.*) The following is a brief description of the four (4) main criteria and their subcriteria:

- 1) Mission Critical: This category includes projects that directly impact the transit system's ability to meet the goals and objectives of the SFMTA Strategic Plan and

- Proposition E Service Standards. The Proposition E Service Standards include system reliability, system performance, staffing performance, and customer and employee safety and satisfaction.
- A. Reliability and Performance;
 - B. Regulatory Compliance/Legally Mandated; and
 - C. Health, Safety, and Security.
- 2) Preservation: This category include projects that focus on the replacement, rehabilitation, modification, and preventive maintenance of existing capital assets (such as facilities, fleet, equipment, systems, railway/track, guide way, traffic lighting and signals, overhead lines, and transit stations) to preserve an asset in a "State of Good Repair." *Note*: A deteriorated asset is one that is beyond its useful life cycle or normal replacement cycle.
- A. Replacement;
 - B. Rehabilitation; and
 - C. Maintenance.
- 3) Transportation Initiatives: This category include projects that address funding and political priorities established and/or highly recommended by federal, state, regional, and local governing bodies which may impact the mission and priorities of the SFMTA.
- A. Federal Initiatives;
 - B. State Initiatives; and
 - C. Local Initiatives.
- 4) Mission Development: This category include projects that enhance and/or expand the existing transit system, projects that develop and or create new or additional transit services or systems and projects that acquire new assets to support the transit system.
- A. Enhancement;
 - B. Expansion; and
 - C. New Service/New Asset.

Based upon the above process, each project receives a score which is calculated based upon the static rank of main and sub criteria and the points accumulated from the evaluation and scoring of the project against the criteria measurement. The maximum points a project can receive is 100 points.

Capital Improvement Programs

The capital projects within the SFMTA are categorized into four major capital programs. Although, the four capital programs are explained in detailed within Chapters 7, 8, 9, and 10, the programs are briefly described below to further explain how projects are categorized and

managed within the CIP:

- 1) Fleet Program: The rehabilitation and replacement of Muni's vehicles includes both revenue vehicles used to transport passengers (motor coach, trolley coach, light rail, historic streetcar, cable car, and paratransit) and non-revenue vehicles used to support the revenue fleet and system infrastructure.
- 2) Infrastructure Program: Includes the rehabilitation, replacement and modification of components directly involved in transit revenue service (e.g., rail, communications, signals, overhead, subway, stations, and cable car systems), as well as ADA-mandated Key Stops, accessibility improvements, and transit preferential streets.
- 3) Facilities Program: Includes the development and management of real estate (e.g., buildings and yards) for the operations, maintenance, administration, and storage needs of the agency.
- 4) Equipment Program: Includes the replacement and acquisition of such tools as rail grinders, video cameras, and computers needed for the continued operation, maintenance, and administrative functions of the SFMTA.

The capital assets within these capital programs may be modified by replacement, rehabilitation, enhancement or expansion.

Capital Asset Management Program (CAMP)

The SFMTA has embarked upon a new concept referred to as "Capital Asset Management and Inventory". This new concept clearly integrates asset management and inventory concepts with capital planning, capital improvements, capital budgeting and capital project prioritization concepts. The approach to this program includes a higher-level of analytical decision making relative to strategic planning, asset management and inventory, life-cycle data, and financial analysis for prioritizing capital projects for both short-term and long terms capital plans. This program will primarily focus on the inventory and the condition assessment of the various types of assets such as facilities, stations, rail/track/guide ways, fleet, systems and equipment, etc.

Currently, the systems used by the SFMTA to manage and inventory its assets are fragmented, making it difficult to comply with Federal, State and Local reporting requirements. The SFMTA uses Shops History and Online Parts System (SHOPS), Track and Rail Control System (TRACKS), Fixed Asset Accounting Control System (FAACS), and Facilities Resource Forecast Model (FRFM), a system developed by the City's Department of Public Works, to account for and inventory capital assets. The SFMTA plans to develop a system with the ability to forecast capital asset management and inventory needs for a 30 to 40 year horizon. The SFMTA will perform an evaluation of the current systems and processes and design a comprehensive plan to transition the assets into a state-of-the art asset inventory and management system. During this process, the SFMTA will identify key asset data collection needs and desired outcomes, inventory and assess the condition of all assets, and review database architectural design and implementation strategies.

Capital and Planning Working Committee (CAPWOC)

The Capital and Planning Working Committee (CAPWOC) will be responsible for the implementation and management of the SFMTA's 20-Year Capital Investment Plan. This committee will review all new capital requests throughout the year and make recommendations to Executive Management on project scope and funding modifications for capital projects. The CAPWOC will use the capital prioritization process as described above to prioritize funding and new projects for the Capital Investment Plan.

Transportation Improvement Programs

The SFMTA participates in a variety of capital improvement planning and funding programs at the Federal, State, Regional, and Local levels. Most of these plans and programs are driven by strictly defined program requirements and criteria, formulas for allocating funding, and established program priorities. The following is an overview of these major capital planning programs and processes:

State Transportation Improvement Program (STIP): The STIP is a multi-year capital improvement program of transportation projects on and off the State Highway System, funded with revenues from the State Highway Account and other funding sources. The STIP is composed of two sub-elements: the Regional Transportation Improvement Program (RTIP) and the Interregional Transportation Improvement Program (ITIP).

MTC is responsible for developing regional project priorities for the RTIP for the nine counties of the Bay Area. The biennial RTIP is then submitted to the California Transportation Commission (CTC) for inclusion in the STIP. The California Department of Transportation (Caltrans) is responsible for developing the ITIP.

The Regional program (RTIP) is funded from 75% of new STIP funding and the Interregional program (ITIP) is funded from 25% of new STIP funding. The 75% regional program is further subdivided with 40% allocated to Northern counties and 60% to Southern counties using a formula driven by county population. County shares are available solely for projects nominated by regions in their RTIPs.

The following criteria are used for measuring the performance of RTIPs and the ITIP:

- Decrease in vehicle occupant travel, freight and goods time per thousand dollar invested;
- Decrease in accidents and fatalities per thousand dollar invested;
- Decrease in vehicle and system operating cost per thousand dollar invested;
- Improved access to jobs, markets and commerce per thousand dollars invested;
- Increased frequency reliability of rail/transit service per thousand dollars invested;
- Decrease in air pollution emissions per thousand dollars invested; and
- Increase in annual passenger, freight and goods miles carried per thousand dollars invested.

The STIP is a biennial document adopted no later than April 1 of each even numbered year. Each STIP covers a five-year period and adds two new years of programming capacity and include projects carried forward from the previous STIP plus new projects and reserves from among those proposed by regions in their RTIPs and by Caltrans in its ITIP.

Regional Transportation Improvement Program (RTIP): The Bay Area RTIP is prepared by the MTC and summarizes the capital investment plan designed to meet the region's overall transportation goals. The region's long range comprehensive investment plan is designed to achieve the Regional Transportation Plan's adopted goals through state, federal, and local funds anticipated over a 25- year period.

The 2006 RTIP was developed using the following six policy goals in accordance with the STIP performance measurement criteria:

- Safety;
- Reliability;
- Access;
- Livable communities;
- Clean air; and
- Efficient freight travel.

The MTC prepares and adopts the RTIP every two years according to requirements of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA), the most recent Federal Surface Transportation Act. The RTIP is required to be prepared and adopted at least once every four years and must cover at least a four-year period and contain a priority list of projects grouped by year. Furthermore, the RTIP must be financially constrained by year, meaning that the amount of dollars committed to the project (also referred as "programmed") must not exceed the amount of dollars estimated to be available. The RTIP must include a financial plan that demonstrates that programmed projects can be implemented and must be accompanied by an evaluation and finding of air quality conformity.

San Francisco Ten-Year Capital Improvement Program: Enacted by a charter amendment in August 2005, the City Capital Planning Committee (CPC) annually approves the Capital Plan and makes recommendations to the Board of Supervisors each year. The CPC consists of nine (9) voting members: the City Administrator as chair, the President of the Board of Supervisors, the Mayor's Finance Director, the City Controller, the City Planning Director, the Director of Public Works, the Airport Director, the Executive Director/CEO of the SFMTA, the General Manager of the Public Utilities System, the General Manager of the Recreation and Parks Department, and the Executive Director of the Port of San Francisco. The mission of the CPC is to review the proposed capital expenditure plan and monitor the City's ongoing compliance with the final adopted capital plan. Most of the funding used to support the City's CIP is general operating funds, general obligation bonds, revenue bonds, and various Federal, State, Regional, and Local grant funds.

Transbay Joint Powers Authority : The Executive Director/CEO of the SFMTA is the vice-chair

of the board of directors for the Transbay Joint Powers Authority. The purpose of the TJPA is to design, build, operate and maintain the new Transbay Transit Center and associated facilities in downtown San Francisco, including the extension of the Caltrain commuter rail 1.3 miles into the new Transit Center, and accommodations for future California High-Speed Rail. As part of this, the TJPA has a major impact on transportation improvement programming in San Francisco. Additional details on the Transbay project are provided in Chapter 2.

Capital Program Funding

The SFMTA Capital Investment Plan is funded by a variety of Federal, State, and Local funding sources (*See Figure 11-6.*) Each year, the SFMTA competes with other agencies for the limited funding sources at the Federal, State, and Local levels. The limited availability of all types of funding, the various funding restrictions, and increases in the cost of living constrain the SFMTA's ability to fully fund the CIP, resulting in a significant shortfall and project delays. However, realizing these constraints and the Agency's capital needs, the SFMTA is aggressively making efforts to identify other funding sources for the CIP. Many of these efforts include legislative, regulatory, and bond initiatives, as well as other operating revenue generating efforts such as advertising, increased fees for services, and additional grant cost recovery.

The CIP's major source of funding is distributed through the Metropolitan Transportation Commission (MTC), the transportation planning, coordinating, and financing agency for the nine-county San Francisco Bay Area. The MTC distributes these funds through several planning efforts as outlined above. This section will provide a brief overview and insight into the various policies, allowable uses, limitations, and restrictions of the three major types of funding (Federal, State, and Local/Regional) used to support the SFMTA's CIP:

Federal Funding: The Federal Transit Administration (FTA) provides funding for capital projects through competitive grant processes (such as the New Starts program) and through capital formula grants. The Federal Funding represents **31%** of the total capital funding for the 20-Year CIP. The Metropolitan Transportation Commission (MTC) is responsible for programming and administering Federal formula capital funds such as the Section 5309, 5307, Section 9, and other Federal funding, such as the Federal "flexible" dollars that can be used on a variety of transportation needs. The MTC has adopted a policy to use these flexible federal funds for system preservation, maintenance, and more efficient operation of the existing transportation system. The policy would also fund transportation projects that would not be eligible for other funding sources, such as community-oriented transportation and streetscape projects linking land use and transportation.

The MTC is responsible for including the Region's capital improvement projects funded with FTA fund sources in MTC's Transportation Improvement Program (TIP). In addition, MTC is responsible for submitting projects that are eligible for the Surface Transportation Program (STP) Transit Capital Shortfall funding from the Federal Highway Administration (FHA).

State Funding: The State of California provides a variety of grants to support transit

improvements, street improvements, pedestrian safety, bike programs, traffic calming, and traffic engineering capital projects. The State funding represents 7% of the total capital funding for the 20-Year CIP. On November 7, 2006, California voters approved the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (*Proposition 1B*). This bond authorized \$20 billion in general obligation bond proceeds to be available for transportation projects statewide.

Proposition 1B directed \$3.6 billion of the State's roughly \$20 billion infrastructure bond fund toward transit capital improvements, including about \$1.3 billion for projects in the San Francisco Bay Area. Within this \$1.3 billion, about \$347 million is anticipated to be distributed to MTC through the statutorily defined formula, and approximately \$922 million will be distributed directly to the 22 transit operators in this region.

MTC's proposal to allocate its \$347 million portion of the Proposition 1B funds includes \$169 million to address funding shortfalls on projects that will explicitly add transit capacity in the urban core of the region. Also, MTC will allocate \$100 million (of the \$169 million) to the SFMTA for the Central Subway Project.

Out of the \$922 million of Proposition 1B bonds directed to 22 transit operators, the SFMTA will be receiving approximately \$336 million. The SFMTA plans to allocate \$100 million of this amount (\$336 million) to support the Central Subway Project as a match to the MTC's \$100 million allocation. The remaining \$226 million in Proposition 1B funds will be programmed for other SFMTA capital projects.

Local/Regional Funding: The Local funding is one of the largest contributor to the CIP. The majority of local funding is provided by Proposition K, a half-cent local transportation sales tax program, which is administered by San Francisco Transportation Authority (SFCTA) for both Muni and Parking and Traffic. Local and regional funding represents 59% of the total 20-Year capital funding for transit services. Also, the SFMTA operating budget supports the capital investment plan..

Out of the \$2.8 billion projected to be generated over 30 years for Prop K, Muni's share is about \$1.5 billion. Funding allocation is primarily guided by an Expenditure Plan that was approved by voters in setting up Prop K. This programs specific funds for several large projects (such as the Central Subway) and smaller programs (such as Transit Preferential Streets). The SFCTA adopted the 30-year Prop K Strategic Plan in April 2005, making revenues available for project allocations. The actual funding available in the Strategic Plan is influenced by sales tax collections and financing costs. As a result, the SFMTA is primarily able to program Prop K funds as match to federal funds. A companion to the Strategic Plan is the Prop K 5-Year Prioritization Programs (5YPPs). The 5YPP process included development of project criteria and performance measures. The final output was a prioritized list of projects in five Prop K project categories. The strategic Plan and 5YPPs are being revised in 2007.

There are also a range of regional funding sources, typically administered by MTC or the Air District. These include bridge tolls (AB 664, Regional Measures 1 and 2), and the

Transportation Fund for Clean Air.

Other Funding: The other funding sources (3%)include remaining balances from prior years and various other funding sources such as the San Francisco MUNI Railway Improvement Corporation (SFRMIC) and Transit Impact Development Fee (TIDF).

Match Shortfalls: Federal funds generally require matching funds from non-Federal sources. The SFMTA used two primary local funding sources to meet this requirement. The largest share of local match is provided by local half-cent sales tax revenues authorized by Prop K. Another significant non-Federal matching source is Regional Bridge Toll (AB664) revenues. These funds are typically used to fund rehabilitation and replacement within the Fleet and Infrastructure programs. Although, the SFMTA has identified these two funding sources as the match requirements for Federal funding, the availability of these funds is driven by economic conditions.

Capital Investment Plan Summaries

The SFMTA uses a variety of capital plans to manage the CIP. The purpose of each plan is different and focuses on a specified period of time, up to 40 years. The following is a brief overview of these various capital plans, financial statements, graphs, and charts:

SFMTA CIP (5-YEAR PLAN)	SAN FRANCISCO CIP (10-YEAR PLAN)	SHORT RANGE TRANSIT PLAN (20-YEAR)
<ul style="list-style-type: none"> • PERIOD: FY 2008-2012 • SFMTA Board (SFMTAB) approved May 2007 • Board of Supervisors (BOS) approved August 2007 • Muni and DPT capital assets • Annual review and approvals: <ul style="list-style-type: none"> – Capital plan – Capital budget • Unconstrained Expenditures and realistic Revenue projections • Administered by SFMTA Transportation Planning & Development Division (TPD) 	<ul style="list-style-type: none"> • PERIOD: FY 2008-2017 • City Capital Planning Committee reviewed February 2007 • BOS approved March 2007 • SFMTAB to review updated CIP in January 2008 • Muni and DPT capital assets • Annual review and approval: <ul style="list-style-type: none"> – Capital plan • Unconstrained Expenditures and realistic Revenue projections • Administered by SFMTA TPD Division 	<ul style="list-style-type: none"> • PERIOD: FY 2008-2027 • SFMTAB to approve updated SRTP in December 2007 • MTC to approve updated SRTP in December 2007 • Muni capital assets only • Full update every 4 years with Annual review and approvals: <ul style="list-style-type: none"> – Capital plan – Operations plan • Unconstrained Expenditures and realistic Revenue projections • Administered by MTC and SFMTA TPD Division

REGIONAL TRANSPORTATION PLAN (25-YEAR)	CENTRAL SUBWAY NEW STARTS (30-YEAR PLAN)	CAPITAL ASSET PLAN (40-YEAR)
<ul style="list-style-type: none"> • PERIOD: FY 2008-2032 • SFMTA to approve updated RTP data in October 2007 • MTC to approve updated RTP transit needs in December 2007 • Muni capital assets only • Updated every three years: <ul style="list-style-type: none"> – Capital plan – Operations plan • Unconstrained Expenditures and realistic Revenue projections • Administered by MTC and MTA TPD Division 	<ul style="list-style-type: none"> • PERIOD: FY 2008-2037 • Submitted to Federal Transit Administration (FTA) in September 2007 • Muni and DPT Assets • Grant Application review and approvals: <ul style="list-style-type: none"> – Capital plan – Operations plan – Project plan • Constrained Expenditures and realistic Revenue projections • Administered by FTA and SFMTA TPD Division 	<ul style="list-style-type: none"> • PERIOD: FY 2008-2047 • Mandated by FTA and MTC’s Regional Transportation Inventory Control Initiative • Estimated 1 - 2 Years to develop • Muni and DPT Assets (Life Cycle Data) • Three Phased Program (1 - Evaluation/Planning, 2- Inventory/Valuation, 3- Reporting) • Project Prioritization Process • Unconstrained Expenditures and realistic Revenue projections • Administered by MTC and SFMTA TPD Division

Note: The financial information in these plans vary depending on the criteria established by the funding agency and the various financial methodologies (e.g., . the application of escalation rates, time periods) used to prepare each plan.

The following is an overview of the financial reports, graphs, and charts provided in this document:

- Summary Charts and Graphs (Figures 11-1 through 11-4 at the end of this chapter): The charts includes a high-level summary of CIP total program costs by program, program funds by fund type, and the projected CIP shortfall over a 20-Year period of time. The graph displays a comparison of the project costs to the project funds by fiscal year. The pie charts display the percentage of federal, state, and local funding available and display the capital programs by percentage of expenditures.
- Capital Investment Plan Prioritization Criteria (Figure 11-5 at the end of this chapter): Detailed description of criteria and subcriteria, and how they are measured.
- Capital Funding Projections and Fund Descriptions (Figure 11-6 at the end of this chapter): Detailed fund source descriptions, local match requirements, annual funding, and the 20-year CIP total.
- Project Costs/Funding Type (Figure 11-7): This report includes the project description, actual expenditures as of 1/23/07, and expenditures and revenues projections by funding type (such as Federal, State, or Local) over a 20-Year period of time. Revenues listed in the table as “Funded” include revenues that were allocated by a Grantor, received and recorded into FAMIS (City’s accounting system), regardless of their source. Revenues listed as “Federal, State, or Local,” include the following categories:

- Programmed – Revenues that are committed (in a document) by a Grantor, but not yet received by the SFMTA.
- Planned – Revenues that are expected to be available, based on funding estimates. Projects that contain planned funds may not have gone through project review and prioritization by a funding agency. Planned funds are the least certain, and should be used only a guide to what might be available to a project in the future.

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