

**STAFF REPORT FOR CALENDAR ITEM NO.: 11  
FOR THE MEETING OF: November 10, 2022**

**TRANSBAY JOINT POWERS AUTHORITY**

**BRIEF DESCRIPTION:** Adoption of Board Policy No. 021: Capital Improvement Plan (CIP) Policy and Amendment to Board Policy No. 012: Reserve Policy.

**SUMMARY:**

**Amendment to Board Policy No. 012: Reserve Policy**

The TJPA Board approved Board Policy No. 012: Reserve Policy on October 27, 2006 and approved amendments to Reserve Policy on September 9, 2010, November 9, 2017, and March 12, 2020. The current policy includes four reserves: an Emergency Reserve to be used in case of extraordinary events, a Fiscal Reserve to be used for working capital, an Operating and Maintenance (O&M) reserve to be used in the event of unanticipated revenue shortfalls and unavoidable expenditure needs, and a Capital Replacement Reserve to pay for necessary periodic major maintenance and lifecycle expenditures.

The Reserve Policy sets the Emergency Reserve at \$500,000, the Fiscal Reserve at 15% of the annual budgeted expenses not including Right of Way costs, and the Operating and Maintenance Reserve at 25% of the annual budgeted operating and maintenance expenses. The current policy does not set a targeted amount for the Capital Replacement Reserve.

The proposed amendment to the Reserve Policy establishes a goal to maintain a balance in the Capital Replacement Reserve sufficient to fund anticipated periodic major maintenance and lifecycle costs for the next seven years, and provides guidance for the use of and contributions to the reserve, all in coordination with the proposed new Board Policy No. 021: Capital Improvement Plan (CIP) Policy, discussed below. The seven-year planning horizon allows time for TJPA staff and the TJPA Board to identify and secure funds for critical capital maintenance and repair costs. The planned uses of the reserve will be determined based on the CIP, which will be developed as directed by the proposed CIP Policy and approved by the TJPA Board of Directors. Uses of the Capital Replacement Reserve will be authorized by the Board of Directors during the annual budget process. Contributions to the Capital Replacement Reserve will be authorized by the Board of Directors in the annual budget, as well as by the Executive Director. Potential sources of funds for such contributions may include, but are not limited to, interest and investment earnings, lease and other operating income, net tax increment revenues to the extent that costs are eligible, and other funds designated for reserve purposes such as one-time sources of otherwise unrestricted funds and contributions from primary tenants.

**New Board Policy No. 021: Capital Improvement Plan (CIP) Policy**

A Capital Improvement Plan (CIP) assists an agency in maintaining its assets in a state of good repair while planning for future needs. A CIP identifies capital projects and equipment purchases, provides a planning schedule, and identifies options for funding the plan.

Given the recent completion of the Salesforce Transit Center, the TJPA has not previously established a CIP policy. Now that the facility is complete, staff has developed a proposed new Board Policy No. 021: Capital Improvement Plan (CIP) Policy. A CIP and its development process are integral to TJPA's compliance with the Federal Transit Administration's (FTA) Transit Asset Management (TAM) Plan rules and regulations. As described by the FTA, "Every agency must develop a transit asset management (TAM) plan if it owns, operates, or manages capital assets used to provide public transportation and receives federal financial assistance under 49 U.S.C. Chapter 53 as a recipient or subrecipient."

The CIP Policy provides a framework for developing and updating the CIP, including goals and evaluation criteria for the prioritization of projects and expenditures. The CIP will include a list of fiscally constrained projects for near term implementation and a fiscally unconstrained plan of agency priority projects, such as the pedestrian connector to BART/Muni and the Intercity Bus Facility.

### **CIP Goals**

The CIP Policy provides a set of goals to guide the CIP development, as follows:

- Safety and Security
- Compliance with Regulatory or Mandated Requirements
- Maintain State of Good Repair
- Attracting and Retaining Ridership
- Enhancing Regional Mobility
- Responsiveness to Emerging Needs
- Fiscal Sustainability
- Environmental Sustainability
- Social Equity
- Reduce Operating and/or Capital Costs
- Risk Mitigation
- Innovation & Technology
- Workforce Development

### **CIP Development Process**

Under the CIP Policy, the CIP will have a twenty-year planning horizon to ensure that staff and the Board are aware of and can plan for potentially very large capital replacement needs in the outer years of the planning horizon. Many other transit agencies have shorter planning horizons for their CIPs. However, other agencies typically have a broad portfolio of assets with different ages and corresponding repair and replacement needs. The TJPA's primary asset is the Salesforce Transit Center. With such a large, new facility, the TJPA will need to plan for its extensive lifecycle maintenance and replacement needs farther in the future to ensure that adequate funds are available when needed. Staff anticipates that the CIP will be organized with annual information for Years 1 through 5 and consolidated information for Years 6 through 10 and Years 11 through 20. Staff anticipates that there will be both fiscally constrained and unconstrained elements to the CIP. The Executive Director will approve written procedures for the CIP development that are consistent with the CIP Policy.

The CIP will be developed and evaluated by staff, reviewed by the Executive Director, and adopted by the Board of Directors. The CIP will be updated annually or sooner if a major change is needed. For the initial CIP and each update, staff will conduct a call for projects by asking staff for a list of capital projects with information necessary for evaluation such as expected timelines, approximate total costs, project description, and which agency goals are fulfilled by the project. The proposed projects should be developed based on the capital asset inventory, major capital project plans, TJPA Board direction, and emerging needs.

TJPA has retained a professional asset manager, LPC, to provide asset management services for the Salesforce Transit Center. Among other things, LPC is tasked with supporting preparation of a capital budget with a 5-year time horizon to fund the maintenance and repair of the Transit Center, and preparing annual updates thereto.

In the preparation of the CIP, all capital project requests will be evaluated and prioritized based upon criteria, including, but not limited to, the following:

- Alignment with CIP goals
- Risk to health and safety
- Response to regulatory or mandated requirements
- Response to emergencies and exigencies
- Asset condition, annual recurring cost and longevity
- Asset management and preventive maintenance requirements
- Quality of service
- Useful life benchmarks
- Project readiness, the total project cost and schedule for completion
- Potential and available sources of funding
- Consequences of not funding the projects
- Alternatives considered

Staff will present the recommended project list to the Executive Director, who will approve the final recommended list of projects to be recommended to the Board of Directors for approval, in conjunction with the annual budget development process. Years 1 through 3 of the CIP would be the basis for the CIP capital budget for the upcoming fiscal year.

The CIP provides direction to TJPA staff to seek innovative new funding sources to complete the fiscally unconstrained projects in the CIP. TJPA staff will prioritize efforts to seek funding for projects designated as the highest priority in the CIP. Depending on the cost and ease of finding funding for the projects, however, lower-priority projects may be able to move forward faster than higher-priority projects for which funding may take more time to obtain.

In conjunction with the annual CIP update process, the Executive Director shall provide the Board of Directors an annual update to summarize the status of ongoing capital projects.

#### **ENCLOSURES:**

1. Resolution
2. Amendment to Board Policy No. 012: Reserve Policy – clean and redline versions
3. New Board Policy No. 021: Capital Improvement Program (CIP) Policy

**TRANSBAY JOINT POWERS AUTHORITY  
BOARD OF DIRECTORS**

**Resolution No. \_\_\_\_\_**

WHEREAS, The Transbay Joint Powers Authority (TJPA) is a joint powers agency organized and existing under the laws of the State of California; and

WHEREAS, The TJPA is required by the Federal Transit Administration to develop a transit asset management plan as it owns, operates, and manages capital assets used to provide public transportation and receives federal financial assistance under 49 U.S.C. Chapter 53; and

WHEREAS, The TJPA intends to maintain its assets in a state of good repair; and

WHEREAS, The TJPA wishes to adopt a Capital Improvement Plan (CIP) Policy to guide the planning for and implementation of capital projects including periodic major maintenance and lifecycle projects for TJPA assets, and staff has presented a recommended CIP Policy; and

WHEREAS, The TJPA adopted a Reserve Policy in conformance with federal, state and other legal requirements on October 27, 2006; and

WHEREAS, The TJPA has periodically amended the Reserve Policy, including the most recent amendments on March 12, 2020 that, among other things, establish a Capital Replacement Reserve; and

WHEREAS, The TJPA wishes to revise the Reserve Policy to include a goal to maintain a balance in the Capital Replacement Reserve sufficient to fund seven years of anticipated periodic major maintenance and lifecycle costs, update the authorizations for the use of the Capital Replacement Reserve, and include means of adding funds to the Capital Replacement Reserve, and staff has presented a recommended amendment to the Reserve Policy; now, therefore, be it

RESOLVED, That the TJPA Board adopts the new Capital Improvement Plan Policy identified as Board Policy No. 021, as presented herewith; and, be it

FURTHER RESOLVED, That the TJPA Board adopts the amendment to the Reserve Policy identified as Board Policy No. 012, as presented herewith.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of November 10, 2022.

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Secretary, Transbay Joint Powers Authority

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# TRANSBAY JOINT POWERS AUTHORITY

Board Policy No. 012

Category: Financial Matters

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## RESERVE POLICY

### I. Introduction

The purpose of this policy is to set forth appropriate levels of financial reserves to mitigate current and future financial risks, such as revenue shortfalls or unanticipated expenses, short-term cash shortages and to ensure that sufficient funding is available for periodic major maintenance and lifecycle costs, and to set forth the purposes and procedures for and by which the reserve funds may be used for the payment of services or goods.

The Transbay Joint Powers Authority (TJPA) will create four reserves as follows:

1. **Emergency Reserve** is to be used in extraordinary events such as natural disasters or calamities, and unforeseen liabilities caused by Local, Regional, State and Federal legislative actions
2. **Fiscal Reserve** is to be used as working capital.
3. **Operating and Maintenance Reserve** is to ensure that sufficient operating and maintenance funds are available in the event of unanticipated revenue shortfalls and unavoidable expenditure needs.
4. **Capital Replacement Reserve** is to ensure that sufficient funds are available to pay for all reasonably necessary periodic major maintenance and lifecycle expenditures.

All reserves will be funded from eligible revenue sources including but not limited to (1) gains on sale of real property, (2) interest and investment earnings, (3) lease and other operating income, (4) net tax increment revenues to the extent that costs are eligible to be funded in compliance with the restrictions contained in the Pledge Agreement and (5) other funds designated for reserve purposes.

### II. Objectives

The objective of the reserve policy is to help insulate the TJPA from fiscal crisis, provide a positive cash balance, enhance short term and long term financial health to help achieve the highest credit ratings, and to promote long term financial stability by establishing clear and consistent reserve policy guidelines.

### III. General Standards & Delegation of Authority

- A. **Emergency Reserve:** The Emergency Reserve may be used in an emergency situation with the Board of Directors' approval. Emergency situations may include, but are not limited to, extraordinary events such as natural disasters or calamities, and unforeseen liabilities caused by Regional, State and Federal legislative actions. The Emergency Reserve shall be set at five hundred thousand dollars (\$500,000). The Board of Directors must approve the release or addition of any amount from/to the Emergency Reserve. In the event that the Board of Directors' cannot convene in time to respond to an emergency situation, two of the four following TJPA positions may approve the use of the Emergency Reserve: 1) Chair of the Board, 2) Vice Chair of the Board, 3) Executive Director, 4) Chief Financial Officer.
- B. **Fiscal Reserve:** There are often times when an agency experiences disparity between the availability of financial resources and when actual payments are due. The Fiscal Reserve may be used as a short-term cash resource for payment to vendors or contractors prior to the receipt of funds from funding partners. A commitment from the funding partners must be in place prior to the temporary "borrowing" of cash from this reserve. It is the goal of the TJPA to maintain a balance in the Fiscal Reserve equal to fifteen percent (15%) of the annual budgeted expenses not including Right of Way costs. This amount will approximate 60 days of working capital.

The Board of Directors must approve the release of any amount from the Fiscal Reserve or the addition to the Fiscal Reserve above 15%. The TJPA Chief Financial Officer and the TJPA Executive Director may authorize the temporary use of cash from the Fiscal Reserve for cash flow purposes.

- C. **Operating and Maintenance Reserve:** The Operating and Maintenance (O&M) Reserve is established to ensure that sufficient operating and maintenance funds are available in the event of unanticipated revenue shortfalls and unavoidable expenditure needs. The Board shall annually establish the Operating and Maintenance Reserve amount for the following fiscal year. It is the goal of the TJPA to maintain a balance in the Operating and Maintenance Reserve equal to 25% of the annual budgeted operating and maintenance expenses. This amount will approximate three months of operations and maintenance expenses for the Transit Center. This level is expressed as a goal to recognize that fund balances may fluctuate from year-to-year due to the normal course of operations. All available carryover funds may be allocated to this Reserve Fund annually until the reserve reaches the maximum 25% of adopted budget operating appropriations. Whenever reserve funds are used, the reserve shall be replenished as soon as possible.

Expenditures from the Operating and Maintenance Reserve funds must meet at least one of the following criteria:

- Necessary for the safety or security of the public or the facility;

- Required by the Lease and Use Agreements with operators or other agreements or contracts entered into by the TJPA;
- Authorized under the annual Operating and Maintenance budget approved by the Board; or
- Other unforeseen circumstances wherein the use of the reserve funds is deemed necessary by the Executive Director, designee, or by the Board of Directors.

In addition to the expenditures described above, the TJPA may use funds in the Operating and Maintenance Reserve as working capital as described in section III B to fulfill contractual or other obligations. To the extent possible, the use of these funds as working capital should not result in the Operating and Maintenance Reserve balance dropping below two months of direct operating and maintenance costs. The use of the Operating and Maintenance Reserve funds as working capital must be authorized by the Executive Director or designee.

**D. Capital Replacement Reserve:** The Capital Replacement Reserve was initially established as a condition of the TJPA’s execution of its 2010 TIFIA Loan and the accompanying Collateral Agency and Account Agreement. The Capital Replacement Reserve is expected to pay for future periodic major maintenance and lifecycle costs. It is the goal of the TJPA to maintain a balance in the Capital Replacement Reserve sufficient to fund anticipated periodic major maintenance and lifecycle costs for the next seven years. A Capital Improvement Plan (CIP) will detail the required funding of the Capital Replacement Reserve and scheduled uses of the Capital Replacement Reserve funds to pay for anticipated periodic major maintenance and lifecycle costs. TJPA Board Policy 021 – Capital Improvement Plan Policy provides for the development and approval of the CIP.

Expenditures from the Capital Replacement Reserve will be based on the needs identified in the CIP and approved by the Board of Directors through the annual budget process. Contributions to the Capital Replacement Reserve will be authorized through the annual budget process as well as periodically as recommended by the Chief Financial Officer and authorized by the Executive Director.

#### **IV. Internal Controls**

In no case shall the implementation of this policy be inconsistent with the TJPA’s procurement, budget, or internal accounting control policies. The TJPA Chief Financial Officer shall assure that internal accounting controls are followed as required by Board Policy No. 007, “Internal Accounting Control Policy”.

#### **V. Reporting Requirements**

The financial records of the TJPA will segregate the Fiscal Reserve, Emergency Reserve O&M Reserve, and Capital Replacement Reserve by recording activity in a separate account. The TJPA shall incorporate the budgeted and actual Reserve amounts into the quarterly financial reports submitted to the TJPA Board of Directors. The reports will include additions or approved releases of the Reserves and the period ending balances.

## **VI. Reserve Policy Review**

TJPA's Reserve Policy shall be adopted by resolution of the TJPA Board of Directors. This policy shall be reviewed annually by TJPA Staff and Chief Financial Officer. Any modifications to this policy must be approved by resolution of the TJPA Board.



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# TRANSBAY JOINT POWERS AUTHORITY

Board Policy No. 012

Category: Financial Matters

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### II. Objectives

The objective of the reserve policy is to help insulate the TJPA from fiscal crisis, provide a positive cash balance, enhance short term and long term financial health to help achieve the highest credit ratings, and to promote long term financial stability by establishing clear and consistent reserve policy guidelines.

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The Board of Directors must approve the release of any amount from the Fiscal Reserve or the addition to the Fiscal Reserve above 15%. The TJPA Chief Financial Officer and the TJPA Executive Director may authorize the temporary use of cash from the Fiscal Reserve for cash flow purposes.

- C. **Operating and Maintenance Reserve:** The Operating and Maintenance (O&M) Reserve is established to ensure that sufficient operating and maintenance funds are available in the event of unanticipated revenue shortfalls and unavoidable expenditure needs. The Board shall annually establish the Operating and Maintenance Reserve amount for the following fiscal year. It is the goal of the TJPA to maintain a balance in the Operating and Maintenance Reserve equal to 25% of the annual budgeted operating and maintenance expenses. This amount will approximate three months of operations and maintenance expenses for the Transit Center. This level is expressed as a goal to recognize that fund balances may fluctuate from year-to-year due to the normal course of operations. All available carryover funds may be allocated to this Reserve Fund annually until the reserve reaches the maximum 25% of adopted budget operating appropriations. Whenever reserve funds are used, the reserve shall be replenished as soon as possible.

Expenditures from the Operating and Maintenance Reserve funds must meet at least one of the following criteria:

- Necessary for the safety or security of the public or the facility;

- Required by the Lease and Use Agreements with operators or other agreements or contracts entered into by the TJPA;
- Authorized under the annual Operating and Maintenance budget approved by the Board; or
- Other unforeseen circumstances wherein the use of the reserve funds is deemed necessary by the Executive Director, designee, or by the Board of Directors.

In addition to the expenditures described above, the TJPA may use funds in the Operating and Maintenance Reserve as working capital as described in section III B to fulfill contractual or other obligations. To the extent possible, the use of these funds as working capital should not result in the Operating and Maintenance Reserve balance dropping below two months of direct operating and maintenance costs. The use of the Operating and Maintenance Reserve funds as working capital must be authorized by the Executive Director or designee.

**D. Capital Replacement Reserve:** The Capital Replacement Reserve was initially established as a condition of the TJPA’s execution of its 2010 TIFIA Loan and the accompanying Collateral Agency and Account Agreement. The Capital Replacement Reserve is expected to pay for future periodic major maintenance and lifecycle costs. It is the goal of the TJPA to maintain a balance in the Capital Replacement Reserve sufficient to fund anticipated periodic major maintenance and lifecycle costs for the next seven years. A Capital ~~Asset Management~~Improvement Plan (CIP) will detail the required funding of the Capital Replacement Reserve and scheduled uses of the Capital Replacement Reserve funds to pay for anticipated periodic major maintenance and lifecycle costs. TJPA Board Policy 021 – Capital Improvement Plan Policy provides for the development and approval of the CIP.

Expenditures from the Capital Replacement Reserve will be based on the needs identified in the CIP and approved by the Board of Directors through the annual budget process. ~~The TJPA Chief Financial Officer and the TJPA Executive Director may authorize the use of funds from the Capital Replacement Reserve to pay for nonscheduled periodic major maintenance and lifecycle costs as and if such needs arise.~~Contributions to the Capital Replacement Reserve will be authorized through the annual budget process as well as periodically as recommended by the Chief Financial Officer and authorized by the Executive Director.

#### IV. Internal Controls

In no case shall the implementation of this policy be inconsistent with the TJPA’s procurement, budget, or internal accounting control policies. The TJPA Chief Financial Officer shall assure that internal accounting controls are followed as required by Board Policy No. 007, “Internal Accounting Control Policy”.

## **V. Reporting Requirements**

The financial records of the TJPA will segregate the Fiscal Reserve, Emergency Reserve O&M Reserve, and Capital Replacement Reserve by recording activity in a separate account. The TJPA shall incorporate the budgeted and actual Reserve amounts into the quarterly financial reports submitted to the TJPA Board of Directors. The reports will include additions or approved releases of the Reserves and the period ending balances.

## **VI. Reserve Policy Review**

TJPA's Reserve Policy shall be adopted by resolution of the TJPA Board of Directors. This policy shall be reviewed annually by TJPA Staff and Chief Financial Officer. Any modifications to this policy must be approved by resolution of the TJPA Board.

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# TRANSBAY JOINT POWERS AUTHORITY

Board Policy No. 021

Category: Financial Matters

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## CAPITAL IMPROVEMENT PLAN POLICY

### I. Introduction

The purpose of TJPA Board Policy 021: Capital Improvement Plan (CIP) Policy is to establish a process for development and approval of a CIP.

TJPA has an important responsibility to the users of its facilities and the people of the San Francisco Bay Area to facilitate safe and reliable transit service by maintaining TJPA's assets in a State of Good Repair (SGR) and enhancing regional mobility. The CIP Policy and subsequent CIPs allow TJPA to thoughtfully plan for maintaining assets in a SGR, identify projects that would enhance TJPA's assets, and allocate scarce resources based on objective and transparent criteria. The CIP is not approval of any particular Capital Project and is not a guarantee that listed projects will be funded and completed.

This Policy is intended to be consistent with TJPA's Vision, Mission, and Goals; TJPA Board Policy No. 12 – Reserve Policy; the Federal Transit Administration's Transit Asset Management (TAM) Plan law, regulations, and guidelines; and agreements entered into by TJPA and its partner agencies, such as the Lease and Use Agreements with the Transit Center operators. This Policy does not preclude the agency's ability to address emergency repairs, consistent with the use of the Emergency Reserve per the Reserve Policy.

### II. Objectives

The objectives of the CIP Policy are to ensure that TJPA's assets are maintained in a SGR, enhance short term and long-term financial planning, identify projects that would enhance TJPA's assets, and promote long term financial stability by establishing clear and consistent policy guidelines.

### III. Definitions

For the purposes of this Policy, the following definitions are applicable:

**“Capital Improvement Plan (CIP)”** - A plan that identifies capital projects and equipment expected to maintain and enhance TJPA's assets, estimates cost, provides a planning schedule for funding and implementation, and identifies options for funding the plan.

**“Capital Project”** – Projects and equipment with a projected value of \$5,000 or more and a useful life of one year or more.

**“Preventive Maintenance (PM)”** - Systematic inspection and maintenance that is regularly performed on assets to lessen the likelihood of failure.

**“State of Good Repair (SGR)”** - SGR is a condition in which assets are fit for the purpose for which they were intended.

**“Transit Asset Management (TAM) Plan”**- All transit agencies that own, operate, or manage capital assets used in the provision of public transportation and receive federal financial assistance under 49 U.S.C. Chapter 53 either as recipients or subrecipients must develop a TAM plan. A TAM plan includes an inventory of capital assets, a condition assessment of inventoried assets, a decision support tool, and a prioritization of investments.

#### **IV. CIP Development Process**

The CIP is developed by TJPA staff, reviewed and recommended by the Executive Director, and adopted by the Board of Directors. The CIP has a twenty-year planning horizon and is planned to be updated annually, or sooner if a major change is needed. The CIP includes a list of fiscally constrained Capital Projects planned for near term implementation and a fiscally unconstrained plan of agency priority Capital Projects. Each update will be presented to the Board of Directors for approval.

For each update, TJPA staff conducts a call for projects by asking staff for a list of proposed Capital Projects with information necessary for evaluation such as expected timelines, approximate total costs, project description, and which CIP Goals (discussed below) are fulfilled by the project. The proposed projects should be developed based on the requirements to maintain SGR, the capital asset inventory, major capital project plans, TJPA Board direction, and emerging needs.

TJPA staff reviews, evaluates, and prioritizes proposed Capital Project requests, based on the CIP Goals and Capital Projects Evaluation Criteria (discussed below) outlined in this Policy. The Executive Director reviews and recommends the list of projects to be included in the draft CIP. The draft CIP is then presented to the Board of Directors for approval. The approved CIP will be the basis for the development of capital budgets.

The CIP provides direction to TJPA staff to seek innovative new funding sources to complete the fiscally unconstrained projects in the CIP. TJPA staff shall prioritize efforts to seek funding for projects designated as the highest priority in the CIP. Depending on the cost and ease of finding funding, however, lower-priority projects may be able to move forward faster than higher-priority projects for which funding may take more time to obtain.

The Executive Director is delegated authority to approve written procedures for the CIP development that are consistent with this CIP Policy.

#### **V. CIP Goals and Evaluation Criteria**

TJPA’s Vision is “A transportation gateway that inspires civic pride and progress through world-class architecture, superb functionality and timeless appeal.” TJPA’s Mission is “To design, build, operate and maintain an intermodal terminal and rail extension and to

collaborate with [the Successor to] the San Francisco Redevelopment Agency and City departments to create an adjacent new transit-oriented neighborhood.” TJPA’s program Goals include transparency, fiduciary responsibility, quality control, return on investment, and collaboration.

To further TJPA’s Vision, Mission, and program Goals, and to guide the agency in prioritizing Capital Projects in the CIP, the following CIP Goals and Capital Project Evaluation Criteria are adopted:

#### CIP Goals

- Safety and Security
- Compliance with Regulatory or Mandated Requirements
- Maintain State of Good Repair (SGR)
- Attract and Retain Ridership
- Enhance Regional Mobility
- Respond to Emerging Needs
- Fiscal Sustainability
- Environmental Sustainability
- Social Equity
- Reduce Operating and/or Capital Costs
- Risk Mitigation
- Innovation & Technology
- Workforce Development

#### Capital Project Evaluation Criteria

In the preparation of the CIP, proposed Capital Projects will be evaluated based upon, but not limited to, the following criteria:

- Alignment with CIP Goals
- Risk to health and safety
- Response to regulatory or mandated requirements
- Response to emergencies and exigencies
- Asset condition, annual recurring cost, and longevity
- Asset management and Preventive Maintenance requirements
- Quality of service
- Useful life benchmarks
- Project readiness, the total project cost and schedule for completion
- Potential and available sources of funding
- Consequences of not funding the projects
- Alternatives considered

## **VI. Reporting**

The Executive Director shall provide the Board of Directors an annual update on the status of ongoing Capital Projects.