

2021 Prop K Strategic Plan Update



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Agenda Item 10
October 19, 2021

Prop K Expenditure Plan

What does it do?

- Identifies eligible project types
- Identifies eligible project sponsors
- Sets maximum amount of sales tax funding for each program/project
- Allows for financing
- Establishes other administration requirements

In 2003, nearly 75% of SF votes approved the Prop K Expenditure Plan and extended the existing half-cent sales tax to fund the plan investments.



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Prop K Expenditure Plan

Other administration requirements include:

- Development of a Strategic Plan, a 30-year financial plan for the sales tax
- Prioritization process for programmatic categories to identify projects to fund (i.e. 5-Year Prioritization Programs or 5YPPS)



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Prop K Strategic Plan

The Strategic Plan is the primary tool that guides the implementation of 30-year Expenditure Plan

Specifically, the Strategic Plan

- Establishes policies for administration of program
- Forecasts sales tax revenue over 30 years
- Assigns Prop K funds to programs and projects by fiscal year
- Forecasts expenditures by fiscal year
- Estimates financing needs

It is typically updated every 5 years along with 5YPP updates



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2021 Strategic Plan Mid-Cycle Update

Why Now?

- ✓ Respond to the COVID-19 pandemic and its impacts to sales tax revenue
- ✓ Bridge to reauthorization for programs running out of funds
- ✓ Minor, targeted programming refresh to reflect current project priorities and to position projects for discretionary funding



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2021 Strategic Plan Update

This is not a full update, but a targeted effort to:

- Update our sales tax revenue projections
- “True-up” of revenues, expenditures, and financing costs based on actuals for FYs 2018/19 - 2020/21
- Update cash reimbursement schedules based on updated project delivery schedules, etc.
- Update programming for current priorities
- *Does not include: changes to Strategic Plan policies or 5YPP updates*



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30-Year Revenue Projections (YOEs)



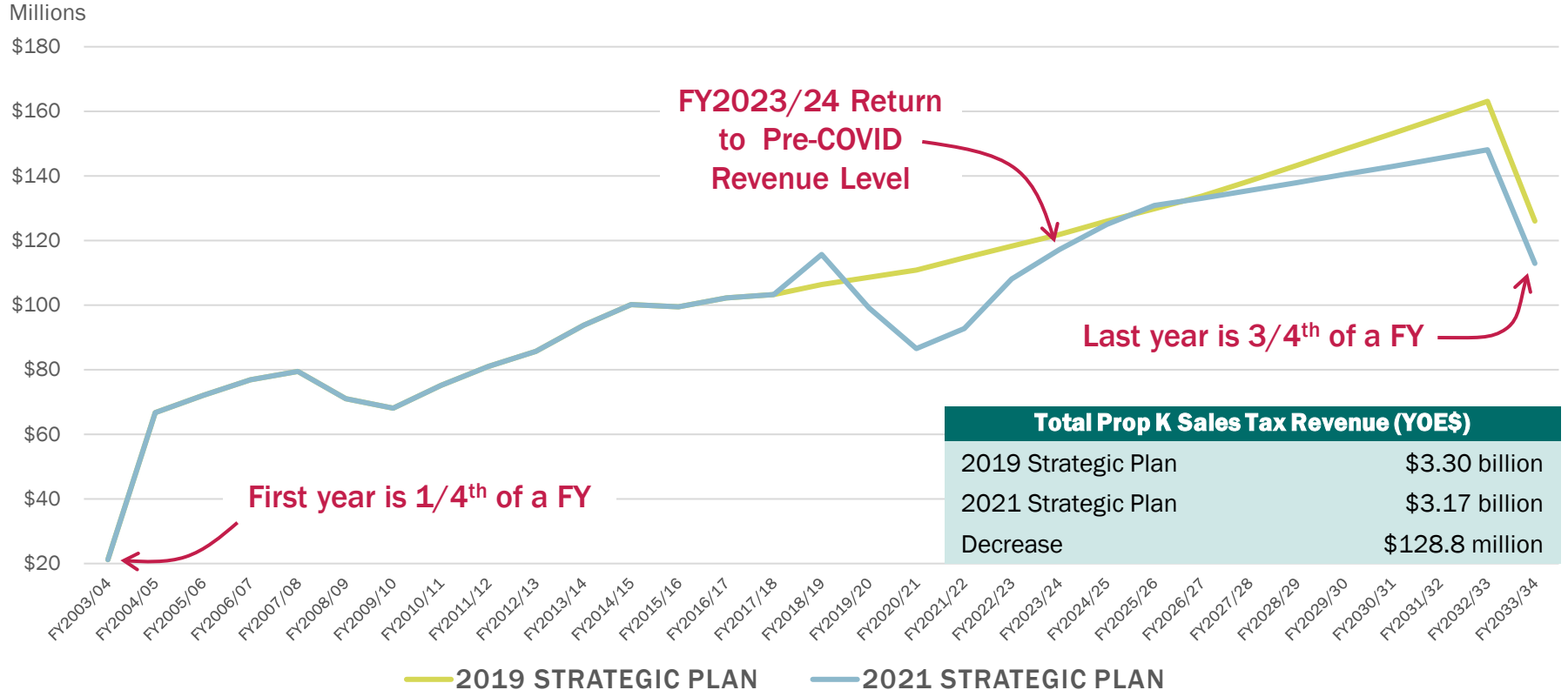
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ITEM	2019 STRATEGIC PLAN	2021 STRATEGIC PLAN
Total Sales Tax Revenues	\$3.3B	\$3.17B
Difference (\$) from 2019 Strategic Plan	-	-\$128.8M
Difference (%) from 2019 Strategic Plan	-	-3.9%
Current 5-Year Period (19/20-23/24) Revenues	\$575M	\$504M
Difference (\$) from 2019 Strategic Plan	-	-\$71M
Difference (%) from 2019 Strategic Plan	-	-12.3%
Average Growth Rate (03/04 - 33/34)	3.3%	3.1%
Return to FY18/19 Level (~\$115M)	-	FY2023/24

30-Year Revenue Projections (YOEs\$)



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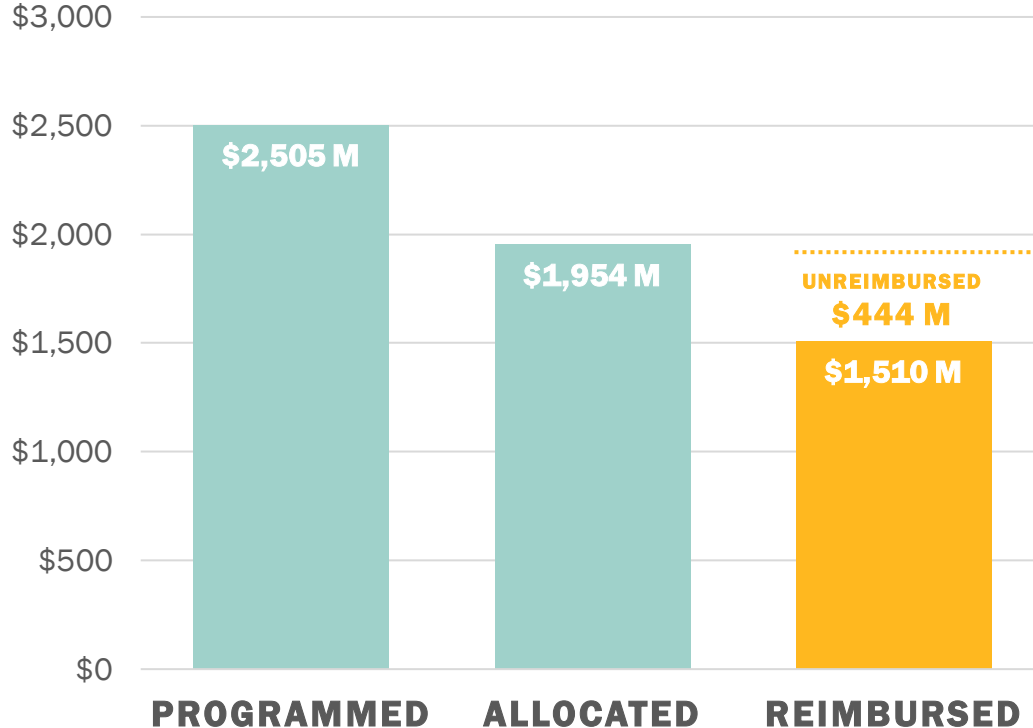


Prop K Capital Program Overview



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Millions (Year of Expenditure \$'s)



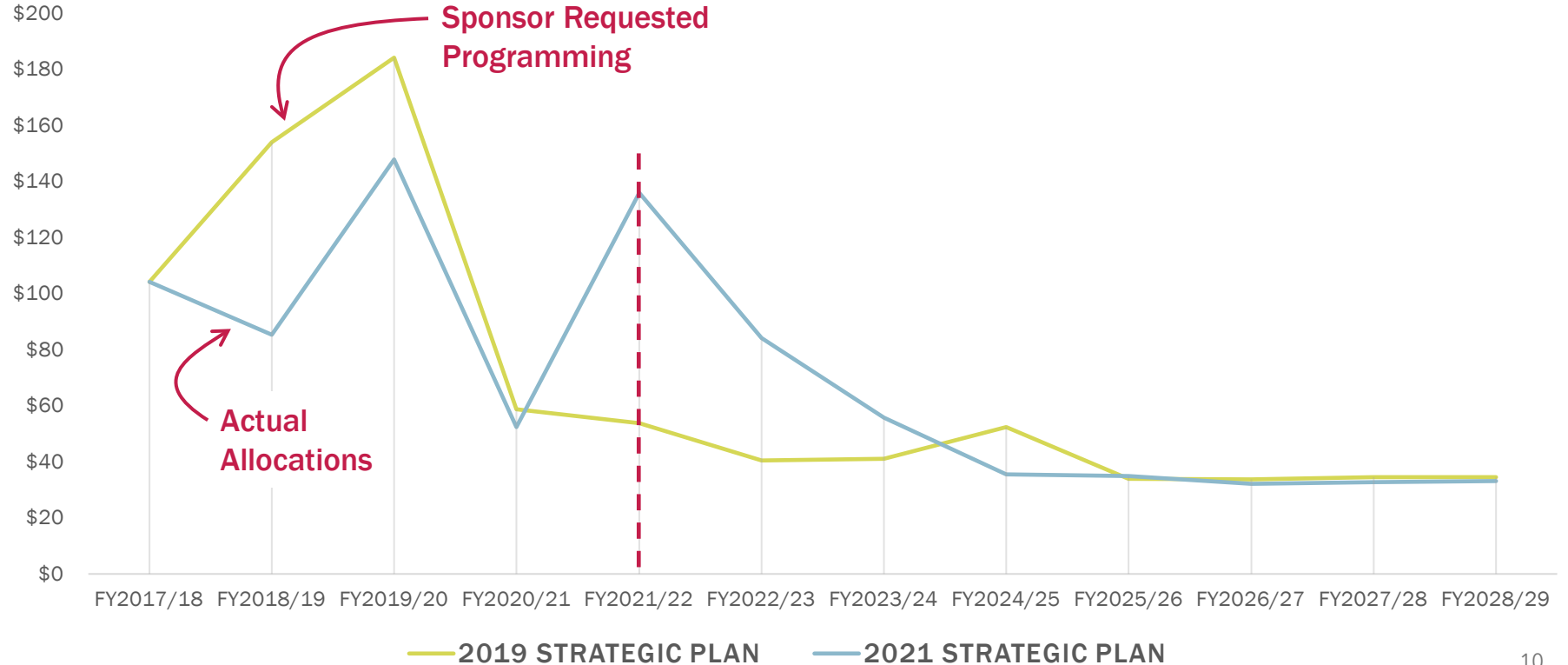
ABOUT 83% OF THE \$444 MILLION NOT YET REIMBURSED IS DUE TO THE FOLLOWING TYPES OF PROJECTS:

- Muni Light Rail Vehicles (\$175M)
- Muni Guideways (\$31M)
- Muni Motor Coaches and Trolleybuses (\$27M)
- Caltrain State of Good Repair (\$22M)
- Muni Vehicle Rehabs/Overhauls (\$21M)
- Traffic Calming (\$21M)
- Bicycle (\$20M)
- Bus Rapid Transit (\$18M)
- Muni Facilities Improvements (\$16M)
- Signals (\$15M)

Programming and Allocations



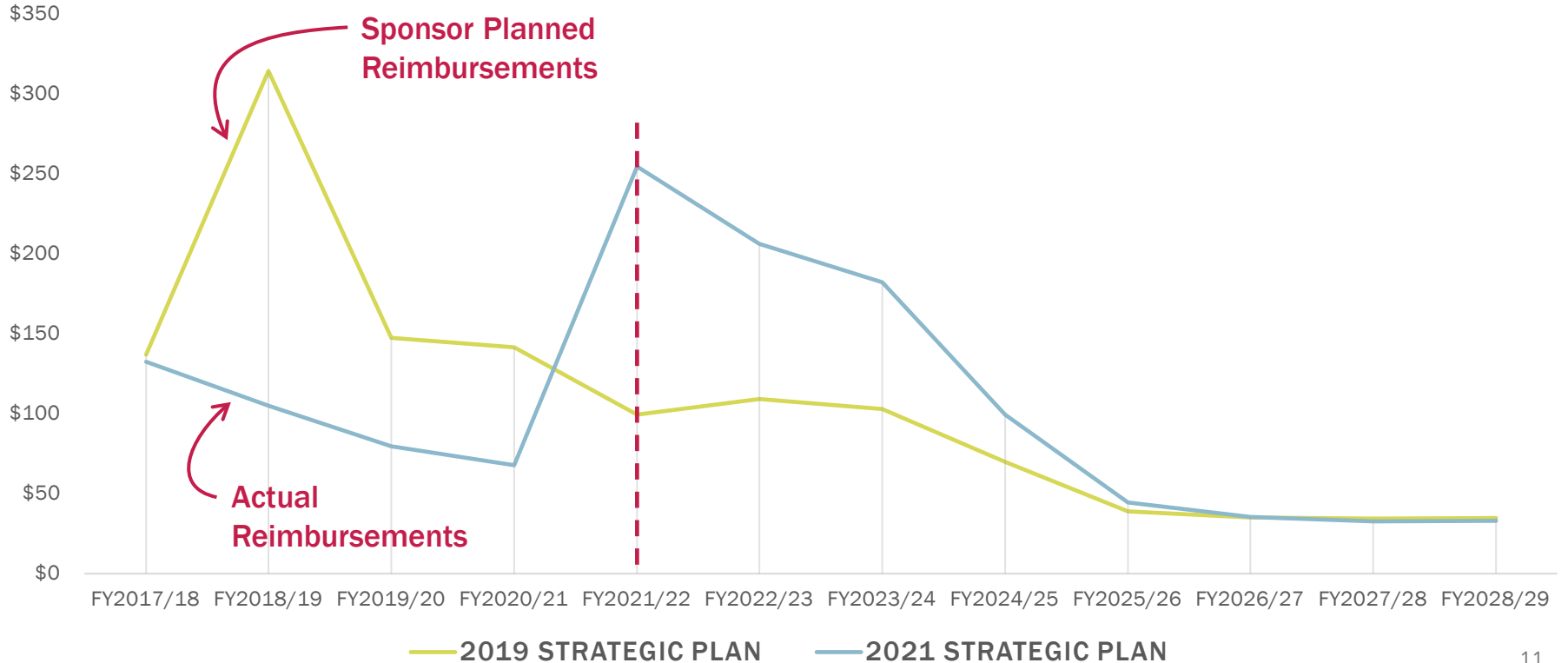
Millions (Year of Expenditure \$'s)



Planned vs. Actual Reimbursements



Millions (Year of Expenditure \$'s)



Strategic Plan Debt Assumptions (in millions YOE\$s)



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The Strategic Plan takes a conservative approach towards debt to ensure funds are there if needed. Based on historic trends, actual debt needs will be much lower than shown.

CATEGORIES	2005 SP	2009 SP UPDATE	2014 SP UPDATE	2019 SP UPDATE	2021 SP UPDATE
Total estimated bond principle over 30-year plan period	\$1,025	\$843	\$676	\$719 ¹	\$621 ¹
Total estimated financing costs ²	\$758	\$859	\$296	\$322	\$273

1 Includes 2017 sales tax revenue bond for \$248 million in principle and assumes one or more bonds in the future

2 Includes short term (revolving credit agreement) and long term (bond) interest costs, and \$82.3 million in financing costs

30-Year Revenues and Expenditures Comparison



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REVENUES (IN MILLIONS YOE\$)	2021 STRATEGIC PLAN	2019 STRATEGIC PLAN	CHANGE
Sales Tax Revenue	3,169.9	3,298.7	(128.8)
Investment Income	54.0	45.7	8.3
Exchanges & Loans	184.1	19.6	164.5
Long Term Bond Proceeds	620.6	718.6	(98.0)
TOTAL	4,028.5	4,082.5	(54.0)

EXPENDITURES (IN MILLIONS YOE\$)	2021 STRATEGIC PLAN	2019 STRATEGIC PLAN	CHANGE
Planning, Programming, Project Delivery Oversight, & Admin	188.2	194.4	(6.2)
Exchanges & Loans	183.5	19.0	164.5
Funds Available for Projects	2,520.5	2,540.3	(19.8)
Financing Costs	273.4	322.2	(48.8)
Capital Reserve	242.4	288.0	(45.6)
Long Term Bond Debt Service	620.6	718.6	(98.0)
TOTAL	4,028.5	4,082.5	(54.0)

Note: Amounts may change slightly as we finalize the draft 2021 Strategic Plan.

Programming Highlights

Increased funding

- Application-Based Traffic Calming Program
- BART Priorities
- Muni Metro East Expansion
- Muni Vehicle Mid-life Overhauls
- Paratransit

Advanced funds

- Downtown Rail Extension
- New Signals Contract 66



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New Programming Highlights

Added new projects

- Candlestick Active Mobility & Transit Crossing
- Mission Geneva Pavement Renovation
- Muni Communications Based Train Control
- Muni Forward projects (5 Fulton, 30 Stockton, 14 Downtown Mission)
- West Side Rail Planning



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Thank you



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