

**THIS STAFF REPORT COVERS CALENDAR ITEM NO. : 11
FOR THE MEETING OF: April 22, 2010**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Information Item: Presentation of the TJPA's FY2010-11 annual budget outlook

SUMMARY:

The Fiscal Year (FY) 2010-11 annual budgets, which cover the period from July 1, 2010 through June 30, 2011, represent the eighth full budget year for the TJPA. 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 FY2010-11 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 FY2010-11 annual capital and operating budgets.

During FY2009-10, the TJPA had the following accomplishments:

- Substantial completion of the Temporary Terminal.
- Acquisition of Right-of-Way required for the Temporary Terminal and Transit Center.
- Completion of 100% Design Development for the Transit Center.
- Continuation of Final Design for Utility Relocation.
- Continuation of Preliminary Engineering for the Bus Storage facility and DTX.
- Investment grade rating for TIFIA credit instrument issued.
- TIFIA loan for \$171 million closed.
- Announcement of \$400 million in Federal high-speed rail stimulus funding for the Transit Center rail levels / train box.
- Allocation of \$32.3 million in Federal SAFETEA-LU Earmark grants for Final Design and agency costs.
- Allocation of \$2.1 million in Regional Measure 2 Bridge Tolls for Contract Manager/General Contractor (CM/GC) services.
- Allocation of \$18.2 million in San Francisco Proposition K funds for Final Design for the Transit Center.
- Allocation of \$15.9 million in AB 1171 Bridge Tolls for Program Management / Program Controls (PMPC) and Transit Center Final Design.
- Allocation of \$3.8 million in San Mateo Measure A sales tax funds for DTX Right of Way acquisition and relocation.

- Award of agreements related to the implementation of Phase 1 of the Transbay Transit Center program, including construction management and facility management services for the temporary terminal, existing Transbay Terminal and ramps demolition, artists for the development of proposals for public art installations in the Transit Center, and the commissioning agent.

DISCUSSION:

FY2010-11 Capital Expenditures

The FY2010-11 capital budget is derived from the implementation schedule for Phase 1 and Phase 2 of the Transbay Transit Center Program as adopted by the Board. The FY2010-11 budget assumes that the Board will adopt the revised Baseline Budget for Phase 1, to build the Transbay Transit Center with the “bottom-up” approach including the rail levels / train box. The annual budgets assume that construction on the Transit Center will be underway at the start of the fiscal year.

The FY2010-11 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 parking for Caltrans attorneys under the Cooperative Agreement.

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. This includes the Construction Manager / General Contractor (CM/GC) and Construction Management Oversight (CMO) work. 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 Department of Building Inspection, 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 FY2010-11 budget.

Right of Way

Right of way acquisition activities will continue in FY2010-11. 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 FY2010-11 budget will include salaries and benefits for the eleven current TJPA staff members and expenditures to fund an 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 FY2010-11 budget.

Reserve Fund

In accordance with the TJPA Policy 012: Reserve Policy, the FY2010-11 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 difference between total budgeted expenditures and 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.

Other

Under the 2003 Cooperative Agreement with the California Department of Transportation (Caltrans), the TJPA must provide parking spaces for the Caltrans Legal Department to replace their current parking in the Transbay Terminal. Expenditures associated with paid parking in the area will be included in the FY2010-11 budget.

FY2010-11 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), Regional Measure 1 (RM-1), San Francisco Proposition K (Prop K) sales tax, and AB 1171 Bridge Toll allocation balances; lease income; fund balance; SFRA loan repayment revenue; and interest income.

Planned revenues consist of those funds which have not yet been allocated to the TJPA. These include funds from the San Mateo Measure A sales tax, AC Transit's capital contribution, and Rail

Relocation earmarks. In addition, staff will continue to seek new funding for the program as opportunities arise.

Staff is currently working with the Federal Railroad Administration to develop a grant agreement for \$400 million in American Recovery and Reinvestment Act (ARRA) High Speed and Intercity Passenger Rail (HSIPR) funds for the rail levels/train box. A written commitment has been made (see letter attached) and this budget assumes that the grant will be in place approximately mid-way through the fiscal year. Based on the written commitment, the TJPA may seek financing in order to commence construction activities prior to the execution of a grant agreement with FRA and to provide payments to contractors prior to reimbursement by FRA. Costs associated with this financing are included in the budget. Staff and finance consultants are currently developing the most advantageous financing package, and will bring such a package to the Board for approval at a later Board meeting.

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 FY2010-11 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.

FY2010-11 Operating Expenditures

With the opening of the temporary terminal, the TJPA will incur operating costs for the first time. The TJPA's operating budget will include the following expenditures:

- Temporary terminal facility management contract, the scope of which includes un-armed 24/7 security;
- SFPD presence as necessary for fare enforcement and other security needs;
- Parking Control Officers for traffic management;
- Utilities;
- Portion of AC Transit's increased operating costs at the temporary terminal, including 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.

FY2010-11 Operating Revenues

The TJPA anticipates that the operating costs for the temporary terminal will be funded through Regional Measure 2 bridge toll funds, an advertising contract, and rent from Greyhound.

RECOMMENDATION: Information only.



U.S. Department
of Transportation

**Federal Railroad
Administration**

Deputy Administrator

1200 New Jersey Avenue, SE
Washington, DC 20590

MAR 29 2010

Ms. Maria Ayerdi-Kaplan
Executive Director
Transbay Joint Powers Authority
201 Mission Street #2100
San Francisco, California 94105

Dear Ms. Ayerdi-Kaplan:

I write to confirm that Secretary LaHood has reserved funds within the overall California allocation of the Department's High Speed Rail grants to provide funding for design and construction of the Transbay Terminal project. The California allocation will be sufficient to provide up to \$400 million to the Transbay Joint Powers Authority (TJPA) for eligible elements of the Transbay Terminal project, subject to completion of the applicable regulatory clearances.

I greatly appreciate the cooperation you are providing us by making your staff and contractors available to assist in our environmental work. I believe that will help to minimize administrative delays and allow construction of the Transbay Terminal project to begin as soon as possible.

Best Regards,

A handwritten signature in cursive script that reads "Karen Rae".

Karen Rae
Deputy Administrator