

**THIS STAFF REPORT COVERS CALENDAR ITEM NO. : 15  
FOR THE MEETING OF: April 9, 2009**

**TRANSBAY JOINT POWERS AUTHORITY**

**BRIEF DESCRIPTION:**

Information Item: Presentation of the TJPA's FY2009-10 annual budget outlook

**SUMMARY:**

The Fiscal Year (FY) 2009-10 annual budgets, which cover the period from July 1, 2009 through June 30, 2010, represent the seventh full budget year for the TJPA. For the first time, the TJPA will adopt both an operating budget and a capital budget. The operating budget reflects the commencement of transit operations at the temporary terminal. The capital budget reflects the engineering and construction work and right of way acquisition activities planned for the implementation of the Transbay Transit Center Program.

**BACKGROUND:**

In accordance with the TJPA's Policy No. 003: Budget Policy, this memo serves as a briefing to the TJPA Board of Directors concerning the budget outlook for the upcoming FY2009-10 period. In May, staff will present the proposed annual budgets and hold a public hearing on the proposed budgets during the regularly scheduled Board meeting. In June, the Board of Directors is scheduled to adopt the FY2009-10 annual capital and operating budgets.

During FY2008-09, the TJPA had the following accomplishments:

- Start of construction of the Temporary Terminal.
- Acquisition of Right-of-Way required for the Temporary Terminal and Transit Center.
- Continuation of Preliminary Engineering for the Transit Center, Bus Storage facility, and DTX.
- Continuation of Final Design for Utility Relocation.
- Agreement for the development of Transit Tower parcel.
- Lease and Use Agreement with AC Transit approved.
- Investment grade rating for TIFIA credit instrument issued.
- Application for TIFIA loan submitted.
- Allocation of \$7.6 million in Federal SAFETEA-LU Earmark grants for Preliminary Engineering and agency costs.
- Anticipated allocation of \$28.5 million in Regional Measure 2 Bridge Tolls for Program Management / Program Controls (PMPC), Preliminary Engineering, Final Design, and Construction of the temporary terminal.
- Allocation of \$25.1 million in San Francisco Proposition K funds for Preliminary Engineering for the Transit Center, Contract Manager/General Contractor (CM/GC), Construction Management (CM) Services, and Demolition of the Transit Center and Ramps.
- Award of agreements related to the implementation of Phase 1 of the Transbay Transit Center program, including construction of the temporary terminal, CM/GC services,

relocation assistance services, appraisers, and labor compliance software.

## **DISCUSSION:**

### **FY2009-10 Capital Expenditures**

The FY2009-10 capital budget is derived from the implementation schedule of the Baseline Budgets for Phase 1 and Phase 2 of the Transbay Transit Center Program as adopted by the Board. Changes to the schedule and/or scope of these adopted Baseline Budgets may result in amendments to the FY2009-10 annual budget.

The FY2009-10 capital budget includes five major expenditure categories:

- Professional and Specialized Services, incorporating a wide array of functions, such as engineering and design services, program management/program control, assistance from other public agencies, permits and fees, real estate services, construction management, construction, planning and environmental analysis, and administration services such as legal, audit, and financial services;
- Right of Way, including property acquisition and related activities;
- Salaries and Benefits for TJPA staff;
- Administrative Expenses, such as office space rent, professional memberships and supplies; and
- Other, including reserve funds in accordance with TJPA Policy 012: Reserve Policy and loans to the San Francisco Redevelopment Agency.

#### Professional and Specialized Services

Budget expenditures would include contracts required for the day-to-day operations of the TJPA, including but not limited to tasks such as human resources, benefits administration, grants management, Program Management / Program Controls (PMPC), legal counsel, public relations, information technology services, and audits. Construction activities are included in the Professional and Specialized Services section of the budget. Engineering tasks that are currently underway related to the Caltrain Downtown Extension, the Transit Center and related facilities would continue. In addition, work related to the Redevelopment Area including planning and preparation for the sale of property would continue. Interagency agreements with various public agencies including the San Francisco Planning Department, Department of Real Estate, Department of Public Works, Municipal Transportation Agency, and Caltrans that are required for the implementation of the Transbay Transit Center Program will also be included in the FY2009-10 budget.

#### Right of Way

Right of way acquisition activities will continue to be a significant portion of the TJPA annual budget in FY2009-10. In addition to acquisition costs, the budget for right of way activities will include appraisals, surveys, title fees, closing costs, hazardous materials mitigation, and relocation assistance.

### Salaries and Benefits

The FY2009-10 budget will include salaries and benefits for the eleven current TJPA staff members and expenditures to fund the expansion of the staff to support the increasing activity levels of the Program.

### Administration

Expenditures related to administrative activities including office rent, equipment and supplies, communications, professional memberships and other routine expenses are included in the Administration section of the TJPA budget. Additional expenditures associated with new staff such as additional equipment and office supplies will be anticipated in the FY2009-10 budget.

### Reserve Fund

In accordance with the TJPA Policy 012: Reserve Policy, the FY2009-10 budget will include an emergency reserve, fiscal reserve, and contingency reserve. The Reserve Policy establishes an emergency reserve of \$500,000. The contingency reserve will be based upon estimated expenditures that may not be eligible for various grant funds. The fiscal reserve, according to policy, will not exceed eight percent of the budgeted expenditures, less the cost of real estate acquisition. The fiscal reserve will be funded with available unrestricted revenues after the emergency reserve and contingency reserve have been funded.

### Loan

In its agreement with the San Francisco Redevelopment Agency (SFRA), the TJPA has agreed to loan SFRA funds required for the near-term preparation and implementation of the redevelopment area plan. Currently, the Redevelopment Agency does not anticipate requesting additional loan funds in FY2009-10. The loan will be repaid with tax increment revenue beginning December 31, 2009.

### **FY2009-10 Capital Revenues**

As staff anticipates seeking and receiving funding allocations throughout the fiscal year, the budget will be presented with “Committed” and “Planned” revenues.

Committed revenues consist of existing revenues that have already been allocated. These include existing Federal Transit Administration (FTA), Regional Measure 2 (RM-2), San Francisco Proposition K (Prop K) sales tax, and Regional Transit Improvement Program (RTIP) allocation balances; lease income; fund balance; SFRA loan repayment revenue; and interest income.

The TJPA’s committed revenues available as of July 1, 2009 will not fully fund budgeted expenditures for the upcoming fiscal year. Staff will continue to seek new funding before and during FY2009-10. Staff anticipates that sufficient funding sources will be available to cover the FY2009-10 budget expenditures.

In some cases, the TJPA’s funding partners require that funding applications be approved by the TJPA Board. Others do not include this requirement. As such, the FY2009-10 budget resolution

may include language authorizing the TJPA's Executive Director to apply for, accept, and expend grant funds for Board approved expenditures that will be outlined in the annual budget.

### **FY2009-10 Operating Expenditures**

With the opening of the temporary terminal planned for August 2009, the TJPA will begin incurring operating costs for the first time. The TJPA's operating budget will include the following expenditures:

- Temporary terminal facility management contract;
- Security contract;
- Portion of AC Transit's increased operating costs at the temporary terminal, due to the need for additional supervisors to manage the more constrained vehicle operations; and
- Operating reserve fund.

The AC Transit operating costs and the operating reserve fund will be established in accordance with the Lease and Use Agreement with AC Transit. TJPA staff costs will be included under the capital budget, not the operating budget.

### **FY2009-10 Operating Revenues**

The TJPA anticipates that the operating costs for the temporary terminal will be funded through Regional Measure 2 bridge toll funds. TJPA staff is working with the Redevelopment Agency to determine if a small advertising contract would be appropriate for the temporary terminal, in order to provide additional operating revenue.

### **RECOMMENDATION:**

Information only.