
TRANSBAY JOINT POWERS AUTHORITY

Board Policy No. 021

Category: Financial Matters

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.