

STAFF REPORT FOR CALENDAR ITEM NO.: 11
FOR THE MEETING OF: May 10, 2018

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Presentation of and Public Hearing for draft Fiscal Year 2018-19 (FY 2018-19) Capital Budget in an Amount Not To Exceed \$165,522,920 and draft FY 2018-19 Operating Budget in the amount of \$40,423,900.

SUMMARY:

The Joint Powers Agreement creating the Transbay Joint Powers Authority (TJPA), dated April 4, 2001, establishes that the fiscal year of the TJPA begins on July 1 and ends on June 30, and provides the TJPA Board with the authority to adopt a multi-year budget, or an annual budget before the beginning of each fiscal year. In accordance with TJPA's Policy No. 003: Budget Policy, adopted by the Board on June 23, 2004, staff has prepared the attached proposed budgets for review by the Board and the public.

Staff presented a budget outlook at the April 2018 Board meeting. Following this May Board presentation and public hearing on the proposed budgets, staff will seek Board approval of final FY 2018-19 budgets at the June Board meeting. As noted in April, the TJPA Budget Policy allows for the submission of the budget outlook and the draft budget to a Finance Committee of the TJPA Board. For the past several budget years and continuing for this year, staff is presenting these items to the TJPA Board as a whole in lieu of holding a separate meeting of a Finance Committee of the Board.

The draft capital budget for FY 2018-19 totals \$165,522,920. The capital budget includes work for completion of Phase 1 (\$148 million) and continued engineering work on Phase 2 (\$17 million) of the Transbay Program, and is based on overall Program budgets. The staff-proposed draft operating budget totals \$40,423,900. The operating budget includes expenses and revenues for the short remaining duration of operations at the Temporary Terminal, and commencement of full operations at the transit center. Both budgets are subject to further refinements and feedback from the Board and public before presentation of the final proposed budgets in June.

DRAFT FY 2018-19 CAPITAL BUDGET:

Proposed FY 2018-19 Capital Expenditures

The TJPA's capital expenditure budget is organized into three categories and itemized in Attachment 1:

- Salaries and Benefits for TJPA staff (1.2% of budgeted expenditures)
- Administration (0.8% of budgeted expenditures)
- Professional & Specialized Services, including construction (98% of budgeted expenditures)

Salaries and Benefits

The TJPA's proposed capital salaries and benefits expenditure for FY 2018-19 is approximately \$1.9 million. The TJPA's strategy has been to keep its in-house staffing level small, and to use its staff to manage contractors and consultants who undertake a variety of tasks on behalf of the TJPA. The TJPA's proposed budget is consistent with this approach. The capital budget includes staff time for Phase 1 and 2; there is also staff time in the operating budget. The positions are allocated between the budgets as follows:

Capital

Senior Construction Manager
Senior Engineering & Design Manager

Operating

Chief Security Officer
Deputy Chief Security Officer
Facility Manager
IT Manager (currently vacant)

Split Capital/Operating

Executive Director
Chief of Staff / Board Secretary
Chief Financial Officer
Financial & Systems Accountant / HR Analyst
Financial Reporting Accountant
Accountant
Engineering Manager
Executive Assistant
Administrative Analyst (currently a temp)

Salaries are based on position ranges in the pay schedule last approved by the TJPA Board in June 2017. In addition to employee benefits, the Benefits line item includes amounts for workers compensation premiums, CalPERS liability payments, and an annual contribution to the OPEB trust.

Administrative Expenditures

This category includes the expenditures associated with operating the TJPA on a day-to-day basis, such as office rent; insurance premiums not attributable to operations; communications; office supplies, equipment and furniture; professional development; meeting expenses; and human resources/payroll administration. For FY 2018-19, staff proposes to budget approximately \$1.4 million for Administrative expenses, mainly for Phase 1 with a relatively low amount allocated to Phase 2. This slight increase from FY 2017-18 includes the estimated cost to move from current leased office space to the new transit center. A portion of Administrative expenses is also included in the operating budget.

Professional and Specialized Services

As noted above, rather than hire a large in-house staff during design and construction, the TJPA utilizes consultants and contractors to provide services in support of the Transbay Program. As a result, approximately \$162 million of the proposed FY 2018-19 capital budget is devoted to Professional and Specialized Services, the majority of which is allocated to construction. Construction activities total approximately 81 percent of the Professional and Specialized Services budget.

The Professional and Specialized Services budget can be categorized by engineering and design services, permits and fees, construction management, construction, real estate services, planning and environmental analysis, and administration. The major professional and specialized services that will be undertaken during FY 2018-19 under each sub-category are described below.

Engineering and Design Services (\$21.6 million)

- Program Management & Program Controls (PM/PC) (\$5.3 million)
The PM/PC team's work in FY 2018-19 will focus on ongoing program management and coordination activities, including stakeholder liaison, coordination with external agencies, permit coordination activities, traffic and utility coordination, ramp-up activity support, and tracking and resolution of issues to close out. The PM/PC consultant also provides Downtown Extension (DTX) project management.
- Transit Center & Bus Ramp Engineering and Design (\$2 million)
The engineering and design budget covers Pelli Clarke Pelli Architect's construction administration and warranty services.
- Downtown Extension Preliminary Engineering and Design (\$11.6 million)
Contingent upon receiving funding, the focus for Phase 2 will be continuing to advance engineering work for the DTX to a complete 30% preliminary engineering and drawings level.

Permits and Fees (\$0.3 million)

- The FY 2018-19 budget includes costs for services provided by the San Francisco Department of Building Inspection and other related fees, for closeout of both the transit center and the Bus Storage Facility.

Construction Management (\$4.2 million)

- Construction management responsibilities include design and submittal review; monitoring, inspection, and interface with the construction contractors; administrative tasks; claims management; and dispute resolution assistance. Budget for staffing from both the Construction Management Oversight consultant and San Francisco Public Works is included in this line item. Construction management necessary for closeout of the Bus Storage Facility is also included.

Construction (\$136 million)

- Transit Center & Ramp (\$102 million)
Phase 1 construction will be complete early in FY 2018-19, with punchlist work and closeout to follow. The fiscal year budget includes amounts for each trade package based on the current cash flow projections for the period.
- Base Building / Tenant Improvements (\$27.9 million)
Certain improvements are required prior to opening of retail spaces in the transit center. The current cost estimate for these improvements plus tenant improvement allowances is \$36 million, \$27.9 million of which is projected to be spent in FY 2018-19. It is assumed that most of this amount, but not all, is funded with City Financing debt.
- Bus Storage Facility (\$1 million)
Construction of the Bus Storage Facility will be substantially complete by June 30. The budget includes a small amount for punchlist/closeout.

Real Estate Services (\$0.1 million); Planning and Environmental Analysis (\$13,100)

- The primary professional and specialized services related to real estate in the FY 2018-19 budget include property management of the TJPA-owned property leased out at 580 Howard

Street, and potential real estate studies for Phase 2. The budget also includes the cost of tax increment-related work performed periodically by TJPA’s real estate economics consultants.

Administration (\$5.7 million)

- The budget includes expenditures for other professional and specialized services required for the continued operation of the TJPA and the advancement of the Transbay Program, including legal services, financial advisors, legislative advocates, debt service, accounting software and auditing, and other services as itemized in the attached budget request. The largest line items in this section are legal services (\$3.3 million) and debt service (\$1.3 million).

A breakdown of Phase 1 and Phase 2 by major sub-categories is shown below as well as in the attached proposed budget.

FY 2018-19 Capital Budget	Phase 1	Phase 2	Total
<i>Salaries/Benefits/Administration</i>	\$2,510,495	\$801,125	\$3,311,620
<i>Engineering and Design Services</i>	5,523,000	16,051,500	21,574,500
<i>Permits and Fees</i>	225,000	-	225,000
<i>Construction Management</i>	4,050,000	-	4,050,000
<i>Construction</i>	131,000,000	-	131,000,000
<i>Real Estate Services</i>	9,000	120,000	129,000
<i>Planning and Environmental Analysis</i>	13,100	-	13,100
<i>Administrative Services</i>	4,948,950	270,750	5,219,700
Total	\$148,279,545	\$17,243,375	\$165,522,920

Proposed FY 2018-19 Capital Funding Sources

For the purposes of the annual budget, the TJPA’s funding sources are divided into two categories:

- Committed Funding Sources, which have already been allocated to the Transbay project by one of the TJPA’s funding partner agencies or represent available land sale or debt proceeds
- Planned Funding Sources, which are anticipated to be made available during FY 2018-19, but have not yet been received by the TJPA

Committed Funding Sources

Committed funding sources consist of existing sources that have already been allocated or are otherwise available. These include existing allocation balances from Federal Transit Administration (FTA), Regional Measure 2 (RM-2), AB 1171 Bridge Tolls, and San Francisco Proposition K (Prop K) sales tax; land sales proceeds from sales of state parcels; debt proceeds from the 2015 Bridge Loan, the federal TIFIA loan, and the 2017 City Financing; TJPA’s portion of proceeds from the City’s 2017 Community Facilities District (CFD) bond sale; reimbursement from other entities such as utilities; and lease and interest/investment income, in the following approximate amounts:

CFD bond proceeds (debt of the City): *\$62.8 million*

TJPA debt proceeds (TIFIA, City Financing, remaining Bridge Loan residual): *\$57.9 million*

Land sales proceeds: *\$5.2 million*

Grant funds: *\$3.9 million*

Early Naming Rights payment (for base building / tenant improvements): *\$3.9 million*

Utility reimbursements: *\$1.5 million*

Net tax increment revenues (pledged for debt service): *\$1.3 million*

Lease, interest & investment income: *\$0.4 million*

Planned Funding Sources

The Transbay Transit Center CFD generates revenues from two sources: special tax assessments that the City utilizes to secure bond issuances, and impact fees paid by developers. In FY 2018-19, TJPA should receive approximately \$12 million in open space impact fees towards construction of the rooftop park, and \$16 million in transportation impact fees for Phase 2. While the \$12 million is anticipated early in the fiscal year, the Phase 2 funds may not be received until the latter part of the year—fees are transferred by the San Francisco Planning Department after payment by developers. This could push performance of Phase 2 work out, stretching it into FY 2019-20.

DRAFT FY 2018-19 OPERATING BUDGET:

With the opening of the temporary terminal, the TJPA began incurring operating costs in FY 2010-11. Operations at the temporary terminal will continue until the new transit center is completely open for bus service, which is anticipated in August 2018.

FY 2018-19 Operating Expenses

The TJPA FY 2018-19 draft operating budget as proposed by staff totals \$40,423,900, but two scenarios are shown, as discussed later in this report. For budgeting purposes, staff has assumed two months of operations at the temporary terminal, and a full year of operations at the transit center. TJPA staff has worked with the asset manager, Lincoln Property Company (LPC), to refine the operating budget numbers now that a majority of the service contracts either have been or are in the process of being awarded. Some line items may be adjusted before the final operating budget is presented in June but the bottom line numbers are not expected to change significantly.

The draft operating budget includes the following estimated expenses for two months at the temporary terminal:

- Temporary terminal facility management, including utilities (\$176,600)
- Parking Control Officers to manage bus traffic operations in the vicinity (\$22,000)
- Temporary terminal Insurance (\$10,400)

Total: \$209,000

The draft transit center operating budget includes estimated costs for security, operations and maintenance, and insurance as follows:

- Transit center operations & maintenance (O&M), including janitorial, maintenance, and utilities (\$8.2 million)
- Transit center security (\$7.6 million)

- Transit center marketing costs and leasing commissions (\$3.5 million)
- Transit center property management staffing, administrative costs, and fee (\$3.1 million)
- Rooftop park maintenance, programming and management fee (\$1.5 million)
- Digital content / wayfinding systems development and maintenance (\$1 million)
- Transit Center Insurance (\$0.9 million)

Total: \$25.9 million

As noted in the April budget outlook, it is generally assumed that the Transit Center will be diligently serviced and attentively cleaned, with an emphasis on systematic preventive maintenance and programmed janitorial and groundskeeping activities. LPC will conduct repair and upkeep at frequencies following typical industry best practices that, in the case of preventive maintenance, follow as closely to original equipment manufacturer recommendations as is practical. The goal of this performance-based facility management model is to achieve a required level of performance, reliability, and appearance while minimizing costs.

Security includes San Francisco Police (SFPD) and private security guards and ambassadors under the contract with Allied Universal. Security levels will be sufficient to secure the building following turnover from the construction contractor; implement the public safety and security concept of operations; deter, respond to, manage and recover from all security or safety events and contingencies; and manage the Security Operations Center. The security model assumes that SFPD would be assigned primarily to roving patrols, community policing activities, and response to emergency situations. The primary fixed post responsibilities would reside with the contracted security guard service.

The estimate for Transit Center insurance reflects current market conditions for all-risk and terrorism coverage for basic insurance against damage and loss of use resulting from most insurable events, with the exception of flood and earthquake. Market capacity for terrorism coverage may be limited or unavailable at the time the policy is requested, but the draft budget estimate includes this coverage at this time.

For the first time since program inception, the proposed operating budget also includes various TJPA administrative costs, as Phase 1 closes out. These costs were all previously capitalized as part of the cost to construct the transit center; however, they are now more appropriately included in the operating budget. As Phase 1 closeout may stretch several months and because work on Phase 2 will continue to be capitalized, the operating budget includes just a portion of TJPA salaries, benefits, and administrative expenses, as noted above.

- TJPA staff salaries & benefits (\$1.3 million)
- TJPA administration, including office expenses and the other administrative categories included in the capital budget (\$0.6 million)
- CBD special tax assessments (\$67,000)
- A portion of legislative advocacy costs, the other portion being carried in the Phase 2 capital budget (\$131,750)
- Debt service costs for the second half of the fiscal year, the first half being carried in the Phase 1 capital budget (\$2.1 million, covered by Net Tax Increment revenue)

Total: \$4.2 million

For costs that are allocated between capital and operating, the apportionment is shown below:

Budget Category	Phase 1	%	Phase 2	%	Ops	%	Total
<i>Salaries/Benefits</i>	\$1,247,400	39%	\$677,100	21%	\$1,313,750	41%	\$3,238,250
<i>Administration</i>	\$1,263,095	64%	\$124,025	6%	\$577,600	29%	\$1,964,720
<i>Audit</i>	\$24,000	50%	-	-	\$24,000	50%	\$48,000
<i>Lobbyists</i>	-	-	\$130,750	50%	\$130,750	50%	\$261,500
<i>Legal Counsel</i>	\$3,283,600	87%	-	-	\$500,000	13%	\$3,783,600
<i>Debt Service</i>	\$1,287,400	38%	-	-	\$2,090,700	62%	\$3,378,100

FY 2018-19 Non-operating and Operating Revenues

The FY 2018-19 operating budget includes revenues from RM-2 bridge toll funds, Community Benefits District assessments, transit center revenues, cellular antennae fees, and small amounts of revenue from the temporary terminal. These are described further below.

Non-operating revenue

- TJPA receives an annual allocation of RM-2 bridge toll funds for operations. The allocation for FY 2018-19 is discussed in more detail in the separate Board item on the agenda (*\$8 million*)
- Net tax increment revenue generated by the former State-owned parcels is pledged for debt service, as noted above (*\$2.1 million*)
- The East Cut Community Benefit District (CBD) was formed in 2015 (as the Greater Rincon Hill CBD) as a special assessment district to fund specified services to improve quality of life in the neighborhood surrounding the transit center, including operation and maintenance of green spaces in the district. Under the CBD Management Plan, the CBD will provide up to 79.18% of the annual budget to operate and maintain the rooftop park (*\$1.2 million*)
- TJPA will likely be able to sublease its office space in the 201 Mission building after moving to offices in the transit center in fall of 2018; the 201 Mission office lease term is through March of 2021. TJPA achieved cost recovery of approximately 80% in a previous sublease of a portion of office space—for conservative budgeting purposes the FY 2018-19 budget assumes 75% cost recovery for the subleased space given the volume of sublease office space available in downtown San Francisco.

Operating revenue

- Salesforce payments for naming rights will equal \$10.1 million at the commencement of bus operations at the transit center and fulfillment of TJPA’s other obligations under the naming rights agreement. Approximately \$4 million of this amount is included in the capital budget to fund base building and tenant improvements, under the conservative assumption that only \$25 million of the City Financing may be utilized for these costs. As the Cost Review Committee that governs and approves use of the City Financing will not make a decision regarding funding of the remaining improvement costs until later in 2018, staff recommends putting the balance of the naming rights payment into the O&M Reserve, in case it is needed to cover these costs in the next fiscal year. However, a second operating budget scenario is shown, where this contribution to the reserve is not

made, and transit operator contributions are reduced (*\$5.2 million*)

- While minimal in initial years until stabilization, it is anticipated that revenues from transit center pop-up retail, sponsorship, events, and advertising will begin to flow in this fiscal year (*\$4.7 million*)
- Boingo Wireless is installing the neutral host distributed antennae system (cellular DAS) in the transit center, and has paid \$2.25 million to-date per the payment schedule in the cellular DAS agreement, which has been placed in the O&M Reserve. The agreement includes additional payments at the signing of cellular carriers and a minimum annual revenue guarantee, which are included in the FY 2018-19 budget (*\$1.4 million*)
- TJPA will continue to collect rent from Greyhound and Amtrak for the temporary terminal and the transit center. Following cessation of bus operations at the temporary terminal, the southern third of the block, known as Block 2, will be leased to an adjacent property developer for activation (*\$0.6 million*)

Operating Contingency, Reserve, and Operator Contributions

The TJPA Reserve Policy establishes three types of reserves: Emergency Reserve, Fiscal Reserve, and an O&M Reserve. The Emergency Reserve is set at \$500,000 by the policy and would be used in extraordinary events such as a natural disaster. If needed, it would be funded with existing unrestricted fund balance. The O&M Reserve and the Fiscal Reserve have similar purposes; thus just one line item for Operating Contingency, at 15% of the transit center operating budget line items, has been included in the proposed operating budget, and if needed would be funded with existing O&M Reserve funds.

In November 2017, the Board approved updates to the Reserve Policy that included establishing a goal to hold an amount equal to 25% of the operating budget in the O&M Reserve. This approximates three months of operating expenses and is intended to be available in the event of unanticipated revenue shortfalls and/or unavoidable expenses. For FY 2018-19, 25% of the operating expenses, not including debt service, is \$7.2 million. The anticipated balance at the end of FY 2017-18 is \$8.9 million, leaving \$1.7 million that could be put towards covering planned FY 2018-19 costs.

Any differential between operating costs and operating revenues is anticipated to be covered by the transit operators utilizing the transit center facilities. The primary tenants are AC Transit and the San Francisco Municipal Transportation Agency, who in turn will enter into subleases as appropriate for their exclusive use spaces with other operators. As transit center revenues are not expected to be maximized and stabilized until at least the third year of operations, the burden on the transit operators to cover deficits could be substantial.

Staff has thus included two operating budget scenarios for the Board's consideration and comment. The first scenario, the \$40,423,900 staff-proposed budget, includes a contribution to the O&M Reserve of \$5.2 million from the Early Naming Rights Payment. This results in a balance of \$9,322,891 to come from Other Regional Contributions.

If no contribution to the O&M Reserve is made, the amount of the existing reserve that should be spent would be reduced. Setting use of the reserve to equal the Operating Contingency would result in a total budget of \$35,229,500, of which Other Regional Contributions would be \$7,132,825. It should be noted that Regional Measure 3 (RM-3) is on the June ballot and

includes \$5 million for transit center operations. If the ballot measure passes and the \$5 million is available during FY 2018-19, contributions from transit operators would be reduced as shown below:

	<u>Staff-proposed Budget</u>	<u>Alternate Budget</u>
Budget Amount:	\$40,423,900	\$35,229,500
Contribution to Reserve:	\$5,194,400	-
Use of Reserve:	\$6,893,434	\$3,889,100
Operator Contributions:	\$9,322,891	\$7,132,825
AC Transit (74%)	\$6,898,939	\$5,278,291
MTA (26%)	\$2,423,952	\$1,854,535
Remaining Reserve:	\$7,187,425	\$4,997,359
 <i>With RM-3</i>		
Operator Contributions:	\$4,322,891	\$2,132,825
AC Transit (74%)	\$3,198,939	\$1,578,291
MTA (26%)	\$1,123,952	\$554,534

Understanding that Board members must take into consideration the financial situations of their own agencies, staff defers to the Board and will follow the Board’s guidance for preparation of the final budget to be presented in June.

Planning for transit center operations has evolved over the past year, thus a comparison of the various operating proposals that has been presented is included as Attachment 3 for reference. As was noted at the time the Preliminary Operating Projections were presented in January 2018, those projections assumed use of the full O&M Reserve balance, including all naming rights payments. This assumption was for illustrative purposes only and did not represent either a recommendation or prudent financial best practices.

BOARD RESOLUTION AUTHORIZATION:

The TJPA Board provides expenditure authorization to staff in several ways. For most expenditures, the Board approves a contract with a vendor that governs the duration and cost of the goods and services to be provided. However, not all expenditures are based on vendor contracts—generally administrative items such as salaries, benefits and other office expenses. These items in the proposed budgets are designated as the several line items in italics. By approving the budget request, the Board would provide expenditure authorization for those line items that are not based on contracts.

In some cases, the TJPA’s funding partners require that funding applications be approved by the TJPA Board. Others do not include this requirement. For clarification, and as in previous fiscal years, the FY 2018-19 budget resolution will include language authorizing the TJPA’s Executive Director to apply for, accept, and expend funds for Board approved expenditures in the annual budget.

BOARD BUDGET REVIEW PROCESS:

Staff will return to the Board on a quarterly basis to report on the status of “budget vs. actual” expenditures and revenues. Staff may also return to the Board for review and approval of one or more budget amendments, if changes in circumstances warrant.

ENCLOSURES:

1. FY 2018-19 Draft Capital Budget (Attachment 1)
2. FY 2018-19 Draft Operating Budget (Attachment 2)
3. Comparison of Previous Transit Center Operating Proposals (Attachment 3)

RECOMMENDATION:

Information only; Final Budget to be presented for approval at June Board meeting.

Transbay Joint Powers Authority
Draft Fiscal Year 2018-19 Capital Budget Request

	FY 2017-18 Budget Amendment 1	FY 2018-19 DRAFT Budget	\$ Change	% Change	Phase 1	Phase 2
CAPITAL EXPENDITURES ¹						
Salaries & Benefits						
Salaries	2,543,300	1,436,100	(1,107,200)	-43.5%	930,100	506,000
Benefits	873,600	488,400	(385,200)	-44.1%	317,300	171,100
Subtotal, Salaries & Benefits	\$ 3,416,900	\$ 1,924,500	\$ (1,492,400)	-43.7%	\$ 1,247,400	\$ 677,100
Administration						
Rent	730,000	313,320	(416,680)	-57.1%	313,320	-
Insurance	82,500	77,700	(4,800)	-5.8%	77,700	-
Office Expenses	86,000	142,700	56,700	65.9%	107,025	35,675
Office Moving Expenses & Other One-Time Costs	-	500,000	500,000	n/a	500,000	-
Communications	69,000	47,700	(21,300)	-30.9%	35,775	11,925
Information Technology Support	130,000	201,100	71,100	54.7%	150,825	50,275
Travel/Conferences	38,000	22,700	(15,300)	-40.3%	17,025	5,675
Professional Development	28,000	11,800	(16,200)	-57.9%	8,850	2,950
Board Expenses	16,000	12,000	(4,000)	-25.0%	9,000	3,000
Meeting Expenses	8,000	2,700	(5,300)	-66.3%	2,025	675
Benefits Administration / Payroll Services	20,000	15,000	(5,000)	-25.0%	11,250	3,750
Miscellaneous	35,000	40,400	5,400	15.4%	30,300	10,100
Subtotal, Administration	\$ 1,242,500	\$ 1,387,120	\$ 144,620	11.6%	\$ 1,263,095	\$ 124,025
Professional & Specialized Services						
Engineering & Design Services						
Program Management / Program Controls (incl. Risk Assessments)	6,440,400	5,260,000	(1,180,400)	-18.3%	1,500,000	3,760,000
Downtown Extension Preliminary Engineering & Design	3,839,400	11,600,000	7,760,600	202.1%	-	11,600,000
Downtown Extension Interagency Coordination	19,100	300,000	280,900	1470.7%	-	300,000
Transit Center & Ramps Engineering & Design	3,450,300	2,000,000	(1,450,300)	-42.0%	2,000,000	-
Transit Center Traffic Signals	178,100	100,000	(78,100)	-43.9%	100,000	-
Transit Center Overhead Lines	530,000	200,000	(330,000)	-62.3%	200,000	-
Transit Center Commissioning Agent	260,000	347,300	87,300	33.6%	347,300	-
Bus Storage Engineering & Design	699,200	240,000	(459,200)	-65.7%	240,000	-
Environmental Consultant / Building and Soil Haz. Mat.	50,000	1,000	(49,000)	-98.0%	1,000	-
Public Art Program	279,600	1,000,000	720,400	257.7%	1,000,000	-
Other Engineering & Design Services	393,700	526,200	132,500	33.7%	134,700	391,500
Permits and Fees						
Transit Center Building & Ramps Permits & Fees (incl. DBI)	295,200	200,000	(95,200)	-32.2%	200,000	-
Bus Storage Permits & Fees	170,000	25,000	(145,000)	-85.3%	25,000	-
DTX Permits & Fees	2,000	-	(2,000)	-100.0%	-	-
Construction Management						
Construction Management Oversight for Transit Center	10,139,700	3,800,000	(6,339,700)	-62.5%	3,800,000	-
Construction Management for Bus Storage	1,200,500	150,000	(1,050,500)	-87.5%	150,000	-
Construction Dispute Resolution Services (not incl. attorneys)	100,000	100,000	-	0.0%	100,000	-
Construction						
Transit Center Building & Bus Ramp Construction	338,692,300	102,081,700	(236,610,600)	-69.9%	102,081,700	-
Base Building Improvements / Tenant Improvements	-	27,918,300	27,918,300	n/a	27,918,300	-
Bus Storage Construction	23,200,200	1,000,000	(22,200,200)	-95.7%	1,000,000	-
Real Estate Services						
Property Management	9,000	9,000	-	0.0%	9,000	-
ALTA / Design Surveys	30,000	-	(30,000)	-100.0%	-	-
Miscellaneous Real Estate Services	120,000	120,000	-	0.0%	-	120,000
Planning & Environmental Analysis						
Economic and Real Estate Analysis	39,700	13,100	(26,600)	-67.0%	13,100	-

Transbay Joint Powers Authority
Draft Fiscal Year 2018-19 Capital Budget Request

	FY 2017-18 Budget Amendment 1	FY 2018-19 DRAFT Budget	\$ Change	% Change	Phase 1	Phase 2
Administrative Services						
Outside Legal Counsel	5,532,000	3,283,600	(2,248,400)	-40.6%	3,283,600	-
Financial & Grant Management	254,800	310,000	55,200	21.7%	190,000	120,000
Accounting Software, Installation, and Maintenance	40,000	30,350	(9,650)	-24.1%	30,350	-
Audit Services	48,000	24,000	(24,000)	-50.0%	24,000	-
<i>Credit Rating Analysis</i>	27,500	27,500	-	0.0%	27,500	-
<i>Loan Servicing Fees and Interest</i>	3,271,800	1,287,400	(1,984,400)	-60.7%	1,287,400	-
<i>CBD Special Tax Assessment</i>	73,000	-	(73,000)	-100.0%	-	-
<i>Trustee Account Services</i>	2,000	1,100	(900)	-45.0%	1,100	-
Community & Public Relations	100,000	75,000	(25,000)	-25.0%	75,000	-
Legislative Services	268,000	130,750	(137,250)	-51.2%	-	130,750
Disadvantaged and Small Business Program	25,000	-	(25,000)	-100.0%	-	-
Other Intergovernmental Agreements / Other Consulting Assistance	50,000	50,000	-	0.0%	30,000	20,000
Subtotal, Professional & Specialized Services	\$ 399,830,500	\$ 162,211,300	\$ (237,619,200)	-59.4%	\$ 145,769,050	\$ 16,442,250
TOTAL EXPENDITURES	\$ 404,489,900	\$ 165,522,920	\$ (238,966,980)	-59.1%	\$ 148,279,545	\$ 17,243,375

CAPITAL FUNDING SOURCES ²**Committed Funding Sources**

FTA Bus Facility, Alternatives Analysis, OBAG, PNRS Grants	5,247,500	1,135,500	(4,112,000)		1,135,500	-
Regional Measure 2	1,558,600	557,000	(1,001,600)		557,000	-
AB 1171 Bridge Tolls	2,458,500	214,000	(2,244,500)		214,000	-
Proposition K San Francisco Sales Tax	11,969,300	1,801,300	(10,168,000)		1,463,700	337,600
AC Transit Capital Contribution	-	143,100	143,100		143,100	-
Land Sales Proceeds	14,338,400	5,150,000	(9,188,400)		5,150,000	-
Bridge Loan Proceeds	3,316,700	524,400	(2,792,300)		524,400	-
TIFIA Proceeds	101,550,700	17,415,000	(84,135,700)		17,415,000	-
City Financing Proceeds	141,057,500	39,923,000	(101,134,500)		39,923,000	-
Mello-Roos Community Facilities District Impact Fees	2,000	775,025	773,025		-	775,025
Mello-Roos Community Facilities District Bond Proceeds	119,023,400	62,725,845	(56,297,555)		62,725,845	-
Early Naming Rights Payment	-	3,918,300	3,918,300		3,918,300	-
Net Tax Increment Revenue	3,288,800	1,288,200	(2,000,600)		1,288,200	-
Lease Income	95,000	95,000	-		-	95,000
Interest Income	258,500	313,250	54,750		277,500	35,750
Reimbursements by Others (Utilities, Adjacent Properties)	325,000	1,500,000	1,175,000		1,500,000	-
Subtotal, Committed Funding Sources	\$ 404,489,900	\$ 137,478,920	\$ (267,010,980)		\$ 136,235,545	\$ 1,243,375

Planned Funding Sources

Mello-Roos Community Facilities District Impact Fees	-	28,044,000	28,044,000		12,044,000	16,000,000
Subtotal, Planned Funding Sources	\$ -	\$ 28,044,000	\$ 28,044,000		\$ 12,044,000	\$ 16,000,000

TOTAL FUNDING SOURCES \$ 404,489,900 \$ 165,522,920 \$ (238,966,980) \$ 148,279,545 \$ 17,243,375

1: Italics indicate those line items for which the approval of the expenditure amount provides expenditure authorization from the Board. Other line items are generally authorized through contract approvals.

2: TJPA's capital revenues are multi-year, and do not lapse at the end of a fiscal year. Revenues that are budgeted in one fiscal year, but not utilized, will carry forward.

Transbay Joint Powers Authority
Draft Fiscal Year 2018-19 Operating Budget Request

	FY 2017-18 Operating Budget Amendment 1	FY 2018-19 DRAFT Operating Budget with O&M Reserve Contribution	\$ Change	%	FY 2018-19 DRAFT Operating Budget without O&M Reserve Contribution	\$ Change	%
				Change			Change
OPERATING EXPENSES							
<i>Temporary Terminal</i>							
Temp Terminal Facility Management, Security & Utilities	1,075,300	176,600	(898,700)	-83.6%	176,600	(898,700)	-83.6%
AC Transit Additional Operating Support	1,950,000	-	(1,950,000)	-100.0%	-	(1,950,000)	-100.0%
Parking Control Officers	130,000	22,000	(108,000)	-83.1%	22,000	(108,000)	-83.1%
Insurance	59,300	10,400	(48,900)	-82.5%	10,400	(48,900)	-82.5%
Subtotal, Temporary Terminal	3,214,600	209,000	(3,005,600)	-93.5%	209,000	(3,005,600)	-93.5%
<i>Transit Center</i>							
Transit Center Maintenance	2,516,500	3,451,300	934,800	37.1%	3,451,300	934,800	37.1%
Transit Center Janitorial	1,272,000	2,598,000	1,326,000	104.2%	2,598,000	1,326,000	104.2%
Transit Center Utilities	63,800	2,160,800	2,097,000	3286.8%	2,160,800	2,097,000	3286.8%
Park Maintenance & Programming	295,800	747,100	451,300	152.6%	747,100	451,300	152.6%
Park Management Fee & Administration	798,000	798,000	-	0.0%	798,000	-	0.0%
Digital Content Management & Wayfinding Systems	839,400	1,040,500	201,100	24.0%	1,040,500	201,100	24.0%
Marketing & Leasing Commissions	635,800	3,518,400	2,882,600	453.4%	3,518,400	2,882,600	453.4%
Asset Management Fee & Administration	211,000	3,119,200	2,908,200	1378.3%	3,119,200	2,908,200	1378.3%
Security	2,136,800	7,644,300	5,507,500	257.7%	7,644,300	5,507,500	257.7%
Insurance	851,700	850,000	(1,700)	-0.2%	850,000	(1,700)	-0.2%
Subtotal, Transit Center	9,620,800	25,927,600	16,306,800	169.5%	25,927,600	16,306,800	169.5%
<i>Program</i>							
TJPA Staff Salaries & Benefits	-	1,313,750	1,313,750	n/a	1,313,750	1,313,750	n/a
TJPA Administration	-	577,600	577,600	n/a	577,600	577,600	n/a
Community Benefits District Special Tax Assessments	-	67,000	67,000	n/a	67,000	67,000	n/a
Audit Services	-	24,000	24,000	n/a	24,000	24,000	n/a
Legal Services	-	500,000	500,000	n/a	500,000	500,000	n/a
Legislative Advocacy Services	-	130,750	130,750	n/a	130,750	130,750	n/a
Loan Servicing Fees & Interest	-	2,090,700	2,090,700	n/a	2,090,700	2,090,700	n/a
Subtotal, Program	-	4,703,800	4,703,800	n/a	4,703,800	4,703,800	n/a
RESERVES & CONTINGENCY							
Emergency Reserve	500,000	500,000	-	0.0%	500,000	-	0.0%
Operating Contingency	1,443,100	3,889,100	2,446,000	169.5%	3,889,100	2,446,000	169.5%
O&M Reserve Contributions	-	5,194,400	5,194,400	n/a	-	-	0.0%
Subtotal, Reserves & Contingency	1,943,100	9,583,500	7,640,400	393.2%	4,389,100	2,446,000	125.9%
TOTAL OPERATING EXPENSES + CONTINGENCY	\$ 14,778,500	\$ 40,423,900	\$ 25,645,400	173.5%	\$ 35,229,500	\$ 20,451,000	138.4%

	FY 2017-18 Operating Budget Amendment 1	FY 2018-19 DRAFT Operating Budget with O&M Reserve Contribution	\$ Change	FY 2018-19 DRAFT Operating Budget without O&M Reserve Contribution	\$ Change
NON-OPERATING REVENUES					
Regional Measure 2	7,856,100	8,026,000	169,900	8,026,000	169,900
Net Tax Increment Revenue	-	2,090,700	2,090,700	2,090,700	2,090,700
Community Benefit District Park Payments	657,250	1,223,400	566,150	1,223,400	566,150
201 Mission Office Sublease	-	324,525	324,525	324,525	324,525
Subtotal, Non-Operating Revenue	8,513,350	11,664,625	3,151,275	11,664,625	3,151,275
OPERATING REVENUES					
Other Regional Contributions	1,410,750	9,322,891	7,912,141	7,132,825	5,722,075
AC Transit	1,043,955	6,898,939	5,854,984	5,278,291	4,234,336
SF Municipal Transportation Agency	366,795	2,423,952	2,057,157	1,854,535	1,487,740
Transit Center Retail Revenue	-	1,351,400	1,351,400	1,351,400	1,351,400
Transit Center Sponsorship / Event Revenue	-	947,400	947,400	947,400	947,400
Transit Center Advertising Revenue	-	2,417,200	2,417,200	2,417,200	2,417,200
Neutral Host DAS Licensing Fees	1,250,000	1,375,000	125,000	1,375,000	125,000
Naming Rights	1,010,000	5,194,400	4,184,400	5,194,400	4,184,400
Temporary Terminal Rents	330,500	347,200	16,700	347,200	16,700
Other Operator Rents	-	279,600	279,600	279,600	279,600
Temp Terminal Advertising	38,400	-	(38,400)	-	(38,400)
Subtotal, Operating Revenue	\$ 4,039,650	\$ 21,235,091	\$ 17,195,441	\$ 19,045,025	\$ 15,005,375
OTHER SOURCES					
Use of Fund Balance	500,000	630,750	130,750	630,750	130,750
Use of Operating & Maintenance Reserve	1,725,500	6,893,434	5,167,934	3,889,100	2,163,600
Subtotal, Other Sources	\$ 2,225,500	\$ 7,524,184	\$ 5,298,684	\$ 4,519,850	\$ 2,294,350
TOTAL OPERATING SOURCES	\$ 14,778,500	\$ 40,423,900	\$ 25,645,400	\$ 35,229,500	\$ 20,451,000

Comparison of Operating Budget Proposals

	Aug-17	Nov-17	Jan-18	May-18	Notes
OPERATING EXPENSES					
Temporary Terminal Operations	-	-	-	209,000	Previously assumed to be closed by June 30, 2018
Transit Center Maintenance	9,260,000	3,846,282	3,370,500	3,451,300	Asset manager staffing included here in Aug-17; recategorized to Asset Management Fee & Admin
Transit Center Janitorial	2,450,000	4,105,851	2,586,900	2,598,000	Staffing level excessive in Nov-17 estimate
Transit Center Utilities	1,150,000	2,287,417	2,287,400	2,160,800	Estimate increased in Nov-17 in line with Asset Mgr experience at comparable facility
Park Maintenance & Programming	1,040,000	795,500	687,500	747,100	Numbers evolved as BRV continued to refine program
Park Management Fee & Administration	798,000	798,000	798,000	798,000	
Digital Content Management & Wayfinding Systems	260,000	1,135,326	908,200	1,040,500	Aug-17 amount did not take development costs into account; May-18 considers first year installation
Marketing, Commissions, Tenant Improvements	570,000	2,474,115	2,384,800	3,518,400	Revisions to amounts to be consistent with lease-up schedule
Asset Management Fee & Administration	290,000	3,259,811	2,958,500	3,119,200	Asset manager staffing included in Maintenance in Aug-17; recategorized here in Nov-17
Security	6,500,000	6,500,000	7,609,300	7,644,300	Contract amounts known in Jan-18
Insurance	1,480,000	1,480,000	1,480,000	850,000	Premium estimate based on latest market knowledge
TJPA Staff & Administration (not including debt service)	3,050,000	3,050,000	3,000,000	2,613,100	Portion of cost continues to be carried in capital budget as of May-18
Subtotal	26,848,000	29,732,302	28,071,100	28,749,700	
RESERVES & CONTINGENCY					
Emergency Reserve	500,000	500,000	500,000	500,000	
Operating Contingency	3,569,700	4,002,300	4,000,000	3,889,100	
Contribution to O&M Reserve	-	-	-	5,194,400	
Subtotal, Reserves & Contingency	4,069,700	4,502,300	4,500,000	9,583,500	
TOTAL OPERATING EXPENSES + CONTINGENCY	\$ 30,917,700	\$ 34,234,602	\$ 32,571,100	\$ 38,333,200	
NON-OPERATING REVENUES					
Regional Measure 2	8,026,000	8,026,000	8,026,000	8,026,000	
Community Benefit District Park Payments	1,470,400	1,274,800	1,188,400	1,223,400	
201 Mission Office Sublease	-	-	-	324,525	Assumption newly developed for FY19
Subtotal, Non-Operating Revenue	9,496,400	9,300,800	9,214,400	9,573,925	
OPERATING REVENUES					
Other Regional Contributions	9,309,800	12,133,467	803,742	9,322,891	Jan-18 estimate assumed using full O&M Reserve amount for illustrative purposes only
Transit Center Retail Revenue	1,180,000	2,693,564	1,313,500	1,351,400	
Transit Center Sponsorship / Event Revenue	2,150,000	1,273,868	1,273,900	947,400	
Transit Center Advertising Revenue	1,550,000	1,026,004	1,026,000	2,417,200	
Neutral Host DAS Licensing Fees	875,000	875,000	875,000	1,375,000	Higher amount assumes signing a third carrier
Naming Rights	-	-	-	5,194,400	
Other Operator & Temp Terminal Rents	-	575,399	575,400	626,800	
Subtotal, Operating Revenue	\$ 15,064,800	\$ 18,577,302	\$ 5,867,542	\$ 21,235,091	
OTHER SOURCES					
Use of Fund Balance	500,000	500,000	500,000	630,750	
Use of Operating & Maintenance Reserve	5,856,500	5,856,500	16,989,158	6,893,434	Jan-18 estimate assumed using full O&M Reserve amount for illustrative purposes only
Subtotal, Other Sources	\$ 6,356,500	\$ 6,356,500	\$ 17,489,158	\$ 7,524,184	
TOTAL OPERATING SOURCES	\$ 30,917,700	\$ 34,234,602	\$ 32,571,100	\$ 38,333,200	