

**THIS PRINT COVERS CALENDAR ITEM NO. : 8
FOR THE MEETING OF: June 21, 2007**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Adoption of Fiscal Year 2007-08 (FY 2007-08) Budget In An Amount Not To Exceed \$104,835,300.

SUMMARY:

The Joint Powers Agreement creating the Transbay Joint Powers Authority (TJPA), dated April 4, 2001, establishes the fiscal year of the TJPA 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 19, 2007 Finance Committee meeting, staff presented the Budget Outlook for FY 2007-08. At the May 17, 2007 Board meeting and public hearing, the proposed budget was presented. No public comments have been received, and no modifications have been made to the proposed budget since the public hearing.

The proposed budget for FY 2007-08 totals \$104,835,300.

Proposed FY 2007-08 Expenditures

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

- Salaries and Benefits for TJPA staff (1.5% of budgeted expenditures);
- Administrative Expenses (2.2% of budgeted expenditures);
- Professional and Specialized Services (33.9% of budgeted expenditures);
- Right of Way (59.5% of budgeted expenditures); and
- Other, including reserve funds and loan to the San Francisco Redevelopment Agency (2.8% of budgeted expenditures).

An itemization of projected expenses is presented in Attachment 1.

Salaries and Benefits

The TJPA's proposed salaries and benefits expense for FY 2007-08 is approximately \$1.6 million. The TJPA'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 TJPA. The

TJPA's proposed budget is consistent with this approach. The TJPA currently employs six staff members: Executive Director, Senior Program Manager, Finance Manager, Government and Media Relations Manager, Office Manager / Board Secretary, and Engineering Manager / Contract Compliance. During the course of FY 2007-08, staff intends to add up to five additional positions, bringing the total staff positions to eleven. These new positions include a Procurement & Contracts Manager/DBE Officer, Staff Accountant, Real Estate Manager, an engineering assistant and an office assistant. The budget assumes that some of the new positions will be filled in the middle of the fiscal year.

Administrative Expenses

This category includes the expenses associated with operating the TJPA on a day-to-day basis, such as office rent, general liability and property insurance premiums, Owner Controlled Insurance Program (OCIP), equipment and furniture, communications, office supplies, and meeting expenses. Meeting Expenses for the Community Advisory Committee, public outreach, procurements, DBE outreach, and other meetings with the public include room rentals, additional insurance as required, audio-visual assistance, and incidental expenses.

For FY 2007-08, staff proposes to budget approximately \$2.3 million for Administrative expenses. Of this total, \$2 million is estimated for the OCIP program, which has been estimated to begin following Board authorization in the fourth quarter of FY 2007-08.

Professional and Specialized Services

As noted above, rather than hire a large in-house staff during design and construction, the TJPA utilizes contractors to provide services in support of the Transbay Program. As a result, approximately \$35.6 million of the proposed FY 2007-08 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 2007-08 include:

- Program Management & Program Control (PM/PC) (\$11.5 million)
PM/PC work in FY 2007-08 will focus on the following tasks:
 - Ongoing Program Management activities, including updating and implementing Program Implementation and Management Plans;
 - 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;
 - 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;
 - DTX Project Management;
 - 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;
 - Subcontract Management and DBE Compliance;
 - Quality Control/Quality Assurance planning and auditing;
 - Document management and control; and
 - Information Systems and Website Support.
- Downtown Extension (DTX) Preliminary Engineering & Design (\$1.9 million)
Engineering work on the DTX will include the completion of the loop study in early FY 2007-08 and the completion of Preliminary Engineering on the Refined Locally Preferred Alternative in early calendar year 2008.
 - Architecture / Engineering Competition (\$200,000)
This budget line item funds the costs of the honoraria for the participants in the Design and Development competition for the Transit Center Building and Transit Tower. Costs related to the competition management, public outreach, advertisements, graphic design, printing, venue rentals and other miscellaneous expenses for the selection of the Design and Development team are included in the PM/PC budget line item.
 - Transit Center Engineering and Design (\$8.8 million)
Following the completion of the Designer Developer competition and contract negotiations, engineering and design work will commence for the Transbay Transit Center building. Staff anticipates that design work will begin in early calendar year 2008.
 - Temporary Terminal Preliminary Engineering and Design (\$1.5 million)
Staff anticipates that work on the Temporary Terminal in FY 2007-08 will include design work, including schematic design, design development and construction documents.
 - Bus Storage Engineering and Design (\$2.9 million)
Work on the Bus Storage facility in FY 2007-08 will include schematic design, design development, and commencement of construction documents.
 - Utility Relocation Engineering and Design (\$1.5 million)
In FY 2007-08, utility relocation design work will begin. Staff anticipates that schematic design will be completed, and final design work will commence.
 - Bus Ramps Engineering and Design (\$1.2 million)
Staff anticipates that preliminary design for the bus ramps will commence with the start of the Transit Center Engineering and Design work in early calendar year 2008.
 - Environmental Review for DTX Loop (\$1.0 million)
Staff intends to pursue new revenue sources to fund the environmental assessment work for

the DTX loop alternative. New funding that has not been identified for Phase 1 or Phase 2 of the Transbay Transit Center program will be required to conduct this work.

The budget includes expenditures for other professional and specialized services required for the continued operation of the TJPA and the promotion of the Transbay Transit Center program, including permits, 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 TJPA will continue to obtain certain types of planning, design and administrative assistance through interagency agreements with the City and County of San Francisco.

Right of Way Expenses

Right of Way acquisition expenses form the largest single category in the proposed budget, representing approximately \$62.4 million or approximately 60 percent of proposed FY 2007-08 expenditures. In addition to acquisition costs, the Right of Way category includes expenditures associated with property acquisition including appraisals, surveys, title insurance, closing costs, relocation services and assistance, geotechnical analysis, hazardous materials mitigation, and predevelopment services provided by the San Francisco Redevelopment Agency.

Other

In accordance with the TJPA's Reserve Policy, the FY 2007-08 budget includes a fiscal reserve and an emergency reserve funded with unrestricted revenues such as lease and interest income. By policy, the emergency reserve is set at \$500,000 unless modified by the Board. Emergency reserves would be used in extraordinary events such as natural disasters. The proposed fiscal reserve for FY2007-08 is approximately \$2.4 million. The fiscal reserve, to be used as a working capital fund, is capped at eight percent of the annual budget less right of way acquisition costs. For FY 2007-08, the amount of the fiscal reserve is constrained by the availability of unrestricted revenues. The FY2007-08 proposed budget does not include a contingency reserve as permitted by Board policy, as insufficient unrestricted revenues are available to fund the contingency reserve at this time.

Proposed FY 2007-08 Revenues

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

- Committed Revenues, which have already been allocated to the Transbay Project by one of the TJPA's funding partner agencies;
- Planned Revenues, which are anticipated to be made available during FY 2007-08, but have not yet been allocated to the Project;
- Other, which includes the portion of the fund balance from the previous year that is available for expenditure in FY 2007-08; and
- New Revenues to be Identified, which are not included in the overall Transbay Transit Center Program financial plan.

Committed Revenues

Since its inception, the TJPA has received approximately \$124 million in funding commitments from the following sources:

- Federal demonstration grant revenues (\$15.4 million);
- Local match revenues (\$1.4 million);
- Regional Measure 2 (RM-2) toll revenues (approximately \$52.0 million, of which approximately \$23 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 \$47.6 million, of which \$18.6 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 \$25.8 million in committed grant revenues are included in the FY 2007-08 budget. Additionally, approximately \$1.1 million in lease revenues and interest income are included in the committed budget revenues.

Planned Revenues

During FY 2007-08, staff forecasts the need for and intends to pursue funding in the amount of approximately \$74.9 million in planned revenues from a combination of the following funding sources:

- Federal SAFETEA-LU earmarks,
- Regional Transportation Improvement Program (RTIP) funds,
- RM-2 bridge toll revenues,
- San Francisco Proposition K Sales Tax revenues,
- San Mateo County Measure A Sales Tax revenues, and
- Lease income from FY 2007-08 property acquisitions.

At this time, grant requests totaling approximately \$22.7 million are pending with various funding partners. These requests include:

- \$13.7 million in Federal SAFETEA-LU earmarks,
- \$4.0 million in RTIP funds, and
- \$4.9 million in RM-2 revenues.

Staff anticipates that these funds will be allocated during FY 2007-08. However, some of the revenue from the planned allocations would fund activities beyond the end of FY 2007-08. Thus, the FY 2007-08 budget includes only the portion of the planned allocations anticipated to

be spent in the current fiscal year. When these allocations are finalized, the revenues for use in FY 2007-08 will become committed.

In addition to the pending allocations listed above, staff will seek approximately \$54.7 million in additional funding, shown as Other Planned Revenue in the FY 2007-08 budget. At this time, staff cannot accurately predict how much funding would be provided by each funding source. Requests for additional funds will be discussed with staff for each funding partner prior to approval by the policy boards. In aggregate, staff is confident that the amount of planned funding included in the FY 2007-08 budget request is realistic, based on the following:

- *Regional Measure 2:* To date, the Metropolitan Transportation Commission (MTC) has allocated approximately \$52 million of the \$150 million commitment to the Transbay Transit Center program. Staff and consultants have discussed FY 2007-08 allocations totaling approximately \$15.7 million for PM/PC and Preliminary Engineering and Design for the Transit Center. This amount is in addition to the \$2.4 million identified in the proposed budget as a planned RM-2 allocation.
- *San Francisco Proposition K:* To date, the San Francisco County Transportation Authority (SFCTA) has allocated approximately \$48 million of the \$148 million commitment in the SFCTA's 2005 Strategic Plan to the Transbay Transit Center program. Staff and consultants have discussed FY 2007-08 allocations totaling approximately \$25 million for PM/PC and Preliminary Engineering and Design for the Transit Center. By comparing allocations to date with the planned allocations in the 2005 Strategic Plan, approximately \$56.3 million in Prop K funds are available to the Transbay program in FY 2007-08.
- *San Mateo County Sales Tax:* To date, the San Mateo County Transportation Authority (SMCTA) has allocated approximately \$7.3 million of its \$31 million commitment to the Transbay Transit Center program. Staff and consultants have discussed allocations in FY 2007-08 for Right of Way preservation for Phase 2 of the Transbay Program totaling approximately \$17 million.

New Revenues to be Identified

The proposed FY 2007-08 budget includes \$1 million in new revenues to fund the environmental review for the DTX loop anticipated to occur in FY 2007-08. The preliminary total cost estimate for the environmental review work is \$1.5 million. This work was not envisioned in the cost estimates that formed the basis for the TJPA's financial plan. In order to conduct this work, a new source of funding beyond the \$1.5 billion in revenues identified to date must be secured. Staff and consultants will work with the funding partners to determine an appropriate source of funds for this work.

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 contracts. In

general, these expenditures pay for administrative items such as salaries, benefits, postage, office supplies, professional memberships, and meeting expenses. The proposed budget includes 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, the FY2007-08 budget resolution includes 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 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 2007-08 Proposed Budget Resolution
2. FY 2007-08 Proposed 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 2007-08 shown in Attachment No. 1, now therefore be it

RESOLVED, That the TJPA Board of Directors hereby approves the annual budget and related appropriations for FY 2007-08 in an amount not to exceed \$104,835,300 attached hereto as Attachment No. 1 and incorporated herein by reference; and be it further

RESOLVED, That the TJPA Board of Directors hereby authorizes the Executive Director to apply for, accept, and expend revenues in accordance with the annual budget for FY 2007-08 and the implementation of the Transbay Transit Center Program.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of June 21, 2007.

Secretary, Transbay Joint Powers Authority

Transbay Joint Powers Authority Proposed Fiscal Year 2007-08 Budget Request

	FY 2006-07 Approved Budget Amendment 1	FY 2007-08 Budget Request	Change
EXPENDITURES ¹			
Salaries & Benefits			
Salaries	1,118,000	1,141,600	23,600
Benefits	451,000	428,400	(22,600)
Subtotal, Salaries & Benefits	\$ 1,569,000	\$ 1,570,000	\$ 1,000
Administration			
Rent	112,000	112,000	-
Insurance	17,000	49,700	32,700
Owner-Controlled Insurance Program		2,000,000	2,000,000
Office Expenses	33,000	38,500	5,500
Communications	26,000	30,400	4,400
Travel/Conferences	38,200	38,200	-
Professional Memberships	7,000	8,000	1,000
Board Expenses	8,000	9,000	1,000
Meeting Expenses		30,000	30,000
Miscellaneous	2,500	2,500	-
Subtotal, Administration	\$ 243,700	\$ 2,318,300	\$ 2,074,600
Professional & Specialized Services			
Program Management / Program Controls	12,845,000	11,500,000	(1,345,000)
Downtown Extension Preliminary Engineering & Design	9,000,000	1,884,000	(7,116,000)
Designer / Developer Competition	650,000	200,000	(450,000)
Transit Center Engineering & Design		8,789,000	8,789,000
Temporary Terminal Engineering & Design	3,000,000	1,461,000	(1,539,000)
Bus Storage Engineering & Design		2,865,000	2,865,000
Utility Relocation Engineering & Design		1,470,000	1,470,000
Bus Ramps Engineering & Design		1,247,000	1,247,000
Construction Management for Temporary Terminal		97,000	97,000
Construction Management for Bus Storage		106,000	106,000
Environmental Consultant / Building and Soil Haz. Mat.		380,000	380,000
SF MTA Overhead Lines & Traffic Engineering		250,000	250,000
Caltrans Coordination / Engineering		25,000	25,000
PUC Water & Sewer Coordination		50,000	50,000
PUC BLHP Street Lighting Engineering		50,000	50,000
BOW AWSS Design	-	25,000	25,000
PG&E Permits		150,000	150,000
Other Plan Checks / Permit Fees		316,000	316,000
Transbay District Plan		584,000	584,000
Economic Analysis	150,000	150,000	-
Ridership Studies	63,000	-	(63,000)
Environmental Review for DTX Loop		1,000,000	1,000,000
Consulting Services for Design & Development Option Agreement		100,000	100,000
Property Management		83,200	83,200
Benefits Administration / Payroll Services	141,000	140,000	(1,000)
Outside Legal Counsel	1,200,000	1,000,000	(200,000)
City Attorney	250,000	225,000	(25,000)
Financial & Grant Management	450,000	600,000	150,000
Community & Public Relations	117,500	112,500	(5,000)
Legislative Services	80,000	225,000	145,000
Information Technology Support	59,000	31,500	(27,500)
Accounting Software & Installation	250,000	250,000	-
Audit Services	30,000	48,000	18,000
SFMTA Grants Administration	114,800	50,000	(64,800)
SFMTA Procurement Assistance	27,000	16,200	(10,800)
Other Intergovernmental Agreements	-	50,000	50,000
Other Consulting Assistance	8,200	50,000	41,800
Subtotal, Professional & Specialized Services	\$ 28,435,500	\$ 35,580,400	\$ 7,144,900

**Transbay Joint Powers Authority
Proposed Fiscal Year 2007-08 Budget Request**

	FY 2006-07 Approved Budget Amendment 1	FY 2007-08 Budget Request	Change
Right of Way Acquisition			
Property Acquisition	56,000,000	59,550,000	3,550,000
Appraisal Services	410,000	115,000	(295,000)
ALTA / Design Surveys	146,000	350,000	204,000
Title/Closing Costs	560,000	38,000	(522,000)
Relocation Services Consultation and Assistance		645,000	645,000
Geotechnical Analysis		10,000	10,000
San Francisco Redevelopment Agency	50,000	1,015,900	965,900
Hazardous Materials Mitigation		700,000	700,000
Subtotal, Right of Way Acquisition	\$ 57,166,000	\$ 62,423,900	\$ 5,257,900
Other			
Fiscal Reserve	2,423,856	2,442,700	18,844
Emergency Reserve	500,000	500,000	-
Contingency Reserve	1,766,344	-	(1,766,344)
Loan to SF Redevelopment Agency	222,600	-	(222,600)
Subtotal, Other	\$ 4,912,800	\$ 2,942,700	\$ (1,970,100)
TOTAL EXPENDITURES + OTHER	\$ 92,327,000	\$ 104,835,300	\$ 12,508,300

**Transbay Joint Powers Authority
Proposed Fiscal Year 2007-08 Budget Request**

	FY 2006-07 Approved Budget Amendment 1	FY 2007-08 Budget Request	Change
REVENUE ²			
Committed Revenue			
Federal Demonstration 1601 Grant	1,637,800	-	(1,637,800)
Federal SAFETEA-LU Earmark Grants	6,649,751	8,439,500	1,789,749
Regional Measure 2	4,999,900	4,537,800	(462,100)
Proposition K San Francisco Sales Tax	4,004,000	7,469,000	3,465,000
San Mateo County Sales Tax	6,639,500	1,975,600	(4,663,900)
Regional Transportation Improvement Program (RTIP)	-	3,391,000	3,391,000
Lease Income	434,200	911,900	477,700
Interest Income	230,000	228,000	(2,000)
Subtotal, Committed Revenue	\$ 24,595,151	\$ 26,952,800	\$ 2,357,649
Planned Revenue			
SAFETEA-LU Earmark Grants	6,963,649	13,713,500	6,749,851
Regional Transportation Improvement Program (RTIP)	3,391,000	4,000,000	609,000
Proposition K San Francisco Sales Tax	30,000,000	-	(30,000,000)
Regional Measure 2		2,436,000	2,436,000
Other Planned Revenue (RM-2, Prop K, San Mateo Sales Tax, other)	23,048,600	54,704,900	31,656,300
Subtotal, Planned Revenue	\$ 63,403,249	\$ 74,854,400	\$ 11,451,151
Other			
Fund Balance from Previous Year	4,328,600	2,028,100	(2,300,500)
Subtotal, Other	\$ 4,328,600	\$ 2,028,100	\$ (2,300,500)
New Revenues to be Identified			
Revenue Source to be Determined	-	1,000,000	1,000,000
Subtotal, Revenue Source to be Determined	\$ -	\$ 1,000,000	\$ 1,000,000
TOTAL REVENUE + OTHER	\$ 92,327,000	\$ 104,835,300	\$ 12,508,300

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 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.

3: Fund Balance from Previous Year does not include approximately \$2.3 million required for future year loan obligations to San Francisco Redevelopment Agency