

**THIS PRINT COVERS CALENDAR ITEM NO. : 4
FOR THE MEETING OF: July 20, 2006**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Adoption of Fiscal Year 2006-07 (FY 2007) Budget In An Amount Not To Exceed \$92,327,000.

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 has prepared the proposed budget for review by the Board's Finance Committee and for adoption by the Board of Directors.

During the March 16, 2006 Board meeting, the Board advised that staff should defer work on an annual budget for FY 2007 pending the outcome of the Board's direction for the Implementation Strategy. On June 2, 2006, the Board approved the Implementation Strategy for the Transbay Transit Center Program. The attached FY 2007 budget request includes estimates of the expenditures and revenues required through the fiscal year to move forward with the approved Implementation Strategy.

At the Board meeting on June 2, 2006, the Board adopted an interim one-month budget in accordance with the TJPA's Budget Policy. If approved, the attached FY 2007 budget request would replace the one-month interim budget.

Staff requests the Board's approval of a FY 2007 budget in an amount not to exceed \$92,327,000.

Proposed FY 2007 Expenditures

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

- Salaries and Benefits for Authority Staff (1.7% of budgeted expenditures);
- Administrative Expenses (0.3% of budgeted expenditures);
- Professional and Specialized Services (30.9% of budgeted expenditures);
- Right of Way (61.9% of budgeted expenditures); and
- Other, including a reserve fund and loan to the San Francisco Redevelopment Agency (5.3% of budgeted expenditures).

An itemization of projected expenses is presented in Attachment 1.

Salaries and Benefits

The Authority's proposed salaries and benefits expense for FY 2007 is approximately \$1.6 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 five staff members: Executive Director, Finance Manager, Government and Media Relations Manager, Office Manager, and Engineering Manager / Contract Compliance. The position of the TJPA Senior Program Manager is currently unfilled. During the course of FY 2007, staff intends to add three additional positions, bringing the total staff positions to nine. These new positions include a Real Estate Manager and two engineering or other assistants.

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 FY 2007, staff is proposing to budget \$243,700 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 Program. As a result, approximately \$28.5 million of the proposed FY 2007 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 FY 2007 include:

- Program Management & Program Control (PM/PC) (\$12.8 million)
PM/PC work in FY 2007 will focus on the following tasks:
 - Ongoing Program Management Activities, including overall management and direction of Program Management and Program Controls activities and staff, updating and implementing Program Implementation and Management Plans, provision of administrative staff for the TJPA office and coordination with the TJPA Executive Director and various external agencies;
 - Continuing development of Procedures and Guidelines for managing the Program, focusing on Design Management, Cost and Schedule Management, Procurement, Property Acquisition, Administration and Quality Assurance/Quality Control;
 - Program Coordination activities, including stakeholder and labor liaison, coordination with external agencies, permit coordination activities, tracking and resolution of issues;
 - Risk Management Workshops for the DTX and TTC Projects;
 - Development of standard procurement documents for the TJPA;
 - Subcontract Management and DBE Compliance;

- Insurance Planning including implementation of risk financing options;
 - Real Estate Acquisition activities;
 - Quarterly Mitigation Monitoring reports;
 - SHPO and Archeological support and planning;
 - Traffic and Utility coordination;
 - Transit Center Project Management, including completion of TTC Scope Documents for use in the Competition, issuing an RFP for and managing the Temporary Terminal A/E contract and managing other concept/design development activities for the Bus Ramps, Bus Storage and BART/MUNI Connector;
 - Management and Implementation of the Design and Development Competition process;
 - DTX Project Management, including ongoing management of the DTX Design contract and coordination and oversight of DTX Value Management Studies;
 - Program Cost and Schedule Controls, including cost estimating, cost and schedule reporting and forecasting, development of cash flow models and preparation of a recommended Baseline Budget and Schedule for Phase 1 of the Program;
 - Quality Control/Quality Assurance planning and auditing;
 - Document management and control; and
 - Information Systems and Website Support.
- Downtown Extension (DTX) Preliminary Engineering & Design (\$9 million)
Engineering work on the DTX will include the following tasks:
 - Continue development of preliminary engineering for the DTX project, in conjunction with Caltrain and California High Speed Rail Authority, with the objective of defining the project configuration and baseline construction cost;
 - Update Project Design Criteria;
 - Complete Rail Operations Simulations;
 - Prepare Tunnel Fire Life Safety Report;
 - Finalize Geotechnical Investigation and Interpretative Reports;
 - Finalize Tunnel Alternatives Evaluation;
 - Initiate Cut and Cover Structure Evaluation and Conceptual Design;
 - Prepare Adjacent Building Protection Report;
 - Evaluate Value Management Recommendations;
 - Prepare Updated DTX Construction Cost Estimate; and
 - Prepare Conceptual Design Report.
- Architecture / Engineering Competition (\$650,000)
This budget line item funds the costs of the jury, honoraria, public outreach, advertisements, graphic design, printing, venue rentals and other miscellaneous expenses for the selection of the Design and Development team for the Transit Center Building and Transit Tower. The competition management costs are included in the PMPC budget line item.
- Temporary Terminal Preliminary Engineering and Design (\$3 million)
Staff anticipates that work on the Temporary Terminal in FY 2007 will include the following activities:

- Verify design concept for the facility, including coordinating functional requirements with bus operators;
 - Coordinate changes to overhead wires and signaling with MUNI and the Department of Parking and Traffic; and
 - Commence design work, including schematic design, design development and construction documents.
- Economic Analysis (\$150,000)
Staff anticipates contracting with a consulting team to develop the necessary economic analyses related to a Community Facilities District or other new revenue sources for the Transbay Transit Center and Downtown Extension Program.

The budget includes expenditures for other professional and specialized services required for the continued operation of the Authority and the promotion of the Implementation Strategy, including payroll and benefits administration, legal services, financial and grant management, community and public relations, and other services as described in the attached budget request. In addition, the Authority will continue to obtain certain types of planning and administrative assistance through interagency agreements with the San Francisco Redevelopment Agency and the City and County of San Francisco.

At this time, staff anticipates that funding partners and/or private parties will pay environmental review costs directly to the San Francisco Department of City Planning. As such, these expenses do not flow through the TJPA's annual budget.

Right of Way Expenses

Right of Way acquisition expenses form the largest single category in the proposed budget, representing approximately \$57 million or almost 62 percent of proposed FY 2007 expenditures. The Right of Way category includes expenditures associated with property acquisition including appraisals, surveys, title, and closing costs.

Proposed FY 2007 Revenues

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

- Committed Revenues, which have already been allocated to the Transbay Project by one of the Authority's funding agencies;
- Planned Revenues, which are anticipated to be made available during FY 2007, but have not yet been allocated to the Project; and
- Other which includes the fund balance from the previous year.

Committed Revenues

Since its inception, the Authority has received approximately \$98.2 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 \$47.2 million, of which \$18.2 million is for Downtown Extension Preliminary Engineering, Program Management/Program Control, and agency costs; and \$29 million for right of way acquisition);
- Proposition K Sales Tax revenues (approximately \$32.7 million, of which \$3.7 million is for Downtown Extension Preliminary Engineering and Program Management/Program Control, and \$29 million for right of way acquisition); and
- San Mateo County Measure A Sales Tax (approximately \$7.3 million, of which \$1.5 is for agency costs, and \$5.7 for Downtown Extension Preliminary Engineering and Program Management/Program Control).

Of the total amount, approximately \$13.3 million in committed grant revenues are included in the FY 2007 budget. Additionally, approximately \$664,000 in lease revenues and interest income are included in the committed budget revenues.

Planned Revenues

During FY 2007, staff forecasts the need for and intends to pursue funding in the amount of \$74 million in planned revenues from a combination of the following funding sources:

- Federal earmarked appropriation,
- Regional Measure 2 (Toll) revenues,
- San Francisco Proposition K Sales Tax revenues,
- Regional Transportation Improvement Program (RTIP) funds, and
- San Mateo County Measure A Sales Tax revenues.

At this time, grant requests totaling \$48.8 million are pending with various funding partners. These requests include:

- \$13.6 million in Federal SAFETEA-LU earmarks,
- \$3.4 million in RTIP funds,
- \$30.0 million in San Francisco Proposition K Sales Tax revenues for Right-of-Way acquisition, and
- \$1.77 million in San Francisco Proposition K Sales Tax revenues for Downtown Extension Preliminary Engineering.

Staff anticipates that these funds will be allocated during FY 2007. When these allocations are finalized, the revenues will become committed.

In addition to the pending allocations listed above, 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 FY 2007 budget request is realistic. Based on

published planning documents, staff has identified \$50.2 million in additional revenues available to the TJPA in FY 2007 that could be used to fund the remaining \$25 million in Other Planned Revenues.

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 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. FY 2007 Budget Resolution
2. FY 2007 Budget (Attachment 1)

TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS

Resolution No. _____

WHEREAS, The Transbay Joint Powers Authority (the "TJPA") is a joint powers agency responsible for the planning, design, construction, operation and management of the new Transbay Terminal; and

WHEREAS, Pursuant to the Joint Powers Agreement creating the TJPA, dated April 4, 2001 (the "Agreement"), the TJPA Board of Directors has the authority to adopt an annual or multi-year budget; and

WHEREAS, The TJPA Board of Directors has reviewed and considered the annual budget for FY 2006-07 shown in Attachment No. 1, now therefore be it

RESOLVED, That the TJPA Board of Directors hereby approves the annual budget for FY 2006-07 in an amount not to exceed \$92,327,000 attached hereto as Attachment No. 1 and incorporated herein by reference (the "Exclusive Authorization").

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of July 20, 2006.

Secretary, Transbay Joint Powers Authority

Transbay Joint Powers Authority
Fiscal Year 2006-07 Budget Request
 July 20, 2006

| | FY 2005-06 Approved Budget | FY 2006-07 Budget Request |
|--|-------------------------------|------------------------------|
| EXPENDITURES | | |
| Salaries & Benefits | | |
| Salaries | 879,725 | 1,118,000 |
| Benefits | 351,314 | 451,000 |
| Subtotal, Salaries & Benefits | \$ 1,231,039 | \$ 1,569,000 |
| Administration | | |
| Rent | 108,400 | 112,000 |
| Insurance | 15,000 | 17,000 |
| Office Expenses | 31,000 | 33,000 |
| Communications | 23,700 | 26,000 |
| Travel/Conferences | 38,200 | 38,200 |
| Professional Memberships | 2,600 | 7,000 |
| Board Expenses | 8,000 | 8,000 |
| Miscellaneous | - | 2,500 |
| Subtotal, Administration | \$ 226,900 | \$ 243,700 |
| Professional & Specialized Services | | |
| Program Management / Program Controls | 15,200,000 | 12,845,000 |
| Downtown Extension Preliminary Engineering & Design | 11,100,000 | 9,000,000 |
| Environmental / Planning Studies | 500,000 | - |
| Architecture / Engineering Competition | 500,000 | 650,000 |
| Transit Center Engineering & Design | 1,000,000 | - |
| Temporary Terminal Engineering & Design | - | 3,000,000 |
| Economic Analysis | - | 150,000 |
| Ridership Studies | - | 63,000 |
| Benefits Administration / Financial Services | 117,000 | 141,000 |
| Legal Counsel | 1,700,000 | 1,450,000 |
| Financial & Grant Management | 250,000 | 450,000 |
| Community & Public Relations | 210,000 | 117,500 |
| Legislative Services | 100,000 | 80,000 |
| Information Technology Support | 56,100 | 59,000 |
| Accounting Software & Installation | - | 250,000 |
| Audits | 30,000 | 30,000 |
| San Francisco Redevelopment Agency | 400,000 | 50,000 |
| SF Muni (Grant Administration) | 25,000 | 50,000 |
| CCSF Procurement Assistance | 200,000 | 50,000 |
| Other Intergovernmental Agreements | 468,000 | - |
| Other Consulting Assistance | 45,000 | 50,000 |
| Subtotal, Professional & Specialized Services | \$ 31,901,100 | \$ 28,485,500 |
| Right of Way Acquisition | | |
| Property Acquisition | 74,250,000 | 56,000,000 |
| Appraisal Services | 160,000 | 410,000 |
| Surveys | - | 146,000 |
| Title/Closing Costs | - | 560,000 |
| Subtotal, Right of Way Acquisition | \$ 74,410,000 | \$ 57,116,000 |
| Other | | |
| Reserve Fund | 500,000 | 4,690,200 |
| Loan to SF Redevelopment Agency | - | 222,600 |
| Subtotal, Other | \$ 500,000 | \$ 4,912,800 |
| TOTAL EXPENDITURES + OTHER | \$ 108,269,039 | \$ 92,327,000 |

Transbay Joint Powers Authority
Fiscal Year 2006-07 Budget Request
 July 20, 2006

| | FY 2005-06 | FY 2006-07 |
|--|------------------------|-----------------------|
| | Approved Budget | Budget Request |
| REVENUE ¹ | | |
| Committed Revenue | | |
| Federal Demonstration 1601 Grant | 924,284 | 1,637,800 |
| Toll Bridge 5% Reserve | 231,071 | - |
| Regional Measure 2 | 38,904,820 | 4,999,900 |
| Proposition K San Francisco Sales Tax | 32,729,680 | - |
| San Mateo County Sales Tax | 7,280,000 | 6,639,500 |
| Lease Income | 290,783 | 434,200 |
| Interest Income | - | 230,000 |
| Subtotal, Committed Revenue | \$ 80,360,639 | \$ 13,941,400 |
| Planned Revenue | | |
| SAFETEA-LU Earmark Grants | - | 13,613,400 |
| Regional Transportation Improvement Program (RTIP) | - | 3,391,000 |
| Proposition K San Francisco Sales Tax - ROW | - | 30,000,000 |
| Proposition K San Francisco Sales Tax - PE | - | 1,770,000 |
| Other Planned Revenue (RM-2, Prop K, San Mateo Sales Tax, other) | 27,908,400 | 25,282,600 |
| Subtotal, Planned Revenue | \$ 27,908,400 | \$ 74,057,000 |
| Other | | |
| Fund Balance from Previous Year | - | 4,328,600 |
| Subtotal, Other | \$ - | \$ 4,328,600 |
| TOTAL REVENUE + OTHER | \$ 108,269,039 | \$ 92,327,000 |

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.