



RESOLUTION AMENDING THE ADOPTED FISCAL YEAR 2019/20 BUDGET TO INCREASE REVENUE BY \$2.1 MILLION, DECREASE EXPENDITURES BY \$71.9 MILLION AND DECREASE OTHER FINANCING SOURCES BY \$67.0 MILLION FOR A TOTAL NET INCREASE IN FUND BALANCE OF \$7.0 MILLION

WHEREAS, In June 2019, through approval of Resolution 19-61, the Transportation Authority adopted the Fiscal Year (FY) 2019/20 Annual Budget and Work Program; and

WHEREAS, The Transportation Authority's Fiscal Policy allows for the amendment of the adopted budget during the fiscal year to reflect actual revenues and expenditures incurred; and

WHEREAS, Revenue and expenditure revisions are related to the new Traffic Congestion Mitigation Tax Program, investment income, program revenues, and several capital project costs reported in the Sales Tax Program (Prop K), Congestion Management Agency Programs, Vehicle Registration Fee for Transportation Improvements Program (Prop AA), and TIMMA Program; and

WHEREAS, Major changes in revenues due to additional funding and increase in revenue estimates include the following: the new Traffic Congestion Mitigation Tax; Pennsylvania Avenue Extension Pre-environmental Study; Vista Point at Pier E2 on Yerba Buena Island; Neighborhood Transportation Improvement Projects; travel demand modeling services; investment income and TIMMA Program revenues; and

WHEREAS, Major changes in expenditures due to delays in project reimbursement requests (e.g. due to billing other sources first, project delays) or changes in scope include the following projects: Prop K San Francisco Municipal Transportation Agency's (SFMTA's) vehicle procurements for motor coaches, trolley coaches and light rail vehicles; Prop K SFMTA's Van Ness Bus Rapid Transit Project; Prop K Caltrain Downtown Extension; Prop AA SFMTA's Muni Metro Enhancements Project; Prop AA San Francisco Public Works' (SFPW's) Haight Street Resurfacing and Pedestrian Lighting Project; Prop AA San Francisco Public Works 23rd Street, Dolores Street, York Street and Hampshire Street Pavement Renovation Project; Interstate 80/Yerba Buena Island Ramps Interchange Improvement Project - Southgate Road Realignment; U.S. 101/I-280 Express Lanes and Bus Project; TIMMA Program; and

WHEREAS, Administrative operating costs, debt service costs and other financing sources also need to be updated from the original estimates contained in the adopted FY



2019/20 budget; and

WHEREAS, At its February 26, 2020 meeting, the Citizens Advisory Committee considered the subject request and adopted a motion of support for the staff recommendation; now, therefore, be it

RESOLVED, That the Transportation Authority's adopted FY 2019/20 budget is hereby amended to increase revenues by \$2.1 million, decrease expenditures by \$71.9 million, and decrease other financing sources by \$67.0 million, for a total net increase in fund balance of \$7.0 million, as shown in Attachment 1.

Attachment:

1. Proposed Fiscal Year 2019/20 Budget Amendment



Proposed Budget Amendment by Fund

	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund for Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency Program	Traffic Congestion Mitigation Tax Program	Proposed Fiscal Year 2019/20 Budget Amendment
Revenues:							
Sales Tax Revenues	\$ 110,861,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,861,695
Vehicle Registration Fee	-	-	-	4,930,000	-	-	4,930,000
Traffic Congestion Mitigation Tax	-	-	-	-	-	7,668,508	7,668,508
Investment Income	3,077,099	-	2,500	222,075	-	44,569	3,346,243
Program Revenues	30,000	20,248,393	771,753	-	2,682,254	-	23,732,400
Other Revenues	45,980	-	-	-	-	-	45,980
Total Revenues	114,014,774	20,248,393	774,253	5,152,075	2,682,254	7,713,077	150,584,826
Expenditures							
Capital Project Costs	144,016,821	19,750,553	1,110,104	4,631,435	1,474,492	-	170,983,405
Administrative Operating Costs	5,843,440	4,264,414	48,258	309,568	570,930	75,032	11,111,642
Debt Service Costs	21,794,250	-	-	-	-	-	21,794,250
Total Expenditures	171,654,511	24,014,967	1,158,362	4,941,003	2,045,422	75,032	203,889,297
Other Financing Sources (Uses):	(3,129,742)	3,766,574	-	-	(636,832)	-	-
Net change in Fund Balance	\$ (60,769,479)	\$ -	\$ (384,109)	\$ 211,072	\$ -	\$ 7,638,045	\$ (53,304,471)
Budgetary Fund Balance, as of July 1	\$ 98,919,279	\$ -	\$ 1,090,174	\$ 14,620,577	\$ -	\$ -	\$ 114,630,030
Budgetary Fund Balance, as of June 30	\$ 38,149,800	\$ -	\$ 706,065	\$ 14,831,649	\$ -	\$ 7,638,045	\$ 61,325,559



Memorandum

AGENDA ITEM 9

DATE: February 28, 2020

TO: Transportation Authority Board

FROM: Cynthia Fong - Deputy Director for Finance and Administration

SUBJECT: 3/10/20 Board Meeting: Amend the Adopted Fiscal Year 2019/20 Budget to Increase Revenues by \$2.1 Million, Decrease Expenditures by \$71.9 Million and Decrease Other Financing Sources by \$67.0 Million for a Total Net Increase in Fund Balance of \$7.0 Million

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <p>Amend the adopted Fiscal Year (FY) 2019/20 budget to increase revenues by \$2.1 million, decrease expenditures by \$71.9 million and decrease other financing sources by \$67.0 million for a total net increase in fund balance of \$7.0 million.</p> <p>SUMMARY</p> <p>Every year we present the Board with any adjustments to the annual budget adopted the previous June. This revision is an opportunity to take stock of changes in revenue trends, recognize grants or other funds that are obtained subsequent to the original approval of the annual budget, and adjust for unforeseen expenditures. In June 2019, through Resolution 19-61, the Board adopted the FY 2019/20 Annual Budget and Work Program. Revenue and expenditure figures pertaining to several capital projects need to be updated from the original estimates contained in the adopted FY 2019/20 Budget.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Fund Allocation <input type="checkbox"/> Fund Programming <input type="checkbox"/> Policy/Legislation <input type="checkbox"/> Plan/Study <input type="checkbox"/> Capital Project Oversight/Delivery <input checked="" type="checkbox"/> Budget/Finance <input type="checkbox"/> Contract/Agreement <input type="checkbox"/> Other: _____
---	--

DISCUSSION

Background.

The budget revision is an opportunity for us to revise revenue projections and expenditure line items to reflect new information or requirements identified in the months elapsed since the adoption of the annual budget. Our Fiscal Policy allows for the amendment of the adopted budget during the fiscal year to reflect actual revenues and expenditures incurred.



The revisions typically take place after completion of the annual fiscal audit, which certifies actual expenditures and carryover revenues.

Proposed Budget Amendment.

The budget revision reflects an increase of \$2.1 million in revenues, a decrease of \$71.9 million in expenditures, and a decrease of \$67.0 million in other financing sources for a total net increase of \$7.0 million in fund balance. These revisions include carryover revenues and expenditures from the prior period. The effect of the amendment on the adopted FY 2019/20 Budget in the aggregate line item format specified in the Fiscal Policy is shown in Attachments 1 and 3. A comparison of revenues and expenditures to prior year actual and adopted budgeted numbers is presented in Attachment 2. The detailed budget explanations by line item are included in Attachment 4. Detailed budget revisions for the Treasure Island Mobility Management Agency (TIMMA) will be presented as a separate item to the April TIMMA Committee and TIMMA Board.

Revenue and expenditure revisions are related to the new Traffic Congestion Mitigation Tax Program, investment income, program revenues, and several capital project costs reported in the Sales Tax Program (Prop K), Congestion Management Agency Programs, Vehicle Registration Fee for Transportation Improvements Program (Prop AA), and TIMMA Program. Major changes in revenue and expenditure line items include the following:

- **New Funding**
 - Traffic Congestion Mitigation Tax
 - Pennsylvania Avenue Extension Pre-environmental Study
 - Vista Point at Pier E2 on Yerba Buena Island
 - Neighborhood Transportation Improvement Projects: District 10 15-Third Street Bus Study, District 4 Mobility Improvements Study, and District 5 Octavia Improvements Study
 - Travel demand modeling services
- **Increase in Revenue Estimates**
 - Investment Income
 - TIMMA Program Revenues
- **Project Delays or Changes in Scope**
 - Prop K San Francisco Municipal Transportation Agency's (SFMTA's) vehicle procurements for motor coaches, trolley coaches and light rail vehicles
 - Prop K SFMTA's Van Ness Bus Rapid Transit Project
 - Prop K Caltrain Downtown Extension



- Prop AA SFMTA's Muni Metro Enhancements Project
- Prop AA San Francisco Public Works' (SFPW's) Haight Street Resurfacing and Pedestrian Lighting Project
- Prop AA San Francisco Public Works 23rd Street, Dolores Street, York Street and Hampshire Street Pavement Renovation Project
- Interstate 80/Yerba Buena Island Ramps Interchange Improvement Project - Southgate Road Realignment
- U.S. 101/I-280 Express Lanes and Bus Project
- TIMMA Program

Additionally, administrative operating costs, debt service costs and other financing sources need to be updated from the original estimates contained in the adopted FY 2019/20 budget.

FINANCIAL IMPACT

The proposed amendment to the FY 2019/20 budget would increase revenues by \$2.1 million, decrease expenditures by \$71.9 million, and decrease other financing sources by \$67.0 million, for a total net increase in fund balance of \$7.0 million, as described above.

CAC POSITION

The CAC was briefed on this item at its February 26, 2020 meeting and adopted a motion of support for the staff recommendation..

SUPPLEMENTAL MATERIALS

- Attachment 1 - Proposed Budget Amendment
- Attachment 2 - Proposed Budget Amendment - Comparison of Revenues and Expenditures
- Attachment 3 - Proposed Budget Amendment - Line Item Detail
- Attachment 4 -Budget Amendment Explanations



Category	Fiscal Year 2018/19 Actual	Fiscal Year 2019/20 Adopted Budget	Proposed Fiscal Year 2019/20 Budget Amendment	Variance from Fiscal Year 2019/20 Adopted Budget	% Variance
Sales Tax Revenues	\$ 115,670,918	\$ 110,861,695	\$ 110,861,695	\$ -	0.0%
Vehicle Registration Fee	4,945,470	4,930,000	4,930,000	-	0.0%
Traffic Congestion Mitigation Tax	-	-	7,668,508	7,668,508	N/A
Investment Income	2,844,187	1,622,000	3,346,243	1,724,243	106.3%
Program Revenues					
Federal	5,076,521	23,180,409	15,955,790	(7,224,619)	-31.2%
State	754,186	2,148,445	930,069	(1,218,376)	-56.7%
Regional and other	3,216,636	5,693,723	6,846,541	1,152,818	20.2%
Other Revenues	53,328	45,980	45,980	-	0.0%
Total Revenues	132,561,246	148,482,252	150,584,826	2,102,574	1.4%
Capital Project Costs	127,884,701	242,496,571	170,983,405	(71,513,166)	-29.5%
Administrative Operating Costs					
Personnel expenditures	6,247,903	8,117,924	8,117,924	-	0.0%
Non-Personnel expenditures	2,603,262	2,829,175	2,993,718	164,543	5.8%
Debt Service Costs	33,566,262	22,314,250	21,794,250	(520,000)	-2.3%
Total Expenditures	170,302,128	275,757,920	203,889,297	(71,868,623)	-26.1%
Other Financing Sources (Uses)	-	67,000,000	-	(67,000,000)	N/A
Net change in Fund Balance	\$ (37,740,882)	\$ (60,275,668)	\$ (53,304,471)	\$ 6,971,197	-11.6%
Budgetary Fund Balance, as of July 1	\$ 152,370,912	\$ 114,630,030	\$ 114,630,030		
Budgetary Fund Balance, as of June 30	\$ 114,630,030	\$ 54,354,362	\$ 61,325,559		



Proposed Budget Amendment by Fund

	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund for Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency Program	Traffic Congestion Mitigation Tax Program	Proposed Fiscal Year 2019/20 Budget Amendment
Revenues:							
Sales Tax Revenues	\$ 110,861,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$110,861,695
Vehicle Registration Fee	-	-	-	4,930,000	-	-	4,930,000
Traffic Congestion Mitigation Tax	-	-	-	-	-	7,668,508	7,668,508
Investment Income	3,077,099	-	2,500	222,075	-	44,569	3,346,243
Program Revenues							
Federal							
Advanced Transportation and Congestion Management Technologies Deployment	-	-	-	-	489,565	-	489,565
Highway Bridge Program - I-80/Yerba Buena Island Interchange Improvement	-	9,923,073	-	-	-	-	9,923,073
Highway Bridge Program - Yerba Buena Island Bridge Structures	-	3,897,647	-	-	-	-	3,897,647
Surface Transportation Program 3% Revenue and Augmentation	30,000	1,615,505	-	-	-	-	1,645,505
State							
Seismic Retrofit Proposition 1B - I/80 YBI Interchange Improvement Project	-	930,069	-	-	-	-	930,069
Regional and other							
BATA - I-80/Yerba Buena Island Interchange Improvement	-	1,354,851	-	-	-	-	1,354,851
MTC - Downtown Congestion Pricing Study	-	400,000	-	-	-	-	400,000
SF OEWD - South of Cesar Chavez Area Plan	-	56,312	-	-	-	-	56,312
SFPW - Octavia Improvements Study	-	78,295	-	-	-	-	78,295
SFMTA - Lake Merced Pedestrian Safety	-	4,842	-	-	-	-	4,842
SFMTA Travel Demand Modeling for TIRCP and STIP Grant Application	-	39,995	-	-	-	-	39,995
SF Planning - ConnectSF Phase 2 Outreach	-	98,216	-	-	-	-	98,216
SF Planning - Downtown Congestion Pricing Study	-	570,371	-	-	-	-	570,371
SF Planning - Transportation Demand Management Program	-	40,000	-	-	-	-	40,000
SFMTA - Travel Demand Modeling Assistance	-	148,242	-	-	-	-	148,242
San Mateo County Transportation Authority - 101/280 Managed Lanes	-	182,475	-	-	-	-	182,475
TIDA - Treasure Island Mobility Management Agency	-	-	-	-	2,192,689	-	2,192,689
TIDA - Yerba Buena Island Interchange Improvement & Bridge Structures	-	876,282	-	-	-	-	876,282
Vehicle Registration Fee Revenues (TFCA)	-	-	771,753	-	-	-	771,753
Schmidt Family Foundation/The 11th Hour Project - TNC Research	-	32,218	-	-	-	-	32,218
Other Revenues							
San Francisco Department of Environment - Shower Facilities	2,000	-	-	-	-	-	2,000
Sublease of Office Space	43,980	-	-	-	-	-	43,980
Total Revenues	\$ 114,014,774	\$ 20,248,393	\$ 774,253	\$ 5,152,075	\$ 2,682,254	\$ 7,713,077	\$150,584,826



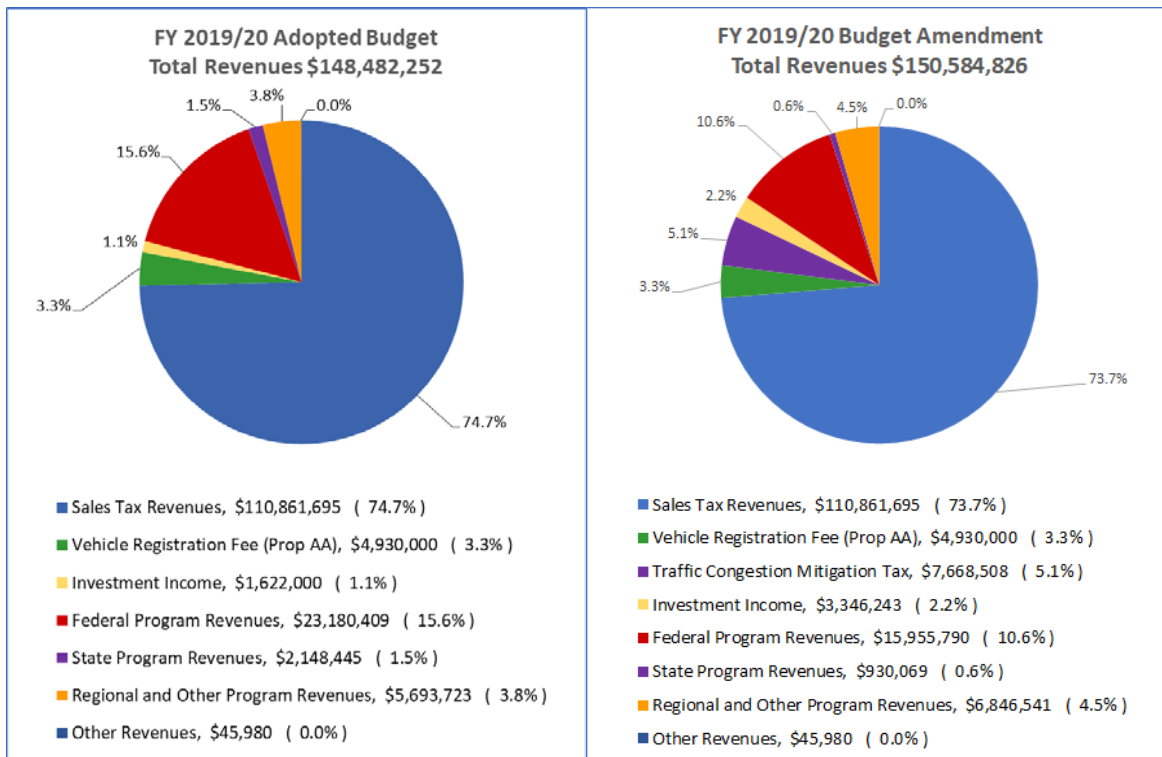
Proposed Budget Amendment by Fund

	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund for Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency Program	Traffic Congestion Mitigation Tax Program	Proposed Fiscal Year 2019/20 Budget Amendment
Expenditures:							
Capital Project Costs							
Individual Project Grants, Programs & Initiatives	\$ 142,000,000	\$ -	\$ 1,110,104	\$ 4,631,435	\$ -	\$ -	\$147,741,539
Technical Professional Services	2,016,821	19,750,553	-	-	1,474,492	-	23,241,866
Administrative Operating Costs							
Personnel Expenditures							
Salaries	1,828,991	2,905,425	32,987	211,608	386,028	44,453	5,409,492
Fringe Benefits	846,690	1,345,002	15,271	97,960	178,702	20,579	2,504,204
Pay for Performance	204,228	-	-	-	-	-	204,228
Non-personnel Expenditures							
Administrative Operations	2,782,031	13,987	-	-	-	10,000	2,806,018
Equipment, Furniture & Fixtures	114,500	-	-	-	-	-	114,500
Commissioner-Related Expenses	67,000	-	-	-	6,200	-	73,200
Debt Service Costs							
Fiscal Charges	97,000	-	-	-	-	-	97,000
Interest Expenses	8,777,250	-	-	-	-	-	8,777,250
Bond Principal Payment	12,920,000	-	-	-	-	-	12,920,000
Total Expenditures	\$ 171,654,511	\$ 24,014,967	\$ 1,158,362	\$ 4,941,003	\$ 2,045,422	\$ 75,032	\$203,889,297
Other Financing Sources (Uses):							
Transfers in - Prop K Match to Grant Funding	-	3,766,574	-	-	-	-	3,766,574
Transfers out - Prop K Match to Grant Funding	(3,129,742)	-	-	-	(636,832)	-	(3,766,574)
Draw on Revolving Credit Agreement	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(3,129,742)	3,766,574	-	-	(636,832)	-	-
Net change in Fund Balance	\$ (60,769,479)	\$ -	\$ (384,109)	\$ 211,072	\$ -	\$ 7,638,045	\$ (53,304,471)
Budgetary Fund Balance, as of July 1	\$ 98,919,279	\$ -	\$ 1,090,174	\$ 14,620,577	\$ -	\$ -	\$114,630,030
Budgetary Fund Balance, as of June 30	\$ 38,149,800	\$ -	\$ 706,065	\$ 14,831,649	\$ -	\$ 7,638,045	\$ 61,325,559
Fund Reserved for Program and Operating Contingency	\$ 11,086,170	\$ -	\$ 77,175	\$ 493,000	\$ -	\$ 766,851	\$ 12,423,196

Attachment 4
Fiscal Year (FY) 2019/20 Budget Amendment Explanations

TOTAL REVENUES		
Adopted Budget	Proposed Budget Amendment	Variance
\$148,482,252	\$150,584,826	\$2,102,574

The following chart shows the comparative composition of revenues for the proposed amended and adopted FY 2019/20 budget.



Traffic Congestion Mitigation Tax Revenues		
Adopted Budget	Proposed Budget Amendment	Variance
\$0	\$7,668,508	\$7,668,508

In November 2019, San Francisco voters passed Proposition D with 67.65% of the vote, which will impose an excise tax of 3.25% of the passenger fare, excluding any taxes, fees, and other government charges, for rides originating in San Francisco that are provided by transportation network companies (e.g. Lyft, Uber) and mobility providers of autonomous vehicles and private transit service vehicles. The rate for shared rides would be 1.5%. The tax is effective January 1, 2020 for rides originating in San Francisco,

Attachment 4
Fiscal Year (FY) 2019/20 Budget Amendment Explanations

and expires on November 5, 2045. Rides provided in zero-emission vehicles from January 1, 2020 through December 31, 2024 would be taxed at 1.5%.

After allowable City administrative costs, 50% of the tax would provide funding for the San Francisco Municipal Transportation Agency (SFMTA) for Muni transit service and affordability, system reliability and capacity, and keeping transit infrastructure in a state of good repair, for defined purposes. The remaining 50% would provide funding for the Transportation Authority for planning, design studies, and/or capital improvements that promote users' safety in the public right-of-way, for defined purposes.

We anticipate collecting \$7.7 million in FY 2019/20. Revenues collected in this fiscal year will fund the initial programming and setup costs of the program. Per agreement with the Controller's Office of the City and County of San Francisco (City), we are not budgeting any capital expenditures this fiscal year during the initial setup and development stage until we have accumulated a sufficient cash balance within the program.

Investment Income		
Adopted Budget	Proposed Budget Amendment	Variance
\$1,622,000	\$3,346,243	\$1,724,243

In November 2017, we issued Sales Tax Revenue Bonds with the total face amount of \$248.3 million. Investment income has increased mainly due to a higher than anticipated bond proceeds bank balance as a result of the low number of invoices received from project sponsors. Investment income in the Sales Tax Program is estimated to be \$3.1 million, an increase of \$1.5 million from the adopted budget.

In August 2019, we began investing Vehicle Registration Fee revenues in a higher earning interest certificate of deposits accounts, which will yield an estimated \$222,075 in investment income for the year.

In addition, we anticipate earning \$44,569 of investment income on the new Traffic Congestion Mitigation Tax revenues that will be collected this year, which is maintained in the City's Treasury Pool.

Total Investment Income is projected to increase by \$1.7 million for FY 2019/20.

Federal Program Revenues		
Adopted Budget	Proposed Budget Amendment	Variance
\$23,180,409	\$15,955,790	\$(7,224,619)

Federal Program Revenues are expected to decrease by \$7.2 million from the adopted FY 2019/20 budget. The majority of the decrease is related to the delay in receipt of federal authorization from Caltrans for the Southgate Road Realignment Project, Phase 2 of the I-80/Yerba Buena Island (YBI) Interchange Improvement project, which was originally anticipated to be awarded by the end of FY 2018/19. Since we received Caltrans' authorizations to proceed for the right-of-way and construction

Attachment 4
Fiscal Year (FY) 2019/20 Budget Amendment Explanations

phases in August 2019 and November 2019, respectively, approximately \$7.2 million in federal revenues for this project will be deferred to FY 2020/21.

State Program Revenues		
Adopted Budget	Proposed Budget Amendment	Variance
\$2,148,445	\$930,069	\$(1,218,376)

State Program Revenues are also expected to decrease by \$1.2 million from the adopted FY 2019/20 budget. The Southgate Road Realignment Project is partially funded by state Proposition 1B Seismic Retrofit funds, which fulfills a portion of the local match requirement to the related federal grant, as mentioned above. Since federal authorization was received later than anticipated, approximately \$1.2 million in state revenues will be deferred to FY 2020/21.

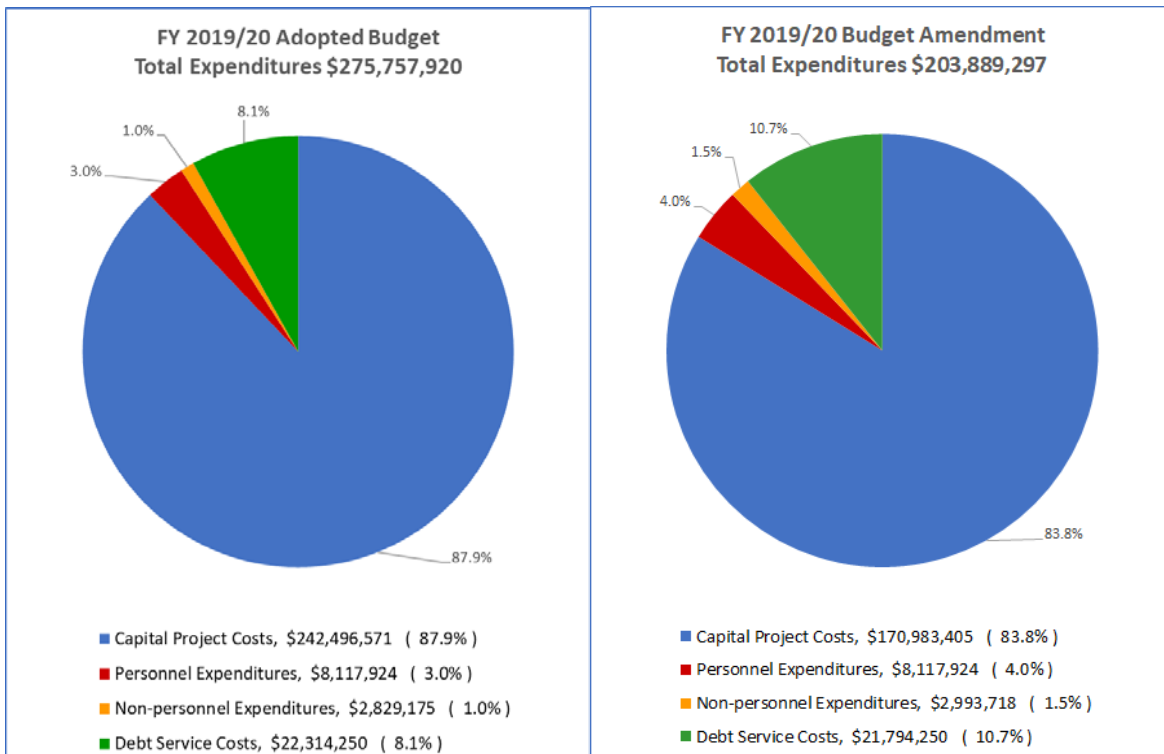
Regional and Other Program Revenues		
Adopted Budget	Proposed Budget Amendment	Variance
\$5,693,723	\$6,846,541	\$1,152,818

Regional and Other Program Revenues are expected to increase by \$1,152,818. Revenue estimates are updated to reflect new or increased funding for several projects. In October 2019, we executed a Memorandum of Agreement with San Francisco Public Works (SFPW) for its contribution, totaling \$200,000, to the Octavia Improvements Study. The budget amendment reflects the first year's activities for this study, increasing revenues by \$78,295. In addition, the Bay Area Toll Authority (BATA) has requested that we provide operations and maintenance services on their new Vista Point at Pier E2 on YBI. BATA has agreed to provide \$400,000 of funding for this effort through June 2022. This budget amendment reflects the first year's activities, increasing revenues by \$150,000. Furthermore, we are providing additional travel demand modeling services to the SFMTA in support for Transit and Intercity Rail Capital Program grant application and the State Transportation Improvement Program grant application, which is anticipated to bring in an additional \$39,995 in revenues. The budget amendment also reflects an increase in revenues from the Treasure Island Development Authority (TIDA) by \$443,493, which is due to the collection of deferred revenues that we are recognizing in FY 2019/20 for work related to the TIMMA Program that was completed in the previous fiscal year.

Attachment 4
Fiscal Year (FY) 2019/20 Budget Amendment Explanations

TOTAL EXPENDITURES		
Adopted Budget	Proposed Budget Amendment	Variance
\$275,757,920	\$203,889,297	\$(71,868,623)

The following chart shows the comparative composition of expenditures for the proposed amended and adopted FY 2019/20 budget.



Capital Project Costs		
Adopted Budget	Proposed Budget Amendment	Variance
\$242,496,571	\$170,983,405	\$(71,513,166)

Capital Project Costs in FY 2019/20 are budgeted to decrease from the adopted FY 2019/20 amended budget by \$71.5 million, which is primarily due to anticipated lower capital costs for the Prop K program overall, most of which are awarded as grants to agencies like the SFMTA. Costs by Program Fund are detailed below.

Attachment 4
Fiscal Year (FY) 2019/20 Budget Amendment Explanations

Capital Project Costs - Sales Tax Program		
Adopted Budget	Proposed Budget Amendment	Variance
\$200,734,927	\$144,016,821	\$(56,718,106)

We developed the FY 2019/20 Prop K Capital Project Costs based on a review of the 2019 Prop K Strategic Plan, consultation with project sponsors, and evaluation of likely reimbursement needs based on project delivery schedules. Some of the main drivers of the Prop K Capital Project Costs and our sales tax revenue bond are the SFMTA vehicle procurements. In FY 2019/20, the SFMTA's reimbursement requests for the motor coaches and trolley coaches have been slower than anticipated. This is caused in part by the SFMTA billing other non-Prop K sources first, and a lag in the delivery schedule for the new trolley coaches. In FY 2019/20, the SFMTA's anticipated reimbursement requests for the Siemens Light Rail Vehicle Procurement project have been delayed while SFMTA addresses safety and performance concerns about the new fleet. In addition, we expect lower than anticipated reimbursements for the Van Ness Bus Rapid Transit project, which is behind schedule and also able to bill non-Prop K sources first, and anticipated work on design of the Downtown Extension has been delayed while the peer review panel conducted its review of governance, oversight, and project delivery.

We still anticipate fully spending the bond proceeds within three years of issuance. Based on information provided by the SFMTA and other sponsors and our review of expenditure and reimbursement rates, we recommend amending the Prop K Capital Project Costs to \$142.0 million, a decrease of \$58.0 million over the adopted budget of \$200.0 million.

In addition, in October 2019, through Resolution 20-16, the Board approved a \$1.6 million Prop K appropriation to develop a Project Initiation Report for the Pennsylvania Avenue Extension Pre-Environmental Study. The report will outline alternatives for evaluation during the environmental review process. The budget amendment reflects the first year's activities for performing pre-environmental analyses and scoping work, along with public outreach.

Total Capital Project Costs for the Sales Tax Program is projected to decrease by \$56.7 million for FY 2019/20.

Capital Project Costs - Congestion Management Agency (CMA) Programs		
Adopted Budget	Proposed Budget Amendment	Variance
\$29,869,867	\$19,750,553	\$(10,119,314)

Capital Project Costs for CMA Programs in FY 2019/20 are budgeted to decrease by \$10.1 million as compared to the adopted budget. As mentioned above, this decrease is primarily due to the delay in obtaining federal and state authorization for the Southgate Road Realignment project, which resulted in the deferral of right-of-way and construction activities totaling \$8.9 million to FY 2020/21. We advertised

Attachment 4
Fiscal Year (FY) 2019/20 Budget Amendment Explanations

the construction phase work in December 2019 and plan to award the contract by March 2020. We anticipate construction activities will be completed by June 2022.

In November 2019, through Resolution 20-16, the Board approved a Prop K appropriation of \$4.1 million to fund development of the draft environmental document for the U.S. 101/280 Express Lanes and Bus Project. We are shifting \$2.7 million of budgeted capital costs from FY 2019/20 to FY 2020/21, reflecting a longer project initiation process than expected and more staff and consultant time now expected to be spent later in the study timeline. We expect to complete the study by December 2021.

Furthermore, we have initiated various NTIP planning efforts during the year, including District 10 15-Third Street Bus Study, District 4 Mobility Improvements Study, and Octavia Improvements Study. These planning efforts are funded by Prop K appropriations and Memorandum of Agreements. The proposed budget amendment reflects an increase of \$79,384 in related capital costs for these efforts.

Capital Project Costs - Vehicle Registration Fee for Transportation Improvements Program		
Adopted Budget	Proposed Budget Amendment	Variance
\$8,738,768	\$4,631,435	\$(4,107,333)

For FY 2019/20, we have seen slower than anticipated costs from three of the largest projects in the current budget, as well as delayed allocations for six projects. Lower costs are primarily due to continued delays in finalizing construction bid documents for SFMTA's Muni Metro Enhancements project due to challenges during design (e.g. identifying allowable work hours and contractor staging areas to minimize impacts to riders and train service, and interfacing with old infrastructure), and delays to San Francisco Public Works' (SFPW's) Haight Street Resurfacing and Pedestrian Lighting project due to coordination with sewer work and SFPW's 23rd Street, Dolores Street, York Street and Hampshire Street Pavement Renovation project due to coordination with water work. Consistent with the Prop AA timely-use-of-funds policy, we have been working with the SFMTA and SFPW to review the status of the six projects that have not requested allocation of Prop AA funds programmed in FY 2019/20 given that these projects may, at the discretion of the Board, have funding de-obligated and reprogrammed to other projects through a competitive call for projects. This amendment decreases Capital Project Costs by \$4.1 million.

Capital Project Costs - TIMMA		
Adopted Budget	Proposed Budget Amendment	Variance
\$2,042,905	\$1,474,492	\$(568,413)

Capital Project Costs for the TIMMA Program in FY 2019/20 are expected to decrease by \$568,413 as compared to the adopted budget. This decrease is primarily due to the hold on the toll system design work scope which is not expected to proceed until the toll policies are adopted. Work scope includes

Attachment 4
Fiscal Year (FY) 2019/20 Budget Amendment Explanations

issuance of the Request for Proposals for a System Integrator, launch system integration work, and completion of civil engineering design. These activities have not yet initiated due to ongoing analysis and outreach on toll policies but expect those to commence once toll policies are approved.

Administrative Operating Costs - Non-Personnel Expenditures		
Adopted Budget	Proposed Budget Amendment	Variance
\$2,829,175	\$2,993,718	\$164,543

Administrative operating costs for non-personnel expenditures are expected to increase by \$164,543. Original estimates did not anticipate increased costs for on-going legal counsel support services, our website development services for the grant management portal and related systems, implementation of the new contacts database management system and recruitment consulting services.

Debt Service Costs		
Adopted Budget	Proposed Budget Amendment	Variance
\$22,314,250	\$21,794,250	\$(520,000)

Debt Service Costs are expected to decrease by \$520,000. Due to the proposed decrease of \$56.7 million in Prop K Capital Project Costs, we do not anticipate the need to drawdown from the revolver credit loan agreement (Revolver) this fiscal year. As of December 31, 2019, we do not have an outstanding balance on the Revolver. Thus, interest and fiscal charges associated with the Revolver are no longer needed. In addition, interest expenses and fiscal charges came under budget due to the favorable municipal market rates.

Other Financing Sources (Uses) - Draw on Revolving Credit Agreement		
Adopted Budget	Proposed Budget Amendment	Variance
\$67,000,000	\$0	\$(67,000,000)

As noted above, due to the proposed decrease of \$56.7 million in Prop K Capital Project Costs, we do not anticipate the need to drawdown from the Revolver this fiscal year. We will continue to monitor capital spending closely during the remainder of the year through a combination of cash flow needs for allocation reimbursements, progress reports and conversations with project sponsors, particularly our largest grant recipient, the SFMTA.