

**THIS PRINT COVERS CALENDAR ITEM NO. : 10
FOR THE MEETING OF: May 19, 2005**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Information Item: Presentation of the Authority's Proposed FY2006 Budget and Public Hearing.

SUMMARY:

- The Joint Powers Agreement creating the Transbay Joint Powers Authority (TJPA), dated April 4, 2001, establishes the fiscal year of the Authority as beginning on July 1 and ending on June 30, and provides the TJPA Board of Directors with the authority to adopt, at its sole discretion, an annual or multi-year budget before the beginning of each fiscal year.
- In accordance with the Budget Policy adopted by the Board of Directors on June 23, 2004, staff prepared an initial presentation of the proposed budget for review by the Board's Finance Committee in April 2005. The Budget Policy calls for the full Board to hold a public hearing on the proposed budget in May 2005, and then to adopt a budget in June 2005.
- On April 8, 2005, the Board Finance Committee reviewed a proposed FY2006 budget totaling \$78.0 Million. At that time, staff noted that certain expenditure estimates are tentative, and would be refined prior to seeking Board approval for a FY2006 budget in June 2005.
- Since the April 8th Board meeting, staff has updated certain budget estimates, and the proposed FY2006 budget now totals approximately \$75.5 Million.

Links to Mission, Vision & Goals

The Board of Directors Finance Committee reviewed the Authority's proposed Mission, Vision and Goals in April 2005. The Authority's FY2006 budget supports the Authority Mission: To design, build, operate and maintain an intermodal terminal and rail extension; and to collaborate with the San Francisco Redevelopment Agency and City departments to create an adjacent new transit-oriented neighborhood. It also clearly reflects two of the proposed Authority's goals:

- Transparency, by providing a clear, straight-forward analysis of the Authority's budget; and
- Fiduciary responsibility.

The purpose of the TJPA's annual budget is to allocate resources necessary to implement specific policies, plans, and management strategies that are designed to achieve the Authority's goals.

Proposed FY2006 Expenditures

The Authority's expenditure budget is organized into three categories:

- Salaries and Benefits for Authority Staff (1.6 % of budgeted expenditures);
- Administrative Expenses (0.3% of budgeted expenditures);
- Professional and Specialized Services (41.8% of budgeted expenditures);
- Right of Way (55.6% of budgeted expenditures); and
- Reserve Fund (0.7%).

An itemization of projected expenses is presented in Attachment 1.

Salaries and Benefits

The Authority's proposed salaries and benefits expense for FY2006 is approximately \$1.2 Million. The Authority's strategy has been to keep its in-house staffing level small, and to use its staff to manage contractors who are undertaking a variety of tasks on behalf of the Authority. The Authority's proposed budget is consistent with this approach. The Authority currently employs four staff members: Executive Director, Deputy Director/Chief Engineer, Government Affairs Manager, and an Office Manager. Before the end of FY2005, the Authority intends to add a Financial Manager position, which will reduce the Authority's financial consulting expenses. During the FY2006, two additional positions are proposed to be added: an Engineer and a Real Estate Manager. That would bring the employee count to seven.

Administrative Expenses

This category includes the expenses associated with operating the Authority on a day-to-day basis, such as office rent, general liability and property insurance premiums, equipment and furniture, telephones, and office supplies. For FY2006, staff is proposing to budget \$226,900 for Administrative expenses.

Professional and Specialized Services

As noted above, rather than hire a large in-house staff during design and construction, the Authority utilizes contractors to provide services in support of the Transbay Project. As a result, approximately \$31.6 Million of the proposed FY2006 budget is devoted to Professional and Specialized Services, the majority of which is allocated to engineering, design and program management/program control activities.

The major professional and specialized services that will be undertaken during FY2006 include:

- Terminal Preliminary Engineering and Design (\$1 Million)
- Downtown Extension Preliminary Engineering (\$11.1 Million)
- Program Management & Program Control (\$15.2 Million)

- Legal Services (City Attorney and outside counsel - \$1.7 Million)
- Community and Public Relations (\$210,000)
- Financial and Grant Management (\$250,000)
- Payroll and Benefits Administration (\$117,000)

In addition, the Authority will continue to obtain certain types of planning and administrative assistance through interagency agreements with:

- Caltrain (\$435,000);
- San Francisco Redevelopment Authority (\$400,000);
- San Francisco Airport (\$200,000); and
- San Francisco Municipal Railway (\$25,000).

These interagency agreements are currently under negotiation. The final FY2006 budget presented to the Board may include revised budget amounts based on the negotiations.

Right of Way Expenses

Right of Way acquisition expenses form the largest single category in the proposed budget, representing \$42 Million or almost 56 percent of proposed FY2006 expenditures. This estimate is likely to be refined over time. However, it provides the Board with a sense of the magnitude of right of way activities in FY2006.

Proposed FY2006 Revenues

For the purposes of this Budget Request, the Authority’s revenues are divided into two categories:

- “Committed” Revenues, which have already been allocated to the Transbay Project by one of the Authority’s funding agencies; and
- “Planned” Revenues, which are anticipated to be made available during FY2006, but have not yet been allocated to the Project.

Committed Revenues

Since its inception, the Authority has received approximately \$63.7 Million in funding commitments from the following sources:

- Federal demonstration grant revenues (\$8.8 Million);
- Local match revenues (\$1.4 Million);
- Regional Measure 2 toll revenues (approximately \$31.75 Million, of which \$15.5 Million is for Downtown Extension Preliminary Engineering and Program Management/Program Control, and \$16.25 Million for right of way acquisition); and
- Proposition K Sales Tax revenues (approximately \$21.75 Million, of which \$5.5 Million is for Downtown Extension Preliminary Engineering and Program Management/Program Control, and \$16.25 Million for right of way acquisition).

Of this amount, approximately \$12.8 Million is projected to have been expended and/or accrued by

the end of FY2005, and TJPA's funding partners have placed \$32.5 Million in right of way funds for the acquisition of the property at 80 Natoma Street on reserve. \$14.8 Million in committed revenues are utilized for the FY2006 budget, and the remainder will fund ongoing administrative expenses in future fiscal years.

Planned Revenues

During FY2006, staff forecasts the need for \$60.7 Million in planned revenues from a combination of the following funding sources:

- Federal earmarked appropriation;
- Regional Measure 2 (Toll) revenues;
- Proposition K (San Francisco Sales Tax) revenues; and
- San Mateo County Proposition A Sales Tax revenues.

At this time, staff cannot accurately predict how much funding would be provided by each funding source. However, in aggregate, staff believes that the amount of planned funding included in the FY2006 budget request is realistic.

In the Resolution that will be attached to this item in June 2005, staff will request the Board's authorization to apply for, accept and expend any and all grant funds necessary to fund the FY2006 budget.

Board Budget Review Process

- In accordance with the Board's Budget Policy, staff prepared an initial presentation of the proposed budget for review by the Board's Finance Committee during April 2005.
- The Budget Policy calls for the full Board to hold a public hearing on the proposed budget in May 2005.
- The Budget Policy then calls for the Board to adopt a budget in June 2005.

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

ENCLOSURES:

1. Proposed FY2006 Budget (Attachment 1)

TRANSBAY JOINT POWERS AUTHORITY					Attachment 1
FY2006 BUDGET REQUEST					Page 1
		FY2004-05 Budget Amendment 6 (Administrative) - MAY 2005	FY2005 Year-End Projection - AS OF MAY 2005	FY2006 Budget Request as of April 2005	FY2006 Budget Request - REVISED AS OF MAY 2005
EXPENDITURES					
<i>Salaries and Benefits</i>					
	Salaries	495,000	393,038	832,225	879,725
	Benefits	197,457	105,278	332,314	351,314
	<i>Subtotal, Salary and Benefits</i>	692,457	498,316	1,164,539	1,231,039
<i>Administration</i>					
	Equipment	5,000	5,000	5,000	5,000
	Supplies	10,000	5,000	6,000	6,000
	Furniture	4,000	3,675	20,000	20,000
	Rent	104,700	84,885	108,400	108,400
	Telephone	10,800	10,800	12,700	12,700
	Printing/Postage	12,000	5,000	5,500	6,000
	Advertising & Notices	2,500	900	5,000	5,000
	Mileage reimbursement, auto rental, veh. allowance	5,000	5,000	8,800	8,800
	Travel/Conferences	15,000	15,000	52,200	29,400
	Board Expenses	9,700	5,400	5,000	8,000
	Professional Memberships	1,800	1,627	2,600	2,600
	TIFIA Filing Fee	-	0	0	0
	Property & General Liability Insurance	15,000	12,676	15,000	15,000
	<i>Subtotal, Administration & Overhead</i>	195,500	154,963	246,200	226,900
<i>Professional & Specialized Services</i>					
	Legal Counsel (City Attorney, Outside Counsel)	1,000,000	991,300	1,320,100	1,700,000
	Financial and Grant Management (TFC)	270,800	270,800	225,000	250,000
	Graphics/artistic renderings	10,000	4,565	10,000	10,000
	Community & Public Relations	75,000	72,000	210,000	171,000
	Environmental/Planning	1,367,000	1,367,000	0	0
	Terminal Preliminary Engineering & Design	0	0	20,000,000	1,000,000
	Downtown Extension Preliminary Engineering & Design	10,790,500	3,355,500	6,450,000	11,100,000
	Program Management /Program Control	10,220,000	4,000,000	4,990,000	15,200,000
	Architectural Competition	0	0	0	500,000
	Benefits Administration / Financial Services	153,000	73,000	160,700	117,000
	Appraisal Services	50,000	27,000	52,500	160,000
	Legislative Services	0	0	100,000	100,000
	Website Development and Maintenance	10,000	0	16,800	0
	Computer Installation and Maintenance	28,000	28,000	39,300	56,100
	Economic Analysis	18,000	15,523	0	0
	Operations Analysis	18,000	18,000	0	0
	Other Consulting Assistance	-	0	35,000	35,000
	Audits	30,000	20,000	24,000	30,000
	SF City Planning	-	0	0	33,000
	Caltrain	185,000	30,234	320,000	435,000
	SF Redevelopment Agency	798,689	798,689	400,000	400,000
	SF Municipal Railway	50,000	26,712	25,000	25,000
	SF Airport	0	0	200,000	200,000
	<i>Subtotal, Professional & Specialized</i>	25,073,989	11,098,323	34,578,400	31,522,100
	<i>Right of Way Acquisition</i>	32,250,000	0	42,000,000	42,000,000
	<i>Reserve Fund</i>	1,239,254	0	0	500,000
	TOTAL EXPENDITURES	59,451,200	11,751,602	77,989,139	75,480,039

	FY2004-05 Budget Amendment 6 (Administrative) - MAY 2005	FY2005 Year-End Projection	FY2006 Budget Request - April 2005	FY2006 Budget Request - REVISED AS OF MAY 2005
REVENUES [1]				
Committed Revenues				
Federal Demonstration	4,968,960	2,877,930	924,284	924,284
Toll Bridge 5% Reserve	443,551	719,483	231,071	231,071
Other Local Match (SF Redevelopment)	798,689	798,689	0	0
Regional Measure 2	31,620,000	5,590,180	5,948,640	9,904,820
Proposition K SF Sales Tax	21,620,000	1,765,320	2,480,360	3,729,680
<i>Subtotal - Committed Revenues</i>	59,451,200	11,751,602	9,584,355	14,789,855
Planned Revenues	0	0	68,404,784	60,690,184
(San Mateo County Sales Tax, Federal Earmark, Additional RM-2 and Proposition K funds)				
TOTAL REVENUES	59,451,200	11,751,602	77,989,139	75,480,039
<i>[1] TJPA's grant 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 into the following year.</i>				