



RESOLUTION AMENDING THE ADOPTED FISCAL YEAR 2020/21 BUDGET TO DECREASE REVENUES BY \$16.8 MILLION, DECREASE EXPENDITURES BY \$18.6 MILLION AND DECREASE OTHER FINANCING SOURCES BY \$50.0 MILLION FOR A TOTAL NET DECREASE IN FUND BALANCE OF \$48.2 MILLION

WHEREAS, In September 2020, through approval of Resolution 21-11, the Transportation Authority adopted the Fiscal Year (FY) 2020/21 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, In light of the continued significant impacts of the COVID-19 pandemic, we are recommending revising projected sales tax revenues down by 13.2% from \$93.3 million to \$81.0 million; and

WHEREAS, Revenue and expenditure figures pertaining to several capital projects also need to be updated from the original estimates contained in the adopted FY 2020/21 Budget; and

WHEREAS, Revenue and expenditure revisions are related to the Sales Tax Revenues, Traffic Congestion Mitigation Tax (TNC Tax) Revenues, interest income, program revenues, and several capital project costs reported in the Sales Tax Program (Prop K), Congestion Management Agency Programs, Transportation Fund for Clean Air Program (TFCA), and Treasure Island Mobility Management Agency (TIMMA) Program; and

WHEREAS, Major changes in revenues due to additional funding include the following: Neighborhood Transportation Improvement Projects (District 4 Mobility Improvements Study and Golden Gate Park Sustainable Travel Study), Potrero Yard Modernization, Yerba Buena Island (YBI) West-Side Bridges for Right-of-Way Phase; and major changes in revenues due to decrease in revenue estimates include the following: Sales Tax Revenue, TNC Tax Revenue, interest income, Interstate 80/YBI Interchange Improvement Project - Southgate Road Realignment and Pier E2; and



WHEREAS, Major changes in expenditures due to project delays or delays in project reimbursement requests include the following projects: Prop K San Francisco Municipal Transportation Agency's (SFMTA's) vehicle procurements for light rail vehicles, Interstate 80/YBI Ramps Interchange Improvement Project - Southgate Road Realignment and Pier E2, TIMMA Program, TFCA projects, and TNC Tax SFMTA's Vision Zero Quick-Build 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 2020/21 budget; and

WHEREAS, At its March 24, 2021 meeting, the Citizens Advisory Committee was briefed on the proposed budget amendment and adopted a motion of support for the staff recommendation; now, therefore, be it

RESOLVED, That the Transportation Authority's adopted FY 2020/21 budget is hereby amended to decrease revenues by \$16.8 million, decrease expenditures by \$18.6 million, and decrease other financing sources by \$50.0 million, for a total net decrease in fund balance of \$48.2 million, as shown in Attachment 1.

Attachment:

1. Proposed Fiscal Year 2020/21 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	Budget Amendment Fiscal Year 2020/21
Revenues:							
Sales Tax Revenues	\$ 81,028,216	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,028,216
Vehicle Registration Fee	-	-	-	5,035,345	-	-	5,035,345
Traffic Congestion Mitigation Tax	-	-	-	-	-	6,683,182	6,683,182
Interest Income	665,240	-	1,862	1,814	-	23,144	692,060
Program Revenues	-	29,840,148	859,117	-	2,233,421	-	32,932,686
Other Revenues	45,240	-	-	-	-	-	45,240
Total Revenues	81,738,696	29,840,148	860,979	5,037,159	2,233,421	6,706,326	126,416,729
Expenditures							
Capital Project Costs	137,752,438	32,278,803	878,256	4,834,049	1,660,300	200,000	177,603,846
Administrative Operating Costs	6,290,016	4,292,342	47,034	216,589	573,121	95,453	11,514,555
Debt Service Costs	21,868,117	-	-	-	-	-	21,868,117
Total Expenditures	165,910,571	36,571,145	925,290	5,050,638	2,233,421	295,453	210,986,518
Other Financing Sources (Uses):	43,269,003	6,730,997	-	-	-	-	50,000,000
Net change in Fund Balance	\$ (40,902,872)	\$ -	\$ (64,311)	\$ (13,479)	\$ -	\$ 6,410,873	\$ (34,569,789)
Budgetary Fund Balance, as of July 1	\$ 91,257,029	\$ -	\$ 1,067,515	\$ 15,503,808	\$ -	\$ (47,970)	\$ 107,780,382
Budgetary Fund Balance, as of June 30	\$ 50,354,157	\$ -	\$ 1,003,204	\$ 15,490,329	\$ -	\$ 6,362,903	\$ 73,210,593



Memorandum

AGENDA ITEM 8

DATE: March 25, 2021
TO: Transportation Authority Board
FROM: Cynthia Fong - Deputy Director for Finance and Administration
SUBJECT: 4/13/21 Board Meeting: Amend the Adopted Fiscal Year 2020/21 Budget to Decrease Revenues by \$16.8 Million, Decrease Expenditures by \$18.6 Million and Decrease Other Financing Sources by \$50.0 Million for a Total Net Decrease in Fund Balance of \$48.2 Million

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <p>Amend the adopted Fiscal Year (FY) 2020/21 budget to decrease revenues by \$16.8 million, decrease expenditures by \$18.6 million and decrease other financing sources by \$50.0 million for a total net decrease in fund balance of \$48.2 million</p> <p>SUMMARY</p> <p>Every year we present the Board with any adjustments to the adopted annual budget. 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 September 2020, through Resolution 21-11, the Board adopted the FY 2020/21 Annual Budget and Work Program.</p> <p>In light of the continued significant impacts of the COVID-19 pandemic, we are recommending revising projected sales tax revenues down by 13.2% from \$93.3 million to \$81.0 million.</p> <p>Revenue and expenditure figures pertaining to several capital projects also need to be updated from the original estimates contained in the adopted FY 2020/21 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: _____
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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.

DISCUSSION

The proposed budget amendment reflects a decrease of \$16.8 million in revenues, a decrease of \$18.6 million in expenditures, and a decrease of \$50.0 million in other financing sources for a total net decrease of \$48.2 million in fund balance. These revisions include carryover revenues and expenditures from the prior period. The effect of the amendment on the adopted FY 2020/21 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 with variances over 5% 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 May TIMMA Committee and TIMMA Board.

Revenue and expenditure revisions are related to the decrease in Sales Tax Revenues, Traffic Congestion Mitigation Tax (TNC Tax) Revenues, interest income, program revenues, and several capital project costs reported in the Sales Tax Program (Prop K), Congestion Management Agency Programs, Transportation Fund for Clean Air Program (TFCA), and TIMMA Program. Major changes in revenue and expenditure line items (addressed in Attachment 4) include the following:

- **New Funding**
 - District 4 Mobility Improvements Study
 - Golden Gate Park Sustainable Travel Study
 - Potrero Yard Modernization
 - Yerba Buena Island (YBI) West-Side Bridges for Right-of-Way Phase
- **Decrease in Revenue Estimates**
 - Sales Tax
 - TNC Tax
 - Interest Income
 - Interstate 80/YBI Interchange Improvement Project – Southgate Road Realignment and Pier E2



- **Project Delays or Delayed Reimbursement Requests**

- Prop K San Francisco Municipal Transportation Agency's (SFMTA's) vehicle procurements for light rail vehicles
- Interstate 80/YBI Interchange Improvement Project - Southgate Road Realignment and Pier E2
- TIMMA Program
- TFCA Projects (various projects detailed in Attachment 4)
- TNC Tax SFMTA's Vision Zero Quick-Build 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 2020/21 budget. Due to the reduction of anticipated sales tax revenues for the remainder of the fiscal year, we have conducted a full review of our operating costs and have taken the following steps to reduce expenditures:

- delaying the hiring of a vacant staff position, (but are continuing underway recruitments and filling essential positions);
- reduced administrative operating costs, travel and training, as well as non-essential purchases and contracting; and
- decreased debt service costs due to lower interest expenses related to the Revolving Credit Agreement.

We will continue to monitor revenue streams and coordinate closely with the City and County of San Francisco and sister agencies to assess short, medium, and long-term financial impacts stemming from the pandemic. While we expect our sales tax and other revenues to be significantly affected for the near-term, our current financial position ensures that we can continue to support sponsors' cash needs for a multitude of public works and transit projects across the city.

FINANCIAL IMPACT

The proposed amendment to the FY 2020/21 budget would decrease revenues by \$16.8 million, decrease expenditures by \$18.6 million, and decrease other financing sources by \$50.0 million, for a total net decrease in fund balance of \$48.2 million, as described above.

CAC POSITION

The Citizens Advisory Committee (CAC) considered this item at its March 24, 2021 meeting and unanimously 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 2019/20 Actual	Fiscal Year 2020/21 Adopted Budget	Proposed Fiscal Year 2020/21 Budget Amendment	Variance from Fiscal Year 2020/21 Adopted Budget	% Variance
Sales Tax Revenues	\$ 99,268,709	\$ 93,349,705	\$ 81,028,216	\$ (12,321,489)	-13.2%
Vehicle Registration Fee	4,016,473	4,350,644	5,035,345	684,701	15.7%
Traffic Congestion Mitigation Tax	-	7,383,949	6,683,182	(700,767)	-9.5%
Interest Income	2,782,633	775,052	692,060	(82,992)	-10.7%
Program Revenues					
Federal	6,559,443	27,930,948	24,725,310	(3,205,638)	-11.5%
State	117,621	2,510,046	2,475,524	(34,522)	-1.4%
Regional and other	3,935,297	6,916,953	5,731,852	(1,185,101)	-17.1%
Other Revenues	43,631	45,299	45,240	(59)	-0.1%
Total Revenues	116,723,807	143,262,596	126,416,729	(16,845,867)	-11.8%
Capital Project Costs	92,514,661	195,972,411	177,603,846	(18,368,565)	-9.4%
Administrative Operating Costs					
Personnel expenditures	6,613,922	8,734,417	8,607,126	(127,291)	-1.5%
Non-Personnel expenditures	2,671,878	2,948,691	2,907,429	(41,262)	-1.4%
Debt Service Costs	21,772,994	21,952,217	21,868,117	(84,100)	-0.4%
Total Expenditures	123,573,455	229,607,736	210,986,518	(18,621,218)	-8.1%
Other Financing Sources (Uses)	-	100,000,000	50,000,000	(50,000,000)	-50.0%
Net change in Fund Balance	\$ (6,849,648)	\$ 13,654,860	\$ (34,569,789)	\$ (48,224,649)	-353.2%
Budgetary Fund Balance, as of July 1	\$ 114,630,030	\$ 107,780,382	\$ 107,780,382		
Budgetary Fund Balance, as of June 30	\$ 107,780,382	\$ 121,435,242	\$ 73,210,593		



	Proposed Budget Amendment by Fund						Proposed Fiscal Year 2020/21 Budget Amendment
	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	
Revenues:							
Sales Tax Revenues	\$ 81,028,216	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,028,216
Vehicle Registration Fee	-	-	-	5,035,345	-	-	5,035,345
Traffic Congestion Mitigation Tax	-	-	-	-	-	6,683,182	6,683,182
Interest Income	665,240	-	1,862	1,814	-	23,144	692,060
Program Revenues							
Federal							
Advanced Transportation and Congestion Management Technologies Deployment	-	-	-	-	733,421	-	733,421
Highway Bridge Program - I-80/Yerba Buena Island Interchange Improvement	-	20,906,322	-	-	-	-	20,906,322
Highway Bridge Program - Yerba Buena Island Bridge Structures	-	2,225,134	-	-	-	-	2,225,134
Presidio Trust - Vehicle Pricing and Fee Collection Feasibility Study	-	7,933	-	-	-	-	7,933
Surface Transportation Program 3% Revenue and Augmentation	-	852,500	-	-	-	-	852,500
State							
Planning, Programming & Monitoring SB45 Funds	-	260,000	-	-	-	-	260,000
Seismic Retrofit Proposition 1B - I/80 YBI Interchange Improvement Project	-	2,160,104	-	-	-	-	2,160,104
Seismic Retrofit Proposition 1B - Yerba Buena Island Bridge Structures	-	22,940	-	-	-	-	22,940
Sustainable Communities - School Access Plan	-	32,480	-	-	-	-	32,480
Regional and other							
BATA - I-80/Yerba Buena Island Interchange Improvement	-	1,932,187	-	-	-	-	1,932,187
SF Office of Public Finance - Downtown Congestion Pricing Study	-	880,000	-	-	-	-	880,000
SFPW - Octavia Improvements Study	-	141,485	-	-	-	-	141,485
SFMTA - Lake Merced Pedestrian Safety	-	4,859	-	-	-	-	4,859
SFMTA - School Access Plan	-	5,200	-	-	-	-	5,200
SF Planning - Alemany Interchange Improvement Study	-	1,722	-	-	-	-	1,722
SF Planning - Housing Element	-	34,715	-	-	-	-	34,715
SFMTA - Travel Demand Modeling Assistance	-	75,000	-	-	-	-	75,000
TIDA - Treasure Island Mobility Management Agency	-	-	-	-	1,500,000	-	1,500,000
TIDA - Yerba Buena Island Interchange Improvement & Bridge Structures	-	265,350	-	-	-	-	265,350
Vehicle Registration Fee Revenues (TFCA)	-	-	859,117	-	-	-	859,117
Schmidt Family Foundation/The 11th Hour Project - TNC Research	-	32,217	-	-	-	-	32,217
Other Revenues							
Sublease of Office Space	45,240	-	-	-	-	-	45,240
Total Revenues	\$ 81,738,696	\$ 29,840,148	\$ 860,979	\$ 5,037,159	\$ 2,233,421	\$ 6,706,326	\$ 126,416,729

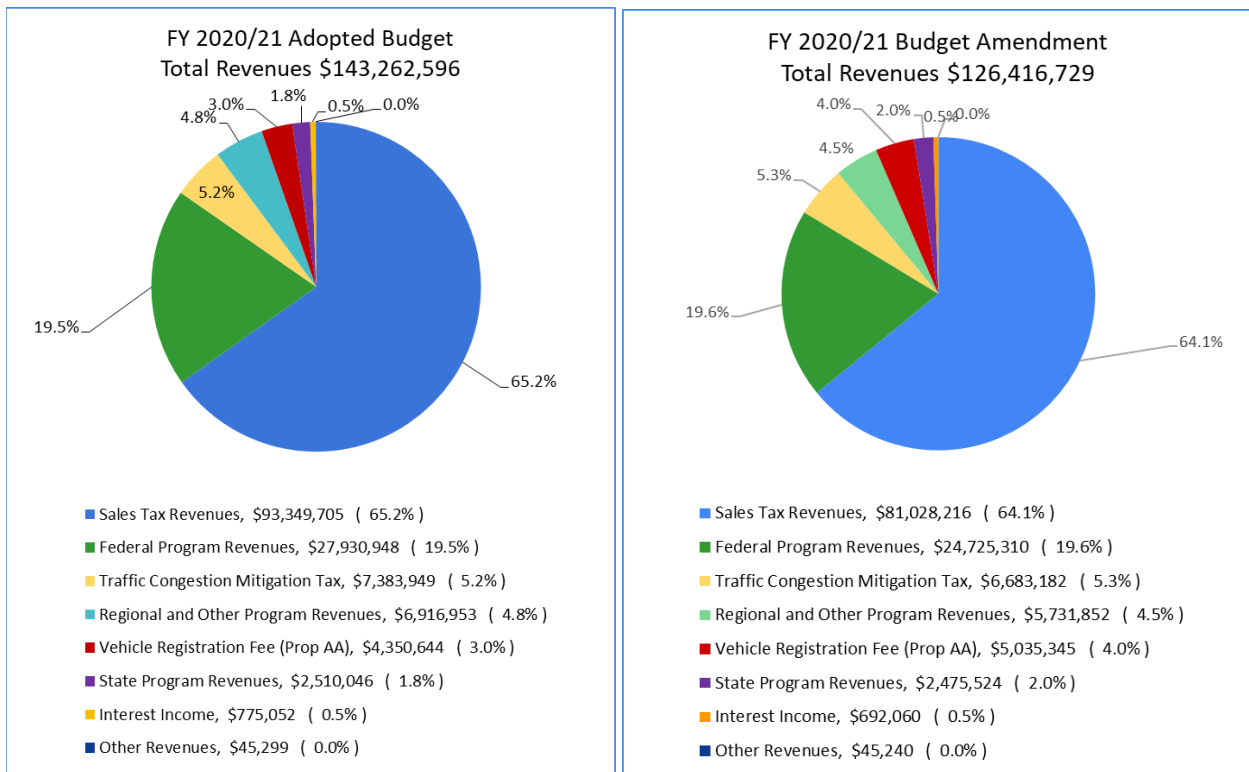


	Proposed Budget Amendment by Fund						Proposed Fiscal Year 2020/21 Budget Amendment
	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund for Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency Program	Traffic Congestion Mitigation Tax Program	
Expenditures:							
Capital Project Costs							
Individual Project Grants, Programs & Initiatives	\$ 135,000,000	\$ -	\$ 878,256	\$ 4,834,049	\$ -	\$ 200,000	\$ 140,912,305
Technical Professional Services	2,752,438	32,278,803	-	-	1,660,300	-	36,691,541
Administrative Operating Costs							
Personnel Expenditures							
Salaries	2,252,485	2,863,571	32,066	147,661	360,761	58,258	5,714,802
Fringe Benefits	1,051,462	1,336,718	14,968	68,928	168,403	27,195	2,667,674
Pay for Performance	224,650	-	-	-	-	-	224,650
Non-personnel Expenditures							
Administrative Operations	2,656,919	92,053	-	-	37,757	10,000	2,796,729
Equipment, Furniture & Fixtures	52,500	-	-	-	-	-	52,500
Commissioner-Related Expenses	52,000	-	-	-	6,200	-	58,200
Debt Service Costs							
Fiscal Charges	190,000	-	-	-	-	-	190,000
Interest Expenses	8,368,117	-	-	-	-	-	8,368,117
Bond Principal Payment	13,310,000	-	-	-	-	-	13,310,000
Total Expenditures	\$ 165,910,571	\$ 36,571,145	\$ 925,290	\$ 5,050,638	\$ 2,233,421	\$ 295,453	\$ 210,986,518
Other Financing Sources (Uses):							
Transfers in - Prop K Match to Grant Funding	-	6,730,997	-	-	-	-	6,730,997
Transfers out - Prop K Match to Grant Funding	(6,730,997)	-	-	-	-	-	(6,730,997)
Draw on Revolving Credit Agreement	50,000,000	-	-	-	-	-	50,000,000
Total Other Financing Sources (Uses)	43,269,003	6,730,997	-	-	-	-	50,000,000
Net change in Fund Balance	\$ (40,902,872)	\$ -	\$ (64,311)	\$ (13,479)	\$ -	\$ 6,410,873	\$ (34,569,789)
Budgetary Fund Balance, as of July 1	\$ 91,257,029	\$ -	\$ 1,067,515	\$ 15,503,808	\$ -	\$ (47,970)	\$ 107,780,382
Budgetary Fund Balance, as of June 30	\$ 50,354,157	\$ -	\$ 1,003,204	\$ 15,490,329	\$ -	\$ 6,362,903	\$ 73,210,593
Fund Reserved for Program and Operating Contingency	\$ 8,102,822	\$ -	\$ 85,912	\$ 503,535	\$ -	\$ 668,318	\$ 9,360,586

Attachment 4
Fiscal Year 2020/21 Budget Amendment Explanations

TOTAL REVENUES		
Adopted Budget	Proposed Budget Amendment	Variance
\$143,262,596	\$126,416,729	\$(16,845,867)

The following chart shows the comparative composition of revenues for the proposed amended and adopted Fiscal Year (FY) 2020/21 budget.



Sales Tax Revenues		
Adopted Budget	Proposed Budget Amendment	Variance
\$93,349,705	\$81,028,216	\$(12,321,489)

Due to anticipated lower revenues based on the impact of COVID-19, we are revising our sales tax revenue projection to decrease by \$12.3 million, or 13.2%, in FY 2020/21 as compared to the adopted budget. The collection of the sales tax revenues through January 2021 remains consistently lower since the 3rd quarter of FY 2019/20, when the stay-at-home orders were fully in effect. Compared to other Bay Area counties (and statewide), San Francisco County has experienced the largest revenue impact from the stay-at-home orders. Because our sales tax revenues are highly reliant upon tourism and the

Attachment 4
Fiscal Year 2020/21 Budget Amendment Explanations

day-time population influx of commuters, both of which remain low, we are projecting a slower recovery from the pandemic than originally assumed in the adopted budget. With the increase in vaccination rates and decline in infection rates, hospitalization rates, and mortality rates, we expect to see sales tax revenues rebounding later in the fiscal year. This projection is aligned with the City Controller’s Office’s revised projection of its FY 2020/21 sales tax revenue. We will continue to closely monitor San Francisco’s health orders and reopening plan and will continue to provide monthly updates of our sales tax revenue collections.

Vehicle Registration Fee Revenues		
Adopted Budget	Proposed Budget Amendment	Variance
\$4,350,644	\$5,035,345	\$684,701

The Transportation Authority serves as the administrator of Proposition AA or Prop AA, a \$10 annual vehicle registration fee on motor vehicles registered in the City and County of San Francisco, which was passed by San Francisco voters on November 2, 2010. The 30-year expenditure plan continues until May 1, 2041 and prioritizes funds that are restricted to three major categories: 1) Street Repair and Construction, 2) Pedestrian Safety, and 3) Transit Reliability and Mobility Improvements.

Total Vehicle Registration Fee revenues are projected to increase by \$684,701, or 15.7%, in FY 2020/21 as compared to the adopted budget due to FY 2019/20 revenues that were collected in FY 2020/21. This amendment reflects two additional months of revenues, covering February and April 2020, that were collected in October 2020.

Traffic Congestion Mitigation Tax (TNC Tax) Revenues		
Adopted Budget	Proposed Budget Amendment	Variance
\$7,383,949	\$6,683,182	\$(700,767)

In November 2019, San Francisco voters approved measure Proposition D, also known as the TNC Tax, enabling the City to impose a 1.5% business tax on shared rides and 3.25% business tax on private rides for fares originating in San Francisco and charged by commercial ride-share and driverless-vehicle companies until November 5, 2045. The Transportation Authority receives 50% of the revenues for capital projects that promote users’ safety in the public right-of-way in support of the City’s Vision Zero policy. The San Francisco Municipal Transportation Agency (SFMTA) receives the other 50% of revenues. The City began collecting TNC Tax revenues on January 1, 2020.

Based on continuous discussions and coordination with the City’s Controller’s Office and the SFMTA, we anticipate TNC Tax revenues to decrease by \$700,767, or 9.5%, in FY 2020/21 as compared to the adopted budget. This is mainly because revenues continue to be deeply affected by the stay-at-home orders. Also, no revenues were reported at the end of FY 2019/20 due to the timing of the distribution of the TNC Tax funds from the City which administers the collection of the funds. Therefore, this

Attachment 4
Fiscal Year 2020/21 Budget Amendment Explanations

amendment reflects additional revenues covering January through June 2020, that were collected in October 2020.

Interest Income		
Adopted Budget	Proposed Budget Amendment	Variance
\$775,052	\$692,060	\$(82,992)

Most of our investable assets are deposited in the City’s Treasury Pool (Pool). The level of our deposits held in the Pool during the year depends on the Prop K capital project reimbursement requests. Our cash balance consists largely of allocated Prop K funds, which are invested until invoices are received and sponsors are reimbursed.

Total Interest Income is projected to decrease by \$82,992, or 10.7%, for FY 2020/21, which is partially due to the decline in interest rates from 1.0% to 0.6% over the past seven months in the Pool. The decrease in interest income is also due to the decrease in TNC Tax revenues as compared to the adopted budget along with decreased interest rates, resulting in less interest earned on the deposits with the anticipated capital expenditures for project sponsors’ projects and programs in FY 2020/21.

Federal Program Revenues		
Adopted Budget	Proposed Budget Amendment	Variance
\$27,930,948	\$24,725,310	\$(3,205,638)

Federal Program Revenues are expected to decrease by \$3.2 million, or 11.5%, as compared to the adopted budget. This is mainly due to a portion of the federal funding for the Southgate Road Realignment Improvements Project, Phase 2 of the Interstate 80/Yerba Buena Island (YBI) Interchange Improvement Project (Southgate) will be deferred to FY 2021/22. Revenue estimates are also updated to reflect new or increased funding for projects. In July 2020, we received the California Department of Transportation’s (Caltrans’) authorization to proceed for the right-of-way phase of the YBI West-Side Bridges (YBI Bridges) project.

Regional and Other Program Revenues		
Adopted Budget	Proposed Budget Amendment	Variance
\$6,916,953	\$5,731,852	\$(1,185,101)

Regional and Other Program Revenues are expected to decrease by \$1.2 million, or 17.1%, as compared to the adopted budget. This is mainly due to delay in work related to the operations and maintenance services on the new YBI Landing and Public Pier (Pier E2) project as well as the Southgate

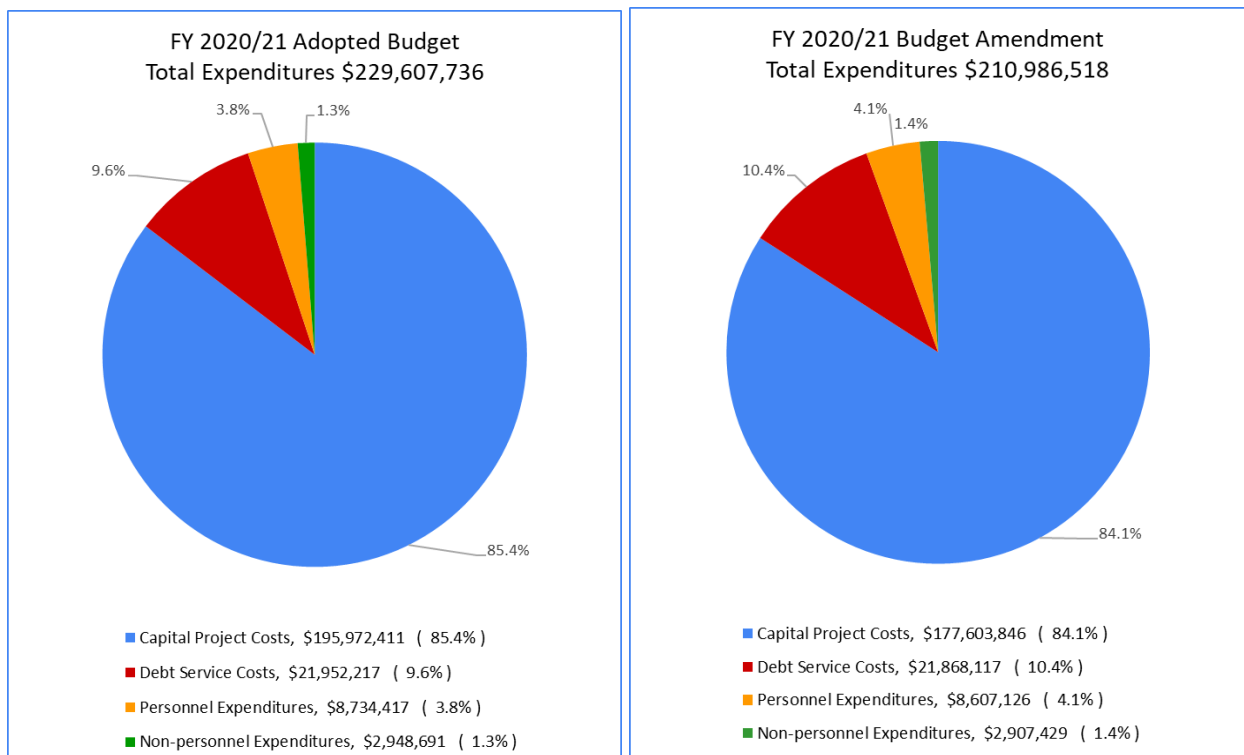
Attachment 4

Fiscal Year 2020/21 Budget Amendment Explanations

project. Due to the COVID-19 pandemic, Pier E2 has not been opened to the public. Therefore, there has been minimal maintenance work required at Pier E2 and may not be opened to the public until May or June 2021. Also, a majority of the budget for the Torpedo Building Rehabilitation work of the Southgate project in FY 2020/21 has been shifted to the next fiscal year due to a shift in schedule. The Treasure Island Development Authority previously expected to have the design and construction phases completed in FY 2020/21. However, a design consultant was not under contract until December 2020. The revised schedule shows design now to be completed in August 2021 with construction to be completed in Fall/Winter 2021.

TOTAL EXPENDITURES		
Adopted Budget	Proposed Budget Amendment	Variance
\$229,607,736	\$210,986,518	\$(18,621,218)

The following chart shows the comparative composition of expenditures for the proposed amended and adopted FY 2020/21 budget.



Attachment 4
Fiscal Year 2020/21 Budget Amendment Explanations

Capital Project Costs		
Adopted Budget	Proposed Budget Amendment	Variance
\$195,972,411	\$177,603,846	\$(18,368,565)

Capital Project Costs in FY 2020/21 are budgeted to decrease from the adopted FY 2020/21 budget by \$18.4 million, or 9.4%, which is primarily due to anticipated lower capital costs from the Prop K program overall, most of which are awarded as grants to agencies like the SFMTA. Costs by Program Fund are detailed below.

Capital Project Costs - Sales Tax Program		
Adopted Budget	Proposed Budget Amendment	Variance
\$151,972,187	\$137,752,438	\$(14,219,749)

Capital Project Costs for the Sales Tax Program Revenues are expected to decrease by \$14.2 million, or 9.4%, as compared to the adopted budget. We developed the FY 2020/21 Prop K Capital Project Costs based on a review of the 2019 Prop K Strategic Plan, as amended, consultation with project sponsors, and evaluation of likely reimbursement needs based on project delivery schedules. In FY 2020/21, we also conducted extensive interagency outreach and coordination to understand how the COVID-19 pandemic has impacted project delivery and reimbursement schedules for Prop K Capital projects. Some of the main drivers of the Prop K Capital Projects costs and our sales tax revenue bond are the SFMTA vehicle procurements, which were completed (i.e. motor coach and trolley coaches) or underway (i.e. light rail vehicles or LRVS) prior to the pandemic. We worked with SFMTA to revise the reimbursement schedule for the LRV procurement to reflect the impacts of the COVID-19 pandemic on delivery of certain subsystems, which experienced delays due to business closures and travel restrictions. The manufacturer has made modifications to the production process and schedule to account for these challenges, and SFMTA is currently evaluating the impacts to the overall project schedule. This change in the reimbursement schedule accounts for the variance between the adopted and proposed amended FY 2020/21 Prop K Capital Project Costs budgeted.

Also, in February 2021, through Resolution 21-30, the Board approved a Prop K appropriation of \$150,000 of which \$61,108 is included in this proposed FY 2020/21 budget amendment, to fund the Potrero Yard Modernization project's planning and environmental phases for redeveloping the bus facility at 2500 Mariposa Street into a modern, efficient bus maintenance facility by 2026.

Attachment 4
Fiscal Year 2020/21 Budget Amendment Explanations

Capital Project Costs - Congestion Management Agency (CMA) Programs		
Adopted Budget	Proposed Budget Amendment	Variance
\$34,532,583	\$32,278,803	\$(2,253,780)

Capital Project Costs for CMA Programs in FY 2020/21 are budgeted to decrease by \$2.3 million, or 6.5%, as compared to the adopted budget. This decrease is mainly due to delayed start of construction activities related to the Southgate project, which started in June 2020 and had progressed slower than anticipated at the beginning, thus deferring \$2.8 million to FY 2021/22. The project is on schedule and construction is expected to be completed by June 2022. In addition, operations and maintenance services on Pier E2 totaling \$375,000 will be shifted to FY 2021/22 due to delay in work as explained above. Also, as mentioned above, Caltrans gave us authorization to proceed with the right-of-way phase of the YBI West-Side Bridges project starting July 2020, increasing capital project costs by \$200,000 in FY 2020/21.

Furthermore, we have initiated and increased Neighborhood Transportation Improvement Plan planning efforts during the year, including District 4 Mobility Improvements Study and Golden Gate Park Sustainable Travel Study. These planning efforts are funded by Prop K appropriations and will increase CMA Capital Project Costs by \$120,000.

Capital Project Costs - TFCA Program		
Adopted Budget	Proposed Budget Amendment	Variance
\$1,328,144	\$878,256	\$(449,888)

Capital Project Costs for the TFCA Program in FY 2020/21 are expected to decrease by \$449,888, or 33.9%, as compared to the adopted budget. For FY 2020/21, we have seen slower than anticipated expenditures primarily from six projects. SFMTA's invoicing has lagged substantially behind construction progress for the Short-Term Bike Parking project, and SFMTA has seen few applications for the Alternative Fuel Taxicab Incentive Program due to fewer taxi operators purchasing new vehicles this fiscal year. San Francisco Environment's Emergency Ride Home grant, which funds the Essential Worker Ride Home program, is expected to incur less cost than budgeted because the average cost per ride has been much less than expected. Grace Cathedral has not yet executed a construction contract with a vendor to move forward with constructing its DC fast charger project. EVgo's Mixed Use Building Fast Charging in San Francisco project faced permitting and construction delays due to the pandemic, but construction has moved forward and we expect the project to fully invoice the funds next fiscal year. Finally, BART's Early Bird Express project has been providing shuttle service. However, invoicing delays from service providers SFMTA and SamTrans have resulted in delayed invoicing by BART.

Attachment 4
Fiscal Year 2020/21 Budget Amendment Explanations

Capital Project Costs - TIMMA		
Adopted Budget	Proposed Budget Amendment	Variance
\$1,928,648	\$1,660,300	\$(268,348)

Capital Project Costs for the TIMMA Program in FY 2020/21 are expected to decrease by \$268,348, or 13.9%, 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 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.

Capital Project Costs - TNC Tax Program		
Adopted Budget	Proposed Budget Amendment	Variance
\$1,376,800	\$200,000	\$(1,176,800)

Capital Project Costs for the TNC Tax Program in FY 2020/21 are expected to decrease by \$1.2 million, or 85.5%, as compared to the adopted budget. This decrease is due to slower to incur costs than anticipated at the time of allocation in October 2020 for SFMTA's Vision Zero Quick-Build Program. The project is on schedule and has been moving forward using SFMTA's Prop B General Fund. The project is still anticipated to be complete in June 2022, per the schedule in the allocation request.

OTHER FINANCING SOURCES (USES) - DRAW ON REVOLVING CREDIT AGREEMENT		
Adopted Budget	Proposed Budget Amendment	Variance
\$100,000,000	\$50,000,000	\$(50,000,000)

Due to the projected decrease in Sales Tax Revenues, we anticipate the need to drawdown from the Revolving Credit Agreement this fiscal year. The estimated level of sales tax capital expenditures for FY 2020/21 may trigger the need to drawdown up to \$50 million from the Revolving Credit Agreement which is \$50 million less than what we had anticipated during the adoption of the budget. This decrease is mainly due to a higher ending fund balance in FY 2019/20 with capital expenditures coming in lower than anticipated. 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.