



## Agenda

### **SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY Meeting Notice**

**DATE:** Tuesday, January 24, 2023, 10:00 a.m.

**LOCATION:** Legislative Chamber, Room 250, City Hall

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**PUBLIC COMMENT CALL-IN:** 1-415-655-0001; Access Code: 2483 810 3364 # #

To make public comment on an item, when the item is called, dial '\*3' to be added to the queue to speak. Do not press \*3 again or you will be removed from the queue. When the system says your line is unmuted, the live operator will advise that you will be allowed 2 minutes to speak. When your 2 minutes are up, we will move on to the next caller. Calls will be taken in the order in which they are received.

**COMMISSIONERS:** Mandelman (Chair), Melgar (Vice Chair), Chan, Dorsey, Engardio, Peskin, Preston, Ronen, Safaí, Stefani, and Walton

**CLERK:** Elijah Saunders

### **Remote Access to Information and Participation**

This meeting will be held in person at the location listed above. As authorized by California Government Code Section 54953(e), it is possible that some members of the San Francisco County Transportation Authority Board may attend this meeting remotely. In that event, those members will participate by teleconferencing. Members of the public may attend the meeting to observe and provide public comment at the physical meeting location listed above or may watch SF Cable Channel 26 or 99 (depending on your provider) or may visit the SFGovTV website ([www.sfgovtv.org](http://www.sfgovtv.org)) to stream the live meeting or may watch them on demand.

Members of the public may comment on the meeting during public comment periods in person or remotely. In-person public comment will be taken first; remote public comment will be taken after.

Written public comment may be submitted prior to the meeting by emailing the Clerk of the Transportation Authority at [clerk@sfcta.org](mailto:clerk@sfcta.org) or sending written comments to Clerk of the Transportation Authority, 1455 Market Street, 22nd Floor, San Francisco, CA 94103. Written comments received by 5 p.m. on the day before the meeting will be distributed to Board members before the meeting begins.



ITEM	PAGE
1. Roll Call	
2. Chair's Report - <b>INFORMATION</b>	
3. Approve the Minutes of the January 10, 2023 Meeting – <b>ACTION*</b>	<b>5</b>

## **Consent Agenda**

ITEM	PAGE
4. <b>[FINAL APPROVAL]</b> Accept the Audit Report for the Fiscal Year Ended June 30, 2022 – <b>ACTION*</b>	<b>9</b>
5. <b>[FINAL APPROVAL]</b> Award a Two-Year Consultant Contract to CGI Technologies and Solutions, Inc. in an Amount Not to Exceed \$350,000 for Migration and Maintenance Services and a One-Year Consultant Contract to Fix Your ERP LLC in an Amount Not to Exceed \$200,000 for Project Management Services for Microsoft Dynamics 365 Finance & Operations Services – <b>ACTION*</b>	<b>153</b>
6. <b>[FINAL APPROVAL]</b> Authorize the Executive Director to Execute Master Agreements, Program Supplemental Agreements, Cooperative Agreements, Fund Transfer Agreements and Any Amendments Thereto with the California Department of Transportation for Receipt of Federal and State Funds for the Westside Bridges Seismic Retrofit Project in the Amount of \$95,496,378 – <b>ACTION*</b>	<b>165</b>

## **End of Consent Agenda**

ITEM	PAGE
7. <b>[FINAL APPROVAL ON FIRST APPEARANCE]</b> Allocate \$190,000 in Prop K Funds, with Conditions, to the San Francisco Municipal Transportation Agency for Sloat and Skyline Intersection Improvements – <b>ACTION*</b>	<b>171</b>
8. <b>[FINAL APPROVAL ON FIRST APPEARANCE]</b> Adopt 2022 Annual Report – <b>ACTION*</b>	<b>193</b>
9. Portsmouth Square Community Based Transportation Plan Update – <b>INFORMATION*</b>	<b>195</b>
10. Prop L Implementation Approach – <b>INFORMATION*</b>	<b>205</b>

## **Other Items**

ITEM	PAGE
11. Introduction of New Items – <b>INFORMATION</b>	
During this segment of the meeting, Commissioners may make comments on items not specifically listed above or introduce or request items for future consideration.	
12. Public Comment	



ITEM

PAGE

### **13. Adjournment**

#### **\*Additional Materials**

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Items considered for final approval by the Board shall be noticed as such with **[Final Approval]** preceding the item title.

The meeting proceedings can be viewed live or on demand after the meeting at [www.sfgovtv.org](http://www.sfgovtv.org). To know the exact cablecast times for weekend viewing, please call SFGovTV at (415) 554-4188 on Friday when the cablecast times have been determined.

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If any materials related to an item on this agenda have been distributed to the Board after distribution of the meeting packet, those materials are available for public inspection at the Transportation Authority at 1455 Market Street, Floor 22, San Francisco, CA 94103, during normal office hours.

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code Sec. 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; (415) 252-3100; [www.sfethics.org](http://www.sfethics.org).

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San Francisco  
County Transportation  
Authority





# DRAFT MINUTES

## **San Francisco County Transportation Authority**

Tuesday, January 10, 2023

### **1. Roll Call**

Chair Mandelman called the meeting to order at 10:02 a.m.

**Present at Roll Call:** Commissioners Chan, Dorsey, Engardio, Mandelman, Melgar, Preston, Peskin, Ronen, Safai, Stefani, and Walton (11)

**Absent at Roll Call:** (0)

### **2. [Final Approval on First Appearance] Approve the Resolution Making Findings to Allow Teleconferenced Meetings under California Government Code Section 54953(e) - ACTION\***

There was no public comment.

Commissioner Melgar moved to approve the resolution, seconded by Commissioner Dorsey.

The resolution was approved without objection by the following vote:

Ayes: Commissioners Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani, and Walton (11)

Absent: (0)

### **3. Approve the Minutes of the December 13, 2022 Meeting - ACTION**

There was no public comment.

Commissioner Peskin moved to approve the minutes, seconded by Commissioner Dorsey.

The minutes were approved without objection by the following vote:

Ayes: Commissioners Chan, Dorsey, Engardio, Mandelman, Melgar, Preston, Peskin, Ronen, Safai, Stefani, and Walton (11)

Absent: (0)

### **4. Election of Chair and Vice Chair for 2023 – ACTION**

Vice Chair Peskin congratulated Chair Mandelman for his hard work and success as Chair during the past year on projects such as the Proposition L sales tax reauthorization, the opening of the Chinatown Subway and the Van Ness Bus Rapid Transit.

Vice Chair Peskin nominated Chair Mandelman to continue as Chair of the Transportation Authority, seconded by Commissioner Melgar.

There was no public comment on the nomination for Chair.



Chair Mandelman was elected without objection by the following vote:

Ayes: Commissioners Chan, Dorsey, Engardio, Mandelman, Melgar, Preston, Peskin, Ronen, Safai, Stefani, and Walton (11)

Absent: (0)

Chair Mandelman nominated Commissioner Melgar for Vice Chair, seconded by Commissioner Chan.

There was no public comment on the nomination for Vice Chair.

Vice Chair Melgar was elected without objection by the following vote:

Ayes: Commissioners Chan, Dorsey, Engardio, Mandelman, Melgar, Preston, Peskin, Ronen, Safai, Stefani, and Walton (11)

Absent: (0)

**5. Accept the Audit Report for the Fiscal Year Ended June 30, 2022 – ACTION\***

Ahmad Gharaibeh and Joe Escobar, Auditors for Eide Bailly, presented the item per the staff memorandum.

Commissioner Peskin recognized Deputy Director Fong and her staff on a job well done.

There was no public comment.

Commissioner Walton moved to approve the item, seconded by Commissioner Peskin.

The item was approved without objection by the following vote:

Ayes: Commissioners Chan, Dorsey, Engardio, Mandelman, Melgar, Preston, Peskin, Ronen, Safai, Stefani, and Walton (11)

Absent: (0)

**6. Award a Two-Year Consultant Contract to CGI Technologies and Solutions, Inc. in an Amount Not to Exceed \$350,000 for Migration and Maintenance Services and a One-Year Consultant Contract to Fix Your ERP LLC in an Amount Not to Exceed \$200,000 for Project Management Services for Microsoft Dynamics 365 Finance & Operations Services – ACTION\***

Cynthia Fong, Deputy Director for Finance and Administration, presented the item per the staff memorandum.

There was no public comment.

Commissioner Dorsey moved to approve the item, seconded by Commissioner Ronen.

The motion was approved without objection by the following vote:

Ayes: Commissioners Chan, Dorsey, Engardio, Mandelman, Melgar, Preston, Peskin, Ronen, Safai, Stefani, and Walton (11)

Absent: (0)



**7. Authorize the Executive Director to Execute Master Agreements, Program Supplemental Agreements, Cooperative Agreements, Fund Transfer Agreements and Any Amendments Thereto with the California Department of Transportation for Receipt of Federal and State Funds for the Westside Bridges Seismic Retrofit Project in the Amount of \$95,496,378 – ACTION\***

Anna LaForte, Deputy Director for Policy and Programming presented the item per the staff memorandum.

Commissioner Chan expressed her appreciation for all the hard of the Transportation Authority and asked how the Board could continue to advocate and ensure that San Francisco remains competitive for grants and funding from the Federal infrastructure bill, including for resilience work citing the recent storms.

Deputy Director Anna LaForte responded that financial strategic planning was a top priority for the Transportation Authority and that staff would continue to work with the Board to set San Francisco projects to be competitive for discretionary grants.

There was no public comment.

Commissioner Walton moved to approve the item, seconded by Commissioner Dorsey.

The motion was approved without objection by the following vote:

Ayes: Commissioners Chan, Dorsey, Engardio, Mandelman, Melgar, Preston, Peskin, Ronen, Safai, Stefani, and Walton (11)

Absent: (0)

## **Other Items**

**8. Introduction of New Items - INFORMATION**

There were no new items introduced.

**9. Public Comment**

There was no public comment.

**10. Adjournment**

The meeting was adjourned at 10:34 a.m.

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San Francisco  
County Transportation  
Authority



## Memorandum

### AGENDA ITEM 4

**DATE:** January 5, 2023

**TO:** Transportation Authority Board

**FROM:** Cynthia Fong – Deputy Director for Finance and Administration

**SUBJECT:** 01/10/23 Board Meeting: Accept the Audit Report for the Fiscal Year Ended June 30, 2022

#### **RECOMMENDATION** ☐ Information ☒ Action

Accept the audit report for the fiscal year ended June 30, 2022.

#### **SUMMARY**

The Transportation Authority's financial records are required to be audited annually by an independent, certified public accountant. The Annual Comprehensive Financial Reporting (Audit Report) for the year ended June 30, 2022, was conducted in accordance with generally accepted auditing standards by the independent, certified public accounting firm of Eide Bailly LLP. Since more than \$750,000 in federal grants were expended during the year, a single audit (compliance audit) was also performed on the Southgate Road Realignment improvement Project and the Surface Transportation Program. The Transportation Authority received all unmodified audit opinions from Eide Bailly, with no findings or recommendations for improvements. A representative from Eide Bailly will present the audit report and answer any questions at the Board meeting.

- ☐ Fund Allocation
- ☐ Fund Programming
- ☐ Policy/Legislation
- ☐ Plan/Study
- ☐ Capital Project Oversight/Delivery
- ☒ Budget/Finance
- ☐ Contract/Agreement
- ☐ Other: \_\_\_\_\_

### BACKGROUND

Under its Fiscal Policy (Resolution 18-07), the Transportation Authority's financial records are to be audited annually by an independent, certified public accounting firm. The audits for the fiscal year ended June 30, 2022, were conducted in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in the Government



Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Audit Report contains formal opinions, or disclaimers thereof, issued by an independent, certified public accounting firm as a result of an external audit performed on an agency. An unmodified audit opinion (also known as a clean opinion/unqualified opinion) is the best type of report an agency may receive from an external audit and represents that the agency complied with direct and material regulatory requirements or that the agency's financial condition, position, and operations in all material respects were fairly presented.

## **DISCUSSION**

The Audit Report includes an introductory section; the overall basic financial statements; a management discussion and analysis of the Transportation Authority's financial performance during that fiscal year; footnotes; required supplemental information; and other supplementary information, which include the results from the single audit of federal awards, statistical section, and compliance section.

We are pleased to note that Eide Bailly issued all unmodified opinions and had no findings or recommendations for improvements. The Transportation Authority recognized all significant transactions in the financial statements in the proper period and received no adjustments to any estimates made in the financial statements. For the annual fiscal audit, Eide Bailly has issued an opinion stating that the financial statements present fairly, in all material respects, the financial position of the Transportation Authority.

Since more than \$750,000 in federal grants were expended during the year, a single audit was performed on the Southgate Road Realignment Improvement Project and the Surface Transportation Program. For the single audit, Eide Bailly has issued an opinion, stating that the Transportation Authority complied in all material respects with the compliance requirements that could have a direct and material effect on the federal funds audited. The full audit report is attached, along with a separate report containing other required communications to the Board.

## **FINANCIAL IMPACT**

Expenditures did not exceed the amounts approved in the agency-wide amended Fiscal Year 2021/22 budget. Budgeted expenditures that were not expended in FY 2021/22 will be included in the FY 2022/23 mid-year amendment.

## **CAC POSITION**

Since the CAC did not meet in December 2022 due to the holidays, we will include the audit as an information item at its January 25, 2023 meeting.



## **SUPPLEMENTAL MATERIALS**

- Attachment 1 - Annual Comprehensive Financial Report for the Year Ended June 30, 2022
- Attachment 2 - Separate Report Containing Other Required Communications to the Board
- Attachment 3 - Motion

# Annual Comprehensive Financial Report

For the Fiscal Year  
Ended June 30, 2022



**San Francisco  
County Transportation  
Authority**

a component unit of the City and County of San Francisco, California



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# Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Prepared by the Finance and Administration Division



**San Francisco  
County Transportation  
Authority**

a component unit of the City and County of San Francisco, California

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## San Francisco County Transportation Authority

Table of Contents

June 30, 2022

## Introductory Section

Letter of Transmittal.....	i
Government Finance Officers Association (GFOA) Certificates of Achievements .....	xii
Organizational Chart.....	xiii
Commissioner and Officials .....	xiv

## Financial Section

Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	5

## Basic Financial Statements

## Government Wide Financial Statements

Statement of Net Position .....	23
Statement of Activities.....	25

## Government Fund Financial Statements

Balance Sheet - Governmental Funds.....	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	29

Notes to Financial Statements.....	30
------------------------------------	----

## Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sales Tax Program.....	64
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Congestion Management Agency Programs.....	65
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Transportation Fund for Clean Air Program.....	66
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Vehicle Registration Fee for Transportation Improvements Program.....	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Treasure Island Mobility Management Agency.....	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Traffic Congestion Mitigation Tax Program.....	69
Schedule of Changes in the Net Other Postemployment Benefit Liability and Related Ratios.....	70
Schedule of Other Postemployment Benefits Contributions.....	71
Schedule of the Proportionate Share of the Net Pension Liability.....	72
Schedule of Pension Contributions .....	73
Notes to Required Supplementary Information .....	74

## Supplementary Information

Schedule of Expenditures of Federal Awards.....	75
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -	

Agencywide .....	76
Notes to Supplementary Information .....	77
Statistical Section	
Financial Trends - Net Position by Component.....	79
Financial Trends - Changes in Net Position .....	80
Financial Trends - Fund Balances - Governmental Funds.....	81
Financial Trends - Changes in Fund Balances - Governmental Funds .....	82
Revenue Capacity - Sales Tax Rates.....	83
Revenue Capacity - Principal Sales Tax Payers by Segment for the County .....	84
Debt Capacity - Ratios of Outstanding Debt .....	85
Debt Capacity - Direct and Overlapping Legal Debt Margin Information and Limitations .....	86
Debt Capacity - Pledge Revenue Coverage .....	87
Demographic and Economic Information - Demographic and Economic Statistics.....	88
Demographic and Economic Information - Principal Employers.....	89
Operating Information - Full Time Equivalent Employees by Function.....	90
Operating Information - Operating Indicators by Function - Project Fund Allocations and Reimbursements.....	91
Operating Information - Capital Asset Statistics .....	92
Independent Auditor's Reports	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	93
Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	95
Schedule of Findings and Questioned Costs	
Summary of Auditor's Results.....	98
Financial Statement Findings .....	99
Federal Awards Findings and Questioned Costs.....	100
Summary Schedule of Prior Audit Findings.....	101

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# Introductory Section

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**San Francisco  
County Transportation  
Authority**

1455 Market Street, 22ND Floor, San Francisco, California 94103

415-522-4800

info@sfcta.org

www.sfcta.org

December 27, 2022

To the Members of the Governing Board of the San Francisco County Transportation Authority:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the San Francisco County Transportation Authority (Transportation Authority) for the fiscal year (FY) ended June 30, 2022. The financial statements are presented in conformity with generally accepted accounting principles and were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe the controls and procedures are in place to ensure the accuracy of reported data, in all material respects, and the Transportation Authority's financial position is presented fairly.

Eide Bailly LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the Transportation Authority's financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front of the Financial Section of this report.

The Transportation Authority is also required to undergo an annual federal compliance audit in conformity with the provision of the Single Audit Act of 1984, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The results of this audit can be found in the Federal Compliance Section.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.



**Profile of the Government**

San Francisco is the cultural, commercial, and financial center of Northern California. The consolidated city-county covers an area of about 47.9 square miles at the north end of the San Francisco Peninsula in the San Francisco Bay Area. The Transportation Authority, established in 1989 pursuant to the provisions of the Bay Area County Traffic and Transportation Funding Act (Act) and by voter approval of Proposition B, is a sub-regional transportation planning and programming agency for the City and County of San Francisco (City). Originally created to administer the proceeds of the retail transactions and use tax also approved by Proposition B (Prop B), the City's first local sales tax for transportation, the Transportation Authority has since been asked to take on several additional roles and responsibilities mandated by state law. On November 4, 2003, county voters approved Proposition K (Prop K), adopting a new transportation expenditure plan referred to herein as the Expenditure Plan, which superseded Proposition B, and extended the existing one-half of one percent (0.5%) county-wide sales tax through March 31, 2034.

Pursuant to the Act, the Transportation Authority is a separate legal entity from the City, with its own staff, budget, operating rules, policies, board, and committee structure. The Transportation Authority's borrowing capacity is separate and distinct from that of the City. The Transportation Authority does not own or operate any transit systems, but it coordinates with and provides funding to certain other agencies that do operate transit systems. The Transportation Authority's mission is to make travel safer, healthier, and easier for all. The Transportation Authority plans, funds, and delivers local and regional projects to improve travel choices for residents, commuters, and visitors throughout the city.

Since 1990, the Transportation Authority has been the designated Congestion Management Agency (CMA) for San Francisco. In this role, the Transportation Authority is responsible for developing and administering the Congestion Management Program. Through its CMA activities, the Transportation Authority leverages state and federal transportation dollars to complement Prop K sales tax revenues and performs project delivery oversight to assist with project implementation. The Transportation Authority also tracks transportation system performance to ensure that the City gets good value for its transportation investments, as well as prepares the long-range San Francisco Transportation Plan to guide future investment decisions.

The Transportation Authority has also served as the San Francisco Program Manager for grants from the Bay Area Air Quality Management District (Air District)'s Transportation Fund for Clean Air (TFCA) program since 1990. In such role, the Transportation Authority approves funding for transportation projects that directly benefit air quality through reduced motor vehicle emissions.

The Transportation Authority also serves as the administrator of Proposition AA (Prop AA), a \$10 annual vehicle registration fee on motor vehicles registered in the City, which was passed by City voters in November 2010. In such role, the Transportation Authority oversees the Prop AA program and allocates funds to street repair and reconstruction, pedestrian safety, and transit reliability and mobility improvement projects. This fee is separate and apart from, and does not form any part of, the Sales Tax Revenues.

The Transportation Authority was also designated as the Treasure Island Mobility Management Agency (TIMMA) in 2014, and although TIMMA and the Transportation Authority share staff and a common board of commissioners, TIMMA's functions and its budget are separate and apart from those of the Transportation Authority. TIMMA is charged with planning for sustainable mobility on Treasure Island and sponsoring the provisions of new ferry and regional bus service, on-island shuttle, bike share, and car share opportunities. In 2008, state legislation enabled TIMMA to implement congestion pricing to manage vehicle traffic as the island develops, and to fund the new transit and other mobility services.

In November 2019, San Francisco voters approved Proposition D, the Traffic Congestion Mitigation Tax also known as the TNC Tax, and the Transportation Authority was designated to receive 50% of the TNC Tax revenues. This tax enables the City of San Francisco 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 2045. 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.

The Transportation Authority governing board consists of the 11 members of the San Francisco Board of Supervisors, who act as Transportation Authority Commissioners (Board). Board members elect a chair every January. The chair appoints the members and chairs of the committees and serves as an ex-officio member on the committees. The Board is required to adopt an initial budget for the fiscal year no later than June 30, preceding the beginning of the fiscal year on July 1.

## San Francisco County Transportation Authority

Letter of Transmittal

June 30, 2022

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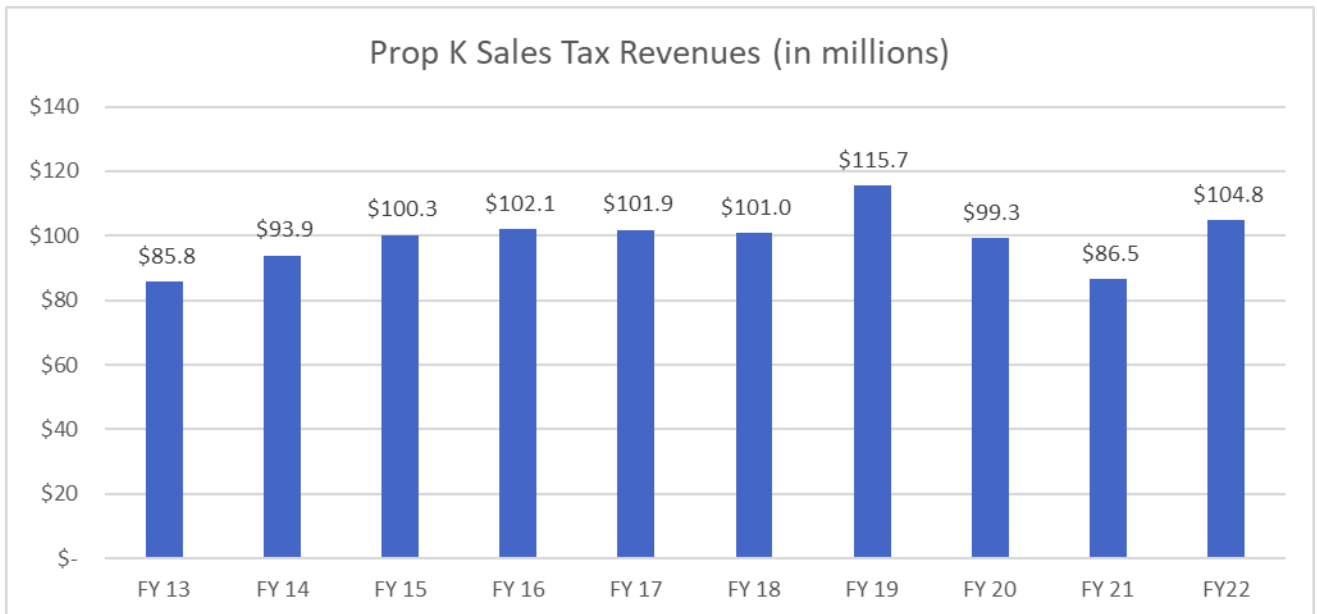
The World Health Organization declared the outbreak of the COVID-19 disease to be a public health emergency of international concern, and on March 11, 2020, declared a worldwide pandemic of the COVID-19 disease. On March 17, 2020, consistent with the City's shelter-in-place orders, the Transportation Authority office switched from physical to virtual operations. On December 11, 2020, the U.S. Food and Drug Administration authorized the country's first COVID-19 vaccine for emergency use. Since then, San Francisco made incredible progress in the fight against COVID-19, thanks to the actions of everyone in the city. Vaccination rates among residents are one of the highest in the country, leading to low case rates. Both San Francisco and the Transportation Authority are emerging from the challenges posed by COVID-19. The fiscal year was characterized by lifted restrictions for most businesses and activities, the resumption of in-person classes, and elimination of mask mandates. Visitor traffic to San Francisco rose along with sales tax revenue. Transit ridership trended upwards but remains below pre-pandemic levels.

At the local level, the Transportation Authority led several projects including the School Access Plan, Ocean Avenue Mobility Action Plan, Octavia Improvement Study, Treasure Island Supplemental Transportation Study, and Golden Gate Park John F. Kennedy Drive Equity Study. Larger projects advanced such as the Downtown Rail Extension Project, Phase 2 of the Interstate-80/Yerba Buena Island Interchange Improvement Project, and the Southgate Road Realignment Improvements Project. Battery Bluff opened atop the Presidio Parkway tunnel. Phase 1 of the Geary Bus Rapid Transit between Market Street and Stanyan Street was completed. Lastly, the Van Ness Bus Rapid Transit and Infrastructure Improvement project was delivered, and operations began April 1.

**Major Revenue - Sales Tax**

The Act, among other things, authorizes the board of supervisors of any county within the nine-county Bay Area to develop a countywide consensus on a proposed transportation expenditure plan to be submitted to the voters, following various local governmental approvals, as part of an ordinance imposing a retail transactions and use tax of either one-half of one percent or one percent, in accordance with the provisions of the California Transactions and Use Tax Law (Revenue and Taxation Code Sections 7251, et seq.).

In accordance with the Act, on November 7, 1989, more than two-thirds of the voters of the City approved Prop B, which authorized the formation of the Transportation Authority and imposed the Original Sales Tax, for a minimum period of 20 years commencing April 1, 1990, for the purpose of funding the Transportation Authority's Original Expenditure Plan (herein defined). The Original Sales Tax was extended on November 4, 2003, by 74.79% of the voters on the Prop K measure, providing for the continuation of a retail transactions and use tax of one-half of one percent (0.5%) to fund the Transportation Authority's new Expenditure Plan. The Sales Tax has continued to be imposed and collected without interruption during the implementation of new Expenditure Plan. The Expenditure Plan covers a 30-year period, which began on April 1, 2004, and continues through March 31, 2034.



San Francisco County Transportation Authority  
Letter of Transmittal  
June 30, 2022

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Building Material, Garden Equipment & Supplies Dealer	\$ 498,134	\$ 514,998	\$ 567,502	\$ 590,523	\$ 586,018	\$ 660,316	\$ 688,526	\$ 678,394	\$ 668,123	\$ 692,779
Clothing and Clothing Accessories Stores	1,979,096	2,096,465	2,200,024	2,129,867	2,099,019	2,081,039	2,004,367	1,592,984	1,350,205	1,732,815
Food and Beverage Stores	718,909	758,809	805,017	845,680	851,556	862,682	859,081	822,192	713,524	742,122
Food Services and Drinking Places	3,579,986	3,937,397	4,293,647	4,573,912	4,680,694	4,806,903	4,958,157	3,756,963	2,052,954	3,761,223
Gasoline Stations	662,270	652,121	520,987	442,063	445,369	548,415	563,607	440,577	331,589	554,725
General Merchandise Stores	852,932	891,592	864,504	857,385	822,175	812,795	767,933	657,382	609,807	708,140
Home Furnishings Stores and Appliance Stores	847,462	929,378	982,826	989,560	917,409	970,745	1,058,102	874,722	821,785	983,527
Motor Vehicle and Parts Dealers	524,700	581,188	575,056	552,476	613,651	613,264	678,081	565,616	653,969	591,880
Other Retail Group	1,710,783	1,927,610	2,131,146	2,171,479	2,292,527	2,469,161	2,582,246	2,666,115	2,568,101	2,620,198
Total Retail and Food Services	11,374,272	12,289,558	12,940,709	13,152,945	13,308,418	13,825,320	14,160,100	12,054,945	9,770,057	12,387,409
All Other Outlets	5,025,762	5,589,371	5,721,175	6,226,000	6,026,085	5,999,001	6,602,407	5,839,627	4,925,238	6,112,583
Total All Outlets	<u>\$16,400,034</u>	<u>\$17,878,929</u>	<u>\$18,661,884</u>	<u>\$19,378,945</u>	<u>\$19,334,503</u>	<u>\$19,824,321</u>	<u>\$20,762,507</u>	<u>\$17,894,572</u>	<u>\$14,695,295</u>	<u>\$18,499,992</u>

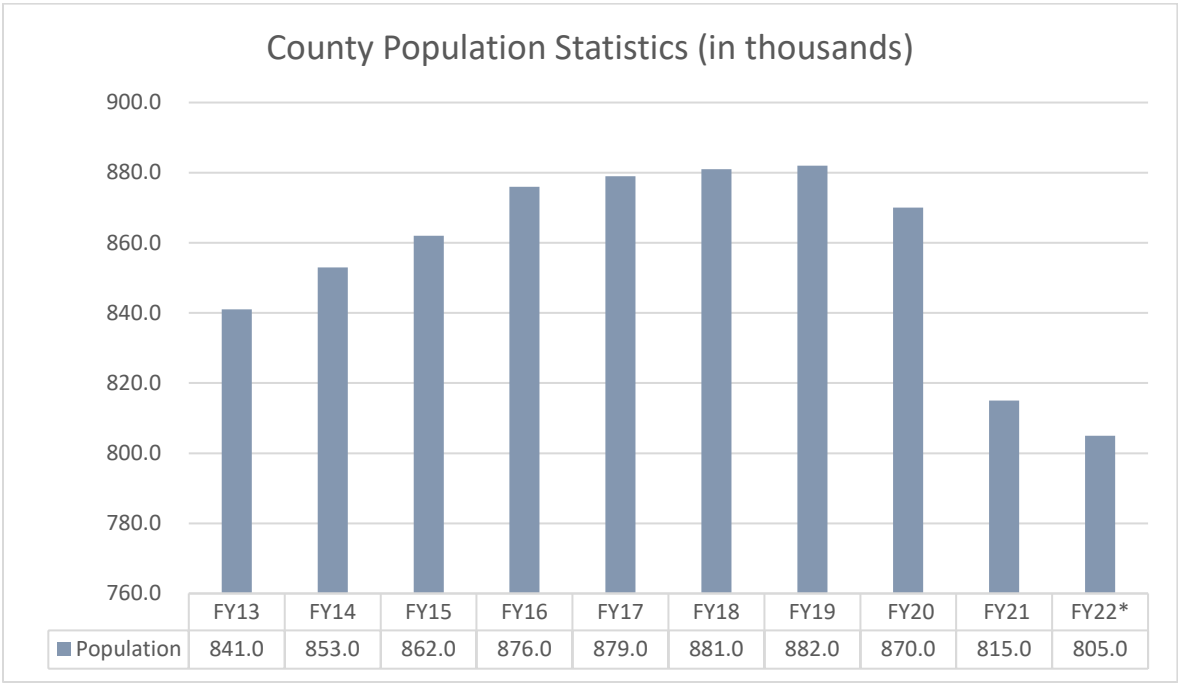
Source: California Department of Tax and Fee Administration.

In FY2021/22, sales tax revenues of \$104.8 million were 21.1% higher than FY2020/21, as business activity and tourism traffic gradually rebounded with lifting of COVID restrictions. The largest sales taxpayer contribution was the food services and drinking places segment, which grew 83% to \$3.8 billion. In addition, sales tax revenues also increased due to higher than anticipated levels of sustained inflation, which increased from 3.2% in June 2021 to 6.8% in June 2022 for the San Francisco Bay Area region. The Transportation Authority is cautiously optimistic about future sales tax revenue as the economy in the San Francisco Bay Area continues to recover from the pandemic. We will continue to closely monitor revenue streams and coordinate with the City and sister agencies to assess short-, medium-, and long-term financial impacts. Fortunately, the Transportation Authority entered this crisis in a strong financial position and remains well positioned to weather these challenging times. In June 2022, the Transportation Authority maintained the highest possible rating of AAA by Fitch Ratings. This AAA rating places the Transportation Authority among the highest rated organizations in California. The rating also reflects the agency's strong and resilient maintenance of the voter-approved half-cent sales tax for transportation and stable outlook.

Local Economy (revenue drivers)

San Francisco’s economy is driven by various types of industries including financial services, tourism, and high technology which affect sales tax revenues as well as population, personal income, and unemployment rate. San Francisco is a major employment center for the broader region, offering high-paying jobs and rivaling neighboring Silicon Valley area. San Francisco’s economic recovery continued to improve. Return-to-office attendance reached the highest level since the pandemic began at slightly below 40% but seems unlikely to return to pre-pandemic levels as work-from-home model adoption continues. Reduced office occupancy and rising interest rates have pressured rents lower, but lower rents could attract new businesses into securing office space in the city. Along with lower asking rents for offices, home rental rates have also declined. Housing costs remain elevated despite rising mortgage rates Zillow’s San Francisco housing price index, had its first decline since January 2021. Despite economic activity improving, the recovery rate has not been as high as other metro areas. At the end of FY2021/22, all these factors continue to be affected by the COVID-19 pandemic. See below for further discussions.

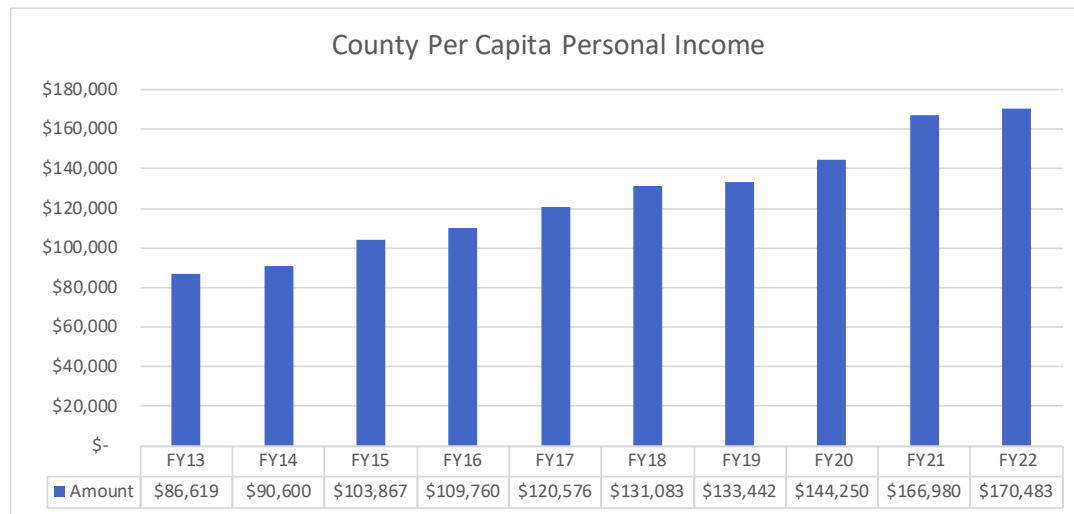
The estimated population of the City and County of San Francisco decreased from 841,138 in FY2012/13 to 804,534 in FY2021/22. The population declined 1.3% in FY2021/22, following a 6.3% decline in FY2020/21, due to the effects of the COVID-19 pandemic and shift to remote work.



Source: City and County of San Francisco Annual Comprehensive Financial Report for the year ended June 30, 2022; Statistical Section – Demographic and Economic Statistics table.  
\* FY2021/22 population was estimated by multiplying the estimated FY2020/21 population by the FY2020/21 population growth rate.

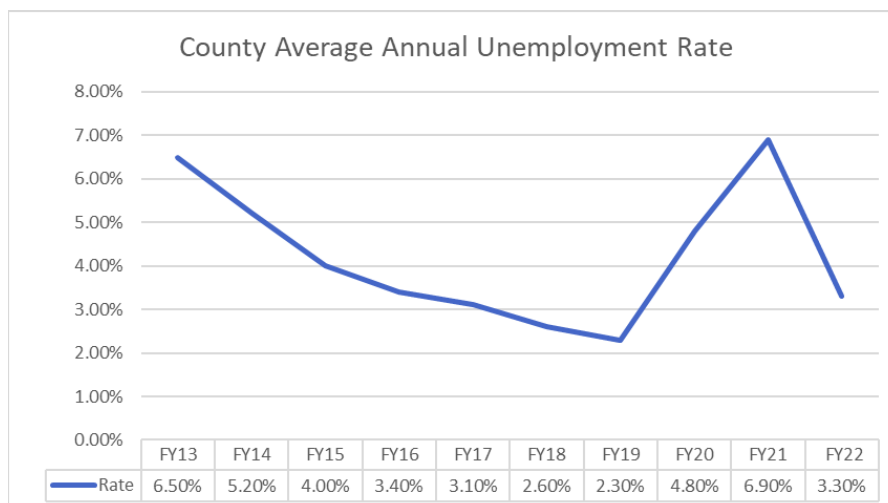
The estimated per capita personal income for the City and County of San Francisco continuously increased from \$86,619 in FY2012/13 to \$170,483 in FY2021/22.

San Francisco County Transportation Authority  
Letter of Transmittal  
June 30, 2022



Source: City and County of San Francisco Annual Comprehensive Financial Report for the year ended June 30, 2022; Statistical Section - Demographic and Economic Statistics table.

In addition, the unemployment rate fell from 6.5% in FY2012/13 to a low of 2.3% in FY2018/19 (pre-pandemic) and increased to 3.3% in FY2021/22. The last two years saw the effects of the stay-at-home order issued by the Governor of California on March 19, 2020, to protect the health and well-being of all residents of California and to establish consistency across the state in order to slow the spread of COVID-19. On June 15, 2021, the Governor terminated the executive orders that put into place the Stay-at-Home Order and the unemployment rate decreased from 4.8% in FY2019/20 to 3.3% in FY2021/22 as more employees were welcome back to work in-person.



Source: City and County of San Francisco Annual Comprehensive Financial Report for the year ended June 30, 2022; Statistical Section - Demographic and Economic Statistics table.

San Francisco is a sought-after destination with a strong labor market. Job growth is expected to sustain the spending base in the city. However, the COVID-19 pandemic impacted these trends starting the third quarter of FY2019/20. The sales tax revenue decreased over 25% since FY2019/20 before rebounding 21.2% in FY2021/22.

### **Major Capital Project Expenditures**

In FY2021/22, the Transportation Authority continued to allocate Prop K sales tax, Prop AA vehicle registration fees, TFCA funds, and program grants from federal, state, and regional sources to partially or fully fund a wide variety of programs and projects that improve the safety and efficiency of the multi-modal transportation network in San Francisco. The largest single allocation of the year of \$10.2 million continued with Prop K funding of SFMTA's Paratransit program. Other major allocations included \$9.8 million from the Street Resurfacing category.

Using Prop K half-cent transportation sales tax funds, the Transportation Authority mainly reimbursed project sponsors for the following:

- Transit vehicle replacement and renovation expenses totaling \$40.4 million, primarily for SFMTA's \$1.2 billion light rail vehicle procurement, of which the total Prop K commitment is nearly \$192 million.
- Nearly \$5.5 million for infrastructure improvements along bus, light rail, and cable car routes, including \$1.9 million for completion of street improvements on Van Ness Avenue to support Bus Rapid Transit, and \$2.2 million for improvements along upper Market Street.
- Renovation and expansion of SFMTA transit stations and maintenance facilities. Prop K funds totaling \$3.1 million in reimbursed expenses for new fire/life safety systems at six of SFMTA's vehicle maintenance facilities, a second elevator for its Castro Street station, and expansion of its Metro East light rail storage and maintenance facility.
- A variety of traffic signal projects, including New Traffic Signals Contract 64 (9 new signals), Traffic Signal Upgrade Contracts 34, 35, and 36 (56 replacement traffic signals), signal upgrades along Gough Street (17 replacement traffic signals), and traffic sign upgrades citywide (521 intersections). New traffic signals as well as signal upgrades include installation of new LED signal heads, poles, mast arms, signs, pedestrian signals, controllers, and curb ramps.



**Funding the Projects**

Since the inception of Prop K in 2004, the Transportation Authority has administered the Prop K program primarily on a pay-as-you-go basis, with the use of short-term debt instruments to meet temporary cash flow needs. However, to meet the multi-year funding needs of the Prop K capital program driven by several large projects, the Transportation Authority in 2017 issued \$248.3 million in Senior Sales Tax Revenue Bonds, Series 2017 (the Series 2017 Bonds). The Series 2017 Bonds are secured and repaid by the Prop K half-cent sales tax and mature February 1, 2034. The Transportation Authority used the proceeds of the Series 2017 Bonds to (i) finance a portion of the costs of and costs incidental to, or connected with, the construction, acquisition, and improvement of certain transit, street, and traffic facilities, and other transportation projects, including, without limitation, engineering, inspection, legal consultants, fiscal agents, financial consultants, and other fees and working capital, all as described in the Expenditure Plan adopted pursuant to the Act; (ii) repay a portion of the outstanding amount of a revolving credit agreement and a promissory note evidencing the Transportation Authority's payment obligation thereunder; (iii) pay capitalized interest on a portion of the Series 2017 Bonds; and (iv) pay costs of issuance of the Series 2017 Bonds. As of June 30, 2022, the total outstanding bond principal and premium balance was \$224.1 million.

In October 2021, the Transportation Authority entered a 3-year Revolving Credit (loan) Agreement with U.S. Bank for a total amount of \$125 million. As of June 30, 2022, the Transportation Authority does not have any outstanding balance on the revolving credit agreement.

In 2022, the Transportation Authority continues to hold credit ratings with Fitch Ratings and S&P Global Ratings. Fitch affirmed a rating of AAA. The high rating reflects the strength and diversity of the economic base that generates San Francisco's half-cent sales tax for transportation, the primary revenue source overseen by the Transportation Authority. The rating also reflects the Transportation Authority's strong financial position.

**Relevant Financial Policies**

The Transportation Authority has adopted a comprehensive set of financial policies.

*Fiscal Policy* guides decisions pertaining to internal fiscal management, including day-to-day operations, annual budget development, and sales tax revenue allocation requirements of the Transportation Authority.

*Investment Policy* organizes and formalizes investment-related activities and sets out policies and procedures that enhance opportunities for prudent and systematic investment of Transportation Authority assets.

*Debt Policy* organizes and formalizes debt issuance-related policies and procedures for the Transportation Authority and establishes a systematic debt policy.

**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Transportation Authority for its ACFR for the fiscal year ended June 30, 2021. This will be the fifth year that the Transportation Authority will apply for this prestigious award. In order to be awarded a Certificate of Achievement, the local government agency had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current ACFR will meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements again. The preparation of this report would not have been possible without the skill, effort, and dedication of the finance staff: Christy Tou, Henry Pan, Lily Yu, Lina Plotnikoff, and Ronald Leong. We wish to thank all the divisions for their assistance in providing the data necessary to prepare this report. Credit also is due to the Board of Commissioners and Executive Director Tilly Chang for their unfailing support for maintaining the highest standards of professionalism in the management of the Transportation Authority's finances.

Respectfully submitted,



Cynthia Fong, CPA, CGMA  
Deputy Director for Finance and Administration



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**San Francisco County Transportation Authority  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

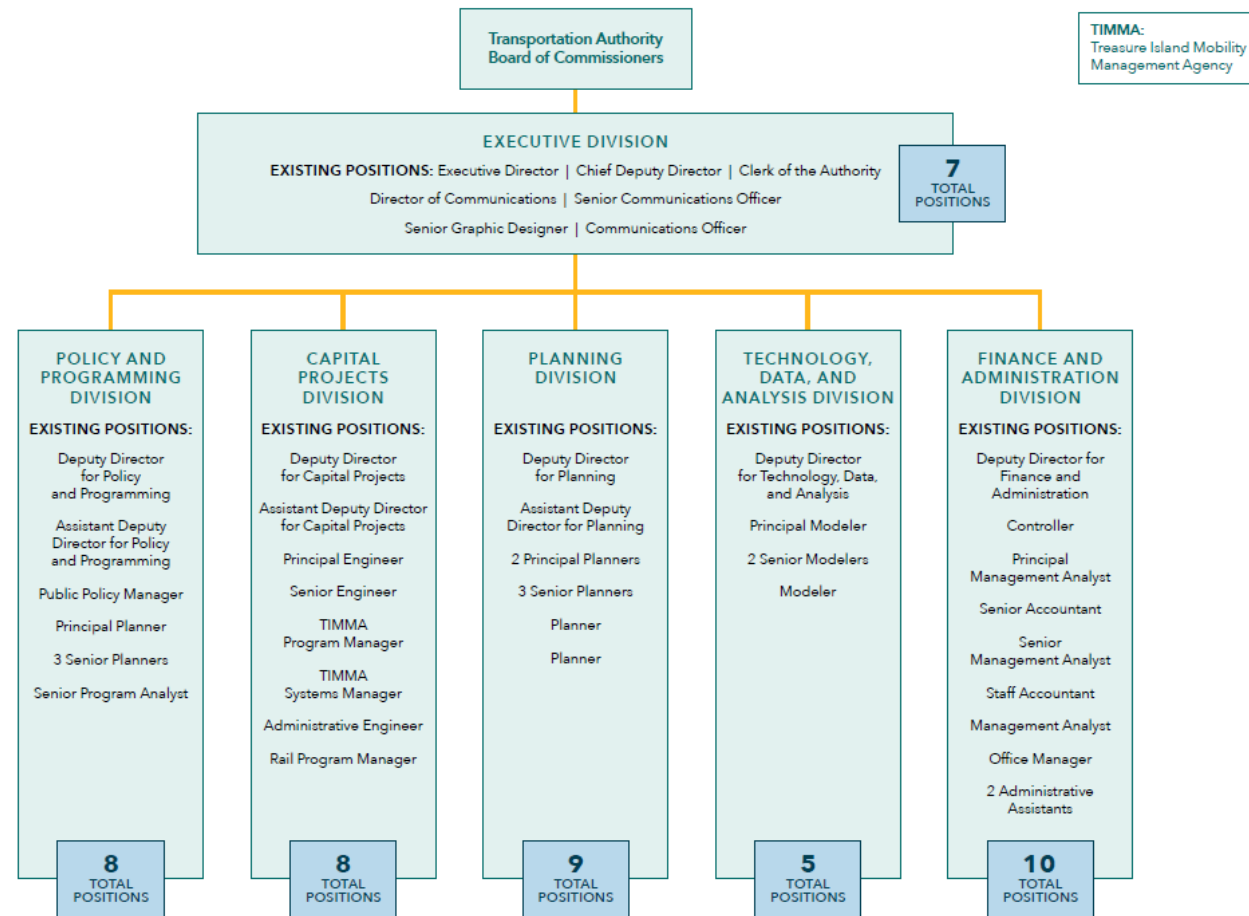
Executive Director/CEO

San Francisco County Transportation Authority  
Organizational Chart  
June 30, 2022

## Agency Structure 47 STAFF POSITIONS



**San Francisco  
County Transportation  
Authority**



## Commissioners and Officials

As of June 30, 2022

### **Commissioners:**

Rafael Mandelman – Board Chair

Aaron Peskin – Vice Chair

Connie Chan

Matt Dorsey

Gordon Mar

Myrna Melgar

Dean Preston

Hillary Ronen

Ahsha Safaí

Catherine Stefani

Shamann Walton

### **Executive Director:**

Tilly Chang

### **Chief Deputy Director:**

Maria Lombardo

### **Deputy Directors:**

Cynthia Fong – Finance and Administration

Anna LaForte – Policy and Programming

Joe Castiglione – Technology, Data, and Analysis

Rachel Hiatt – Planning

Eric Young – Communications



# Financial Section

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## Independent Auditor's Report

Board of Commissioners  
San Francisco County Transportation Authority  
San Francisco, California

### Report on the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Francisco County Transportation Authority (Transportation Authority), a component unit of the City and County of San Francisco, California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Transportation Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Transportation Authority, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Transportation Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Adoption of New Accounting Standard**

As discussed in Note 13 to the financial statements, the Transportation Authority has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.



### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Transportation Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Transportation Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Transportation Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund and major special revenue funds budgetary comparison schedules, schedule of changes in net other postemployment benefits (OPEB) asset and related ratios, schedule of OPEB contributions, schedule of the proportionate share of the net pension liability, and schedule of pension contributions on pages 5 through 22 and pages 64 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transportation Authority's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Schedule of Revenues, Expenditures, and agency-wide budgetary comparison schedule are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, and the agency-wide budgetary comparison schedule are fairly stated in all material respects, in relation to the financial statements taken as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2022, on our consideration of the Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Transportation Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transportation Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
December 27, 2022

The annual financial report of the San Francisco County Transportation Authority (Transportation Authority) presents a discussion and analysis of the Transportation Authority's financial performance during the year ended June 30, 2022. The Transportation Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented here in conjunction with the Transmittal Letter and accompanying Basic Financial statements.

## **Financial Highlights**

### **Government-Wide Financial Statement Highlights**

**Net Position** – The liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at fiscal year ended June 30, 2022, by \$137.6 million, up 3.5% from the prior year.

**Changes in Net Position** – Total net position increased by \$5 million in FY 2021/22, up 3.5% from the prior year, which is due in large part to a decrease in cash, deposits, and investments but an increase in other assets, capital assets, and other liabilities.

**Cash, Deposits, and Investments** – Total cash, deposits, and investments decreased by \$17.5 million in FY 2021/22, down 14% from the prior year which is primarily due to higher transportation improvement expenditures as compared to the prior year.

**Other Non-Cash Assets** – Total other non-cash assets (assets other than cash, deposits, and investments) increased by \$15.9 million in FY 2021/22, up 34.8%, which is primarily due to an increase in sales tax receivables as well as an increase in program receivables for the Interstate-80/Yerba Buena Island Interchange Improvement Project in the Congestion Management Agency program.

**Capital Assets** – Total capital assets increased by \$2.6 million, up 259.3%, which is mainly due to GASB Statement No. 87's requirement to report certain lease assets such as the right-to-use leased office space as shown in Note 5 of the basic financial statements.

**Other Liabilities** – Total other liabilities increased by \$10.2 million in FY 2021/22, up 14.4%, which is primarily due to a longer than anticipated lag between when program sponsors incurred costs and when the Transportation Authority received a reimbursement request.

**Sales Tax Revenues** – Total sales tax revenues increased by \$18.3 million in FY 2021/22, up 21.1% from the prior year, which is due to higher than anticipated levels of sustained inflation and a moderate level of recovery as pandemic restrictions have started to relax.

**Investment Income** – Total investment income decreased by \$1.2 million in FY 2021/22, which is primarily due to GASB Statement No. 31 adjustment to report the change in fair value of investments in the City's Treasury Pool. There was a significant unrealized loss for the pooled investment due to a sharp increase in federal funds interest rate from 0%-0.25% at the end of FY 2020/21 to the target of 3.75%-4.00%.

Transportation Improvement Expenses – Total transportation improvement expenses increased by \$11.2 million in FY 2021/22, up 9.7% from the prior year, which is mainly due to increased Sales Tax Program project activities and decreased Congestion Management Agency Program project activities.

### **Fund Financial Statement Highlights**

The total combined balance for governmental funds is classified into three categories of fund balance (non-spendable, restricted, and unassigned) to provide the reader of these financial statements with a better understanding of the Transportation Authority's available resources and plans to ensure fiscal stability in the near term. Of the total, \$124 thousand is categorized as "non-spendable" for prepaid costs and deposits, \$36.8 million is "restricted" for debt service and transportation projects, and the remaining \$24 million is "unassigned." Detailed discussion of the individual funds is found further in the MD&A report.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Transportation Authority's basic financial statements which comprise of three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the basic financial statements. Additional supplementary information is included, in addition to the basic financial statements.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Transportation Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* provides information about the financial position of the Transportation Authority as a whole, including all of its capital assets, deferred outflows/inflows of resources, and long-term liabilities, on a full accrual basis of accounting similar to the accounting model used by private sector firms.

The *statement of activities* presents information showing how the Transportation Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to accrued, but uncollected taxes, and to expenses pertaining to earned, but unused compensated absences.

Both of these government-wide financial statements distinguish functions of the Transportation Authority that are principally supported by receipt of sales taxes, vehicle registration fees, and other sources of government grants. The only governmental activity of the Transportation Authority is transportation improvement. The Transportation Authority does not have any business-type activities.

## Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The Transportation Authority, like other state and local governments, uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. All of the Transportation Authority's basic services are reported in governmental funds. These statements, however, focus on: (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end, which are available for spending. Such information is useful in determining what financial resources are available in the near future to finance the Transportation Authority's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances include a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Transportation Authority maintains six governmental funds organized according to their source of funding. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the: (1) Sales Tax Program, referred to as Sales Tax Program, (2) Congestion Management Agency Programs, (3) Transportation Fund for Clean Air Program, (4) Vehicle Registration Fee for Transportation Improvements Program, (5) Treasure Island Mobility Management Agency, and (6) Traffic Congestion Mitigation Tax Program. Each of these funds is considered a major fund.

**General Fund** - The General Fund, also referred to as the Sales Tax Program, accounts for the one-half of one percent sales tax revenues required by the November 2003 Proposition K. These revenues are for restricted expenditures in support of the Expenditure Plan, which includes investments in four major categories: 1) Transit, 2) Streets and Traffic Safety, 3) Paratransit services for seniors and disabled people, and 4) Transportation System Management/Strategic Initiatives. This fund also accounts for the general administration of the Transportation Authority functions in support of the Proposition K Expenditure Plan. The major source of revenue for this fund is the sales tax.

**Special Revenue Funds** – Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts, capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund:

- **Congestion Management Agency (CMA) Programs** – The CMA Fund accounts for resources accumulated and payments made for developing a congestion management program and construction of major capital improvements. Major sources of revenue are federal, state, and regional grants.

One of the Transportation Authority's responsibilities as the CMA is to develop a long-range countywide transportation plan (the San Francisco Transportation Plan or SFTP, formerly known as the Countywide Transportation Plan) to guide transportation system development and investment over the next 30 years. The plan is consistent with the broader policy framework of the City's General Plan and particularly its Transportation Element, which is being updated by the Planning Department as part of ConnectSF (discussed below). The SFTP further develops and implements the City's General Plan principles by identifying needed transportation system improvements, based on technical review of system performance against City goals, including equity impacts; extensive public and agency input on key issues and needs; and analysis of policies, financial opportunities, and constraints. The Transportation Authority Board adopted the first update to the plan in December 2013 and another update in September 2017. A draft update to the SFTP is anticipated in Winter 2022.

The underway SFTP update is being developed through ConnectSF, a multi-agency long-range collaborative process to build an effective, equitable, and sustainable transportation system for San Francisco's future. Phase 1 of ConnectSF defined a 30-year Vision (Vision) of San Francisco's transportation future that included goals and aspirations as a city within the larger Bay Area, as well as a Statement of Needs that identified what is needed to meet the vision and goals. Phase 2 of ConnectSF, now complete, included: the Transit Strategy and the Streets and Freeways Strategy. Both studies identify key strategies and project concepts to help San Francisco address the challenges identified in the Statement of Needs and make progress towards the Vision. Phase 2 was completed in Summer 2022. The SFTP is part of Phase 3 of the ConnectSF effort.

### Other Major Programs and Projects Under the CMA

- **Interstate-80/Yerba Buena Island Interchange Improvement Project and Yerba Buena Bridge Structures (collectively known as the YBI Project):** The Treasure Island Development Authority (TIDA) has requested that the Transportation Authority, in its capacity as the CMA, be the lead agency for the YBI Project. Since 2009, the Transportation Authority has been working jointly with TIDA, the Mayor's Office of Economic and Workforce Development, and the California Department of Transportation (Caltrans). The scope of the YBI Project includes two major components: 1) the YBI Ramps Improvement Project - Phase 1, which includes constructing new westbound on- and off-ramps (on the east side of YBI) to the new Eastern Span of the San Francisco-Oakland Bay Bridge (SFOBB) and the Southgate Road Realignment Improvements - Phase 2; and 2) the YBI West Side Bridges Project on the west side of the island, which includes seismic retrofit and replacing bridges on Treasure Island Road, a critical component of island traffic circulation leading to and from the SFOBB.
- **YBI Ramps Project:** For Phase 1, Caltrans issued the Federal Record of Decision in November 2011. The Final Environmental Impact Report/Environmental Impact Statement (EIR/EIS) was certified by the Transportation Authority Board in December 2011. The Transportation Authority completed preparation of the Final Plans, Specifications, and Estimate documents for the project in March 2013 and awarded a construction contract to Golden State Bridge, Inc., in December 2013. Construction activities started in January 2014. The Phase 1 project is substantially complete, and the new ramps were opened to the public on October 22, 2016. The Phase 1 work and project closeout was completed April 30, 2020. For Phase 2, the environmental revalidation was completed in May 2019. Final Design was completed in the third quarter of 2019. Phase 2 construction started June 2020 and is expected to be completed by the end of 2022.



- **YBI West-Side Bridges Project:** The YBI West-Side Bridges project encompasses eight existing bridge structures on the west side of YBI. These structures generally comprise a viaduct along Treasure Island Road, just north of the SFOBB. These bridge structures are a vital component of the YBI traffic circulation system and also serve as an important part of the on- and off-ramp system to the SFOBB. The project limits, along Treasure Island Road, are from the SFOBB to approximately 2000-feet northward. This stretch of Treasure Island Road includes the bridge structures and portions of "at-grade" roadway. The project is funded through the Caltrans Local Highway Bridge Program and the project purpose is to bring the bridge structures up to current seismic safety standards. To accomplish this, one structure will be seismically retrofitted and seven structures will be demolished and replaced with realigned roadway, an undercrossing structure, and six new retaining walls. As part of continued preliminary engineering and design efforts and as required by federal funding, a Value Engineering Analysis Report was prepared in February 2014 in consultation with TIDA, San Francisco Public Works, Caltrans, and independent construction experts. The Value Engineering Analysis Report made various recommendations for Transportation Authority and TIDA consideration to reduce overall project risk and cost. As a result of the Value Engineering Analysis Report, new geometrics have been prepared, which realigns Treasure Island Road into the hillside and replaces two of the structures with retaining walls.

The introduction of the revised geometrics required additional engineering and environmental analysis to be performed. In addition, due to the numerous complex structural and geotechnical challenges, the results of the Value Engineering Analysis Report recommended that this project should be delivered using an innovative project delivery approach: Construction Manager/General Contractor.

In order to reduce costs and construction duration, the current plan calls for closing the Treasure Island/Hillcrest Road from Macalla Road to Forest Road. Construction of this project will follow the completion of: 1) YBI Southgate Road Realignment Improvements and 2) Macalla Road reconstruction (being completed by Treasure Island Community Development). The National Environmental Policy Act and California Environmental Quality Act Categorical Exemption environmental documents were approved in November 2017. Final design is underway and expected to be completed in December 2022. Construction is anticipated to start in the spring of 2023, pending secured full funding for the construction phase, and completed by the end of 2026.

- **101/280 Managed Lanes:** The transportation authorities of San Francisco, San Mateo, and Santa Clara Counties completed a Mobility Action Plan to structure equity programs and congestion management efforts along the U.S. 101 corridor between San Francisco and San Jose. The Transportation Authority also initiated environmental studies and traffic operations analysis for the 101/280 Managed Lanes Project which would create continuous high occupancy vehicle lanes from downtown San Francisco to the Peninsula. The lanes would support increased person throughput and reliability for carpool and transit users during peak commute hours. The Project Initiation Document was approved by Caltrans in October 2019 and project work is anticipated to complete the environmental clearance phase in 2023.

- **Transportation Fund for Clean Air (TFCA) Program** – San Francisco has a \$4 per vehicle registration fee to support projects of the Bay Area Air Quality Management District (Air District). Of the total collections, the Air District passes 40% of the proceeds to the Transportation Authority. Through this program, the Transportation Authority recommends projects that benefit air quality by reducing motor vehicle emissions. The TFCA Program accounts for this activity. The major source of revenue for this fund is the \$4 vehicle registration fees on automobiles registered in the Bay Area.
- **Vehicle Registration Fee for Transportation Improvements Program (Prop AA) Fund** – This fund accounts for the November 2010 Prop AA Vehicle Registration Fee (VRF) for Transportation Improvements Program collections of the \$10 per year, per vehicle registration. The VRF started in the first week of May 2011 and the VRF proceeds are used to fund transportation projects identified in the Prop AA Expenditure Plan. The major source of revenue for this fund is vehicle registration fees in San Francisco. In 2012, the Transportation Authority Board approved the first Prop AA Strategic Plan, which describes the specific projects that could be funded within the first five years. In May 2017, the Transportation Authority Board approved the 2017 Prop AA Strategic Plan and programmed revenues for projects over the five-year period, covering Fiscal Years 2017/18 to 2021/22. In April 2022, the Transportation Authority Board approved the 2022 Prop AA Strategic Plan and programmed revenues for projects over the five-year period, covering Fiscal Years 2022/23 to 2026/27. The Prop AA program is a pay-as-you-go program.
- **Treasure Island Mobility Management Agency (TIMMA) Fund** – The Treasure Island Transportation Management Act of 2008 authorizes the creation or designation of a Treasure Island-specific transportation management agency. On April 1, 2014, the City's Board of Supervisors approved a resolution designating the Transportation Authority as the TIMMA to implement the Treasure Island Transportation Implementation Plan in support of the Treasure Island/Yerba Buena Island Development Project. In September 2014, Governor Brown signed Assembly Bill 141 (Ammiano), establishing TIMMA as a legal entity distinct from the Transportation Authority to help firewall the Transportation Authority's other functions. The major sources of revenue during this implementation phase are federal and state grants, as well as contributions from the City and County of San Francisco.
- **Traffic Congestion Mitigation Tax (TNC Tax) Program** – This fund accounts for the November 2019 Proposition D Traffic Congestion Mitigation Tax. The City imposes a TNC Tax (effective January 1, 2020) of 1.5% to 3.25% on fares for rides originating in San Francisco, for the portion of the trip within the city, that are facilitated by commercial ride-share companies or are provided by an autonomous vehicle or private transit services vehicle. After a 2% set aside for administration by the City, 50% of the revenues are directed to the SFMTA for transit operations and improvements, and 50% to the Transportation Authority for bicycle and pedestrian safety improvements, traffic calming, traffic signals, and maintenance. The major source of revenue for this fund is TNC tax. In October 2020, the Transportation Authority Board approved policies for administration of this new fund program, along with the first allocation of TNC tax funds.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information, essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Information**

The other information is presented concerning the Transportation Authority's Agency-Wide Budgetary Schedule, and the Schedule of Expenditures of Federal Awards (SEFA). The SEFA presents expenditures of all federally funded programs during the year ended June 30, 2022. In addition, as required by generally accepted accounting principles, the required supplementary information section presents information about the Transportation Authority's net pension and net other postemployment benefits liabilities and related contributions, as well as comparison of budget plans to actual activities for the Sales Tax Program and each major special revenue fund.

### **Government-Wide Financial Analysis**

The Transportation Authority's statement of net position shows liabilities and deferred inflows exceeded its assets and deferred outflows by \$137.6 million at year ended June 30, 2022. Cash, deposits, and investments decreased by \$17.5 million. Other assets increased by \$15.9 million, as compared to the prior year. Other assets mainly include \$20.1 million in sales tax receivables, and \$40.7 million in outstanding program and all other receivables (including amounts due from the City and County of San Francisco). Other liabilities increased by \$10.2 million, as compared to the prior year. Further explanations are provided in the Governmental Funds analysis section of the MD&A.

San Francisco County Transportation Authority  
Management's Discussion and Analysis  
June 30, 2022

**Table 1.** Condensed Statement of Net Position

	For the Year Ended			
	June 30, 2022	June 30, 2021	\$ Change	% Change
Assets:				
Cash, deposits, and investments	\$ 107,519,036	\$ 124,978,825	\$ (17,459,789)	-14.0%
Other assets	61,453,148	45,584,409	15,868,739	34.8%
Capital assets	3,631,529	1,010,594	2,620,935	259.3%
Total assets	<u>172,603,713</u>	<u>171,573,828</u>	<u>1,029,885</u>	0.6%
Deferred outflows of resources	<u>1,254,392</u>	<u>1,194,757</u>	<u>59,635</u>	5.0%
Liabilities:				
Other liabilities	81,220,790	71,013,510	10,207,280	14.4%
Long-term liabilities	228,664,733	243,762,910	(15,098,177)	-6.2%
Total liabilities	<u>309,885,523</u>	<u>314,776,420</u>	<u>(4,890,897)</u>	-1.6%
Deferred inflows of resources	<u>1,552,967</u>	<u>598,599</u>	<u>954,368</u>	159.4%
Net Position:				
Investment in capital assets	824,191	1,010,594	(186,403)	-18.4%
Restricted	63,073,162	42,420,369	20,652,793	48.7%
Unrestricted deficit	<u>(201,477,738)</u>	<u>(186,037,397)</u>	<u>(15,440,341)</u>	-8.3%
Total net position (deficit)	<u>\$ (137,580,385)</u>	<u>\$ (142,606,434)</u>	<u>\$ 5,026,049</u>	3.5%

The Transportation Authority's unrestricted deficit of \$201.5 million is mainly due to issuance of Sales Tax Revenue bonds in FY2017/18 with face amount of \$248.3 million, of which a portion was used to pay down the outstanding amount of the revolving credit agreement in November 2017 and the remaining to finance transit, street and traffic facilities, and other transportation projects. These transportation facilities are owned and maintained by the project sponsors; however, the related debt issued to finance these projects remains as a liability of the Transportation Authority. As a result, the Transportation Authority records long-term liabilities without corresponding assets; thus, causing an unrestricted deficit. The Transportation Authority's outstanding commitments are described in Note 13 of the basic financial statements. The \$3.6 million in investment in capital assets (net of accumulated depreciation) is comprised mostly of Board-approved investments in the Transportation Authority's workspace, such as leasehold improvements, furniture, equipment, and right-to-use leased office space required as per GASB Statement No. 87. The Transportation Authority currently uses these capital assets to provide services; consequently, these assets are not available for future spending.

San Francisco County Transportation Authority  
Management's Discussion and Analysis  
June 30, 2022

**Table 2.** Condensed Statement of Activities

	For the Year Ended		\$ Change	% Change
	June 30, 2022	June 30, 2021		
Revenues:				
General				
Sales tax	\$ 104,818,305	\$ 86,530,445	\$ 18,287,860	21.1%
Vehicle registration fee	4,652,149	4,828,943	(176,794)	-3.7%
Traffic congestion mitigation tax	6,120,263	5,625,880	494,383	8.8%
Investment income	(1,201,096)	19,960	(1,221,056)	-6117.5%
Other	142	262,294	(262,152)	-99.9%
Program operating grants and contributions	22,744,769	21,800,630	944,139	4.3%
Total revenues	<u>137,134,532</u>	<u>119,068,152</u>	<u>18,066,380</u>	15.2%
Expenses:				
Transportation improvement	126,576,936	115,410,193	11,166,743	9.7%
Interest	6,655,208	6,989,411	(334,203)	-4.8%
Total expenses	<u>133,232,144</u>	<u>122,399,604</u>	<u>10,832,540</u>	8.9%
Change in net position	3,902,388	(3,331,452)	7,233,840	-217.1%
Net position, beginning of year as restated	<u>(141,482,773)</u>	<u>(139,274,982)</u>	<u>(2,207,791)</u>	-1.6%
Net position, end of year	<u>\$ (137,580,385)</u>	<u>\$ (142,606,434)</u>	<u>\$ 5,026,049</u>	3.5%

The Transportation Authority's net position decreased \$5 million for the year ended June 30, 2022. During the period, sales tax revenues increased by \$18.3 million. Sales tax revenues came in higher than anticipated, which is due to higher than anticipated levels of sustained inflation and a moderate level of recovery as pandemic restrictions have started to relax. Business activity and tourism traffic gradually rebounded, although not quite to pre-pandemic levels yet. FY 2021/22 sales tax revenues are still 9.4% lower than pre-pandemic FY 2018/19 sales tax revenues. The Transportation Authority is cautiously optimistic about future sales tax revenue as the economy in the San Francisco Bay Area continues to expand, and is closely monitoring its operations, liquidity, and capital resources and actively working to minimize the current and future impact of this unprecedented situation. Revenue from the vehicle registration fee decreased by \$177 thousand. Traffic congestion mitigation tax revenue increased by \$494 thousand. Investment income decreased by \$1.2 million. This is primarily due to GASB Statement No. 31 adjustment to report the change in fair value of investments in the City and County of San Francisco Treasury Pool (Pool). There was a significant unrealized loss for the pooled investment due to a sharp increase in federal funds rate from 0%-0.25% at the end of FY2020/21 to the target of 3.75%-4.00%. Most of our investable assets are deposited in the Pool.

Program operating grants and contributions increased by \$944 thousand and transportation improvement expenses increased by \$11.2 million, primarily due to increased Sales Tax Program project activities and decreased CMA Programs project activities as explained in the Governmental Funds analysis below.

### **Financial Analysis of the Transportation Authority's Funds**

As noted earlier, the Transportation Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the Transportation Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Transportation Authority's financing requirements.

San Francisco County Transportation Authority  
Management's Discussion and Analysis  
June 30, 2022

**Table 3.** Condensed Balance Sheet

	Sales Tax Program		Consolidated Other Special Revenue Funds		Total			
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	\$ Change	% Change
Assets:								
Cash, deposits, & investments	\$ 75,190,695	\$ 99,840,641	\$ 32,328,341	\$ 25,138,184	\$ 107,519,036	\$ 124,978,825	\$ (17,459,789)	-14.0%
Other assets	24,350,318	18,633,693	39,401,765	28,590,652	63,752,083	47,224,345	16,527,738	35.0%
Total assets	<u>\$ 99,541,013</u>	<u>\$ 118,474,334</u>	<u>\$ 71,730,106</u>	<u>\$ 53,728,836</u>	<u>\$ 171,271,119</u>	<u>\$ 172,203,170</u>	<u>\$ (932,051)</u>	-0.5%
Liabilities:								
Current and other liabilities	\$ 66,188,817	\$ 58,502,250	\$ 14,862,154	\$ 11,308,467	\$ 81,050,971	\$ 69,810,717	\$ 11,240,254	16.1%
Deferred inflows of resources:								
Unavailable revenues	-	-	29,244,938	21,430,587	29,244,938	21,430,587	7,814,351	36.5%
Fund balances:								
Nonspendable	123,876	81,580	-	-	123,876	81,580	42,296	51.8%
Restricted	9,211,064	2,864,318	27,623,014	20,989,782	36,834,078	23,854,100	12,979,978	54.4%
Unassigned	24,017,256	57,026,186	-	-	24,017,256	57,026,186	(33,008,930)	-57.9%
Total fund balances	<u>33,352,196</u>	<u>59,972,084</u>	<u>27,623,014</u>	<u>20,989,782</u>	<u>60,975,210</u>	<u>80,961,866</u>	<u>(19,986,656)</u>	-24.7%
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 99,541,013</u>	<u>\$ 118,474,334</u>	<u>\$ 71,730,106</u>	<u>\$ 53,728,836</u>	<u>\$ 171,271,119</u>	<u>\$ 172,203,170</u>	<u>\$ (932,051)</u>	-0.5%

Sales Tax Program activities decreased the overall total fund balance by \$26.6 million. Cash, deposits, and investments from Sales Tax Program activities decreased by \$24.7 million, as compared to the prior year. Other assets increased by \$5.7 million. This is largely due to the increase in sales tax receivable as compared to FY2020/21, with sales tax receipts being 9.7% higher in the fourth quarter of FY2021/22 as compared to the fourth quarter of FY2020/21, as well as the increase in other receivables. Current and other liabilities from Sales Tax Program activities increased by \$7.7 million, which is primarily due to a longer than anticipated lag between when program sponsors incurred costs and when the Transportation Authority received a reimbursement request.

The Transportation Authority's Sales Tax Program reported an ending fund balance of \$33.4 million, a decrease of \$26.6 million as compared to the prior year. The total fund balance is composed of a balance of \$124 thousand non-spendable for prepaid costs and deposits and a balance of \$9.2 million restricted for debt service, with the remaining amounts reported as unassigned fund balance. This decrease in fund balance was primarily due to lower unassigned fund balance as a result from the continuous spending for Sales Tax Program projects and no debt issuance in FY 2021/22.

The Transportation Authority's Special Revenue Funds includes the CMA Program, the TFCA Program, the Prop AA Program, the TIMMA Fund Program, and the TNC Tax Program. Cash, deposits, and investments from Special Revenue Fund activities increased by \$7.2 million as compared to the prior year. This is primarily due to a \$5.5 million increase in cash, deposits, and investments for the TNC Program and a \$1.6 million increase in cash, deposits, and investments for the Prop AA Program. Transportation improvement expenditures for the Prop AA Program were lower than previous year. Other assets increased by \$10.8 million, which is primarily due to an increase in program receivables for the YBI Project in the CMA Program. The majority of the increase in program receivables is related to the timing of revenue from Caltrans and from TIDA that were not collected as of June 30, 2022. Current and other liabilities from Special Revenue Fund activities increased by \$3.6 million, which is mainly related to an increase of accounts payable in the CMA and the TNC Tax Programs. Unavailable revenues increased by \$7.8 million. Most of the increase is due to the YBI Project in the CMA Programs as stated above.

Special Revenue Funds reported an ending fund balance of \$27.6 million, an increase of \$6.6 million as compared to the prior year. This is mainly due to increased total assets as compared to the prior year explained above. The total fund balance is composed of a balance of \$27.6 million restricted fund balance for transportation projects under the TFCA Program, the Prop AA Program, and the TNC Tax Program.



San Francisco County Transportation Authority  
Management's Discussion and Analysis  
June 30, 2022

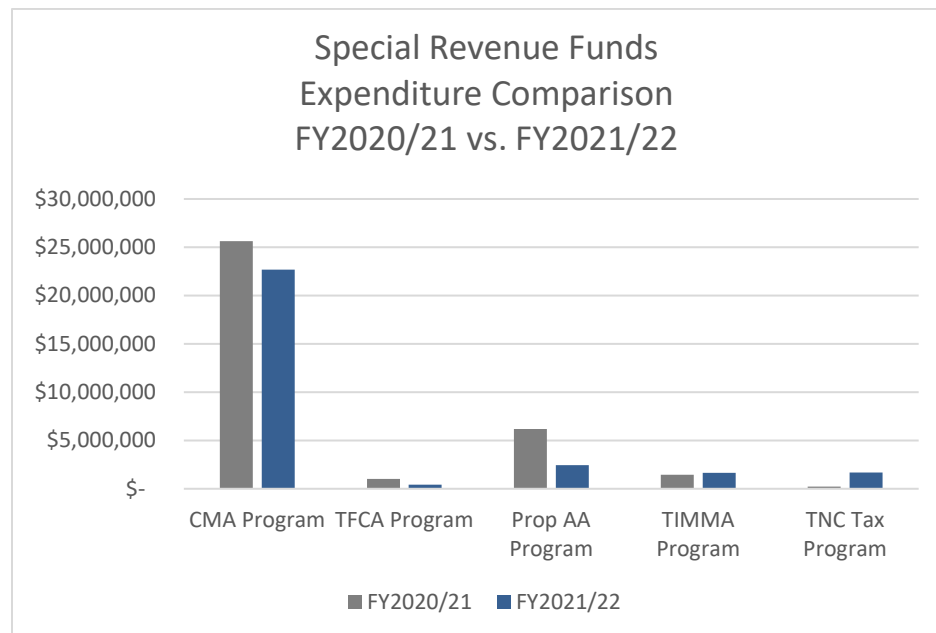
**Table 4.** Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances

	Sales Tax Program		Consolidated Other Special Revenue Funds		Total			
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	\$ Change	% Change
Revenues:								
Sales tax	\$ 104,818,305	\$ 86,530,445	\$ -	\$ -	\$ 104,818,305	\$ 86,530,445	\$ 18,287,860	21.1%
Vehicle registration fee	-	-	4,652,149	5,513,643	4,652,149	5,513,643	(861,494)	-15.6%
Traffic congestion mitigation tax	-	-	6,120,263	5,625,880	6,120,263	5,625,880	494,383	8.8%
Investment income	(875,559)	(124)	(325,537)	20,084	(1,201,096)	19,960	(1,221,056)	-6117.5%
Program revenues	-	-	14,930,418	11,787,462	14,930,418	11,787,462	3,142,956	26.7%
Other	142	35,328	-	-	142	35,328	(35,186)	-99.6%
Total revenues	103,942,888	86,565,649	25,377,293	22,947,069	129,320,181	109,512,718	19,807,463	18.1%
Expenditures:								
Transportation improvement	97,859,361	80,225,304	28,866,820	34,499,774	126,726,181	114,725,078	12,001,103	10.5%
Debt service	22,580,656	21,681,509	-	-	22,580,656	21,681,509	899,147	4.1%
Total expenditures	120,440,017	101,906,813	28,866,820	34,499,774	149,306,837	136,406,587	12,900,250	9.5%
Excess (deficiency) of revenues over (under) expenditures	(16,497,129)	(15,341,164)	(3,489,527)	(11,552,705)	(19,986,656)	(26,893,869)	6,907,213	-25.7%
Other financing sources (uses):								
Transfers in	-	90,447	10,122,759	16,109,581	10,122,759	16,200,028	(6,077,269)	-37.5%
Transfers out	(10,122,759)	(16,109,581)	-	(90,447)	(10,122,759)	(16,200,028)	6,077,269	-37.5%
Total other financing sources (uses)	(10,122,759)	(16,019,134)	10,122,759	16,019,134	-	-	-	0.0%
Net change in fund balances	(26,619,888)	(31,360,298)	6,633,232	4,466,429	(19,986,656)	(26,893,869)	6,907,213	-25.7%
Fund balances, beginning of year, as restated	59,972,084	91,332,382	20,989,782	16,523,353	80,961,866	107,855,735	(26,893,869)	-24.9%
Fund balances, end of year	\$ 33,352,196	\$ 59,972,084	\$ 27,623,014	\$ 20,989,782	\$ 60,975,210	\$ 80,961,866	\$ (19,986,656)	-24.7%

For the year ended June 30, 2022, revenues from Sales Tax Program activities totaled \$103.9 million, an increase of \$17.4 million from FY2020/21 in which \$18.3 million of the increase is related to sales tax revenues as mentioned previously. Investment income decreased by \$875 thousand due to the GASB Statement No. 31 adjustment to report the change in fair value of investments in the Pool for the Sales Tax program as mentioned above. Other revenues decreased by \$35 thousand, primarily due to the termination of our office space sublease agreement in FY2020/21.

Expenditures from Sales Tax Program activities exceeded revenues by \$16.5 million. Expenditures totaled \$120.4 million, an increase of \$18.5 million from FY2020/21, mainly due to increased work related to the Light Rail Vehicle Procurement and Downtown Extension projects. Transportation improvement expenses increased by \$17.6 million. Debt services increased by \$899 thousand. Other financing uses from Sales Tax Program activities increased by \$5.9 million from FY2020/21, which is mainly due to decrease in interfund transfer from the Sales Tax Program to the CMA Program. The majority of this increase is related to the increase in revenues and the delay of grant reimbursements for the Southgate Road Realignment Improvements project.

Special Revenue Funds reported a decrease in vehicle registration fee revenue by \$861 thousand from the prior year, which is mainly due to two months of FY2019/20 revenues that were collected in FY2020/21. Program revenues also increased by \$3.1 million, which is primarily due to increase in federal, state, and regional spending and, correspondingly, in reimbursements for YBI project activities for the CMA Program, as well as reimbursements from the City and County of San Francisco's Office of Public Finance for FY2020/21 activities related to the Downtown Congestion Pricing Study but collected in FY2021/22.



Expenditures from Special Revenue Funds activities decreased by \$5.6 million, as compared to the prior year, mainly in the CMA, Prop AA, and TFCA Programs. Expenditures in the CMA Programs decreased by \$3 million, primarily due to the decrease in expenditures on the YBI Projects with construction activities reaching near completion for the Southgate Road Realignment Improvements project and right-of-way activities completed for the YBI Bridge Structures project. Expenditures in Prop AA Program decreased by \$3.7 million, which is primarily due to the completion of reimbursements for various paving projects. Expenditures in the TNC Tax Program, however, increased by \$1.5 million, mainly due to SFMTA's Vision Zero Quick-Build Program underway after its inaugural programming and allocation in FY 2020/21.

### **Budgetary Analysis and Highlights and Economic Factors-General Fund**

In addition, Total Revenues and Transfers In were greater than the final budgetary estimates by \$10.8 million, mainly due to higher sales tax revenues than estimated in the final budget. Investment income came in lower than budgeted due to GASB 31 adjustment as stated previously. Actual expenditures and transfers out were less than budgetary estimates by \$46.6 million. This amount includes a positive favorable variance of \$43.5 million in capital project costs. This lower capital spending is principally from sponsors, funded by the Sales Tax Program, whose major capital project costs were less than anticipated for FY2021/22, due to their practice of billing other sources (e.g., bonds, federal funds) first and to project delays. Other Financing Sources (Uses) also came in lower than the final budgetary estimates by \$50 million because the drawdown from the Revolving Credit Loan Agreement as anticipated in FY 2021/22 final budget was not needed. Additional information on the Transportation Authority's budgetary comparison schedules for all programs can be found on pages 64 through 69 of this report.

**Table 5.** Sales Tax Program Budgetary Comparison Schedule

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues and Transfers In</b>				
Sales tax	\$ 92,879,800	\$ 92,879,800	\$ 104,818,305	\$ 11,938,505
Investment income	607,168	296,145	(875,559)	(1,171,704)
Other revenues	46,500	-	142	142
<b>Total Revenues and Transfers In</b>	<b>93,533,468</b>	<b>93,175,945</b>	<b>103,942,888</b>	<b>10,766,943</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	6,318,683	7,234,698	4,750,294	2,484,404
Transportation improvement	150,674,687	136,587,261	93,109,067	43,478,194
Debt service				
Principal	13,710,000	13,710,000	14,578,406	(868,406)
Interest and fiscal charges	8,482,850	8,012,350	8,002,250	10,100
Transfers out to other funds	6,815,317	11,599,689	10,122,759	1,476,930
<b>Total Expenditures and Transfers Out</b>	<b>186,001,537</b>	<b>177,143,998</b>	<b>130,562,776</b>	<b>46,581,222</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from debt	100,000,000	50,000,000	-	(50,000,000)
<b>Change in Fund Balance</b>	<b>7,531,931</b>	<b>(33,968,053)</b>	<b>(26,619,888)</b>	<b>7,348,165</b>
<b>Fund Balance - Beginning, as restated</b>	<b>59,972,084</b>	<b>59,972,084</b>	<b>59,972,084</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 67,504,015</b>	<b>\$ 26,004,031</b>	<b>\$ 33,352,196</b>	<b>\$ 7,348,165</b>

### Capital Assets

The Transportation Authority's investment in capital assets as of June 30, 2022, amounted to \$3.6 million (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture, equipment, and right-to-use leased office space. Additional information on the Transportation Authority's capital assets can be found in Note 5 of this report.

### **Long-Term Obligations**

In November 2017, the Transportation Authority issued Senior Sales Tax Revenue Bonds, Series 2017, with net proceeds of \$270.1 million. The bonds were issued with a par value of \$248.3 million and a \$21.9 million bond premium. The bonds bear interest at rates ranging from 3.0% to 4.0% and have a final maturity date of February 1, 2034. The outstanding debt balance at year ended June 30, 2022, is \$208.3 million, with \$15.8 million of remaining unamortized long-term bond premiums.

In October 2021, the Transportation Authority entered into a Revolving Credit Agreement for a total amount of \$125 million, which expires on October 4, 2024. As of the year ended June 30, 2022, the Transportation Authority has no outstanding balance in the Revolving Credit Agreement.

Additional information on the Transportation Authority's Senior Sales Tax Revenue Bonds can be found in Note 7 of this report.

### **Requests for Information**

This financial report is designed to provide a general overview of the Transportation Authority's finances for all those with an interest in the agency's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to:

San Francisco County Transportation Authority  
Attention: Deputy Director for Finance and Administration  
1455 Market Street, 22<sup>nd</sup> Floor  
San Francisco, California, 94103



Basic Financial Statements  
June 30, 2022

# San Francisco County Transportation Authority

San Francisco County Transportation Authority  
Statement of Net Position  
June 30, 2022

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**ASSETS**

Cash in bank	\$ 54,889,312
Deposits and investments with City Treasurer	52,629,724
Sales tax receivable	20,069,392
Vehicle registration fee receivable	797,038
Interest receivable from City and County of San Francisco	52,980
Program receivables	32,744,521
Receivable from the City and County of San Francisco	5,860,206
Other receivables	1,268,035
Prepaid costs and deposits	123,876
Noncurrent assets	
Net OPEB asset	537,100
Capital assets, net of accumulated depreciation	<u>3,631,529</u>

<b>Total Assets</b>	<u>172,603,713</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to OPEB	235,714
Deferred outflows related to pension	<u>1,018,678</u>

<b>Total Deferred Outflows of Resources</b>	<u>1,254,392</u>
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San Francisco County Transportation Authority  
Statement of Net Position (Continued)  
June 30, 2022

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**LIABILITIES**

Accounts payable	18,371,445
Interest payable	3,005,854
Accounts payable to the City and County of San Francisco	59,545,348
Accrued salaries and taxes	298,143
Noncurrent liabilities	
Compensated absences due in one year	515,680
Compensated absences due in more than one year	359,677
Lease Liability due in one year	900,065
Lease Liability due in more than one year	1,907,273
Revenue bonds due in one year	14,125,000
Revenue bonds due in more than one year	209,989,390
Net pension liability due in more than one year	867,648

<b>Total Liabilities</b>	<u>309,885,523</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to OPEB	795,556
Deferred inflows related to pension	757,411

<b>Total Deferred Inflows of Resources</b>	<u>1,552,967</u>
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**NET POSITION**

Net investment in capital assets	824,191
Restricted for transportation improvement	56,867,952
Restricted for debt service	6,205,210
Unrestricted deficit	<u>(201,477,738)</u>

<b>Total Net Deficit</b>	<u><u>\$ (137,580,385)</u></u>
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San Francisco County Transportation Authority  
Statement of Activities  
Year Ended June 30, 2022

	Total	Transportation Improvement	Interest
<b>EXPENSES</b>	\$ 133,232,144	\$ 126,576,936	\$ 6,655,208
<b>PROGRAM REVENUES</b>			
Operating grants and contributions	22,744,769	22,744,769	-
Net program revenue (expense)	\$ (110,487,375)	\$ (103,832,167)	\$ (6,655,208)
<b>GENERAL REVENUES</b>			
Sales tax	104,818,305		
Vehicle registration fees	4,652,149		
Traffic congestion mitigation tax	6,120,263		
Investment income	(1,201,096)		
Other	142		
Total general revenues	114,389,763		
<b>CHANGE IN NET POSITION</b>	3,902,388		
Net deficit, beginning of year, as restated	(141,482,773)		
<b>Net deficit, end of year</b>	\$ (137,580,385)		

San Francisco County Transportation Authority  
Balance Sheet - Governmental Funds  
June 30, 2022

	Special Revenue Funds						Total Governmental Funds
	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	Traffic Congestion Mitigation Tax Program	
<b>ASSETS</b>							
Cash in bank	\$ 33,700,647	\$ -	\$ 1,948,856	\$ 19,239,809	\$ -	\$ -	\$ 54,889,312
Deposits and investments with the City Treasurer	41,490,048	-	-	-	-	11,139,676	52,629,724
Sales tax receivable	20,069,392	-	-	-	-	-	20,069,392
Vehicle registration fee receivable	-	-	-	797,038	-	-	797,038
Interest receivable from the City and County of San Francisco	52,980	-	-	-	-	-	52,980
Program receivables							
Federal	-	27,974,196	-	-	-	-	27,974,196
State	-	2,578,299	-	-	-	-	2,578,299
Regional and other	-	1,766,706	419,252	-	6,068	-	2,192,026
Receivables from the City and County of San Francisco	-	3,334,900	-	-	2,525,306	-	5,860,206
Other receivables	1,268,035	-	-	-	-	-	1,268,035
Due from other funds	2,836,035	-	-	-	-	-	2,836,035
Prepaid costs and deposits	123,876	-	-	-	-	-	123,876
<b>Total Assets</b>	<b>\$ 99,541,013</b>	<b>\$ 35,654,101</b>	<b>\$ 2,368,108</b>	<b>\$ 20,036,847</b>	<b>\$ 2,531,374</b>	<b>\$ 11,139,676</b>	<b>\$ 171,271,119</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 9,640,818	\$ 6,880,940	\$ 211,158	\$ 238,658	\$ 216,584	\$ 1,183,287	\$ 18,371,445
Accounts payable to the City and County of San Francisco	56,249,856	-	238,724	2,600,157	-	456,611	59,545,348
Accrued salaries and taxes	298,143	-	-	-	-	-	298,143
Due to other funds	-	1,183,744	421,512	148,670	1,078,521	3,588	2,836,035
<b>Total liabilities</b>	<b>66,188,817</b>	<b>8,064,684</b>	<b>871,394</b>	<b>2,987,485</b>	<b>1,295,105</b>	<b>1,643,486</b>	<b>81,050,971</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenues	-	27,589,417	419,252	-	1,236,269	-	29,244,938
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>27,589,417</b>	<b>419,252</b>	<b>-</b>	<b>1,236,269</b>	<b>-</b>	<b>29,244,938</b>
<b>Fund Balances</b>							
Nonspendable	123,876	-	-	-	-	-	123,876
Restricted	9,211,064	-	1,077,462	17,049,362	-	9,496,190	36,834,078
Unassigned	24,017,256	-	-	-	-	-	24,017,256
<b>Total Fund Balances</b>	<b>33,352,196</b>	<b>-</b>	<b>1,077,462</b>	<b>17,049,362</b>	<b>-</b>	<b>9,496,190</b>	<b>60,975,210</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 99,541,013</b>	<b>\$ 35,654,101</b>	<b>\$ 2,368,108</b>	<b>\$ 20,036,847</b>	<b>\$ 2,531,374</b>	<b>\$ 11,139,676</b>	<b>\$ 171,271,119</b>

San Francisco County Transportation Authority  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2022

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**Amounts reported for governmental activities in the statement of net position are different because of the following items:**

Total fund balances on the governmental funds balance sheet:	\$ 60,975,210
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	3,631,529
Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the governmental funds:	29,244,938
Unmatured interest on long-term debt is recognized in the period when it is due in the governmental funds:	(3,005,854)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Revenue bonds and related premium	(224,114,390)
Lease Liability	(2,807,338)
Accrued compensated absences	(875,357)
Net OPEB asset and related deferrals	(22,742)
Net pension liability and related deferrals	(606,381)
<b>Net position of governmental activities</b>	<b>\$ (137,580,385)</b>

San Francisco County Transportation Authority  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
Year Ended June 30, 2022

	Special Revenue Funds						Total Governmental Funds
	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	Traffic Congestion Mitigation Tax Program	
<b>REVENUES</b>							
Sales tax	\$ 104,818,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,818,305
Vehicle registration fee	-	-	-	4,652,149	-	-	4,652,149
Traffic congestion mitigation tax	-	-	-	-	-	6,120,263	6,120,263
Investment income	(875,559)	-	879	922	-	(327,338)	(1,201,096)
Program revenues							
Federal	-	7,892,182	-	-	219,125	-	8,111,307
State	-	1,059,871	-	-	-	-	1,059,871
Regional and other	-	3,748,139	715,996	-	1,295,105	-	5,759,240
Other revenues	142	-	-	-	-	-	142
<b>Total Revenues</b>	<b>103,942,888</b>	<b>12,700,192</b>	<b>716,875</b>	<b>4,653,071</b>	<b>1,514,230</b>	<b>5,792,925</b>	<b>129,320,181</b>
<b>EXPENDITURES</b>							
Current - transportation improvement							
Personnel expenditures	2,998,031	2,971,383	36,158	237,813	664,156	122,960	7,030,501
Non-personnel expenditures	1,752,263	40,481	-	846	174,120	-	1,967,710
Capital improvements related to infrastructure	92,975,519	19,674,795	380,474	2,199,690	812,246	1,551,698	117,594,422
Capital outlay	133,548	-	-	-	-	-	133,548
Debt service							
Principal	14,578,406	-	-	-	-	-	14,578,406
Interest and fiscal charges	8,002,250	-	-	-	-	-	8,002,250
<b>Total Expenditures</b>	<b>120,440,017</b>	<b>22,686,659</b>	<b>416,632</b>	<b>2,438,349</b>	<b>1,650,522</b>	<b>1,674,658</b>	<b>149,306,837</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(16,497,129)</b>	<b>(9,986,467)</b>	<b>300,243</b>	<b>2,214,722</b>	<b>(136,292)</b>	<b>4,118,267</b>	<b>(19,986,656)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	9,986,467	-	-	136,292	-	10,122,759
Transfers out	(10,122,759)	-	-	-	-	-	(10,122,759)
<b>Total Other Financing Sources (Uses)</b>	<b>(10,122,759)</b>	<b>9,986,467</b>	<b>-</b>	<b>-</b>	<b>136,292</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(26,619,888)</b>	<b>-</b>	<b>300,243</b>	<b>2,214,722</b>	<b>-</b>	<b>4,118,267</b>	<b>(19,986,656)</b>
<b>Fund Balances - Beginning</b>	<b>59,972,084</b>	<b>-</b>	<b>777,219</b>	<b>14,834,640</b>	<b>-</b>	<b>5,377,923</b>	<b>80,961,866</b>
<b>Fund Balances - Ending</b>	<b>\$ 33,352,196</b>	<b>\$ -</b>	<b>\$ 1,077,462</b>	<b>\$ 17,049,362</b>	<b>\$ -</b>	<b>\$ 9,496,190</b>	<b>\$ 60,975,210</b>

San Francisco County Transportation Authority  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2022

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**Amounts reported for governmental activities in the statement of activities are different because of the following items:**

Net change in fund balances on the governmental funds statement of revenues, expenditures, and changes in fund balances:	\$ (19,986,656)
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, net position increases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year:	
Capital asset additions	133,548
Depreciation and amortization expense	(1,188,357)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds statements:	
Amortization in lease liability	868,406
Change in deferred inflows related to unavailable revenues	7,814,351
Payment of debt principal is an expenditure in the governmental funds, but reduces the long-term liabilities in the statement of net position and does not affect the statement of activities:	13,710,000
Amortization of bond premiums is recorded on the statement of activities, but does not impact the governmental funds statement of revenues, expenditures, and changes in fund balance:	1,215,723
Interest on long-term debt is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due:	171,375
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Change in net OPEB asset and related deferrals	103,867
Change in net pension liability and related deferrals	995,716
Compensated absences	64,415
<b>Change in net position of governmental activities</b>	<b>\$ 3,902,388</b>

### **Note 1 - Reporting Entity and Background**

The Transportation Authority was created in 1989 by a vote of the San Francisco electorate. The vote approved Proposition B, which imposed a sales tax of one-half of one percent (0.5%), for a period not to exceed 20 years, to fund essential transportation projects. The types of projects to be funded with the proceeds from the sales tax were set forth in the San Francisco County Transportation Expenditure Plan, which was approved as part of Proposition B. The Transportation Authority was organized pursuant to Sections 131000 et seq. of the California Public Utilities Code. Collection of the voter-approved sales tax began on April 1, 1990.

The Transportation Authority has its own governing board, consisting of the 11 members of the Board of Supervisors of the City and County of San Francisco (City), acting as the Commissioners of the Transportation Authority Board. Pursuant to Governmental Accounting Standards Board standards, the financial statements of the Transportation Authority are included in the City's basic financial statements. Nonetheless, the Transportation Authority is governed by an administrative code separate from that of the City's, and the agency operates as a special-purpose government agency under state law, separate and distinct from the City. The City's Mayor does not have oversight control over the Transportation Authority. The ordinance that created the Transportation Authority empowers it to independently issue debt in order to finance transportation projects in the San Francisco County Transportation Expenditure Plan. The Transportation Authority's borrowing capacity is separate and distinct from that of the City.

Component units are legally separate organizations for which the Transportation Authority is financially accountable. Component units may include organizations that are fiscally dependent on the Transportation Authority in that the Transportation Authority approves their budget, the issuance of their debt, or the levying of their taxes. In addition, component units also describe other legally separate organizations for which the Transportation Authority is not financially accountable, but the nature and significance of the organization's relationship with the Transportation Authority is such that exclusion would cause the Transportation Authority's financial statements to be misleading or incomplete. For financial reporting purposes, the Treasure Island Mobility Management Agency (TIMMA) has a financial and operational relationship, which meets the criteria set forth in accounting principles generally accepted in the United States of America for inclusion in the financial statements, as a component unit, using the blended presentation method, as if it were part of the Transportation Authority's operations, because the governing board of the component unit is the same as the governing board of the Transportation Authority, and management has operational responsibility for the entity.

### ***Sales Tax Program***

On November 4, 2003, San Francisco voters approved Proposition K with a 74.7% affirmative vote, amending the City Business and Tax Code to extend the countywide one-half of one percent sales tax, and to replace the 1989 Proposition B Plan with a new 30-year Expenditure Plan. The new Expenditure Plan includes investments in four major categories: 1) Transit; 2) Streets and Traffic Safety (including street resurfacing and bicycle/pedestrian improvements); 3) Paratransit services for seniors and individuals with disabilities; and 4) Transportation System Management/Strategic Initiatives (including funds for neighborhood parking management, transportation/land use coordination, and travel demand management efforts).

Major capital projects funded by the Proposition K Expenditure Plan include: A) development of the Bus Rapid Transit and Muni Metro Network; B) construction of the Muni Central Subway (Third Street Light Rail Project-Phase 2); C) construction of the Caltrain Downtown Extension to a rebuilt Transbay Terminal; and D) South Approach to the Golden Gate Bridge: Doyle Drive Replacement Project (re-envisioned as the Presidio Parkway). Under Proposition K legislation, the Transportation Authority directs the use of the Sales Tax and may issue up to \$1.88 billion in bonds secured by the Sales Tax.

### ***Congestion Management Agency (CMA) Programs***

On November 6, 1990, the Transportation Authority was designated under state law as the CMA for the City. Responsibilities resulting from this designation include developing a Congestion Management Program, which provides evidence of the integration of land use, transportation programming, and air quality goals; preparing a long-range countywide transportation plan to guide the City's future transportation investment decisions; monitoring and measuring traffic congestion levels in the City; measuring the performance of all modes of transportation; and developing a computerized travel demand forecasting model and supporting databases. As the CMA, the Transportation Authority is responsible for establishing the City's priorities for certain state and federal transportation funds and works with the Metropolitan Transportation Commission to program those funds to San Francisco projects.

### ***Transportation Fund for Clean Air (TFCA) Program***

On June 15, 2002, the Transportation Authority was designated to act as the overall program manager for the local guarantee (40%) share of transportation funds available through the TFCA program. Funds from this program, administered by the Bay Area Air Quality Management District, come from a \$4 vehicle registration fee on automobiles registered in the Bay Area. Through this program, the Transportation Authority recommends projects that benefit air quality by reducing motor vehicle emissions.

### ***Vehicle Registration Fee for Transportation Improvements Program***

On November 2, 2010, San Francisco voters approved Proposition AA with a 59.6% affirmative vote, authorizing the Transportation Authority to collect an additional \$10 annual vehicle registration fee on motor vehicles registered in San Francisco, and to use the proceeds to fund transportation projects identified in the 30-year Expenditure Plan. Revenue collection began in May 2011.

Proposition AA revenues must be used to fund projects from the following three programmatic categories. The percentage allocation of revenues, designated for each category over the 30-year Expenditure Plan period, is shown in parentheses following the category name.

- Street Repair and Reconstruction (50%): giving priority to streets with bicycle and transit networks, and to projects that include complete streets elements such as curb ramps, bicycle infrastructure, pedestrian improvements, and other measures to slow or reduce traffic
- Pedestrian Safety (25%): including crosswalk improvements, sidewalk repair or upgrade, and pedestrian countdown signals and lighting
- Transit Reliability and Mobility Improvements (25%): including transit stop improvements, consolidation and relocation, transit signal priority, traffic signal upgrades, travel information improvements, and parking management projects

### ***TIMMA Component Unit***

The Treasure Island Transportation Management Act of 2008 (Assembly Bill 981, Leno) authorizes the creation or designation of a Treasure Island-specific transportation management agency. On April 1, 2014, the City's Board of Supervisors approved a resolution designating the Transportation Authority as TIMMA to implement the Treasure Island Transportation Implementation Plan in support of the Treasure Island/Yerba Buena Island Development Project. In September 2014, Governor Brown signed Assembly Bill 141 (Ammiano), establishing TIMMA as a legal entity, distinct from the Transportation Authority, to help firewall the Transportation Authority's other functions. The 11 members of the Transportation Authority Board act as the Commissioners for TIMMA Board. The Transportation Authority financial statements include TIMMA as a blended special revenue fund component unit.

### ***Traffic Congestion Mitigation Tax***

The Traffic Congestion Mitigation Tax was approved by San Francisco voters on November 5, 2019, through approval of Proposition D. The measure, also referred to as the TNC Tax, is a surcharge on commercial ride-hailing trips that originate in San Francisco, for the portion of the trip within the City. The intent of the TNC Tax program is to deliver improvements to transit reliability and safety on San Francisco's roadways, helping to mitigate the effects of increased congestion due to TNC vehicles. Beginning January 1, 2020, a 1.5% tax is charged on shared rides or rides taken in a zero-emission vehicle, and 3.25% is charged on rides with a single occupant. The measure also takes into account rides provided by autonomous vehicles in the future which would be taxed in this same manner and rides provided by private transit companies, if a company were to enter the market. The tax is in effect until November 2045.



After a 2% set aside for administration by the City, 50% of the revenues are directed to the SFMTA for transit operations and improvements, and 50% to the Transportation Authority for bicycle and pedestrian safety improvements, traffic calming, traffic signals, and maintenance.

## **Note 2 - Summary of Significant Accounting Policies**

### *Basis of Presentation*

**Government-wide Financial Statements** – The statement of net position and statement of activities display information about the Transportation Authority. These statements include the financial activities of the overall government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities are normally supported by taxes, grants, and other revenues.

The statement of activities presents a comparison between direct expenses and program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

**Fund Financial Statements** – The fund financial statements provide information about the Transportation Authority's funds. The Transportation Authority reports activities of each of its six funds: 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; and Traffic Congestion Mitigation Tax Program as major funds.

The Transportation Authority uses the following funds:

**Sales Tax Program** – The Sales Tax Program operates as the General Fund, and accounts for the one-half of one percent sales tax revenues required by the November 2003 Proposition K. These revenues are for restricted expenditures in support of the Expenditure Plan, which includes investments in four major categories: 1) Transit; 2) Streets and Traffic Safety; 3) Paratransit services for seniors and individuals with disabilities; and 4) Transportation System Management/Strategic Initiatives. This fund also accounts for the general administration of the Transportation Authority functions in support of the Proposition K Expenditure Plan. The major source of revenue for this fund is the sales tax.

**Special Revenue Funds** – Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts, capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund:

**Congestion Management Agency Programs** – The Congestion Management Agency Fund accounts for resources accumulated and payments made for developing a congestion management program and construction of major capital improvements. Major sources of revenue are federal, state, and regional grants.

**Transportation Fund for Clean Air Program** – San Francisco has a \$4 per vehicle registration fee to support projects of the Air District. Of the total collections, the Air District passes 40% of the proceeds to the Transportation Authority. Through this program, the Transportation Authority recommends projects that benefit air quality by reducing motor vehicle emissions. The Transportation Fund for Clean Air accounts for this activity. The major source of revenue for this fund is \$4 vehicle registration fees on automobiles registered in the Bay Area.

**Vehicle Registration Fee for Transportation Improvements Program** – This fund accounts for the November 2010 Proposition AA Vehicle Registration Fee (VRF) for Transportation Improvements Program collections of the \$10 per year, per vehicle registration. The Fee started in the first week of May 2011. The VRF proceeds are used to fund transportation projects identified in the Proposition AA Expenditure Plan. The major source of revenue for this fund is vehicle registration fees.

**Treasure Island Mobility Management Agency** – Assembly Bill 981 (Leno) authorizes the creation or designation of a Treasure Island-specific transportation management agency. On April 1, 2014, the City's Board of Supervisors approved a resolution designating the Transportation Authority as the TIMMA to implement the Treasure Island Transportation Implementation Plan in support of the Treasure Island/Yerba Buena Island Development Project. In September 2014, Governor Brown signed Assembly Bill 141 (Ammiano), establishing TIMMA as a legal entity distinct from the Transportation Authority to help firewall the Transportation Authority's other functions. The major sources of revenue are federal, state, and regional grants.

**Traffic Congestion Mitigation Tax Program** – The Proposition D Traffic Congestion Mitigation Tax was passed by San Francisco voters in November 2019. The measure, also referred to as the Transportation Network Company (TNC) Tax, is a 1.5% tax charged on shared rides or rides taken in a zero-emission vehicle, and 3.25% is charged on rides with a single occupant on commercial ride-hail trips that originate in San Francisco, for the portion of the trip within the City. After a 2% set aside for administration by the City, 50% of the revenues are directed to the SFMTA for transit operations and improvements, and 50% to the Transportation Authority for bicycle and pedestrian safety improvements.

### ***Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. *Measurement focus* indicates the type of resources being measured, such as current financial resources or economic resources. The *basis of accounting* indicates the timing of transactions or events for recognition in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earnings are earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Sales tax amounts are recognized as revenues in the year for when they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible, within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims, and judgments are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Sales taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

### ***Net Position***

Under the terms of grant agreements, the Transportation Authority funds certain programs with a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the Transportation Authority's policy to first exhaust the most restricted cost-reimbursement grant resources to fund such programs.

### *Leases*

The Transportation Authority is a lessee for a noncancellable lease of commercial office space. The Transportation Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Transportation Authority recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Transportation Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the Transportation Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Transportation Authority uses the interest rate charged by the lessor as the discount rate.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Transportation Authority is reasonably certain to exercise.

The Transportation Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

### *Investment Valuations*

The Transportation Authority recognizes the fair value measurement of its investments on a recurring basis, based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Transportation Authority's investments in the City and County of San Francisco Investment Pool are uncategorized because deposits to and from the pool are made on the basis of \$1 and not at fair value.

***Sales Tax Revenue***

The Transportation Authority recognizes taxpayer-assessed revenues, net of estimated refunds, in the accounting period in which they become susceptible to accrual, which means when the revenues become both measurable and available to finance expenditures of the current fiscal period on the fund level financial statements.

Unavailable sales tax revenue on the fund level financial statements represents sales tax receipts in the 60 days subsequent to the Transportation Authority's fiscal year-end, relating to the prior year's sales activity. The Transportation Authority has contracted with the California Department of Tax and Fee Administration (CDTFA) for collection and distribution of the sales tax. The CDTFA receives an administrative fee for providing this service. The Transportation Authority records sales tax revenues net of such fees.

***Vehicle Registration Fees and Receivables***

The Transportation Authority recognizes vehicle registration fees in the accounting period in which they become susceptible to accrual, which means when the revenues become both measurable and available to finance expenditures of the current fiscal period.

Vehicle registration fees receivables represent vehicle registration fee receipts in the 60 days subsequent to the Transportation Authority's fiscal year-end, relating to the prior year's registration activity. The Transportation Authority has contracted with the California Department of Motor Vehicles for collection and distribution of the vehicle registration fees. The Department of Motor Vehicles receives an administrative fee for providing this service. The Transportation Authority records vehicle registration fee revenues net of such fees.

***Traffic Congestion Mitigation Tax and Receivables***

The Transportation Authority recognizes Traffic Congestion Mitigation Tax in the accounting period in which they become susceptible to accrual, which means when the revenues become both measurable and available to finance expenditures of the current fiscal period.

Traffic Congestion Mitigation Tax receivables represent tax revenue receipts in the 60 days subsequent to the Transportation Authority's fiscal year-end, relating to the prior year's registration activity. The Transportation Authority has contracted with the City and County of San Francisco (City). The City receives an administrative fee for providing this service. The Transportation Authority records tax revenues net of such fees.

### ***Capital Assets***

Capital assets are recorded at historical cost or at estimated historical cost, if actual historical cost is not available. The Transportation Authority capitalizes assets with a purchase price of \$5,000 and above. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide financial statements.

Ownership of capital improvements, related to infrastructure to which the Transportation Authority provides funding, vests with the City and County of San Francisco. Capital improvements are recorded on the financial statements of the City and County of San Francisco during construction and upon completion.

The estimated useful lives are as follows:

Right-to-use leased office space	1 - 30 years
Leasehold improvements	13 years
Furniture	5 years
Computer equipment	3 years

The cost of normal maintenance and repairs that do not add to the value of the asset, nor materially extend its life, is not capitalized. For the government-wide statements, improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

### ***Pensions***

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Transportation Authority's California Public Employees' Retirement System (CalPERS) Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

### ***Other Postemployment Benefits (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Transportation Authority's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Compensated Absences*

The Transportation Authority reports compensated absences for accrued vacation, compensatory time-off, and floating holidays. Transportation Authority employees have a vested interest in accrued compensated absences and the time will eventually either be used or paid by the Transportation Authority. The Transportation Authority's compensated absences in current and prior years are paid from the sales tax fund when due.

Generally, employees earn and use their current compensated absence hours with a small portion being accrued or unused each year. As this occurs, the Transportation Authority incurs an obligation to pay for these unused hours. This liability is recorded in the government-wide statement of net position to reflect the Transportation Authority's obligation to fund such costs from future operations. A liability is recorded in the governmental funds balance sheet when it is due and payable. Sick leave benefits do not vest and no liability is recorded. The changes in the Transportation Authority's compensated absences during the year are as follows:

Balance at July 1, 2021	Additions	Deductions	Balance at June 30, 2022	Current Portion
\$ 939,771	\$ 634,858	\$ (699,272)	\$ 875,357	\$515,680

### *Fund Balances/Net Position*

In the government-wide statements, equity is classified as net position and displayed in three components:

**Net investment in capital assets** - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Transportation Authority only has outstanding lease liabilities that are attributable to capital assets, as the capital improvements related to infrastructure are recorded on the financial statements of the managing agency.

**Restricted net position** - consists of net position with constraints placed on the use by either 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

**Unrestricted net position** - all other net position that does not meet the definition of "restricted" or "investment in capital assets."

Governmental funds report fund balance in classifications, based primarily on the extent to which the Transportation Authority is bound, to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2022, fund balances for governmental funds are classified as follows:

**Nonspendable Fund Balance** - includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash; for example, inventories and prepaid amounts.

**Restricted Fund Balance** - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

**Unassigned Fund Balance** - the residual classification for the Sales Tax Program and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other two fund balance categories.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

### *Use of Estimates*

The preparation of basic financial statements, in conformity with generally accepted accounting principles, requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following are changes in accounting principles and new accounting pronouncements upcoming in future years.



### *Change in Accounting Principles*

**GASB Statement No. 87** – In June 2017, the GASB issued Statement No. 87, *Leases*. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 13 and the additional disclosures required by this standard are included in Note 7.

**GASB Statement No. 89** – In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred and no longer included in the historical cost of capital assets. The provisions of this statement have been implemented as of June 30, 2022.

**GASB Statement No. 92** – In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. GASB Statement No. 92 addresses a variety of topics related to postemployment benefits and other issues. The provisions of this statement have been implemented as of June 30, 2022.

**GASB Statement No. 97** – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this statement have been implemented as of June 30, 2022.

### *New Accounting Pronouncements*

**GASB Statement No. 91** - In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. GASB Statement No. 91 clarifies the definition of conduit debt and establishes new recognition, measurement, and disclosure requirements. The new standard is effective for periods beginning after December 15, 2021. Application of this statement is effective for the Transportation Authority's year ending June 30, 2023. The Transportation Authority is evaluating the impact of this Statement on the financial statements.

**GASB Statement No. 93** - In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. GASB Statement No. 93 addresses the accounting and financial reporting effects of replacement of interbank offering rates with other reference rates in agreements which reference an interbank offering rate. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, or FY 2021/22, except the removal of LIBOR as a benchmark interest rate which is effective for periods beginning after December 31, 2022, or fiscal year ending June 30, 2023. The Transportation Authority is evaluating the impact of this Statement on the financial statements.

**GASB Statement No. 94** - In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. GASB Statement No. 94 establishes standards for public-private and public-public partnerships (PPPs) and availability payment arrangements. A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An availability payment arrangement is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The new standard requires reporting of related assets and deferred inflows that currently are not reported and is effective for periods beginning after June 15, 2022. Application of this statement is effective for the Transportation Authority's year ending June 30, 2023. The Transportation Authority is evaluating the impact of this Statement on the financial statements.

**GASB Statement No. 96** - In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 defines such arrangements as contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The standard clarifies measurement and recognition of capitalizable costs, intangible assets, and subscription liabilities for such arrangements and also requires additional disclosures related to such arrangements. The new standard is effective for periods beginning after June 15, 2022. Application of this statement is effective for the Transportation Authority's year ending June 30, 2023. The Transportation Authority is evaluating the impact of this Statement on the financial statements.

**GASB Statement No. 99** - In April 2022, GASB Issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of June 30, 2022. The requirements related to leases, PPPs, and Subscription-Based Information Technology Arrangements (SBITA) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Transportation Authority is evaluating the impact of this Statement on the financial statements.

**GASB Statement No. 100** - In June 2022, GASB Issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Transportation Authority is evaluating the impact of this Statement on the financial statements.

**GASB Statement No. 101** - In June 2022, GASB Issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Transportation Authority is evaluating the impact of this Statement on the financial statements.

### Note 3 - Cash and Investments

#### *Custodial Credit Risk*

**Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Transportation Authority's deposits may not be returned to it. The Transportation Authority does not have a policy for custodial credit risk on deposits. As of June 30, 2022, the carrying amount of the Transportation Authority's deposits was \$54,889,312 and the bank balance was \$54,933,400. The difference between the bank balance and the carrying amount represents outstanding checks and deposits. Of the bank balance, \$750,000 was covered by federal depository insurance and \$54,183,400 was collateralized by the pledging financial institutions as required by *Section 53652* of the California Government Code.

Under the California Government Code, a financial institution is required to secure deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits made by state or local government units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal to at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent.

**Investments** - For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Transportation Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Transportation Authority does not have a policy regarding custodial credit risk on investments. As of June 30, 2022, the Transportation Authority's investments are not exposed to custodial credit risk. The notes to the basic financial statements of the City provide more detailed information concerning deposit and investment risks associated with the City's pool of cash and investments at year ended June 30, 2022.

San Francisco County Transportation Authority  
Notes to Financial Statements  
June 30, 2022

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***Investments Authorized by the Transportation Authority's Investment Policy***

The table below identifies the investment types that are authorized for the Transportation Authority by the California Government Code 53601 or the Transportation Authority's Investment Policy, where the policy is more restrictive in the area of reverse re-purchase agreements, which are not allowed, and certificates of deposits, which must be in financial institutions located in California and may not exceed 10% of the Transportation Authority's portfolio.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Notes, Bonds, or Bills	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
Federal Agency or U.S. Government Sponsored Enterprise Obligations	5 Years	None	None
Repurchase Agreements	1 Year	None	None
State of California Obligations or any Local Agency within the State	5 Years	None	None
Notes or Bonds of other U.S. States	5 Years	None	None
Bankers' Acceptances	180 Days	40%	30%
Commercial Paper	270 Days	25%	10%
Medium-Term Notes	5 Years	30%	None
FDIC Insured and Fully Collateralized Certificates of Deposit**	1 Year	10%	None
Negotiable Certificates of Deposits	5 Years	30%	None
State of California Local Agency Investment Fund	N/A	None	\$65M
California Asset Management Program	N/A	None	None
Insured Savings and Money Market Accounts	N/A	None	None
City and County of San Francisco Treasury Pool	5 Years	None	None
Shares of Beneficial Interest (Money Market Funds)	N/A	20%	10%

\*\* More restrictive than California Government Code

The Transportation Authority maintains deposits and investments with the City and County of San Francisco Treasury Pool (Pool). The Pool is not registered with the U.S. Securities and Exchange and, therefore, is unrated. As of June 30, 2022, the Transportation Authority's deposits and investments in the Pool are approximately \$52.6 million, and the total amount invested by all public agencies in the Pool is approximately \$14.5 billion. The City's Treasurer Oversight Committee has oversight responsibility for the Pool. The value of the Transportation Authority's shares in the Pool, which may be withdrawn, is based on the book value of the Transportation Authority's percentage participation, which is different than the fair value of the Transportation Authority's percentage participation in the Pool.

The Transportation Authority's investments on June 30, 2022, consisted of pooled cash with the City and County of San Francisco, having a weighted average maturity of 1.56 years. At June 30, 2022, the Pool consists of U.S. government and agency securities, commercial paper, money market funds, negotiable certificates of deposit, supranational financial instruments, and public time deposits as authorized by state statutes and the City's investment policy. Additional information regarding deposit and investment risks (such as interest rate, credit, and concentration of credit risks) may be obtained by contacting the City Controller at: Controller's Office, City Hall, Room 316, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102; Phone: 415-554-7500; Fax: 415-554-7466.

#### Note 4 - Interfund Transactions

*Due to/Due from:* The composition of interfund balances as of June 30, 2022, is as follows:

Payable to:	Receivable from:					Total
	Congestion Management Agency Programs	Transportation Fund for Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency	Traffic Congestion Mitigation Tax Program	
Sales Tax Program	\$ 1,183,744	\$ 421,512	\$ 148,670	\$ 1,078,521	\$ 3,588	\$ 2,836,035
Total	<u>\$ 1,183,744</u>	<u>\$ 421,512</u>	<u>\$ 148,670</u>	<u>\$ 1,078,521</u>	<u>\$ 3,588</u>	<u>\$ 2,836,035</u>

The outstanding receivables from the Congestion Management Agency Programs result mainly from the time lag between the dates that (1) interfund goods and services are provided or expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

*Transfers:* During the fiscal year, the Sales tax Program made transfers of \$10,122,759 to the CMA Programs and Treasure Island Mobility Management Agency for paying expenditures incurred during the fiscal year.

San Francisco County Transportation Authority  
Notes to Financial Statements  
June 30, 2022

## Note 5 - Capital Assets

The capital assets activity for the year ended June 30, 2022, is as follows:

	Balance July 1, 2021	Additions	Balance June 30, 2022
Capital assets, being depreciated:			
Leasehold improvements	\$ 3,023,624	\$ -	\$ 3,023,624
Furniture and equipment	908,819	133,548	1,042,367
Right-to-use leased office space	3,675,744	-	3,675,744
Total capital assets, being depreciated	7,608,187	133,548	7,741,735
Less accumulated depreciation for:			
Leasehold improvements	2,092,025	232,900	2,324,925
Furniture and equipment	829,824	36,521	866,345
Right-to-use leased office space	-	918,936	918,936
Total accumulated depreciation	2,921,849	1,188,357	4,110,206
Total capital assets, net	\$ 4,686,338	\$ (1,054,809)	\$ 3,631,529

Depreciation and amortization expense for the current year amounted to \$1,188,357 and was allocated to the transportation improvement expense on the statement of activities.

## Note 6 - Related Party Transactions with the City and County of San Francisco

Receivables from the City and County of San Francisco consist of the following at June 30, 2022:

Receivables From the Following City Department / Agency	Purpose	Total
Department of Public Works	Octavia Improvements Study	\$ 7,967
Municipal Transportation Agency	Implementing Advanced Transportation Congestion and Mitigation Technologies Deployment Initiatives on Treasure Island	307,586
	SF-CHAMP Travel Demand Forecasting Model	75,000
	San Francisco School Access Plan	18,209
	Travel Demand Modeling Services in Support for the Transit and Intercity Rail Capital Program Phase 3	41,964
Planning Department	Housing Element Update	30,800
Treasure Island	Treasure Island Transportation Implementation Plan	2,217,720
Development Authority	Yerba Buena Island Ramps Improvement Project	3,160,960
Total receivables from the City and County of San Francisco		\$ 5,860,206

San Francisco County Transportation Authority  
Notes to Financial Statements  
June 30, 2022

Payables to the City and County of San Francisco consist of the following at June 30, 2022:

Payables to the Following City Department / Agency	Purpose	Total
Department of Environment	Clean Air Programs	\$ 115,049
Department of Public Works	Street Resurfacing	7,186,813
Department of Technology	Telecast Services	10,426
Municipal Transportation Agency	Advanced Technology and Information Systems (SFgo)	\$ 593,044
	Bicycle Circulation/Safety	2,519,313
	Clean Air Programs	178,158
	Extension of Streetcar Service (Fisherman's Wharf to Fort Mason)	588
	Guideways	1,835,636
	New Signals and Signs	101,768
	Other Transit Enhancements	1,113
	Paratransit Services	3,476,345
	Pedestrian and Bicycle Facility Maintenance	67,770
	Pedestrian Circulation/Safety	340,183
	Pedestrian Safety	186,593
	Purchase/Rehab of Historic Streetcars for New/Expanded Service	76,880
	Rapid Bus Network including Real Time Transit Information	5,220,605
	Rehabilitation, Upgrade, and Replacement of Existing Facilities	3,941,196
	Signals and Signs	576,302
	Traffic Calming	6,068,050
	Transit Reliability and Mobility Improvements	709,039
	Transit Vehicle Replacement and Renovation	25,214,803
	Transportation Demand Management/Parking Management	343,947
	Transportation/Land Use Coordination	208,562
	Upgrades to Major Arterials (including 19th Avenue)	58,824
	Vision-Zero Quick-Build Program	456,611
	Total Municipal Transportation Agency	52,175,330
Planning Department	Transportation/Land Use Coordination	57,730
Total payable to the City and County of San Francisco		<u>\$ 59,545,348</u>

The Transportation Authority reimbursed the City and County of San Francisco for the following transportation and capital program costs made on its behalf during the year ended June 30, 2022:

Expenditures Incurred by the Following City Department/Agency	Total
Department of Environment	\$ 226,123
Department of Public Works	10,367,700
Municipal Transportation Agency	75,306,193
Planning Department	87,558
	<u>\$ 85,987,574</u>

During FY2021/22, the Transportation Authority incurred capital expenditures of \$86.0 million, which were paid to departments within the City, of which \$75.3 million was expended on SFMTA projects. SFMTA projects include \$69.9 million on Transit Vehicle Replacement and Renovation, Paratransit, Rapid Bus Network, Guideways, Rehabilitation, Upgrade and Replacement of Existing Facilities Projects, and \$5.4 million on various Signals and Signs, Pedestrian Safety, and Corridor Improvement projects.



San Francisco County Transportation Authority  
Notes to Financial Statements  
June 30, 2022

### Note 7 - Long Term Debt and Lease Payable

The changes in the Transportation Authority's long-term debt and lease during the year consist of the following items:

	Balance at July 1, 2021 as restated	Additions	Deductions	Balance at June 30, 2022	Current Portion
Revenue bonds	\$ 222,020,000	\$ -	\$ (13,710,000)	\$ 208,310,000	\$ 14,125,000
Bond premium	17,020,113	-	(1,215,723)	15,804,390	-
Lease	3,675,744	-	(868,406)	2,807,338	900,065
Total	<u>\$ 242,715,857</u>	<u>\$ -</u>	<u>\$ (15,794,129)</u>	<u>\$ 226,921,728</u>	<u>\$ 15,025,065</u>

#### *Revenue Bonds and Revolving Credit Agreement*

On November 2, 2017, the Transportation Authority issued \$248,250,000 Senior Sales Tax Revenue Bonds, Series 2017, with total proceeds of \$270,133,005 and \$21,883,005 of bond premiums to (i) finance a portion of the costs of and costs incidental to or connected with the construction, acquisition, and improvement of certain transit, street, and traffic facilities and other transportation projects, including, without limitation to, engineering, inspection, legal, fiscal agents, financial consultant and other fees, and working capital, all as described in the Expenditure Plan adopted pursuant to the Act; (ii) repay a portion of the outstanding amount of a revolving credit agreement and a promissory note evidencing the Transportation Authority's payment obligation thereunder; (iii) pay capitalized interest on a portion of the Series 2017 Bonds; and (iv) pay costs of issuance of the Series 2017 Bonds. The bonds pay interest ranging from 3.0% to 4.0% and mature February 1, 2034. The outstanding bond principal at June 30, 2022, is \$208,310,000 with \$15,804,390 of remaining unamortized bond premiums.

The Transportation Authority's outstanding Series 2017 Bonds are repaid and secured by a pledge of Prop K half-cent sales tax and other legally available revenues of the Transportation Authority. Based on total sales tax revenue of \$104,818,305 for the year ended June 30, 2022, and total debt service payments of \$21,522,156 on the Series 2017 Bonds. The Transportation Authority's senior debt service coverage ratio was 487% or 4.87x.

The Series 2017 Bonds are rated AAA by Fitch Ratings and AA+ by S&P Global Ratings, reflecting the strength of the Prop K half-cent sales tax security and repayment source. Events of default for the bonds include nonpayment events, bankruptcy events, and noncompliance with covenants. The Series 2017 Bonds are not subject to acceleration.

San Francisco County Transportation Authority  
Notes to Financial Statements  
June 30, 2022

Debt Service Requirements to maturity for the Transportation Authority's Series 2017 Bonds are as follows:

Fiscal Year	Principal	Interest	Annual Debt Service
2023	\$ 14,125,000	\$ 7,214,050	\$ 21,339,050
2024	14,545,000	6,790,300	21,335,300
2025	15,125,000	6,208,500	21,333,500
2026	15,735,000	5,603,500	21,338,500
2027	16,360,000	4,974,100	21,334,100
2028-2032	91,595,000	15,079,750	106,674,750
2033-2034	40,825,000	1,846,200	42,671,200
Total	<u>\$ 208,310,000</u>	<u>\$ 47,716,400</u>	<u>\$ 256,026,400</u>

On October 7, 2021, the Transportation Authority entered into a Revolving Credit Agreement (RCA) with U.S. Bank National Association (U.S. Bank) for \$125 million. The amount borrowed under the RCA assumes a rate of interest equal to the sum of Securities Industry and Financial Markets Association Index plus a fixed credit spread (subject to adjustment if the Transportation Authority's credit rating changes) and unborrowed amounts under the RCA are subject to a commitment fee of 0.20%. The Transportation Authority's RCA expires on October 4, 2024.

The RCA is secured by a lien on the Transportation Authority's sales tax revenues subordinate to the lien on the sales tax revenues securing the Transportation Authority's Series 2017 Bonds. The Transportation Authority will use the RCA to fund the capital projects and programs included in the Prop K Expenditure Plan. In FY2021/22, the Transportation Authority did not have any outstanding balances and did not make any interest payments under the Revolving Credit Facility. The Transportation Authority did pay commitment fees under the Revolving Credit Agreement equal to 0.20% of the commitment amount. As of June 30, 2022, the Transportation Authority paid \$186,805 in commitment fees to the bank and does not have any outstanding balance.

Events of Default under the Revolving Credit Agreement include nonpayment events, noncompliance with covenants, default on other specified debt, bankruptcy events, specified litigation events, or a ratings downgrade below Baa2 by Fitch, BBB by Moody's, or BBB by S&P. Remedies include acceleration (subject in some, but not all, circumstances to a 270-day notice period) and the termination of the right of the Transportation Authority to borrow under the Revolving Credit Agreement.

San Francisco County Transportation Authority  
Notes to Financial Statements  
June 30, 2022

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### *Lease Payable*

In December 2011, the Transportation Authority executed a 13-year workspace lease for its office, located at 1455 Market Street, with a 5-year extension option. The term of the lease commenced on July 1, 2012 and expires on June 30, 2025. An initial lease liability was recorded in the amount of \$3,675,744 as of July 1, 2021. As of June 30, 2022, the value of the lease liability was \$2,807,338. The Transportation Authority is required to make monthly principal and interest payments of \$75,462. The lease has an interest rate of 1.25%. The value of the right-to-use asset as of the end of the current fiscal year was \$3,675,744 and had accumulated amortization of \$918,936.

The future principal and interest payments as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 900,065	\$ 29,009	\$ 929,074
2024	934,909	17,523	952,432
2025	972,364	5,583	977,947
Total future minimum lease obligations	<u>\$ 2,807,338</u>	<u>\$ 52,115</u>	<u>\$ 2,859,453</u>

## **Note 8 - Pension Plans**

### **General Information about the Pension Plan**

#### *Plan Description*

All qualified permanent employees are eligible to participate in the Transportation Authority's Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. Benefit provisions under the Plan are established by state statute and Transportation Authority resolution. CalPERS acts as a common investment and administrative agent for its participating member employers. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information which can be found on the CalPERS website.

### ***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 or 52, depending on the hire date, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by state statute and may be amended by the Transportation Authority's contract with the employees.

The Plan provisions and benefits in effect on June 30, 2022, are summarized as follows:

Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit vesting formula	2% at 55	2% at 62
Minimum years of services	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Earliest retirement age	50	52
Annual vesting, as a percent of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	6.91%	6.75%
Required employer contribution rates	10.88%	7.59%
Required employer prepayment for unfunded liability	\$181,841	\$15,307

### ***Contributions***

*Section 20814(c)* of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1, following notice of a change in the rate. Funding contributions for Plans are determined annually on an actuarial basis, as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Transportation Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2022, the employer contributions were \$628,025.

***Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions***

As of June 30, 2022, the Transportation Authority's reported net pension liability for its proportionate share of the collective net pension liability is \$867,648. The Transportation Authority's net pension liability is measured as the proportionate share of the collective Plan's net pension liability. The net pension liability is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. With a valuation date of June 30, 2020, the amounts are rolled forward to June 30, 2021, using standard update procedures. The Transportation Authority's proportion of the net pension liability was based on the Transportation Authority's share of contributions to the pension plan, relative to the projected contributions of all participating employers, actuarially determined. The Transportation Authority's proportionate share of the net pension liability as of June 30, 2021, and 2022 was as follows:

Proportion - June 30, 2021	0.02444%
Proportion - June 30, 2022	0.01604%
Change	<u>-0.00840%</u>

For the year ended June 30, 2022, the Transportation Authority recognized a pension expense of \$260,334.

On June 30, 2022, the Transportation Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 628,025	\$ -
Contributions in excess of proportionate share	30,455	-
Difference in expected and actual experience	97,297	-
Adjustment due to differences in proportions	262,901	-
Net differences between projected and actual earnings on plan investments	-	(757,411)
Total	<u>\$ 1,018,678</u>	<u>\$ (757,411)</u>

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$628,025, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	Deferred Outflows/(Inflows) of Resources
2023	\$ 10,145
2024	(45,344)
2025	(122,250)
2026	(209,309)
	<u>\$ (366,758)</u>

### *Actuarial Assumptions*

The total pension liability in the year ended June 30, 2020, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry-Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract Cost-of-Living Adjustment (COLA) up to 2.50% until Purchasing Power Protection Allowance Floor

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained on the CalPERS website, under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations, as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the PERF's asset classes (which include the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation:

Asset Class <sup>1</sup>	Current Target Allocation	Real Return Years 1 - 10 <sup>2,4</sup>	Real Return Years 11+ <sup>3,4</sup>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.0%</u>		

<sup>1</sup> In the System's Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup> An expected inflation of 2.00% used for this period.

<sup>3</sup> An expected inflation of 2.92% used for this period.

<sup>4</sup> Figures are based on previous Asset and Liability Management (ALM) of 2017.

### ***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Transportation Authority's proportionate share of the net pension liability, as well as what the Transportation Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6.15%	Rate 7.15%	1% Increase 8.15%
Net Pension Liability	\$ 2,957,424	\$ 867,648	\$ (859,940)

### ***Pension Plan Fiduciary Net Position***

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial report.



## Note 9 - Postemployment Healthcare Benefits

### *Plan Description*

The Transportation Authority's defined benefit postemployment healthcare plan provides healthcare benefits to eligible employees and their surviving spouses. Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 and meeting program vesting requirements, or being converted to disability status, and retiring directly from the Transportation Authority. Dental and vision benefits are not available to retirees.

The Transportation Authority is a contracting agency under the Public Employees' Medical and Hospital Care Act, which is administered by CalPERS for the provision of healthcare insurance programs for both active and retired employees. The Transportation Authority participates in the California Employers' Retiree Benefit Trust Fund Program (CERBT), an agent-multiple employer postemployment health plan, to prefund other postemployment benefits through CalPERS. CalPERS and CERBT issue publicly available financial reports that can be found on the CalPERS website.

As of June 30, 2021, actuarial valuation, the following current and former employees were covered by the benefit terms under the healthcare plan:

Active plan members	39
Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments	-
Total	45

### *Contributions*

The contribution requirements of plan members and the Transportation Authority are established and may be amended by the Board. The Transportation Authority makes contributions on an actuarial basis, funding the full Actuarially Determined Contributions (ADC). Employees of the Transportation Authority are not required to contribute to the plan. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

### *Significant Assumptions*

The Transportation Authority's net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

<b>Actuarial Assumption</b>	<b>June 30, 2021 Measurement Date</b>
Valuation Date	June 30, 2021
Contribution Policy	Level percent of pay method over 20 years
Discount Rate	7.59%
General Inflation	2.75% per annum
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	7.59%
Mortality, Turnover, Disability, and Retirement	CalPERS Experience Study for the period from 1997 to 2015
Healthcare Cost Trend Rate	Initial 14% for non-medicare eligibles, 24.25% for spouse of medicare eligibles, and 6.5% medicare eligibles, all grading down to 4%

### *Discount Rate*

The discount rate used to measure the total OPEB liability was 7.59%. The projection of cash flows used to determine the discount rate assumed that Transportation Authority contributions would be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability or asset.

San Francisco County Transportation Authority  
Notes to Financial Statements  
June 30, 2022

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59.00%	4.56%
Fixed Income	25.00%	78.00%
Treasury Inflation Protection Securities	5.00%	-0.08%
Real Estate Investment Trusts	8.00%	4.06%
Commodities	3.00%	1.22%
<b>Total</b>	<u>100.00%</u>	

*Changes in the OPEB Liability (Asset)*

The changes in the net OPEB liability (asset) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at July 1, 2021	\$ 1,621,500	\$ 1,956,000	\$ (334,500)
Changes for the year:			
Service Cost	89,900	-	89,900
Interest	124,100	-	124,100
Difference between expected and actual experience	183,200	-	183,200
Changes of assumptions	-	-	-
Contributions:			
Employer - explicit subsidy	-	39,000	(39,000)
Employer - implicit subsidy	-	24,300	(24,300)
Benefit payments	(63,300)	(63,300)	-
Administrative expenses	-	(1,000)	1,000
Expected Investment Return	-	148,422	(148,422)
Investment Experience (Loss)/Gain	-	389,078	(389,078)
Net changes	333,900	536,500	(202,600)
Balance at June 30, 2022	<u>\$ 1,955,400</u>	<u>\$ 2,492,500</u>	<u>\$ (537,100)</u>

***Sensitivity of the Net OPEB Asset to Changes in the Discount Rate and to Changes in the Healthcare Cost Trend Rates***

The following presents the net OPEB liability (asset) of the Transportation Authority as of the measurement date, calculated using the discount rate of 7.59%, as well as what the Transportation Authority's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease 6.59%	Current Discount Rate 7.59%	1% Increase 8.59%
Net OPEB Asset	\$ (234,200)	\$ (537,100)	\$ (784,600)

The following presents the net OPEB liability (asset) of the Transportation Authority, as well as what the Transportation Authority's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease 13% Non-Medicare, 23.25% Spouse and 5.5% Medicare grading to 3%	Current Healthcare Trend Cost Rate 14% Non-Medicare, 24.25% Spouse and 6.5% Medicare grading to 4%	1% Increase 15% Non-Medicare, 25.25% Spouse and 7.5% Medicare grading to 5%
Net OPEB Asset	\$ (828,800)	\$ (537,100)	\$ (165,600)

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2022, the Transportation Authority recognized OPEB credit of \$48,677. As of the fiscal year ended June 30, 2022, the Transportation Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 63,900	\$ -
Changes in assumptions	-	(50,682)
Difference between expected and actual experience	171,814	(486,465)
Net differences between projected and actual earnings on plan investments	-	(258,409)
Total	<u>\$ 235,714</u>	<u>\$ (795,556)</u>

San Francisco County Transportation Authority  
Notes to Financial Statements  
June 30, 2022

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Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$63,900, which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense are as follows:

Fiscal Year Ended June 30,	Deferred Inflows of Resources
2023	\$ (90,852)
2024	(89,420)
2025	(93,617)
2026	(108,912)
2027	(31,098)
Thereafter	(209,843)
Total	<u>\$ (623,742)</u>

### Note 10 - Administrative Expense Limitations

In accordance with California Public Utilities Code, *Section 131107*, not more than one percent of the Transportation Authority's annual net amount of revenues, raised by the sales tax, may be used to fund the salaries and benefits of the staff of the Transportation Authority in administering the Proposition K Expenditure Plan. For the year ended June 30, 2022, revenues, staff salaries, and fringe benefits for administering the Proposition K Expenditure Plan for the Sales Tax Program were as follows:

Revenues	\$ 104,818,305
Expenditures:	
Salaries	690,591
Fringe benefits	9,094
Total	<u>\$ 699,685</u>
Percentage of revenue	0.67%

Personnel expenditures of \$2,998,031 were reported in the Sales Tax Program, of which \$699,685 was related to general administration of the Proposition K Expenditure Plan, and \$2,298,346 was related to planning and programming, which includes monitoring and oversight of Proposition K funded projects.

### Note 11 - Risk Management

The Transportation Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Transportation Authority manages and finances these risks by purchasing commercial insurance. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the Transportation Authority's commercial insurance coverage in any of the past three years.

## **Note 12 - Commitments and Contingencies**

### *Commitments*

The Transportation Authority's outstanding commitments totaled \$457,690,312 at June 30, 2022. This amount is comprised of \$429,583,998 remaining capital project appropriations. Sponsors receive appropriations for the entire project (awards) but cannot be reimbursed faster than the amount allocated annually. At June 30, 2022, the Transportation Authority has encumbered \$15,929,914 in the Sales Tax Program, \$11,379,372 in the Congestion Management Agency Programs, and \$797,028 in the Treasure Island Mobility Management Agency Program, respectively, on various Transportation Authority contracts held with private consulting and construction companies and cooperative agreements with governmental entities.

## **Note 13 - Change in Accounting Principles**

The beginning net position of the Transportation Authority was restated to conform with GASB Statement No. 87, *Leases*. The following is a summary of the effect of the restatement as of July 1, 2021:

### **Net position (deficit)**

Net position previously reported, July 1, 2021	\$ (142,606,435)
Adjustment to unearned leasehold incentive and abatement	1,123,662
Add right-to-use intangible asset, net of amortization, under GASB Statement No. 87 at July 1, 2021	3,675,744
Add lease liability under GASB Statement No. 87 at June 30, 2021	<u>(3,675,744)</u>
Restated balance, July 1, 2021	<u><u>\$ (141,482,773)</u></u>

**Note 14 - Subsequent Event**

On November 8, 2022, San Francisco voters approved (71.8%) Prop L, the Sales Tax for Transportation Projects measure that will direct \$2.6 billion in half-cent sales tax funds over 30 years to help deliver safer, smoother streets, more reliable transit, continue paratransit services for seniors and persons with disabilities, reduce congestion, and improve air quality. Proposition L, which does not raise the city's sales tax level, required two-thirds majority approval and expenditures will be administered by the Transportation Authority.

Under Proposition L, the half-cent sales tax Expenditure Plan includes funding for:

- Neighborhood-level investments such as road repair, crosswalks, traffic calming, new and upgraded traffic signals, bicycle lanes, and Safe Routes to School programs.
- Citywide improvements like electrifying Muni's bus fleet, bus lanes and transit signal priority, maintaining buses and trains so they operate safely and reliably, and increasing the capacity of both Muni and BART systems.
- Implementing transportation improvements identified in community-based plans across the city and particularly in Equity Priority Communities.
- Major projects like the Caltrain Downtown Rail Extension, which will extend Caltrain tracks to Salesforce Transit Center.



Required Supplementary Information  
June 30, 2022

San Francisco County  
Transportation Authority



San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -  
Sales Tax Program  
Year Ended June 30, 2022

	<b>Budget Amounts</b>			<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Transfers In</b>				
Sales tax	\$ 92,879,800	\$ 92,879,800	\$ 104,818,305	\$ 11,938,505
Investment income	607,168	296,145	(875,559)	(1,171,704)
Other revenues	46,500	-	142	142
<b>Total Revenues and Transfers In</b>	<b>93,533,468</b>	<b>93,175,945</b>	<b>103,942,888</b>	<b>10,766,943</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	6,318,683	7,234,698	4,750,294	2,484,404
Transportation improvement	150,674,687	136,587,261	93,109,067	43,478,194
Debt service				
Principal	13,710,000	13,710,000	14,578,406	(868,406)
Interest and fiscal charges	8,482,850	8,012,350	8,002,250	10,100
Transfers out to other funds	6,815,317	11,599,689	10,122,759	1,476,930
<b>Total Expenditures and Transfers Out</b>	<b>186,001,537</b>	<b>177,143,998</b>	<b>130,562,776</b>	<b>46,581,222</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from debt	100,000,000	50,000,000	-	(50,000,000)
<b>Change in Fund Balance</b>	<b>7,531,931</b>	<b>(33,968,053)</b>	<b>(26,619,888)</b>	<b>7,348,165</b>
<b>Fund Balance - Beginning, as restated</b>	<b>59,972,084</b>	<b>59,972,084</b>	<b>59,972,084</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 67,504,015</b>	<b>\$ 26,004,031</b>	<b>\$ 33,352,196</b>	<b>\$ 7,348,165</b>

San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -  
Congestion Management Agency Programs  
Year Ended June 30, 2022

	<b>Budgeted Amounts</b>			<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Transfers In</b>				
Program revenues				
Federal	\$ 7,473,391	\$ 9,290,636	\$ 7,892,182	\$ (1,398,454)
State	3,587,961	5,066,932	1,059,871	(4,007,061)
Regional and other	9,284,525	6,204,170	3,748,139	(2,456,031)
Transfers in from other funds	6,615,865	11,534,290	9,986,467	(1,547,823)
<b>Total Revenues and Transfers In</b>	<b>26,961,742</b>	<b>32,096,028</b>	<b>22,686,659</b>	<b>(9,409,369)</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	4,539,375	3,595,082	3,011,864	583,218
Transportation improvement	22,422,367	28,500,946	19,674,795	8,826,151
<b>Total Expenditures and Transfers Out</b>	<b>26,961,742</b>	<b>32,096,028</b>	<b>22,686,659</b>	<b>9,409,369</b>
<b>Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning</b>	-	-	-	-
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -  
Transportation Fund for Clean Air Program  
Year Ended June 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues and Transfers In</b>				
Investment income	\$ 724	\$ 868	\$ 879	\$ 11
Program revenues				
Regional and other	672,708	672,708	715,996	43,288
<b>Total Revenues and Transfers In</b>	<b>673,432</b>	<b>673,576</b>	<b>716,875</b>	<b>43,299</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	40,429	42,044	36,158	5,886
Transportation improvement	1,385,939	1,060,567	380,474	680,093
<b>Total Expenditures and Transfers Out</b>	<b>1,426,368</b>	<b>1,102,611</b>	<b>416,632</b>	<b>685,979</b>
<b>Change in Fund Balance</b>	<b>(752,936)</b>	<b>(429,035)</b>	<b>300,243</b>	<b>729,278</b>
<b>Fund Balance - Beginning</b>	<b>777,219</b>	<b>777,219</b>	<b>777,219</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 24,283</b>	<b>\$ 348,184</b>	<b>\$ 1,077,462</b>	<b>\$ 729,278</b>

San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -  
Vehicle Registration Fee for Transportation Improvements Program  
Year Ended June 30, 2022

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	<b>Budget Amounts</b>		<b>Actual</b>	<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues and Transfers In</b>				
Vehicle registration fee	\$ 4,834,049	\$ 4,834,049	\$ 4,652,149	\$ (181,900)
Investment income	631	900	922	22
<b>Total Revenues and Transfers In</b>	<u>4,834,680</u>	<u>4,834,949</u>	<u>4,653,071</u>	<u>(181,878)</u>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	241,778	241,702	238,659	3,043
Transportation improvement	<u>11,162,165</u>	<u>8,953,445</u>	<u>2,199,690</u>	<u>6,753,755</u>
<b>Total Expenditures and Transfers Out</b>	<u>11,403,943</u>	<u>9,195,147</u>	<u>2,438,349</u>	<u>6,756,798</u>
<b>Change in Fund Balance</b>	(6,569,263)	(4,360,198)	2,214,722	6,574,920
<b>Fund Balance - Beginning</b>	<u>14,834,640</u>	<u>14,834,640</u>	<u>14,834,640</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 8,265,377</u>	<u>\$10,474,442</u>	<u>\$17,049,362</u>	<u>\$ 6,574,920</u>

San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -  
Treasure Island Mobility Management Agency  
Year Ended June 30, 2022

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	<b>Budgeted Amounts</b>			<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Transfers In</b>				
Program revenues				
Federal	\$ 1,156,232	\$ 999,680	\$ 219,125	\$ (780,555)
Regional and other	1,500,000	1,771,043	1,295,105	(475,938)
Transfers in from other funds	199,452	65,399	136,292	70,893
<b>Total Revenues and Transfers In</b>	<b>2,855,684</b>	<b>2,836,122</b>	<b>1,650,522</b>	<b>(1,185,600)</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	1,064,721	1,015,028	838,276	176,752
Transportation improvement	1,790,963	1,821,094	812,246	1,008,848
<b>Total Expenditures and Transfers Out</b>	<b>2,855,684</b>	<b>2,836,122</b>	<b>1,650,522</b>	<b>1,185,600</b>
<b>Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning</b>	-	-	-	-
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -  
Traffic Congestion Mitigation Tax Program  
Year Ended June 30, 2022

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	<b>Budgeted Amounts</b>			<b>Positive (Negative) Variance Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Transfers In</b>				
Investment income	\$ 25,147	\$ 26,848	\$ (327,338)	\$ (354,186)
Traffic congestion mitigation tax	4,199,300	5,880,000	6,120,263	240,263
<b>Total Revenues and Transfers In</b>	<b>4,224,447</b>	<b>5,906,848</b>	<b>5,792,925</b>	<b>(113,923)</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	120,205	176,400	122,960	53,440
Transportation improvement	4,005,686	1,700,000	1,551,698	148,302
<b>Total Expenditures and Transfers Out</b>	<b>4,125,891</b>	<b>1,876,400</b>	<b>1,674,658</b>	<b>201,742</b>
<b>Change in Fund Balance</b>	98,556	4,030,448	4,118,267	87,819
<b>Fund Balance - Beginning</b>	5,377,923	5,377,923	5,377,923	-
<b>Fund Balance - Ending</b>	<b>\$ 5,476,479</b>	<b>\$ 9,408,371</b>	<b>\$ 9,496,190</b>	<b>\$ 87,819</b>

San Francisco County Transportation Authority  
Schedule of Changes in the Net Other Postemployment Benefit Liability and Related Ratios  
Year Ended June 30, 2022 Last Ten Years\*

	2022	2021	2020	2019	2018
Changes in total OPEB liability					
Service cost	\$ 89,900	\$ 91,900	\$ 117,500	\$ 122,500	\$ 122,500
Interest	124,100	113,200	143,000	129,500	116,600
Difference between expected and actual experience	183,200	(700)	(596,100)	-	-
Change in assumptions	-	-	(62,700)	-	-
Benefit payments, including refunds of employee contributions	(63,300)	(60,800)	(59,800)	(58,400)	(64,300)
Changes of benefit terms	-	-	-	(5,400)	-
Net changes	333,900	143,600	(458,100)	188,200	174,800
Total OPEB liability, beginning	1,621,500	1,477,900	1,936,000	1,747,800	1,573,000
Total OPEB liability, ending	1,955,400	1,621,500	1,477,900	1,936,000	1,747,800
Changes in plan fiduciary net position					
Employer contributions	63,300	60,800	137,878	143,348	165,487
Benefit payments, including refunds of employee contributions	(63,300)	(60,800)	(59,800)	(58,400)	(64,300)
Administrative expenses	(1,000)	(940)	(840)	(782)	(652)
Expected investment return	148,422	143,415	127,059	112,475	95,999
Investment experience (loss)/gain	389,078	(76,475)	(20,997)	7,159	37,966
Net changes	536,500	66,000	183,300	203,800	234,500
Plan fiduciary net position, beginning	1,956,000	1,890,000	1,706,700	1,502,900	1,268,400
Plan fiduciary net position, ending	2,492,500	1,956,000	1,890,000	1,706,700	1,502,900
Net OPEB liability (asset)	\$ (537,100)	\$ (334,500)	\$ (412,100)	\$ 229,300	\$ 244,900
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	127.47%	120.63%	127.88%	88.16%	85.99%
Covered payroll	\$ 4,419,700	\$ 4,355,100	\$ 4,038,800	\$ 4,045,342	\$ 3,945,800
Net OPEB Liability (asset) as a percentage of covered payroll	-12.15%	-7.68%	-10.20%	5.67%	6.21%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

\*Ten-year historical information is available only for measurement periods for which the OPEB standards were applicable.

San Francisco County Transportation Authority  
Schedule of Other Postemployment Benefits Contributions  
Year Ended June 30, 2022 Last Ten Years\*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially Determined Contribution	\$ 55,200	\$ 51,400	\$ 137,900	\$ 137,900	\$ 143,300
Contributions in relation to the actuarially determined contribution	(63,900)	(63,300)	(60,800)	(137,878)	(143,348)
Contribution deficiency/(excess)	\$ (8,700)	\$ (9,400)	\$ 77,100	\$ 22	\$ (48)
Covered payroll	\$ 5,032,000	\$ 4,419,700	\$ 4,355,100	\$ 4,038,800	\$ 4,045,342
Contributions as a percentage of covered payroll	1.3%	1.4%	1.4%	3.4%	3.5%
	<b>2017</b>				
Actuarially Determined Contribution	\$ 165,487				
Contributions in relation to the actuarially determined contribution	(165,487)				
Contribution deficiency/(excess)	\$ -				
Covered payroll	\$ 3,945,800				
Contributions as a percentage of covered payroll	4.2%				

\*Ten-year historical information is available only for measurement periods for which the OPEB standards were applicable.



San Francisco County Transportation Authority  
Schedule of the Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2022 Last Ten Years\*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Proportion of the net pension liability	0.01604%	0.02444%	0.02295%	0.02147%	0.02160%
Proportionate share of the net pension liability	\$ 867,648	\$ 2,659,364	\$ 2,351,809	\$ 2,068,676	\$ 2,141,912
Covered payroll	\$ 4,826,091	\$ 4,423,143	\$ 4,395,775	\$ 4,038,787	\$ 4,202,141
Proportionate share of the net pension liability as a percentage of covered payroll	17.98%	60.12%	53.50%	51.22%	50.97%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	88.29%	75.10%	75.26%	75.26%	73.31%
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
	<b>2017</b>	<b>2016</b>	<b>2015</b>		
Proportion of the net pension liability	0.02040%	0.01877%	0.04834%		
Proportionate share of the net pension liability	\$ 1,765,415	\$ 1,288,393	\$ 1,299,087		
Covered payroll	\$ 3,643,778	\$ 3,684,025	\$ 3,263,808		
Proportionate share of the net pension liability as a percentage of covered payroll	48.45%	34.97%	39.80%		
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	74.06%	78.40%	79.82%		
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014		

\*Ten-year historical information is available only for measurement periods for which the pension standards were applicable.

San Francisco County Transportation Authority  
Schedule of Pension Contributions  
Year Ended June 30, 2022 Last Ten Years\*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 628,025	\$ 606,199	\$ 539,103	\$ 478,668	\$ 403,317
Contributions in relation to the actuarially determined	(628,025)	(606,199)	(539,103)	(478,668)	(403,317)
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$4,705,960	\$4,826,091	\$4,423,143	\$4,395,775	\$4,038,787
Contributions as a percentage of covered payroll	13.35%	12.56%	12.19%	10.89%	9.99%
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	
Actuarially determined contribution	\$ 293,492	\$ 280,199	\$ 399,937	\$ 365,402	
Contributions in relation to the actuarially determined	(293,492)	(280,199)	(399,937)	(365,402)	
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$4,202,141	\$3,643,778	\$3,684,025	\$3,263,808	
Contributions as a percentage of covered payroll	6.98%	7.69%	10.86%	11.20%	

\*Ten-year historical information is available only for measurement periods for which the pension standards were applicable.

### **Note 1 - Budgets and Budgetary Data**

Comparisons with financial results for the current fiscal period for all the funds are presented as required supplementary information and include, in addition to actual expenditures, amounts that have been appropriated for projects and programs. Unexpended capital budget appropriations are carried forward to subsequent years. The budget represents a process through which policy decisions are made, implemented, and controlled. Appropriations may be adjusted during the year with the approval of the Transportation Authority. Accordingly, the legal level of budgetary control by the Transportation Authority is the program (fund) level. Budgets are adopted on a basis consistent with generally accepted accounting principles.

### **Note 2 - Net Pension, Net OPEB Liability, and Contributions to Pension and OPEB Plans**

The Transportation Authority's pension liabilities are administered by CalPERS cost sharing plans. The Transportation Authority's pension liabilities are calculated based on the Transportation Authority's proportionate share of the overall pension liabilities and related deferrals. The schedule of the proportionate share of the pension liability and the schedule of pension contributions show ten-year trend information, where available, about these amounts and they are changing from year to year.

The discount rate was changed from 7.5% to 7.65% in FY2015/16 and to 7.15% in FY2017/18.

The Transportation Authority's OPEB liability is administered as an agent-multiple employer plan, which is also administered by CalPERS. The schedule of changes in Net OPEB liability and the schedule of OPEB contributions show ten-year trend information, where available, about these amounts and they are changing from year to year.

The discount rate was changed from 7.28% to 7.59% in FY2019/20.



Supplementary Information  
June 30, 2022

San Francisco County  
Transportation Authority

San Francisco County Transportation Authority  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Program Description	Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures July 1, 2021 through June 30, 2022
<b>U.S. Department of Transportation</b>			
<b>Federal Highway Administration:</b>			
Highway Research and Development Program			
<i>Passed through - San Francisco Municipal Transportation Agency</i>			
Advanced Transportation Congestion and Mitigation Technologies			
Deployment Initiatives on Treasure Island	20.200	693JJ31850002	\$ 459,992
Total Highway Research and Development Program			<u>459,992</u>
Highway Planning and Construction Program/Cluster			
<i>Passed through - Metropolitan Transportation Commission</i>			
Surface Transportation Program:			
Transportation Planning and Programming	20.205	STPL-6084(206)	1,212,000
<i>Passed through - State of California Department of Transportation</i>			
Yerba Buena Island Multi-Use Pathway	20.205	STPL-6272(053)	37,027
Yerba Buena Island - Reconstruct Existing Westbound On- and Off- Ramps on East Side of Yerba Buena Island	20.205	BRLS-6272(023)	10,464
Yerba Buena Island Ramps Southgate Road	20.205	BRLS-6272(047)	13,728,998
Yerba Buena Island Westside Bridges	20.205	STPLZ-6272(046)	488,050
Total Highway Planning and Construction Program/Cluster			<u>15,476,539</u>
Total Federal Highway Administration			<u>15,936,531</u>
Total U.S. Department of Transportation			<u>15,936,531</u>
Total Expenditures of Federal Awards			<u><u>\$ 15,936,531</u></u>

San Francisco County Transportation Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -  
Agencywide  
Year Ended June 30, 2022

	Agencywide			
				Positive (Negative)
	Budget Amounts		Actual	Variance Final to Actual
	Original	Final		
<b>Revenues and Transfers In</b>				
Sales tax	\$ 92,879,800	\$ 92,879,800	\$ 104,818,305	\$ 11,938,505
Vehicle registration fee	4,834,049	4,834,049	4,652,149	(181,900)
Traffic congestion mitigation tax	4,199,300	5,880,000	6,120,263	240,263
Investment income	633,670	324,761	(1,201,096)	(1,525,857)
Program revenues				
Federal	8,629,623	10,290,316	8,111,307	(2,179,009)
State	3,587,961	5,066,932	1,059,871	(4,007,061)
Regional and other	11,457,233	8,647,921	5,759,240	(2,888,681)
Other revenues	46,500	-	142	142
Transfers in from other funds	6,815,317	11,599,689	10,122,759	(1,476,930)
<b>Total Revenues and Transfers In</b>	<b>133,083,453</b>	<b>139,523,468</b>	<b>139,442,940</b>	<b>(80,528)</b>
<b>Expenditures and Transfers Out</b>				
Administrative operating costs	12,325,191	12,304,954	8,998,211	3,306,743
Transportation improvement	191,441,807	178,623,313	117,727,970	60,895,343
Debt service				
Principal	13,710,000	13,710,000	14,578,406	(868,406)
Interest and fiscal charges	8,482,850	8,012,350	8,002,250	10,100
Transfers out to other funds	6,815,317	11,599,689	10,122,759	1,476,930
<b>Total Expenditures and Transfers Out</b>	<b>232,775,165</b>	<b>224,250,306</b>	<b>159,429,596</b>	<b>64,820,710</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from debt	100,000,000	50,000,000	-	(50,000,000)
<b>Change in Fund Balance</b>	<b>308,288</b>	<b>(34,726,838)</b>	<b>(19,986,656)</b>	<b>14,740,182</b>
<b>Fund Balance - Beginning, as restated</b>	<b>80,961,866</b>	<b>80,961,866</b>	<b>80,961,866</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 81,270,154</b>	<b>\$ 46,235,028</b>	<b>\$ 60,975,210</b>	<b>\$ 14,740,182</b>

## **Note 1 - Schedule of Expenditures of Federal Awards**

### **Basis of Presentation and Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Transportation Authority, a component unit of the City and County of San Francisco, California, under programs of the federal government for the year ended June 30, 2022. Funds received under the various grant programs have been recorded in the CMA programs and TIMMA special revenues funds of the Transportation Authority. Because the schedule presents only a selected portion of the operations of the Transportation Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Transportation Authority.

The Transportation Authority utilizes the modified accrual basis of accounting for governmental funds, except for subrecipient expenditures, which are recorded on the cash basis. Negative amounts represent adjustments to items reported as expenditures in prior years. Subrecipient expenditures are reported on the cash basis. Negative amounts represent adjustments to items reported as expenditures in the prior year's SEFA. The SEFA has been prepared accordingly. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### **Indirect Cost Rate**

The Transportation Authority does not draw for indirect administrative expenses and has not elected to use the 10% de minimus cost rate.

## **Note 2 - Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - Agencywide**

Comparisons with financial results for the current fiscal period for agency-wide funds are presented as supplementary information and include, in addition to actual expenditures, amounts that have been appropriated for projects and programs. Unexpended capital budget appropriations are carried forward to subsequent years. The budget represents a process through which policy decisions are made, implemented, and controlled. Budgets are adopted on a basis consistent with generally accepted accounting principles.





# Statistical Section



## STATISTICAL SECTION

This part of the Transportation Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health.

### Financial Trends

These schedules contain trend information to help the reader understand how the Transportation Authority's financial performance and well-being have changed over time.

### Revenue Capacity

These schedules contain information to help the reader assess the Transportation Authority's most significant local revenue source, the sales tax.

### Debt Capacity

These schedules present information to help the reader assess the affordability of the Transportation Authority's current level of outstanding debt and the Transportation Authority's ability to issue additional debt in the future.

### Demographic and Economic Information

These schedules present information to help the reader understand the environment within which the Transportation Authority's financial activities take place.

### Operating Information

These schedules contain service data to help the reader understand how the information in the government's financial report relates to the services the Transportation Authority provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules was derived from the Transportation Authority's relevant Basic Financial Statements.

San Francisco County Transportation Authority  
Financial Trends - Net Position by Component  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Investment in capital assets	\$ 824,191	\$ 1,010,594	\$ 1,247,867	\$ 1,449,408	\$ 1,713,049	\$ 1,923,785	\$ 2,224,413	\$ 2,518,580	\$ 2,804,523	\$ 3,007,890
Restricted										
Debt service	6,205,210	-	-	4,431,964	12,645,404	-	-	-	342,674	300,214
Capital projects	56,867,952	42,420,369	28,673,442	21,553,559	17,499,296	16,189,389	15,656,533	13,486,451	12,153,268	10,623,833
Unrestricted deficit	(201,477,738)	(186,037,397)	(169,271,644)	(180,165,759)	(173,430,826)	(120,140,255)	(80,561,178)	(37,049,305)	(51,234,240)	(75,081,998)
<b>Total Governmental Activities Net Position (Deficit)</b>	<b><u>\$(137,580,385)</u></b>	<b><u>\$(142,606,434)</u></b>	<b><u>\$(139,350,335)</u></b>	<b><u>\$(152,730,828)</u></b>	<b><u>\$(141,573,077)</u></b>	<b><u>\$(102,027,081)</u></b>	<b><u>\$(62,680,232)</u></b>	<b><u>\$(21,044,274)</u></b>	<b><u>\$(35,933,775)</u></b>	<b><u>\$(61,150,061)</u></b>

San Francisco County Transportation Authority  
Financial Trends - Changes in Net Position  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
EXPENSES	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities:										
Transportation improvement	\$ 126,576,936	\$ 115,410,193	\$ 102,329,345	\$ 137,196,233	\$ 148,566,289	\$ 160,954,620	\$ 246,207,732	\$ 130,290,251	\$ 90,771,643	\$ 119,740,927
Interest	6,655,208	6,989,411	7,475,771	7,686,374	7,933,535	1,098,535	794,172	1,468,189	1,354,423	1,483,229
<b>Total Expenses</b>	<b>133,232,144</b>	<b>122,399,604</b>	<b>109,805,116</b>	<b>144,882,607</b>	<b>156,499,824</b>	<b>162,053,155</b>	<b>247,001,904</b>	<b>131,758,440</b>	<b>92,126,066</b>	<b>121,224,156</b>
<b>REVENUES</b>										
Program revenues:										
Operating grants and contributions	22,744,769	21,800,630	16,186,972	10,020,517	9,330,091	15,255,413	97,263,152	42,080,284	17,587,975	12,703,163
<b>Total Revenues</b>	<b>22,744,769</b>	<b>21,800,630</b>	<b>16,186,972</b>	<b>10,020,517</b>	<b>9,330,091</b>	<b>15,255,413</b>	<b>97,263,152</b>	<b>42,080,284</b>	<b>17,587,975</b>	<b>12,703,163</b>
Net (Expense) / Revenue	(110,487,375)	(100,598,974)	(93,618,144)	(134,862,090)	(147,169,733)	(146,797,742)	(149,738,752)	(89,678,156)	(74,538,091)	(108,520,993)
<b>GENERAL REVENUES</b>										
Governmental activities:										
Sales tax	104,818,305	86,530,445	99,268,709	115,670,918	100,969,925	101,922,012	102,136,600	100,278,511	93,930,566	85,753,558
Vehicle registration fees	4,652,149	4,828,943	4,701,173	4,945,470	4,907,713	4,550,482	5,362,050	4,862,063	4,881,668	4,724,408
Traffic congestion mitigation tax	6,120,263	5,625,880	-	-	-	-	-	-	-	-
Investment income	(1,201,096)	19,960	2,782,633	2,844,187	1,703,664	773,032	383,456	462,845	637,677	20,730
Other	142	262,294	246,122	243,764	181,548	205,367	220,688	315,222	304,466	677,510
<b>Total General Revenues</b>	<b>114,389,763</b>	<b>97,267,522</b>	<b>106,998,637</b>	<b>123,704,339</b>	<b>107,762,850</b>	<b>107,450,893</b>	<b>108,102,794</b>	<b>105,918,641</b>	<b>99,754,377</b>	<b>91,176,206</b>
<b>Governmental Activities</b>										
<b>Change in Net Position</b>										
<b>(Deficit)</b>	<b>\$ 3,902,388</b>	<b>\$ (3,331,452)</b>	<b>\$ 13,380,493</b>	<b>\$ (11,157,751)</b>	<b>\$ (39,406,883)</b>	<b>\$ (39,346,849)</b>	<b>\$ (41,635,958)</b>	<b>\$ 16,240,485</b>	<b>\$ 25,216,286</b>	<b>\$ (17,344,787)</b>

San Francisco County Transportation Authority  
Financial Trends - Fund Balances - Governmental Funds  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Sales Tax Program										
Nonspendable	\$ 123,876	\$ 81,580	\$ 81,580	\$ 139,716	\$ 81,580	\$ 81,580	\$ 81,580	\$ 136,760	\$ 249,102	\$ 81,580
Restricted	9,211,064	2,864,318	2,693,783	7,937,068	16,150,508	-	32,929,667	99,455,392	342,674	300,214
Unassigned	24,017,256	57,026,186	88,481,666	90,842,495	123,503,753	18,923,409	-	-	(56,765,333)	(78,892,781)
<b>Total Sales Tax Program</b>	<u>33,352,196</u>	<u>59,972,084</u>	<u>91,257,029</u>	<u>98,919,279</u>	<u>139,735,841</u>	<u>19,004,989</u>	<u>33,011,247</u>	<u>99,592,152</u>	<u>(56,173,557)</u>	<u>(78,510,987)</u>
All Other Governmental Funds										
Restricted	27,623,014	20,989,782	16,571,323	15,710,751	12,635,071	9,526,011	7,371,688	8,418,895	11,782,031	10,623,833
Unassigned	-	-	(47,970)	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<u>\$ 27,623,014</u>	<u>\$ 20,989,782</u>	<u>\$ 16,523,353</u>	<u>\$ 15,710,751</u>	<u>\$ 12,635,071</u>	<u>\$ 9,526,011</u>	<u>\$ 7,371,688</u>	<u>\$ 8,418,895</u>	<u>\$ 11,782,031</u>	<u>\$ 10,623,833</u>

San Francisco County Transportation Authority  
Financial Trends - Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>REVENUES</b>										
Sales tax	\$104,818,305	\$86,530,445	\$ 99,268,709	\$115,670,918	\$103,263,191	\$102,237,230	\$99,528,116	\$100,278,511	\$ 93,930,566	\$ 85,753,558
Vehicle registration fee	4,652,149	5,513,643	4,016,473	4,945,470	4,907,713	4,550,482	5,362,050	4,862,063	4,881,668	4,724,408
Traffic congestion mitigation tax	6,120,263	5,625,880	-	-	-	-	-	-	-	-
Investment income	(1,201,096)	19,960	2,782,633	2,844,187	1,703,664	773,032	383,456	462,845	637,677	20,730
Program revenues	14,930,418	11,787,462	10,612,361	9,047,343	12,466,490	17,402,180	94,091,288	43,576,403	15,469,707	36,535,228
Project funds and other revenues	142	35,328	43,631	53,328	45,919	69,738	85,059	179,593	168,837	541,881
Leasehold incentives	-	-	-	-	-	-	-	-	-	1,763,180
<b>Total Revenues</b>	<b>129,320,181</b>	<b>109,512,718</b>	<b>116,723,807</b>	<b>132,561,246</b>	<b>122,386,977</b>	<b>125,032,662</b>	<b>199,449,969</b>	<b>149,359,415</b>	<b>115,088,455</b>	<b>129,338,985</b>
<b>EXPENDITURES</b>										
Current - transportation improvement										
Personnel expenditures	7,030,501	7,087,755	6,613,922	6,247,903	5,917,828	5,483,832	5,321,186	5,687,882	5,211,708	5,106,574
Non-personnel expenditures	1,967,710	2,556,765	2,671,878	2,603,262	2,626,464	2,384,250	2,175,819	2,308,971	1,984,933	1,838,738
Capital project costs	117,594,422	105,044,103	92,419,890	127,851,363	139,400,940	152,869,532	238,735,052	122,103,000	82,846,542	112,066,150
Capital outlay	133,548	36,455	94,771	33,338	90,684	48,448	51,852	52,965	195,221	167,647
Debt service										
Principal	14,578,406	13,310,000	12,920,000	24,664,165	115,000,000	21,000,000	20,000,000	-	-	-
Interest and fiscal charges	8,002,250	8,371,509	8,852,994	8,902,097	5,644,154	1,098,535	794,172	1,468,189	1,354,423	1,483,229
<b>Total Expenditures</b>	<b>149,306,837</b>	<b>136,406,587</b>	<b>123,573,455</b>	<b>170,302,128</b>	<b>268,680,070</b>	<b>182,884,597</b>	<b>267,078,081</b>	<b>131,621,007</b>	<b>91,592,827</b>	<b>120,662,338</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(19,986,656)</b>	<b>(26,893,869)</b>	<b>(6,849,648)</b>	<b>(37,740,882)</b>	<b>(146,293,093)</b>	<b>(57,851,935)</b>	<b>(67,628,112)</b>	<b>17,738,408</b>	<b>23,495,628</b>	<b>8,676,647</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	10,122,759	16,200,028	5,947,273	1,918,798	1,236,864	804,813	5,494,966	1,299,593	8,849,095	2,741,417
Transfers out	(10,122,759)	(16,200,028)	(5,947,273)	(1,918,798)	(1,236,864)	(804,813)	(5,494,966)	(1,299,593)	(8,849,095)	(2,741,417)
Proceeds from long term obligations	-	-	-	-	270,133,005	46,000,000	-	134,664,165	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>270,133,005</b>	<b>46,000,000</b>	<b>-</b>	<b>134,664,165</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(19,986,656)</b>	<b>(26,893,869)</b>	<b>(6,849,648)</b>	<b>(37,740,882)</b>	<b>123,839,912</b>	<b>(11,851,935)</b>	<b>(67,628,112)</b>	<b>152,402,573</b>	<b>23,495,628</b>	<b>8,676,647</b>
<b>Fund Balances - Beginning</b>	<b>80,961,866</b>	<b>107,780,382</b>	<b>114,630,030</b>	<b>152,370,912</b>	<b>28,531,000</b>	<b>40,382,935</b>	<b>108,011,047</b>	<b>(44,391,526)</b>	<b>(67,887,154)</b>	<b>(76,563,801)</b>
Cumulative Change in accounting principle	-	75,353	-	-	-	-	-	-	-	-
<b>Fund Balances - Ending</b>	<b>\$ 60,975,210</b>	<b>\$80,961,866</b>	<b>\$107,780,382</b>	<b>\$114,630,030</b>	<b>\$152,370,912</b>	<b>\$ 28,531,000</b>	<b>\$40,382,935</b>	<b>\$108,011,047</b>	<b>\$ (44,391,526)</b>	<b>\$ (67,887,154)</b>
Debt Service as a Percentage of Noncapital Expenditures	15.14%	15.90%	17.63%	19.71%	44.92%	12.09%	7.79%	1.12%	1.48%	1.23%

San Francisco County Transportation Authority  
Revenue Capacity – Sales Tax Rates  
Last Ten Fiscal Years

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<b>Fiscal Year Ended June 30,</b>	<b>Sales Tax Rate</b>	<b>Sales Tax Revenue (in thousands)</b>	<b>Annual Growth</b>	<b>Total Taxable Sales in San Francisco County (in thousands)</b>
2022	0.5%	\$ 104,818	21.13%	\$ 18,499,992
2021	0.5%	86,530	-12.83%	14,695,295
2020	0.5%	99,269	-14.18%	17,894,572
2019	0.5%	115,671	14.56%	20,762,507
2018	0.5%	100,970	-0.93%	19,824,321
2017	0.5%	101,922	-0.21%	19,334,503
2016	0.5%	102,137	1.85%	19,378,945
2015	0.5%	100,279	6.76%	18,661,884
2014	0.5%	93,931	9.54%	17,878,929
2013	0.5%	85,754	5.65%	16,400,034

Source: California Department of Tax and Fee Administration.

San Francisco County Transportation Authority  
Revenue Capacity - Principal Sales Tax Payers by Segment for the County  
Last Ten Fiscal Years (in thousands)

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Building Material, Garden Equipment & Supplies Dealer	\$ 692,779	\$ 668,123	\$ 678,394	\$ 688,526	\$ 660,316	\$ 586,018	\$ 590,523	\$ 567,502	\$ 514,998	\$ 498,134
Clothing and Clothing Accessories Stores	1,732,815	1,350,205	1,592,984	2,004,367	2,081,039	2,099,019	2,129,867	2,200,024	2,096,465	1,979,096
Food and Beverage Stores	742,122	713,524	822,192	859,081	862,682	851,556	845,680	805,017	758,809	718,909
Food Services and Drinking Places	3,761,223	2,052,954	3,756,963	4,958,157	4,806,903	4,680,694	4,573,912	4,293,647	3,937,397	3,579,986
Gasoline Stations	554,725	331,589	440,577	563,607	548,415	445,369	442,063	520,987	652,121	662,270
General Merchandise Stores	708,140	609,807	657,382	767,933	812,795	822,175	857,385	864,504	891,592	852,932
Home Furnishings Stores and Appliance Stores	983,527	821,785	874,722	1,058,102	970,745	917,409	989,560	982,826	929,378	847,462
Motor Vehicle and Parts Dealers	591,880	653,969	565,616	678,081	613,264	613,651	552,476	575,056	581,188	524,700
Other Retail Group	2,620,198	2,568,101	2,666,115	2,582,246	2,469,161	2,292,527	2,171,479	2,131,146	1,927,610	1,710,783
Total Retail and Food Services	12,387,409	9,770,057	12,054,945	14,160,100	13,825,320	13,308,418	13,152,945	12,940,709	12,289,558	11,374,272
All Other Outlets	6,112,583	4,925,238	5,839,627	6,602,407	5,999,001	6,026,085	6,226,000	5,721,175	5,589,371	5,025,762
<b>Total All Outlets</b>	<b>\$ 18,499,992</b>	<b>\$ 14,695,295</b>	<b>\$ 17,894,572</b>	<b>\$ 20,762,507</b>	<b>\$ 19,824,321</b>	<b>\$ 19,334,503</b>	<b>\$ 19,378,945</b>	<b>\$ 18,661,884</b>	<b>\$ 17,878,929</b>	<b>\$ 16,400,034</b>

Source: California Department of Tax and Fee Administration.

San Francisco County Transportation Authority  
Debt Capacity - Ratios of Outstanding Debt  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Revolving Credit Agreement	Commercial Paper	Lease Liability	Sales Tax Revenue Bonds	Debt Per Capita *	Total Debt as a % of Personal Income
2022	\$ -	\$ -	\$ 2,807,338	\$224,114,390	\$ 282	0.17%
2021	-	-	-	239,040,113	271	0.19%
2020	-	-	-	253,565,836	287	0.20%
2019	-	-	-	267,701,559	304	0.22%
2018	24,664,165	-	-	268,917,282	333	0.25%
2017	139,664,165	-	-	-	159	0.13%
2016	114,664,165	-	-	-	131	0.12%
2015	134,664,165	-	-	-	156	0.15%
2014	-	135,000,000	-	-	158	0.17%
2013	-	150,006,000	-	-	178	0.21%

\* Debt per capita and personal income amounts calculated using prior fiscal year population.



San Francisco County Transportation Authority  
Debt Capacity – Direct and Overlapping Legal Debt Margin Information and Limitations  
Last Ten Fiscal Years

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The Transportation Authority does not have overlapping debt with other governmental agencies. Additionally, the Transportation Authority does not have a legal debt limit.

San Francisco County Transportation Authority  
Debt Capacity - Pledge Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Available Revenue		Annual Debt Service		Total	Coverage
	Sales Tax Revenue		Principal	Interest		
2022	\$	104,818,305	\$ 13,710,000	\$ 7,812,156	\$ 21,522,156	4.9
2021		86,530,445	13,310,000	8,371,509	21,681,509	4.0
2020		99,268,709	12,920,000	8,852,994	21,772,994	4.6
2019		115,670,918	-	8,864,534	8,864,534	13.0
2018		100,969,925	-	3,464,487	3,464,487	29.1
2017		101,922,012	-	1,098,535	1,098,535	92.8
2016		102,136,600	-	794,172	794,172	128.6
2015		100,278,511	-	1,468,189	1,468,189	68.3
2014		93,930,566	-	1,354,423	1,354,423	69.4
2013		85,753,558	-	1,483,229	1,483,229	57.8

\*Excluded from this schedule are the Transportation Authority's payment of outstanding principal under the Revolving Credit Agreement in the amounts of \$24,664,165, \$115,000,000, \$21,000,000 and \$20,000,000 for fiscal year 2019, 2018, 2017, and 2016, respectively.

\*\*Includes interest paid under the Transportation Authority's Revolving Credit Agreement and on the outstanding Senior Sales Tax Revenue Bonds.

San Francisco County Transportation Authority  
Demographic and Economic Information - Demographic and Economic Statistics  
Last Ten Fiscal Years

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Fiscal Year Ended June 30,	Population	Total Personal Income (in thousands)	Per Capita Personal Income	Average Unemployment Rate
2022	804,534	\$ 137,159,159	\$ 170,483	3.3%
2021	815,201	136,122,330	166,980	6.9%
2020	870,014	125,499,720	144,250	4.8%
2019	881,549	117,635,944	133,442	2.3%
2018	880,696	115,444,581	131,083	2.6%
2017	879,166	106,006,635	120,576	3.1%
2016	876,103	96,161,308	109,760	3.4%
2015	862,004	89,533,450	103,867	4.0%
2014	852,469	77,233,279	90,600	5.2%
2013	841,138	72,858,445	86,619	6.5%

Source: City and County of San Francisco Annual Comprehensive Financial Report for the year ended June 30, 2022.

San Francisco County Transportation Authority  
Demographic and Economic Information - Principal Employers  
One and Ten Years Ago

Employer	Rank	2021*	
		Number of Employees	Percentage of Total City Employment
City and County of San Francisco	1	35,802	6.38%
University of California, San Francisco	2	29,500	5.26%
Salesforce	3	10,603	1.89%
San Francisco Unified School District	4	9,199	1.64%
Sutter Health	5	6,100	1.09%
Wells Fargo & Co	6	5,899	1.05%
Uber Technologies Inc.	7	5,500	0.98%
Allied Universal	8	4,095	0.72%
Kaiser Permanente	9	3,921	0.70%
First Republic Bank	10	3,042	0.54%
Total		<u>113,661</u>	

\* Most recent information available.

Employer	Rank	2012	
		Number of Employees	Percentage of Total City Employment
City and County of San Francisco	1	25,458	5.33%
University of California, San Francisco	2	22,664	4.74%
California Pacific Medical Center	3	8,559	1.79%
Wells Fargo & Co.	4	8,300	1.74%
San Francisco Unified School District	5	8,189	1.71%
Gap, Inc	6	6,000	1.26%
PG&E Corporation	7	4,415	0.92%
State of California	8	4,184	0.88%
Salesforce	9	4,000	0.84%
Kaiser Permanente	10	3,581	0.75%
Total		<u>95,350</u>	

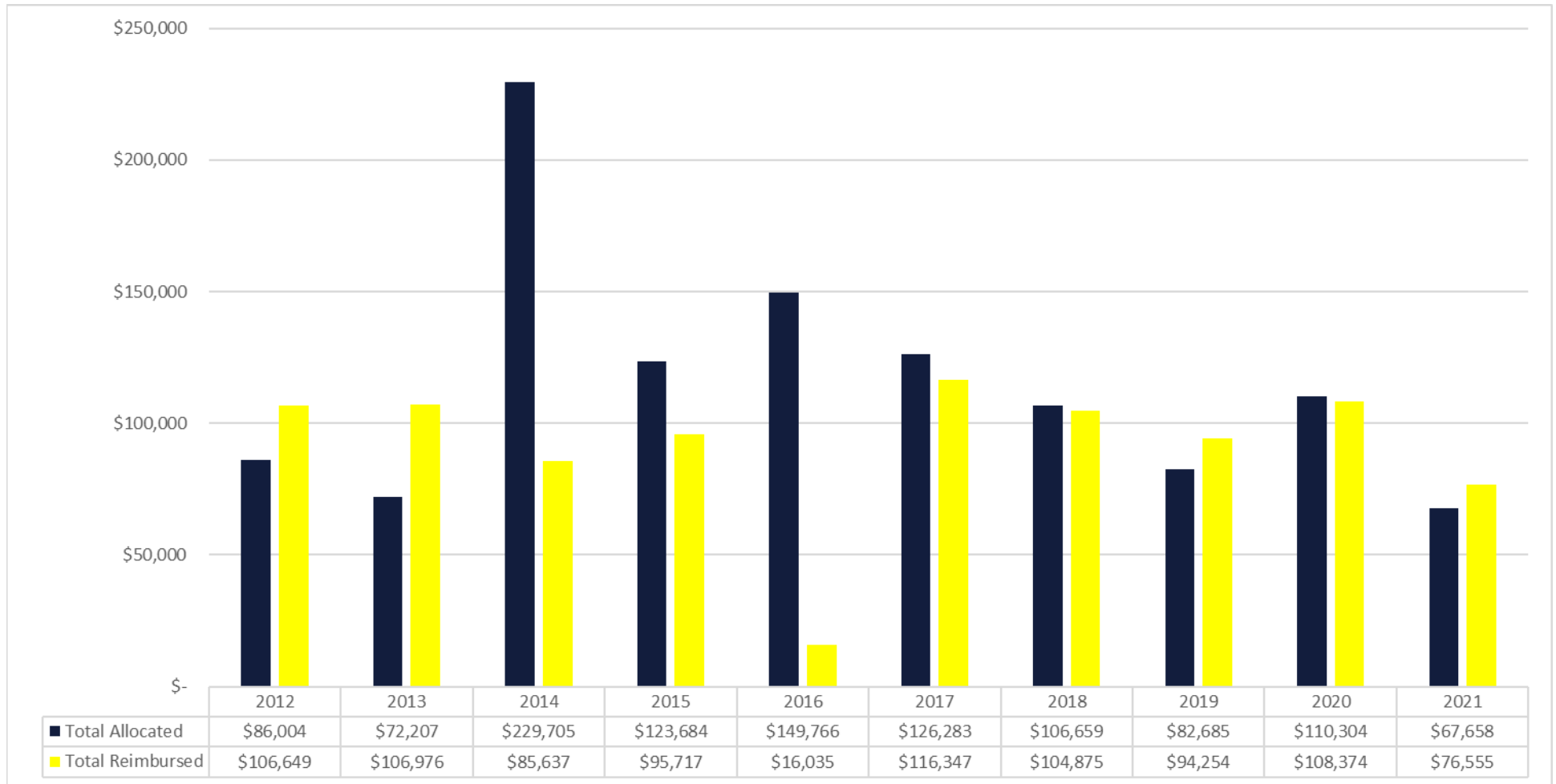
Source: City and County of San Francisco Annual Comprehensive Financial Report for the year ended June 30, 2021.

San Francisco County Transportation Authority  
Operating Information - Full Time Equivalent Employees by Function  
Last Ten Calendar Years

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Function	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Capital Projects	4.00	4.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	3.00
Executive	5.00	7.00	6.00	7.00	7.00	6.00	6.00	6.00	5.00	3.00
Finance and Administration	10.00	10.00	9.00	9.00	9.00	8.00	6.00	8.00	5.00	6.00
Planning	6.00	6.00	7.00	7.00	8.00	8.00	7.00	9.00	8.00	7.00
Policy and Programming	7.00	8.00	8.00	7.00	8.00	8.00	7.00	6.00	8.00	9.00
Technology, Data, and Analysis	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00
<b>Total Employees</b>	<b>36.00</b>	<b>39.00</b>	<b>37.00</b>	<b>37.00</b>	<b>39.00</b>	<b>38.00</b>	<b>34.00</b>	<b>37.00</b>	<b>33.00</b>	<b>31.00</b>

San Francisco County Transportation Authority  
Operating Information - Operating Indicators by Function - Project Fund Allocations and Reimbursements  
Last Ten Calendar Years (in thousands)



Source: San Francisco County Transportation Authority's Annual Report from 2012 to 2021. Calendar year basis for data presented.

San Francisco County Transportation Authority  
Operating Information - Capital Asset Statistics  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Capital assets										
Leasehold improvements	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 3,023,624	\$ 2,992,404
Furniture and equipment	1,042,367	908,819	899,864	850,135	856,146	890,753	890,753	961,989	909,024	770,577
Right-to-use leased assets	3,675,744	-	-	-	-	-	-	-	-	-
Total capital assets	7,741,735	3,932,443	3,923,488	3,873,759	3,879,770	3,914,377	3,914,377	3,985,613	3,932,648	3,762,981
Less accumulated depreciation										
Leasehold improvements	2,324,925	2,092,025	1,859,125	1,626,225	1,393,325	1,160,425	927,525	694,626	461,727	230,185
Furniture and equipment	866,345	829,824	816,496	798,126	773,396	825,211	762,439	772,407	666,398	524,906
Right-to-use leased assets	918,936	-	-	-	-	-	-	-	-	-
Total accumulated depreciation	4,110,206	2,921,849	2,675,621	2,424,351	2,166,721	1,985,636	1,689,964	1,467,033	1,128,125	755,091
Total capital assets, net	<u>\$ 3,631,529</u>	<u>\$ 1,010,594</u>	<u>\$ 1,247,867</u>	<u>\$ 1,449,408</u>	<u>\$ 1,713,049</u>	<u>\$ 1,928,741</u>	<u>\$ 2,224,413</u>	<u>\$ 2,518,580</u>	<u>\$ 2,804,523</u>	<u>\$ 3,007,890</u>



# Compliance Section



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Independent Auditor's Reports  
June 30, 2022

San Francisco County  
Transportation Authority

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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Commissioners  
San Francisco County Transportation Authority  
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the San Francisco County Transportation Authority (Transportation Authority), a component unit of the City and County of San Francisco, California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Transportation Authority's basic financial statements, and have issued our report thereon dated December 27, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Transportation Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Transportation Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Transportation Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Transportation Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transportation Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
December 27, 2022



## **Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Commissioners  
San Francisco County Transportation Authority  
San Francisco, California

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited the San Francisco County Transportation Authority's (Transportation Authority) compliance with the types of compliance requirements subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Transportation Authority's major federal program for the year ended June 30, 2022. The Transportation Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Transportation Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Transportation Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Transportation Authority's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Transportation Authority's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Transportation Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Transportation Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Transportation Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Transportation Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Transportation Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
December 27, 2022



San Francisco County Transportation Authority  
Summary of Auditor's Results  
Year Ended June 30, 2022

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**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**Federal Awards**

Internal control over major Federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>No</u>

Identification of major programs:

Catalog of Federal Domestic Assistance (CFDA) Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

None reported.

San Francisco County Transportation Authority  
Federal Awards Findings and Questioned Costs  
Year Ended June 30, 2022

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None reported.

None reported.



**San Francisco  
County Transportation  
Authority**

1455 Market Street, 22nd Floor  
San Francisco, CA 94103  
415-522-4800  
[www.sfcta.org](http://www.sfcta.org)



December 27, 2022

To the Governing Board  
San Francisco County Transportation Authority  
San Francisco, California

We have audited the financial statements of San Francisco County Transportation Authority (Transportation Authority) as of and for the year ended June 30, 2022 and have issued our report thereon dated December 27, 2022. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance**

As communicated in our letter dated June 15, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the Transportation Authority complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Transportation Authority major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Transportation Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the Transportation Authority's major federal program compliance, is to express an opinion on the compliance for each of the Transportation Authority major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the the Transportation Authority's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 27, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated December 27, 2022.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

### **Significant Risks Identified**

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- Revenue Recognition – Generally Accepted Auditing Standards require a presumed risk of improper revenue recognition, unless otherwise noted.
- Management Override of Controls – Management Override of Controls was determined to be an overall financial statement risk, which is standard financial statement level risk for audit engagements.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Transportation Authority is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during year, except for the adoption of GASB Statement No. 87, *Leases*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are related to the Management's estimate of the net pension liabilities and related deferrals and net other postemployment benefit liabilities and related deferrals is based on actuarial valuations performed by actuarial specialists. We evaluated the key factors and assumptions used to develop the net pension liability and net other postemployment benefit liability and determined that these estimates are reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Transportation Authority's financial statements relate to the discount rates used in estimating the net pension liability and net other postemployment benefit liabilities which are described Note 8 to the financial statements and Note 9 to the financial statements, respectively.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.



### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. Our report contains an emphasis of matter for the implementation of the GASB Statement 87, *Leases*.

### **Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated December 27, 2022.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Transportation Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Transportation Authority's auditors.

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Transportation Authority's annual report, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information and considered whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

The financial statements include the financial statements of Treasure Island Mobility Management Agency (Agency), a blended component unit, which we considered to be significant components of the financial statements. Consistent with the audit of the financial statements as a whole, our audit included obtaining an understanding of the Agency and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements of the Agency and completion of further audit procedures.

This report is intended solely for the information and use of the governing board, and management of the Transportation Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
December 27, 2022



**San Francisco  
County Transportation  
Authority**

BD011023

MOTION NO. 23-01

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MOTION ACCEPTING THE SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY'S  
AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Pursuant to the annual audit requirements in its Fiscal Policy, the San Francisco County Transportation Authority hereby accepts the audit report for the fiscal year ended June 30, 2022.

Attachment:

1. Audit Report for the Year Ended June 30, 2022

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San Francisco  
County Transportation  
Authority



## Memorandum

### AGENDA ITEM 5

**DATE:** January 6, 2023

**TO:** Transportation Authority Board

**FROM:** Cynthia Fong - Deputy Director for Finance and Administration

**SUBJECT:** 01/10/23 Board Meeting: Award a Two-Year Consultant Contract to CGI Technologies and Solutions, Inc. in an Amount Not to Exceed \$350,000 for Migration, Licensing and Support Services and a One-Year Consultant Contract to Fix Your ERP LLC, in an Amount Not to Exceed \$200,000, for Project Management Services for Microsoft Dynamics 365 Finance & Operations (Enterprise License)

#### RECOMMENDATION ☐ Information ☒ Action

- Award a two-year consultant contract to CGI Technologies and Solutions, Inc. (CGI), in an amount not to exceed \$350,000, for migration, licensing and support services for Microsoft Dynamics 365 Finance & Operations (Enterprise License)
- Award a one-year consultant contract to Fix Your ERP LLC, in an amount not to exceed \$200,000, for project management services for the migration of Microsoft Dynamics 365 Finance & Operations (Enterprise License)
- Authorize the Executive Director to negotiate contract payment terms and non-material terms and conditions

#### SUMMARY

For the past eight years, we have used Microsoft Dynamics AX 2012 for financial and accounting applications. At the end of 2020, Microsoft announced that it would no longer support Microsoft Dynamics AX 2012, as the software solution transitioned to Microsoft Dynamics 365 for Finance and Operations SaaS solution. Our former Enterprise Resource Planning (ERP) support consultant, Tyler Technologies, also ended its technical support for Microsoft Dynamics AX 2012 as of October 2021. We reviewed system demonstrations for

- ☐ Fund Allocation
- ☐ Fund Programming
- ☐ Policy/Legislation
- ☐ Plan/Study
- ☐ Capital Project Oversight/Delivery
- ☐ Budget/Finance
- ☒ Contract/Agreement
- ☐ Other: \_\_\_\_\_



<p>Microsoft Dynamics 365 for Finance &amp; Operations and determined that migrating our ERP software to Microsoft Dynamics' cloud-based platform, Microsoft Dynamics 365 Finance &amp; Operations (Enterprise License) would best serve our needs. On November 8, 2022, we issued a Request for Proposals (RFP) for migration and maintenance services for Microsoft Dynamics 365 Finance &amp; Operations Services. By the proposal due date of December 7, 2022, we received one proposal. Following an interview with CGI, the selection panel recommended CGI to provide the requested services. The migration project will require project management services. Due to staffing shortages, we recommend contracting with technology systems consultant, Fix Your ERP LLC. We anticipate fully transitioning to Microsoft Dynamics 365 Finance &amp; Operations (Enterprise License) and completing the migration project by July 2023.</p>	
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## **BACKGROUND**

Since 2014, we have used Microsoft Dynamics AX 2012, an off-the-shelf enterprise resource planning (ERP) system, for financial and accounting applications, which include functionalities for general ledger, cash management, purchasing, accounts payable, accounts receivable, project and grant accounting, timesheets and financial reporting. An ERP system is a business management software that integrates multiple applications and databases to enable better management of all facets of the financial management and operational oversight functions. We utilize multiple third-party software that integrate data with Microsoft Dynamics AX 2012, including 1) Automated Data Processing (ADP) for processing payroll on a bi-weekly basis; 2) a custom web-based grant management portal that allows grant recipients to submit progress reports, consolidate grant documents, and serves as a hub for communication between the Transportation Authority and project sponsors, including deliverables, final reports, reminders for important deadlines, close-out requests, and extension requests; 3) an automated, cloud-based accounts payable software, SAP Concur, for processing and paying invoices; and 4) a cloud-based budget software, OpenGov, for project budgeting, workforce planning and project management.

At the end of 2020, Microsoft announced that it would no longer support Microsoft Dynamics AX 2012, as the software solution transitioned to Microsoft Dynamics 365 for Finance & Operations SaaS solution. Our former ERP support consultant, Tyler Technologies, also ended its technical support to us for Microsoft Dynamics AX 2012 as of October 2021. During the COVID-19 pandemic, we reassessed priorities and paused on several efforts, including an ERP system migration. After reviewing system demonstrations for Microsoft Dynamics 365 for



Finance & Operations, we determined that migrating financial and accounting data from Microsoft Dynamics AX 2012 to Microsoft Dynamics 365 Finance & Operations would best serve our needs. The Migration Project would be more cost efficient, requires less staff resources and can be completed in a shorter timeframe than implementing brand new ERP software. Transitioning to a cloud-based platform will enable us to access the application anytime and anywhere via a web browser from any device, and be less reliant on purchasing and replacing on-premise servers. The modules and functions in Microsoft Dynamics 365 for Finance & Operations are very similar to Microsoft Dynamics AX 2012, including the capability to help address regulatory requirements of public sector organizations including adaptability to legislative mandates and support of open government and accountability.

## **DISCUSSION**

For the migration project, we recommend entering into two contracts, one contract for migration, licensing and support services and another contract for project management services. The establishment of both contracts will provide adequate support to complete the Migration Project within our projected schedule below. Below are brief descriptions of the recommended services.

**Migration, Licensing and Support Services:** We issued an RFP for migration and maintenance services for Microsoft Dynamics 365 Finance & Operations Services on November 8, 2022. We took steps to encourage participation from small and disadvantaged business enterprises, including advertising in four local newspapers: San Francisco Chronicle, San Francisco Examiner, Small Business Exchange, and Nichi Bei. We also distributed the RFP to certified small, disadvantaged, and local businesses; Bay Area and cultural chambers of commerce; and small business councils.

By the due date of December 7, we received one proposal in response to the RFP. A selection panel comprised of Transbay Joint Powers Authority and Transportation Authority staff evaluated the proposal based on qualifications and other criteria identified in the RFP, including company overview and understanding of project objectives, project team experience and qualifications, work plan and approach, and costs. We held an interview with the proposal team on December 19. Based on the selection process defined in the RFP and interview, the panel recommends that the Board award the contract to CGI. The CGI team distinguished itself based on an understanding of project objectives and challenges, specifically, experience implementing Microsoft Dynamics 365 for a public agency on time and within budget migrating AX to Dynamics 365, and is a Microsoft Gold Partner.

We established a Disadvantaged Business Enterprise/Small Business Enterprise (SBE)/Local Business Enterprise goal of 10% for this contract. CGI's proposal, less license fees, included 11.5% participation from Apian Consulting, a certified Disabled Veterans Business Enterprise and Microbusiness Enterprise. CGI's headquarters office is located in Virginia, which is not



included in the Banned State List, nor is it a state with laws that restrict abortion access or discriminate against LGBT individuals.

The migration project is anticipated to take six months to complete with an eighteen-month warranty period, for a total not to exceed \$350,000. This cost includes migration services, software licenses, post go-live support, and warranty services. Thereafter, we will determine the level of annual maintenance and cloud hosting costs needed to maintain Microsoft Dynamics 365 Finance & Operations.

The schedule is anticipated to be as follows:

- |                                      |                            |
|--------------------------------------|----------------------------|
| • Phase 1 – Plan and Design Services | February 2023 – March 2023 |
| • Phase 2 – Build, Test and Deploy   | April 2023 – June 2023     |
| • Phase 3 – Support and Maintain     | July 2023 – December 2024  |

**Project Management Services:** The migration project will require project management services. Due to staffing shortages, we previously worked with an experienced technology systems consultant, Jeff Woller, through a specialized staffing firm. Mr. Woller is experienced in both Microsoft Dynamics AX 2012 and Microsoft Dynamics 365 Finance & Operations, with over 20 years of experience in the financial industry, to provide ERP support to the Finance Division. Mr. Woller has completed similar migrations from Microsoft Dynamics AX 2012 to Microsoft Dynamics 365 Finance & Operations for several companies and can assist us in a project management capacity for our migration project. We recommend contracting with Mr. Woller's firm, Fix Your ERP LLC for a one-year period. Due to limited staff resources, Fix Your ERP LLC will augment and enhance the project management capacity of staff. Fix Your ERP LLC's headquarters office is located in Delaware, which is not included in the Banned State List, nor is it a state with laws that restrict abortion access or discriminate against LGBT individuals. The firm is also in the process of certifying as a minority-owned firm.

## **FINANCIAL IMPACT**

The proposed contracts will be funded by Prop K sales tax funds. The first year's activities will be included in the Transportation Authority's Fiscal Year 2022/23 mid-year budget amendment. Sufficient funds will be included in future budgets to cover the remaining cost of the contracts.

## **CAC POSITION**

The Community Advisory Committee did not consider this item since no CAC meeting is held at the end of December due to year-end holidays.

## **SUPPLEMENTAL MATERIALS**

- Attachment 1 – Scope of Services





**San Francisco  
County Transportation  
Authority**

Agenda Item 5

Page 5 of 5

- Attachment 2 - Resolution

## Attachment 1

### Scope of Services

A qualified system integrator shall provide migration services, automate business processes, and operation support for Microsoft Dynamics 365 Finance & Operations Services (Enterprise License) (Migration Project). The scope of services includes completing the Migration Project, and providing licensing, support and maintenance services including the full 18-month warranty period.

The Transportation Authority's primary objectives for this contract are to:

- Analyze and understand the current Microsoft Dynamics AX 2012 R3 with business intelligence on financial and accounting system, timesheet system, check printing system and Excel-based shadow systems components.
- Design and plan to migrate the current Microsoft Dynamics AX 2012 R3 with business intelligence platform to a cloud-based Microsoft Dynamics 365 Finance and Operations Services (Enterprise License).
- Develop and build a Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) platform that will meet Transportation Authority business requirements.
- Migrate and implement the current Transportation Authority business processes onto the Microsoft Dynamics 365 Finance and Operations Services (Enterprise License).
- Heavily rely on automation and streamline use of Purchase Agreements that may include Purchase Orders but allow for flexibility so that Purchase Agreement amounts do not commit to project funds. The only commitment occurs during invoice phase.
- Review, recommend, and help migration of a new purchasing software (if needed) that improves work product, reduces differences in actual versus invoice proposals, reduces staff time to input, and improves pull throughs and outputs from current CONCUR Accounts Payable (AP) system used by the Transportation Authority. NOTE: This includes the ability to pay from Purchase Agreements, not just Purchase Orders. The agency desires to set up Contract amounts, and pay invoices against it either in 365 Finance and Operations or a third-party easy to use AP system with the following basic setup:
  - The Transportation Authority envisions security controls to prevent fraudulent activity for all payment types
  - Required setup of all contractual agreements, including tracking down to subcontractor level
  - Flexibility; due to limited staffing, ease of use, speed of inputs, and fewest changes is a top priority
  - Limit, reduce or eliminate invoice processing/payment hold up while invoices are in various statuses. For example, invoices on hold, or pending receipt, should not hold up future invoices from being processed or paid
- Integrate paperless document management into all business processes
- Report actual project spend versus invoice proposal amounts and report variances
- Upgrade from Microsoft Dynamics 365 Finance and Operations Services should Microsoft roll out updated version(s)
- Confirm MS Dynamics AX detailed transaction details are available post migration, assist agency with proper hardware/server setup and confirm safe access to AX detailed transaction history

- Work with Transportation Authority's external consultants and Transportation Authority staff to link output of data from Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) to SFCTA Portal and OpenGov budgeting software
- Ensure sandbox or test environment up and running

The Transportation Authority will drive the modification of business processes but will rely on the system integrator's expertise to guide Transportation Authority staff with understanding of Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) functionality and suggestions on customization to fit Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) platform functionality. The system integrator will be responsible for acquiring and setting up the Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) subscription and software for the Transportation Authority. The Transportation Authority requires the budget module to function in April 2023 and a Go-Live date of July 1, 2023, for the general ledger, purchasing, accounts payable, project and grant accounting, budget, forecast, timesheet, fixed assets, and benefits functionality for migration in order to fully transition by July 1, 2023 for FY 2023/24. Human resources and payroll accounting modules will not be utilized.

The functions available in Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) offer organizations the capability to help address regulatory requirements of public sector organizations including adaptability to legislative mandates, support of transparency and open government, and improvement of constituent services and accountability. The Microsoft Dynamics AX 2012 R3 release took into consideration specific needs of the public sector including specific functions such as project management, grant management, tracking of multiple fund sources for projects, contract management, and public sector accounting reporting. The same level of detail will apply with the Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) migration. It's anticipated the Transportation Authority will have eight (8) super-users, some task-based users, and a large number of users with inquiry access for project management and must have the ability to perform time sheet entry to enter their time. The ERP migration will be Cloud Based for specific Subscription (forecast User Counts of 60 users) Basis to determine maintenance amounts. Proposer should allow growth of up to 5 additional subscription counts at no additional charges to allow for potential increase in worker counts due to workflow processing requirements at no fault of agency alone.

The specific work of the firm will include the tasks described below, each of which includes the firm's internal Quality Assurance/Quality Control (QA/QC) for all deliverables.

### **Phase 1 – Plan & Design Services**

During Phase 1, the Consultant will work with the Transportation Authority's Migration Team (Team) and design the Transportation Authority's future business processes based on Microsoft Dynamics 365 Finance and Operations Services off-the-shelf functionality. The Consultant will work with the Team to understand existing business processes and shadow systems, design future business processes, and establish detailed design requirements for the Microsoft Dynamics 365 Finance and Operations Services migration. The Team will consider changing business processes if needed to conform to "out-of-the-box" functionality.

The Team's existing knowledge of Microsoft Dynamics 365 Finance and Operations Services functionality is limited to demonstrations and hands-on lab exercises during a two-day discovery session.

The Consultant will document all design decisions in written form for Team review and approval, including the following:

- The Consultant will describe at a high level how Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) will be used at the Transportation Authority.

- The Consultant will describe the migration process and schedule of Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) and all modules including system administration and setup.
- The Consultant will assist the Team in the design of future workflows which should align with Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) functionality. This may include updates to existing Power Automate, Power BI, and Power App process (if required).
- The Consultant will describe the data migration, business process adoption, and cut-over strategy. At this time, the Transportation Authority anticipates migrating all outstanding balances, and consider migrating data from the prior fiscal years with minimal work (intent: minimal data checking/data validation of prior year data).
- The Consultant should identify any additional networking requirements, software or hardware that may be required to successfully migrate Microsoft Dynamics 365 Finance and Operations Services (Enterprise License).
- The Consultant will work with Transportation Authority's external consultants and Transportation Authority staff to link output of data from Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) to SFCTA Portal and OpenGov budgeting software.

#### *Phase 1 Deliverables:*

1. *Detailed Enhancement Plan, Designation of Responsibilities, and Schedule Including 3 Mock Data Go Lives. Mock Data Go Lives are designed so the agency and Consultant ability can assess readiness to migrate from existing environment to Live Environment within a specific number of days for each Mock Data Go Live to identify critical path issues that could delay or prevent actual Go Live. The intent is to make sure both agency and Consultant have proper staff, technical resources, and understanding for data to be migrated in a timely fashion such that the Go Live deadline will be met on time.*
2. *Detailed Design Documents*
3. *Weekly Meeting Agendas, Attendance and Status Reports (including, but not limited to timeline progress, budget progress, issues, risks, change orders, deliverable quality assurance and acceptance, and any project scope creep that may potentially negatively impact deliverables)*
4. *Identify either an agency or consultant resource familiar with security and setup changes needed, or provide training throughout project on security/setup features and/or maintenance that require Transportation Authority attention prior to Mock Data Go Live I.*

#### **Phase 2 – Build, Test & Deploy**

Phase 2 will involve the Build, Test and Deploy activities of Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) as planned and designed in Phase 1. The Transportation Authority expects the Consultant to lead the following migration activities:

- Enhancement of networking, hardware, and software requirements and configuration of Microsoft Dynamics 365 Finance and Operations Services (Enterprise License) software.
- Modify Transportation Authority business processes to fit Microsoft Dynamics 365 Finance and Operations Services (Enterprise License), based on Transportation Authority direction.
- Migrate financial data from the past nine years from Microsoft Dynamics AX 2012 R3 with business intelligence to Microsoft Dynamics 365 Finance and Operations Services (Enterprise License). The intent requires minimal data checking/data validation from Transportation Authority staff.

- Software Testing and User Acceptance Testing.
- Transportation Authority staff training.
- Quality assurance.
- Transition and final cutover.

*Phase 2 Deliverables:*

1. *Weekly Team Meeting Agendas, Attendance, and Status Reports (including, but not limited to timeline progress, budget progress, issues, risks, change orders, deliverable quality assurance and acceptance)*
2. *Quality Assurance Report of entire system and processes including cyberattack risks or related suggestions to mitigate hacking or hijacking ransomware that falls under ERP umbrella. Discuss Disaster Recovery Plan, copy of data backup, failover hosting site, etc.*
3. *Recommend if 2-Factor Authentication is required, if so, provide support how to do so for agency use only.*

**Phase 3 – Support & Maintenance Services**

In Phase 3, the Consultant will provide eighteen (18) months of Post Go-Live Support to fix defects identified by Transportation Authority users.

**Level of Transportation Authority Staff Support**

The Transportation Authority has limited staff, and as such, will be unable to commit any full-time resources to this ERP migration project. The Transportation Authority has assembled a Migration Team consisting of the organization's three accountants, four analysts, one temporary staff and an IT staff. Together the Team has deep, across the board knowledge of the business processes in these functional areas and will continue their day-to-day tasks during the migration.



RESOLUTION AWARDING A TWO-YEAR CONSULTANT CONTRACT TO CGI TECHNOLOGIES AND SOLUTIONS, INC., IN AN AMOUNT NOT TO EXCEED \$350,000, FOR MIGRATION, LICENSING AND SUPPORT SERVICES AND A ONE-YEAR CONSULTANT CONTRACT TO FIX YOUR ERP LLC, IN AN AMOUNT NOT TO EXCEED \$200,000, FOR PROJECT MANAGEMENT SERVICES FOR MICROSOFT DYNAMICS 365 FINANCE & OPERATIONS (ENTERPRISE LICENSE) AND AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE CONTRACT PAYMENT TERMS AND NON-MATERIAL CONTRACT TERMS AND CONDITIONS

WHEREAS, Since 2014, the Transportation Authority has used Microsoft Dynamics AX 2012, an off-the-shelf enterprise resource planning (ERP) system, for financial and accounting applications, which include functionalities for general ledger, cash management, purchasing, accounts payable, accounts receivable, project and grant accounting, timesheets and financial reporting; and

WHEREAS, At the end of 2020, Microsoft announced that it will no longer support Microsoft Dynamics AX 2012, as the software solution transitioned to Microsoft Dynamics 365 for Finance & Operations SaaS solution; and

WHEREAS, Staff reviewed system demonstrations for Microsoft Dynamics 365 for Finance & Operations and determined that migrating the agency's financial and accounting data from Microsoft Dynamics AX 2012 to Microsoft Dynamics 365 Finance & Operations (Enterprise License) would best serve the Transportation Authority's financial and accounting needs; and

WHEREAS, The modules and functions in Microsoft Dynamics 365 for Finance & Operations (Enterprise License) are very similar to Microsoft Dynamics AX 2012, including the capability to help address regulatory requirements of public sector organizations including adaptability to legislative mandates and support of open government and accountability; and

WHEREAS, The migration project would be more cost efficient, require less staff resources and could be completed in a shorter timeframe than implementing brand new ERP software; and

WHEREAS, On November 8, 2022, the Transportation Authority issued a Request for Proposals (RFP) for migration and maintenance services for Microsoft Dynamics 365 Finance



& Operations Services (Enterprise License); and

WHEREAS, The Transportation Authority received one proposal in response to the RFP by the due date of December 7, 2022; and

WHEREAS, A review panel comprised of staff from the Transbay Joint Powers Authority and the Transportation Authority interviewed the proposed team on December 19, 2022; and

WHEREAS, The review panel evaluated the proposal based on qualifications and other criteria identified in the RFP, with an emphasis on project team experience and qualifications, work plan and approach, and cost; and

WHEREAS, Based on the results of the selection process, the panel recommended award of consultant contract to CGI Technologies and Solutions, Inc.; and

WHEREAS, Due to limited staff resources, the migration services will require project management services to augment and enhance the project management capacity of staff; and

WHEREAS, Given staff shortages in the Finance & Administration Division, Transportation Authority staff recommended contracting with Fix Your ERP LLC to provide project management services in the migration from Microsoft Dynamics AX 2012 to Microsoft Dynamics 365 Finance & Operations (Enterprise License); and

WHEREAS, The proposed Fix Your ERP LLC project manager is experienced in both Microsoft Dynamics AX 2012 and Microsoft 365 Finance & Operations and has completed similar migrations from Microsoft Dynamics AX 2012 to Microsoft Dynamics 365 Finance & Operations for several companies; and

WHEREAS, The establishment of contracts with CGI Technologies and Solutions, Inc. and Fix Your ERP LLC will provide the Transportation Authority with adequate support to complete the migration project by July 2023; and

WHEREAS, The first year's activities of both contracts, funded by Prop K sales tax funds, will be included in the Transportation Authority's Fiscal Year 2022/23 mid-year budget amendment, and sufficient funds will be included in future fiscal year budgets to cover the cost of these contracts; now, therefore, be it

RESOLVED, That the Transportation Authority hereby awards a two-year consultant contract to CGI Technologies and Solutions, Inc., in an amount not to exceed \$350,000, for



migration, licensing and support services for Microsoft Dynamics 365 Finance & Operations (Enterprise License); and be it further

RESOLVED, That the Transportation Authority hereby awards a one-year consultant contract to Fix Your ERP LLC, in an amount not to exceed \$200,000, for project management services for Microsoft Dynamics 365 Finance & Operations (Enterprise License); and be it further

RESOLVED, That the Executive Director is hereby authorized to negotiate contract payment terms and non-material contract terms and conditions; and be it further

RESOLVED, That for the purposes of this resolution, "non-material" shall mean contract terms and conditions other than provisions related to the overall contract amount, terms of payment, and general scope of services; and be it further

RESOLVED, That notwithstanding the foregoing and any rule or policy of the Transportation Authority to the contrary, the Executive Director is expressly authorized to execute agreements and amendments to agreements that do not cause the total agreement value, as approved herein, to be exceeded and that do not expand the general scope of services.





## Memorandum

### AGENDA ITEM 6

**DATE:** January 5, 2023

**TO:** Transportation Authority Board

**FROM:** Anna LaForte - Deputy Director for Policy and Programming  
Carl Holmes - Deputy Director for Capital Projects

**SUBJECT:** 1/10/23 Board Meeting: Authorize the Executive Director to Execute Master Agreements, Program Supplemental Agreements, Cooperative Agreements, Fund Transfer Agreements and Any Amendments Thereto with the California Department of Transportation for Receipt of Federal and State Funds for the Westside Bridges Seismic Retrofit Project in the Amount of \$95,496,378

#### RECOMMENDATION ☐ Information ☒ Action

Authorize the Executive Director to execute master agreements, program supplemental agreements, cooperative agreements, fund transfer agreements and any amendments thereto with the California Department of Transportation (Caltrans) for receipt of federal and state funds for the following project:

- Westside Bridges Seismic Retrofit Project (Project) in the Amount of \$95,496,378

#### SUMMARY

We are seeking authorization for the Executive Director to execute funding agreements between the Transportation Authority and Caltrans for receipt of federal and state funds for several grants that we anticipate receiving this year for the Project. These grants will help close the funding gap for the Project's construction phase, allowing us to bring an action to the Board next month to award the construction contract. Guidelines established by Caltrans require that certain funding agreements be signed by the project sponsor and returned to Caltrans. For some grants, project sponsors are also required to adopt a Board resolution. Caltrans requires us to adopt a resolution to identify the person(s) authorized to execute these funding agreements and the title of the grant. Caltrans also requires us to return the signed grant agreement and resolution within 14 days of receipt of the grant. The Board has previously adopted similar resolutions with the last

- ☐ Fund Allocation
- ☐ Fund Programming
- ☐ Policy/Legislation
- ☐ Plan/Study
- ☐ Capital Project Oversight/Delivery
- ☐ Budget/Finance
- ☒ Contract/Agreement
- ☐ Other:



one being Resolution 22-56 in July 2022. The Project's construction phase funding plan is shown in Attachment 1, with a footnote indicating the various grants that are administered by Caltrans.	
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## **BACKGROUND**

We regularly receive federal and state transportation funds from ongoing grant programs and periodically receive congressional earmarks. These grant funds are typically administered by Caltrans, which requires that various types of funding agreements be executed between the project sponsor and Caltrans before the project sponsor can claim (e.g., encumber or seek reimbursement) the grant funds. Caltrans also requires an updated Board resolution identifying the person(s) authorized to execute these funding agreements and the title of the grant. The Transportation Authority last adopted this type of resolution in July 2022 through approval of Resolution 22-56.

## **DISCUSSION**

A brief description of the Project for which we are recommending approval of the subject resolution are provided below along with information on the relevant federal and state grants. The Project and associated funding will be included in the agency's mid-year budget amendment for Fiscal Year (FY) 2022/23.

**West Side Bridge Seismic Retrofit Project.** We are leading the project on behalf of the Treasure Island Development Authority (TIDA). The project will replace seven seismically deficient bridges and retrofit one bridge with a realigned roadway and retaining walls, a Class II bicycle facility, and a transit-only access on-ramp. This project will be challenging to implement, given its unique location along the western edge of Yerba Buena Island along steep terrain on the hillside overlooking the San Francisco Bay. In addition to the challenging location, the project presents numerous complex structural (bridge/retaining wall foundations) and geotechnical challenges (unstable soils), as well as difficult construction access (very steep terrain) and environmental constraints (construction adjacent to and above the San Francisco Bay). As such, the Project is being delivered using the Construction Manager/General Contractor (CMGC) delivery method. Construction of the project is scheduled to begin in spring 2023 and be completed by the end of calendar year 2026.

The projected construction phase cost, totaling \$115,900,378, is funded with federal Highway Bridge Program (HBP) and Rebuilding American Infrastructure with Sustainability and Equity (RAISE) funds, state Proposition 1B and Local Partnership Program (LPP) funds, and local TIDA, Bay Area Toll Authority (BATA), Proposition K Sales Tax funds approved through Resolution 23-22, and a federal earmark.

Several grant funds will be administered by Caltrans, including HBP, RAISE, state Proposition 1B, and LPP funds, and will require the Transportation Authority and Caltrans to execute



various types of funding agreements. We are pleased to report that the Project secured a significant amount of funding last month, consistent with the full funding plan we presented to the Board last year. On December 20, 2022, Caltrans informed us that the Project is now programmed in the LPP in the amount of \$9,056,000, which is comprised of \$4,056,000 of the Transportation Authority's share of LPP formula funds and \$5,000,000 of BATA's share of LPP formula funds. Caltrans has also approved programming of federal and state funding in the Federal Transportation Improvement Program for federal fiscal year 2022/23 for the construction phase of work, totaling \$66,240,278. In addition, in December 2021, the Federal Highway Administration awarded \$18,000,000 in federal RAISE grant funding to us for the construction phase of the Project, another grant which Caltrans will administer. In December 2022, Congress passed a bill that included a federal earmark of \$2,200,000 for the project. Total funding administered by Caltrans for the construction phase amount to \$95,496,378. We anticipate award of these funds within the next two months to support commencement of the Project's construction phase.

## **FINANCIAL IMPACT**

Approval of the recommended action would facilitate compliance with Caltrans funding agreement deadlines (avoiding loss of grant revenues) and enable the Transportation Authority to seek reimbursement of federal and state grant funds administered by Caltrans for the Project. The first year of anticipated revenues for these grants will be included in the Fiscal Year 2022/23 mid-year budget amendment. We will bring contract award and contract amendment recommendations to be funded by these grants, where applicable, to the Board for approval as part of future agenda items.

## **CAC POSITION**

The Community Advisory Committee did not consider this item since no CAC meeting is held at the end of December due to year-end holidays. However, the CAC was briefed on the Project's full funding plan and adopted a motion of support for related funding actions (e.g. One Bay Area Grant/Prop K fund exchange) at its November 30, 2022 meeting.

## **SUPPLEMENTAL MATERIALS**

- Attachment 1 - West Side Bridges Construction Phase Funding Plan
- Attachment 2 - Resolution

**Attachment 1**  
**West Side Bridges Construction Phase Funding Plan**

Source	Total
Construction Phase Funding	Amount
Federal Highway Bridge Program <sup>(1)</sup>	\$ 54,835,827
State Prop 1B Local Bridge Seismic <sup>(1)</sup>	\$ 7,104,551
Federal RAISE grant <sup>(1)</sup>	\$ 18,000,000
Bay Area Toll Authority	\$ 2,000,000
San Francisco share SB 1 Local Partnership Program Formula funds <sup>(1)</sup>	\$ 4,056,000
Bay Area Toll Authority share SB 1 Local Partnership Program Formula funds <sup>(1)</sup>	\$ 5,000,000
Treasure Island Development Authority	\$ 3,505,000
Prop K (via OBAG fund exchange)	\$ 14,899,000
Caltrans Highway Bridge Program <sup>(1)</sup>	\$ 4,300,000
Federal Earmark <sup>(1)</sup>	\$ 2,200,000
<b>Total funding</b>	<b>\$ 115,900,378</b>
Federal Amount	\$ 79,335,827
Non Federal Amount	\$ 36,564,551
Non Federal Percent	31.5%
<sup>(1)</sup> Funding Administered by Caltrans	\$ 95,496,378



AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE MASTER AGREEMENTS, PROGRAM SUPPLEMENTAL AGREEMENTS, COOPERATIVE AGREEMENTS, FUND TRANSFER AGREEMENTS AND ANY AMENDMENTS THERETO WITH THE CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR RECEIPT OF FEDERAL AND STATE FUNDS FOR THE YERBA BUENA ISLAND WESTSIDE BRIDGES SEISMIC RETROFIT PROJECT IN THE AMOUNT OF \$95,496,789

WHEREAS, The Transportation Authority is a recipient of federal and state funds administered by the California Department of Transportation (Caltrans); and

WHEREAS, Guidelines established by Caltrans require that certain funding agreements be signed by the project sponsor and returned to Caltrans; the guidelines also require a Board resolution identifying the person(s) authorized to execute these funding agreements and the title of the grant; and Caltrans requires the Transportation Authority to return the signed grant agreement and resolution within 14 days of receipt of grant; and

WHEREAS, In Fiscal Year 2022/23, staff anticipate receiving federal and state funds from Caltrans for the Yerba Buena Island (YBI) Westside Bridges Seismic Retrofit Project in the upcoming months to enable the project to begin construction this spring; and

WHEREAS, The YBI Westside Bridges Seismic Retrofit Project will replace seven seismically deficient bridges and retrofit one bridge with a realigned roadway and retaining walls, a Class II bicycle facility, and a transit-only access on-ramp and will be challenging to implement, given its unique location along the western edge of YBI along steep terrain on the hillside overlooking the San Francisco Bay; and

WHEREAS, Total funding administered by Caltrans for the construction phase amounts to \$95,496,378, comprised of \$59,135,827 from federal Highway Bridge Program; \$18,000,000 from the federal Rebuilding American Infrastructure with



Sustainability and Equity funds; \$7,104,551 from state Proposition 1B funds; \$9,056,000 from state Senate Bill 1 Local Partnership Program funds; and \$2,200,000 from a federal earmark passed by Congress; and

WHEREAS, The recommended action would facilitate compliance with Caltrans' funding agreement deadlines, avoid loss of grant revenues, and enable the Transportation Authority to seek reimbursement of federal and state grant funds administered by Caltrans for the YBI Westside Bridges Seismic Retrofit Project; and

WHEREAS, The first year of anticipated revenues for these grants will be included in the Fiscal Year 2022/23 mid-year budget amendment; now, therefore, be it

RESOLVED, That the Transportation Authority hereby authorizes the Executive Director to execute master agreements, program supplemental agreements, cooperative agreements, fund transfer agreements and any amendments thereto with Caltrans for receipt of federal and state funds for the YBI Westside Bridges Seismic Retrofit Project in the amount of \$95,496,378; and be it further

RESOLVED, That the Executive Director is directed to submit this resolution to Caltrans and other relevant parties.



## Memorandum

### AGENDA ITEM 7

**DATE:** January 19, 2023

**TO:** Transportation Authority Board

**FROM:** Anna LaForte - Deputy Director for Policy and Programming

**SUBJECT:** 1/24/2023 Board Meeting: Allocate \$190,000 in Prop K Funds, with Conditions, to the San Francisco Municipal Transportation Agency for Sloat and Skyline Intersection Improvements

#### RECOMMENDATION

☐ Information ☒ Action

Allocate \$190,000 in Prop K funds, with conditions, to the San Francisco Municipal Transportation Agency (SFMTA) for Sloat and Skyline Intersection Improvements

#### SUMMARY

The SFMTA has requested \$190,000 in Prop K funds to design new traffic signals at the intersection of Skyline Boulevard, Sloat Boulevard, and 39th Avenue to improve traffic, pedestrian, and bicycle safety, and right of way allocations at the intersection. The signals will also accommodate traffic diversions and minimize potential Muni delays resulting from the upcoming Great Highway extension closure between Sloat and Skyline for the upcoming Ocean Beach Climate Change Adaptation Project. This request was continued at the December 6, 2022 Board meeting where Commissioner Melgar and former Commissioner Mar expressed concern that the SFMTA was proposing to implement a new design that was different from recommendations in a prior planning study and they wanted to better understand it. They also requested clarification on how bicycles would use the intersection. SFMTA and Transportation Authority staff subsequently coordinated and briefed Commissioners Melgar and Engardio on the project who are supportive of this request advancing. We are recommending final approval on first appearance so that SFMTA can quickly complete design and add this project to an existing signal contract in order to finish construction by the end of the year before the Great Highway extension closure between Sloat and Skyline.

- ☒ Fund Allocation
- ☒ Fund Programming
- ☐ Policy/Legislation
- ☐ Plan/Study
- ☐ Capital Project Oversight/Delivery
- ☐ Budget/Finance
- ☐ Contract/Agreement
- ☐ Other: \_\_\_\_\_



## **DISCUSSION**

Attachment 1 summarizes the subject request, including information on proposed leveraging (e.g., stretching Prop K sales tax dollars further by matching them with other fund sources) compared with the leveraging assumptions in the Prop K Expenditure Plan. Attachment 2 includes a brief project description. Attachment 3 summarizes the staff recommendation for this request, highlighting special conditions and other items of interest. Attachment 5 is the allocation request form for the project, with detailed information on scope, schedule, budget, funding, deliverables and special conditions.

This request was originally presented to the Board at its December 6, 2022 meeting. At the meeting, Commissioner Melgar noted that the project would signalize the existing configuration of the intersection, instead of reconfiguring the intersection in one of the redesign concepts that had been included in an earlier planning study. The concepts were a T-shaped signalized intersection or a roundabout. Commissioner Melgar said she was concerned that the current proposal was focused on a design that could be implemented quickly, but that she did not want to forgo the opportunity for a complete redesign, which was the focus of prior community outreach. She requested additional information about the design and timeline along with the tradeoffs from the earlier redesign concepts.

Former Commissioner Mar said that he felt comfortable moving forward with the request after meetings with staff, but he also expressed concerns that the current design is not what was anticipated since Sloat and Skyline is one of the most challenging intersections on the West Side and will be important to accommodate the Ocean Beach Climate Change Adaptation project.

Since the December Board meeting, Transportation Authority and SFMTA staff have coordinated and met with Commissioners Melgar and Engardio to provide additional details on the project. SFMTA staff has explained that they are recommending the proposed design based on analysis of the future traffic demand, Caltrans guidance, funding availability, and time constraints to get a project implemented by the end of the year before the Great Highway extension closure between Sloat and Skyline for the upcoming Ocean Beach Climate Change Adaptation Project. SFMTA has clarified that the scope includes the following improvements at the intersection:

- New traffic signals to improve traffic, pedestrian, and bicycle safety
- Modified intersection configuration to provide sufficient capacity to accommodate future traffic demand after the lower Great Highway extension closure between Skyline and Sloat
- Pedestrian crosswalks with pedestrian signal control and flashing beacon for pedestrian safety

SFMTA is separately implementing two quick-build bikeway projects to improve bicycle safety near the intersection: the Lake Merced Quick-Build Project will construct a bikeway to the southwest of the intersection; and the Sloat Blvd Quick-Build Project, which will construct a bikeway to the west of the intersection.





## **FINANCIAL IMPACT**

The recommended action would allocate \$190,000 in Prop K funds with conditions. The allocation would be subject to the Fiscal Year Cash Flow Distribution Schedule contained in the attached Allocation Request Form.

Attachment 4 shows the Prop K Fiscal Year 2022/23 allocations and appropriations approved to date, with associated annual cash flow commitments as well as the recommended allocation and cash flow amounts that are the subject of this memorandum.

Sufficient funds are included in the Fiscal Year 2022/23 annual budget. Furthermore, sufficient funds will be included in future budgets to cover the recommended cash flow distributions in those fiscal years.

## **CAC POSITION**

The CAC considered this request at its November 30, 2022 meeting and unanimously adopted a motion of support for the staff recommendation.

## **SUPPLEMENTAL MATERIALS**

- Attachment 1 - Summary of Request
- Attachment 2 - Project Description
- Attachment 3 - Staff Recommendation
- Attachment 4 - Prop K Allocation Summary - FY 2022/23
- Attachment 5 - Allocation Request Form
- Attachment 6 - Resolution

									Leveraging				
Source	EP Line No./ Category <sup>1</sup>	Project Sponsor <sup>2</sup>	Project Name	Current Prop K Request	Prop K 2022/23	Prop K 2023/24	Prop K 2024/25	Prop K 2025/26	Total Cost for Requested Phase(s)	Expected Leveraging by EP Line <sup>3</sup>	Actual Leveraging by Project Phase(s) <sup>4</sup>	Phase(s) Requested	District(s)
Prop K	31	SFMTA	Sloat and Skyline Intersection Improvements	\$ 190,000		190,000			\$ 190,000	26%	0%	Design	4, 7
TOTAL				\$ 190,000	\$ -	\$ 190,000	\$ -	\$ -	\$ 190,000	26%	0%		

Footnotes

<sup>1</sup> "EP Line No./Category" is either the Prop K Expenditure Plan line number referenced in the 2021 Prop K Strategic Plan or the Prop AA Expenditure Plan category referenced in the 2022 Prop AA Strategic Plan, including: Street Repair and Reconstruction (Street), Pedestrian Safety (Ped), and Transit Reliability and Mobility Improvements (Transit) or the Traffic Congestion Mitigation Tax (TNC Tax) category referenced in the Program Guidelines.

<sup>2</sup> Acronyms: SFMTA (San Francisco Municipal Transportation Agency); SFPW (San Francisco Public Works)

<sup>3</sup> "Expected Leveraging By EP Line" is calculated by dividing the total non-Prop K funds expected to be available for a given Prop K Expenditure Plan line item (e.g. Pedestrian Circulation and Safety) by the total expected funding for that Prop K Expenditure Plan line item over the 30-year Expenditure Plan period. For example, expected leveraging of 90% indicates that on average non-Prop K funds should cover 90% of the total costs for all projects in that category, and Prop K should cover only 10%.

<sup>4</sup> "Actual Leveraging by Project Phase" is calculated by dividing the total non-Prop K, non-Prop AA, or non-TNC Tax funds in the funding plan by the total cost for the requested phase or phases. If the percentage in the "Actual Leveraging" column is lower than in the "Expected Leveraging" column, the request (indicated by yellow highlighting) is leveraging fewer non-Prop K dollars than assumed in the Expenditure Plan. A project that is well leveraged overall may have lower-than-expected leveraging for an individual or partial phase.

Attachment 2: Brief Project Description <sup>1</sup>

EP Line No./ Category	Project Sponsor	Project Name	Prop K Funds Requested	Project Description
31	SFMTA	Sloat and Skyline Intersection Improvements	\$ 190,000	This request will fund the design phase of new traffic signals at Skyline Boulevard/Sloat Boulevard/39th Avenue to improve traffic, pedestrian, bicycle safety, and right of way allocations at the intersection. The signals will also accommodate traffic diversions and minimize potential Muni delays resulting from the upcoming Great Highway extension closure between Sloat and Skyline for the upcoming Ocean Beach Climate Change Adaptation Project. The scope of work includes new traffic signals (mast arms, signal heads, controllers, conduit, wiring, and poles), pedestrian countdown signals, accessible (audible) pedestrian signals, and curb ramps. Final design will be begin in early 2023 and last 5 months. SFMTA plans to fund construction with a \$1.2 million state earmark secured for the project by Assemblyman Ting. The project is expected to be open for use by December 2023.
<b>TOTAL</b>			<b>\$190,000</b>	

<sup>1</sup> See Attachment 1 for footnotes.

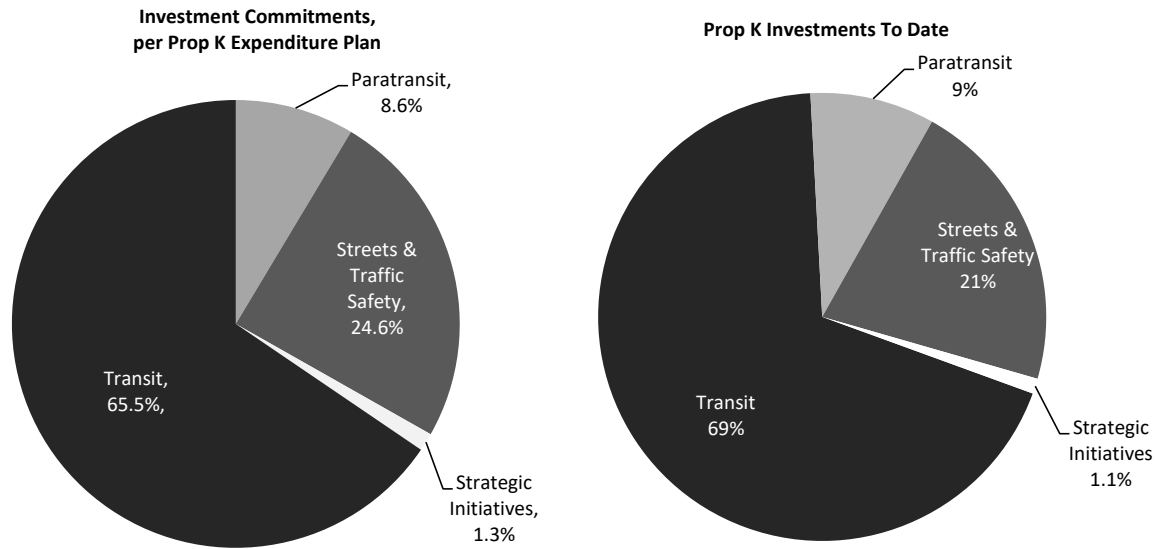
Attachment 3: Staff Recommendation <sup>1</sup>

EP Line No./ Category	Project Sponsor	Project Name	Prop K Funds Recommended	Recommendations
31	SFMTA	Sloat and Skyline Intersection Improvements	\$ 190,000	<b>5YPP Amendment:</b> Funding this request requires a concurrent amendment to the New Signals and Signs 5YPP to reprogram \$190,000 from New Signal Contract 66 to the subject project. The SFMTA is planning to request construction funds for Contract 66 once design is complete, which is anticipated later this fiscal year. SFMTA would need to seek additional funds to fully fund the Contract 66 scope. See attached 5YPP amendment for details.
TOTAL			\$ 190,000	

<sup>1</sup> See Attachment 1 for footnotes.

PROP K SALES TAX					
FY2022/23	Total	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Prior Allocations	\$ 58,129,234	\$ 17,914,023	\$ 15,748,889	\$ 22,649,601	\$ 1,816,721
Current Request(s)	\$ 190,000	\$ -	\$ 190,000	\$ -	\$ -
New Total Allocations	\$ 58,319,234	\$ 17,914,023	\$ 15,938,889	\$ 22,649,601	\$ 1,816,721

The above table shows maximum annual cash flow for all FY 2022/23 allocations and appropriations approved to date, along with the current recommended allocation(s) and appropriation.



# San Francisco County Transportation Authority Allocation Request Form

<b>FY of Allocation Action:</b>	FY2022/23
<b>Project Name:</b>	Sloat and Skyline Intersection Improvements
<b>Grant Recipient:</b>	San Francisco Municipal Transportation Agency

## EXPENDITURE PLAN INFORMATION

<b>PROP K Expenditure Plans</b>	New Signals and Signs
<b>Current PROP K Request:</b>	\$190,000
<b>Supervisory Districts</b>	District 04, District 07

## REQUEST

### Brief Project Description

This request will fund the design phase of new traffic signals at Skyline Boulevard/Sloat Boulevard/39th Avenue to improve traffic, pedestrian, bicycle safety, and right of way allocations at the intersection. The scope of work includes new traffic signals (mast arms, signal heads, controllers, conduit, wiring, and poles), pedestrian countdown signals, accessible (audible) pedestrian signals, and curb ramps.

### Detailed Scope, Project Benefits and Community Outreach

#### Detailed Scope, Project Benefits, and Community Outreach

##### Background and Scope

The San Francisco Municipal Transportation Agency (SFMTA) is seeking \$190,000 in Proposition K Sales Tax funds toward the design phase of new traffic signals at Skyline Boulevard, and Sloat Boulevard, and 39th Avenue.

Please note that the preliminary phase for this project was funded by General Fund Population Based Streets funds in the amount of \$150,000. Construction phase in the amount of \$1,200,000 is proposed to be funded by a state earmark funding proposed by Assembly Budget Chair Phil Ting, through Senate Bill 178.

The new traffic signals are proposed to improve right-of-way allocation and to reduce vehicle and transit delays associated with the upcoming closure of Great Highway Extension south of Sloat Boulevard. The intersection is on the city's Vision Zero High-Injury Network.

The scope of work includes all necessary signal infrastructure including new 12" signal heads and mast arms, new signal poles, pedestrian countdown signals, accessible pedestrian signals, updated curb ramps where they are needed, streetlighting, and related signal work. In addition, civil work will modify an existing median to allow for an additional left turn pocket for northbound Skyline Boulevard.

##### Location Selection Criteria

Skyline Boulevard is a major north-south arterial street connecting the west side of San Francisco to the Peninsula. Sloat Boulevard becomes State Route 35 through the Project location. The Project location is partially within the Caltrans right-of-way and is adjacent to retail and/or recreational facilities, including Lakeshore Plaza, the San Francisco Zoo, Lake Merced, and the Pomeroy

Rehabilitation Center for the Disabled. The following three major Muni lines service the area: 18 46th Avenue, 23 Monterey, and 58 Lake Merced.

Through several safety improvements, the signal project's goal is to improve traffic, pedestrian, bicycle safety, and right-of-way allocations at the intersection of Skyline Boulevard, Sloat Boulevard, and 39th Avenue. The signals are especially needed to signalize existing pedestrian crossings at 45 mph roadways that are presently uncontrolled.

The signals will also accommodate traffic diversions and minimize potential Muni delays resulting from the upcoming closure of the Great Highway Extension between Sloat and Skyline due to the upcoming Ocean Beach Climate Change Adaptation Project. In addition, this Project will coordinate with an upcoming Sloat Quick Build project between Skyline and the Great Highway.

#### Implementation

Following the start of this project earlier this year, SFMTA staff realized that additional design and civil work is necessary to bring curb ramps up to the latest standards. Additional civil work was also needed to modify an existing median to add an additional left turn pocket for Northbound Skyline.

The proposed project schedule & budget reflect that functionally, the work that has been undertaken to date for this project is preliminary engineering work. Proposition K funds are proposed to fund the design phase.

Please note that since the work at Sloat, Skyline, and 39th Avenue will be implemented via change order to the Contract 65 New Traffic Signals project which started construction on October 11, 2022, the charges for this design phase allocation will occur during the construction phase for Contract 65. SFMTA's Sustainable Streets Division has been managing the scope of the planning/conceptual engineering and detailed design. San Francisco Public Works (SFPW's) Infrastructure Design and Construction (IDC) division will manage the issuance and administration of the contract for construction through a change order to the competitively bid contract New Traffic Signals Contract 65 project.

#### Task:

#### Work Performed By:

- |                                   |   |
|-----------------------------------|---|
| • Planning/Conceptual Engineering | SFMTA Sustainable Streets Division          |
| • Planning/Conceptual Engineering | SFPW Infrastructure Design and Construction |
| • Signal design                   | SFMTA Sustainable Streets Division          |
| • Civil design                    | SFPW Infrastructure Design and Construction |
| • Construction Management         | SFPW Infrastructure Construction Management |
| • Contract Support                | SFPW Infrastructure Design and Construction |
| • Construction Support            | SFMTA Sustainable Streets Division          |

#### Community Outreach

Project work was deemed to be Categorically Exempt by the San Francisco Planning Department on September 9, 2022.

A public hearing was already held on September 23, 2022 where there was public discussion on this project. The project received the following community input: one email in support was received ahead of the public hearing, one comment in opposition during the public hearing regarding effects of an upcoming ballot measure proposing changes in the vicinity of the proposed new signals, and one comment in support during the public hearing.

On September 30, 2022, the scope of work proposed for this project was approved by the City Traffic Engineer for implementation.

**Project Location**

The signals will be at Skyline Boulevard/Sloat Boulevard/39th Avenue

**Project Phase(s)**

Design Engineering (PS&E)

**5YPP/STRATEGIC PLAN INFORMATION**

<b>Type of Project in the Prop K 5YPP/Prop AA Strategic Plan?</b>	New Project
<b>Is requested amount greater than the amount programmed in the relevant 5YPP or Strategic Plan?</b>	Less than or Equal to Programmed Amount
<b>Prop K 5YPP Amount:</b>	\$0

**Justification for Necessary Amendment**

Request includes an amendment to the New Signals and Signs 5YPP to reprogram \$190,000 from New Signal Contract 66 to the subject project. The SFMTA is planning to request construction funds for Contract 66 once design is complete, which is anticipated later this fiscal year. SFMTA will need to seek additional funds to fully fund the Contract 66 scope. See attached 5YPP amendment for details.



# San Francisco County Transportation Authority

## Allocation Request Form

<b>FY of Allocation Action:</b>	FY2022/23
<b>Project Name:</b>	Sloat and Skyline Intersection Improvements
<b>Grant Recipient:</b>	San Francisco Municipal Transportation Agency

### ENVIRONMENTAL CLEARANCE

<b>Environmental Type:</b>	Categorically Exempt
----------------------------	----------------------

### PROJECT DELIVERY MILESTONES

Phase	Start		End	
	Quarter	Calendar Year	Quarter	Calendar Year
Planning/Conceptual Engineering (PLAN)	Jan-Feb-Mar	2022	Jan-Feb-Mar	2023
Environmental Studies (PA&ED)				
Right of Way				
Design Engineering (PS&E)	Jan-Feb-Mar	2023	Apr-May-Jun	2023
Advertise Construction	Apr-May-Jun	2023		
Start Construction (e.g. Award Contract)	Jul-Aug-Sep	2023		
Operations (OP)				
Open for Use			Oct-Nov-Dec	2023
Project Completion (means last eligible expenditure)			Oct-Nov-Dec	2024

### SCHEDULE DETAILS

Design is expected to take approximately 5 months.

# San Francisco County Transportation Authority Allocation Request Form

<b>FY of Allocation Action:</b>	FY2022/23
<b>Project Name:</b>	Sloat and Skyline Intersection Improvements
<b>Grant Recipient:</b>	San Francisco Municipal Transportation Agency

## FUNDING PLAN - FOR CURRENT REQUEST

Fund Source	Planned	Programmed	Allocated	Project Total
EP-131: New Signals and Signs	\$190,000	\$0	\$0	\$190,000
<b>Phases In Current Request Total:</b>	\$190,000	\$0	\$0	\$190,000

## FUNDING PLAN - ENTIRE PROJECT (ALL PHASES)

Fund Source	Planned	Programmed	Allocated	Project Total
PROP K	\$190,000	\$0	\$0	\$190,000
	\$0	\$0	\$0	\$0
General Fund Population Growth Streets	\$0	\$0	\$150,000	\$150,000
State Earmark	\$0	\$1,200,000	\$0	\$1,200,000
<b>Funding Plan for Entire Project Total:</b>	\$190,000	\$1,200,000	\$150,000	\$1,540,000

## COST SUMMARY

Phase	Total Cost	PROP K - Current Request	Source of Cost Estimate
Planning/Conceptual Engineering	\$150,000		SFMTA & Public Works Fees
Environmental Studies	\$0		
Right of Way	\$0		
Design Engineering	\$190,000	\$190,000	SFMTA & Public Works Fees
Construction	\$1,200,000		Estimate based on recent bids
Operations	\$0		
<b>Total:</b>	<b>\$1,540,000</b>	<b>\$190,000</b>	

<b>% Complete of Design:</b>	0.0%
<b>As of Date:</b>	11/10/2022
<b>Expected Useful Life:</b>	30 Years

**MAJOR LINE ITEM BUDGET**

SUMMARY BY MAJOR LINE ITEM - DESIGN		
Budget Line Item	Totals	% of phase
1. Total Labor	\$ 157,840	
2. Consultant		
3. Other Direct Costs *	\$ 500	
4. Contingency (20%)	\$ 31,660	20%
<b>TOTAL PHASE</b>	<b>\$ 190,000</b>	

\* City Attorney \$500

TOTAL LABOR COST BY AGENCY	
<b>SFMTA</b>	\$ 39,000
<b>SFPW</b>	\$ 118,840
<b>TOTAL</b>	<b>\$ 157,840</b>

# San Francisco County Transportation Authority Allocation Request Form

<b>FY of Allocation Action:</b>	FY2022/23
<b>Project Name:</b>	Sloat and Skyline Intersection Improvements
<b>Grant Recipient:</b>	San Francisco Municipal Transportation Agency

## SFCTA RECOMMENDATION

<b>Resolution Number:</b>		<b>Resolution Date:</b>	
<b>Total PROP K Requested:</b>	\$190,000	<b>Total PROP K Recommended</b>	\$190,000

<b>SGA Project Number:</b>		<b>Name:</b>	Sloat and Skyline Intersection Improvements
<b>Sponsor:</b>	San Francisco Municipal Transportation Agency	<b>Expiration Date:</b>	12/31/2023
<b>Phase:</b>	Design Engineering	<b>Fundshare:</b>	100.0%

### Cash Flow Distribution Schedule by Fiscal Year

Fund Source	FY2023/24	Total
PROP K EP-131	\$190,000	\$190,000

### Deliverables

- Quarterly progress reports shall include % complete of the funded phase, work performed in the prior quarter, work anticipated to be performed in the upcoming quarter, and any issues that may impact schedule, in addition to all other requirements described in the Standard Grant Agreement.
- Upon completion, Sponsor shall provide evidence of completion of 100% design (e.g., copy of certifications page, copy of workorder, internal design completion documentation, or similar).
- Upon completion, Sponsor shall provide an updated scope, schedule, budget, and funding plan for construction.

### Special Conditions

- The recommended allocation is contingent upon amendment of the New Signals and Signs 5YPP. See attached 5YPP amendment for details.

Metric	PROP K	TNC TAX	PROP AA
Actual Leveraging - Current Request	0.0%	No TNC TAX	No PROP AA
Actual Leveraging - This Project	87.66%	No TNC TAX	No PROP AA

# San Francisco County Transportation Authority Allocation Request Form

<b>FY of Allocation Action:</b>	FY2022/23
<b>Project Name:</b>	Sloat and Skyline Intersection Improvements
<b>Grant Recipient:</b>	San Francisco Municipal Transportation Agency

## EXPENDITURE PLAN SUMMARY

<b>Current PROP K Request:</b>	\$190,000
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- 1) The requested sales tax and/or vehicle registration fee revenues will be used to supplement and under no circumstance replace existing local revenues used for transportation purposes.

Initials of sponsor staff member verifying the above statement:
MJ

## CONTACT INFORMATION

	Project Manager	Grants Manager
<b>Name:</b>	Geraldine De Leon	Joel C Goldberg
<b>Title:</b>	Lead Engineer	Grants Procurement Manager
<b>Phone:</b>	(415) 701-4675	555-5555
<b>Email:</b>	geraldine.deleon@sfmta.com	joel.goldberg@sfmta.com

## Map 1 - Sloat and Skyline Intersection Improvements

 Skyline, Sloat, & 39th Avenue





## 2019 Prop K 5-Year Project List (FY 2019/20 - FY 2023/24)

## New Signals and Signs Category (EP 31)

## Programming and Allocations to Date

Pending January 24, 2023 Board

Agency	Project Name	Phase	Status	Fiscal Year					Total
				2019/20	2020/21	2021/22	2022/23	2023/24	
Carry Forward From 2014 5YPP									
SFMTA	Great Highway Signal Upgrade - New Pedestrian Signals	PS&E	Allocated	\$65,606					\$65,606
SFMTA	New Traffic Signals (Contract 64) - Additional Funds <sup>2</sup>	CON	Programmed	\$0					\$0
SFMTA	District 3 Pedestrian Safety Improvements [NTIP Capital] <sup>1</sup>	CON	Allocated	\$245,000					\$245,000
SFMTA	Neighborhood Transportation Improvement Program <sup>1</sup>	PS&E, CON	Programmed	\$0					\$0
New Traffic Signals									
SFMTA	New Signal Contract 65 <sup>2</sup>	CON	Allocated		\$3,126,086				\$3,126,086
SFMTA	New Signal Contract 66	PS&E	Allocated			\$300,000			\$300,000
SFMTA	Sloat Skyline Intersection Improvements <sup>4</sup>	PS&E	Pending				\$190,000		\$190,000
SFMTA	New Signal Contract 66 <sup>3,4</sup>	CON	Programmed				\$3,110,000		\$3,110,000
SFMTA	New Signal Contract 66 <sup>3</sup>	CON	Programmed				\$3,450,000		\$3,450,000
Total Programmed in 2019 5YPP				\$310,606	\$3,126,086	\$300,000	\$6,750,000	\$0	\$10,486,692
Total Allocated and Pending				\$310,606	\$3,126,086	\$300,000	\$190,000	\$0	\$3,926,692
Total Unallocated				\$0	\$0	\$0	\$6,560,000	\$0	\$6,560,000
Total Programmed in 2021 Strategic Plan				\$310,606	\$3,126,086	\$300,000	\$6,750,000	\$0	\$10,486,692
Deobligated Funds						\$0	\$0	\$0	\$0
Cumulative Remaining Programming Capacity				\$0	\$0	\$0	\$0	\$0	\$0
Pending Allocation/Appropriation									
Board Approved Allocation/Appropriation									

## FOOTNOTES:

<sup>1</sup> 5YPP amendment to fund District 3 Pedestrian Safety Improvements [NTIP Capital] (Resolution 2020-041, 4/14/2020).

NTIP Placeholder: Reduced from \$245,000 to \$0

District 3 Pedestrian Safety Improvements [NTIP Capital]: Added project with \$245,000 in Fiscal Year 2019/20 for construction.

<sup>2</sup> 5YPP amendment to fund New Signal Contract 65 (Resolution 2021-053, 6/22/2021).

New Traffic Signals (Contract 64) - Additional Funds: Reduced from \$231,250 to \$0; project is substantially complete and will not need the programmed funds.

Cumulative Remaining Programming Capacity: Reduced from \$472,725 to \$0; funds were deobligated from 3 grants for New Signal Contract 63, which was completed under budget.

New Signal Contract 65: Increased programming from \$2,422,111 to \$3,126,086 in FY2020/21.

<sup>3</sup> 2021 Strategic Plan Update and corresponding 5YPP amendment to advance and program \$3,450,000 from the outyears to FY2022/23 to fully fund New Signal Contract 66 construction.

<sup>4</sup> 5YPP amendment to fund Sloat Skyline Intersection Improvements (Resolution 2023-xx, 12/13/2022).



New Signal Contract 66: Reduced from \$3,300,000 to \$3,110,000 in Fiscal Year 2022/23.

Sloat Skyline Intersection Improvements: Added project with \$190,000 for design in FY2022/23.



RESOLUTION ALLOCATING \$190,000 IN PROP K SALES TAX FUNDS WITH CONDITIONS,  
TO THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY FOR SLOAT AND  
SKYLINE INTERSECTION IMPROVEMENTS

WHEREAS, The Transportation Authority received a request from the San Francisco Municipal Transportation Agency (SFMTA) for \$190,000 in Prop K local transportation sales tax funds to design new traffic signals at the intersection of Skyline Boulevard, Sloat Boulevard, and 39th Avenue to improve traffic, pedestrian, and bicycle safety, and right of way allocations at the intersection, as summarized in Attachments 1 and 2; and

WHEREAS, The request seeks funds from the New Signals and Signs category in the Prop K Expenditure Plan; and

WHEREAS, As required by the voter-approved Expenditure Plan, the Transportation Authority Board has adopted a Prop K 5-Year Prioritization Program (5YPP) for the aforementioned Expenditure Plan programmatic category; and

WHEREAS, The SFMTA's request for the Sloat and Skyline Intersection Improvements project requires amendment of the New Signals and Signs 5YPP as summarized in Attachment 2 and detailed in the allocation request form (Attachment 5); and

WHEREAS, After reviewing the request, Transportation Authority staff recommended allocating \$190,000 in Prop K funds to the SFMTA for the Sloat and Skyline Intersection Improvements Project, as described in Attachment 3 and detailed in the allocation request form, which include staff recommendations for the Prop K allocation amount, required deliverables, timely use of funds requirements, special conditions, and Fiscal Year Cash Flow Distribution Schedule; and

WHEREAS, There are sufficient funds in the Capital Expenditures line item of the Transportation Authority's approved Fiscal Year 2022/23 budget to cover the proposed action; and

WHEREAS, At its November 30, 2022 meeting, the Community Advisory Committee was briefed on the subject request and unanimously adopted a motion of support for the staff recommendation; and

WHEREAS, At the Transportation Authority Board considered this request at its December 6, 2022 and January 24, 2023 meetings; now, therefore, be it



RESOLVED, That the Transportation Authority hereby amends the Prop K New Signals and Signs 5YPP as detailed in the attached allocation request form; and be it further

RESOLVED, That the Transportation Authority hereby allocates \$190,000 in Prop K funds with conditions, to the SFMTA for Sloat and Skyline Intersection Improvements, as summarized in Attachment 3 and detailed in the attached allocation request form; and be it further

RESOLVED, That the Transportation Authority finds the allocation of these funds to be in conformance with the priorities, policies, funding levels, and prioritization methodologies established in the Prop K Expenditure Plan, the Prop K Strategic Plan, and the relevant 5YPP; and be it further

RESOLVED, That the Transportation Authority hereby authorizes the actual expenditure (cash reimbursement) of funds for these activities to take place subject to the Fiscal Year Cash Flow Distribution Schedule detailed in the attached allocation request form; and be it further

RESOLVED, That the Capital Expenditures line item for subsequent fiscal year annual budgets shall reflect the maximum reimbursement schedule amounts adopted and the Transportation Authority does not guarantee reimbursement levels higher than those adopted; and be it further

RESOLVED, That as a condition of this authorization for expenditure, the Executive Director shall impose such terms and conditions as are necessary for the project sponsor to comply with applicable law and adopted Transportation Authority policies and execute Standard Grant Agreements to that effect; and be it further

RESOLVED, That as a condition of this authorization for expenditure, the project sponsor shall provide the Transportation Authority with any other information it may request regarding the use of the funds hereby authorized; and be it further

RESOLVED, That the Capital Improvement Program of the Congestion Management Program is hereby amended, as appropriate.

**Attachments:**

1. Summary of Request Received
2. Brief Project Description
3. Staff Recommendation



4. Prop K Allocation Summary - FY 2022/23
5. Prop K Allocation Request Form



MOTION ADOPTING THE SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY 2022  
ANNUAL REPORT

Pursuant to Section 131303 of the California Public Utilities Code, the Transportation Authority hereby adopts the San Francisco County Transportation Authority 2022 Annual Report.

Enclosure:

1. Draft 2022 Annual Report

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San Francisco  
County Transportation  
Authority

# Portsmouth Square Community Based Transportation Plan Update



San Francisco  
County Transportation  
Authority

Agenda Item 9  
January 24, 2023

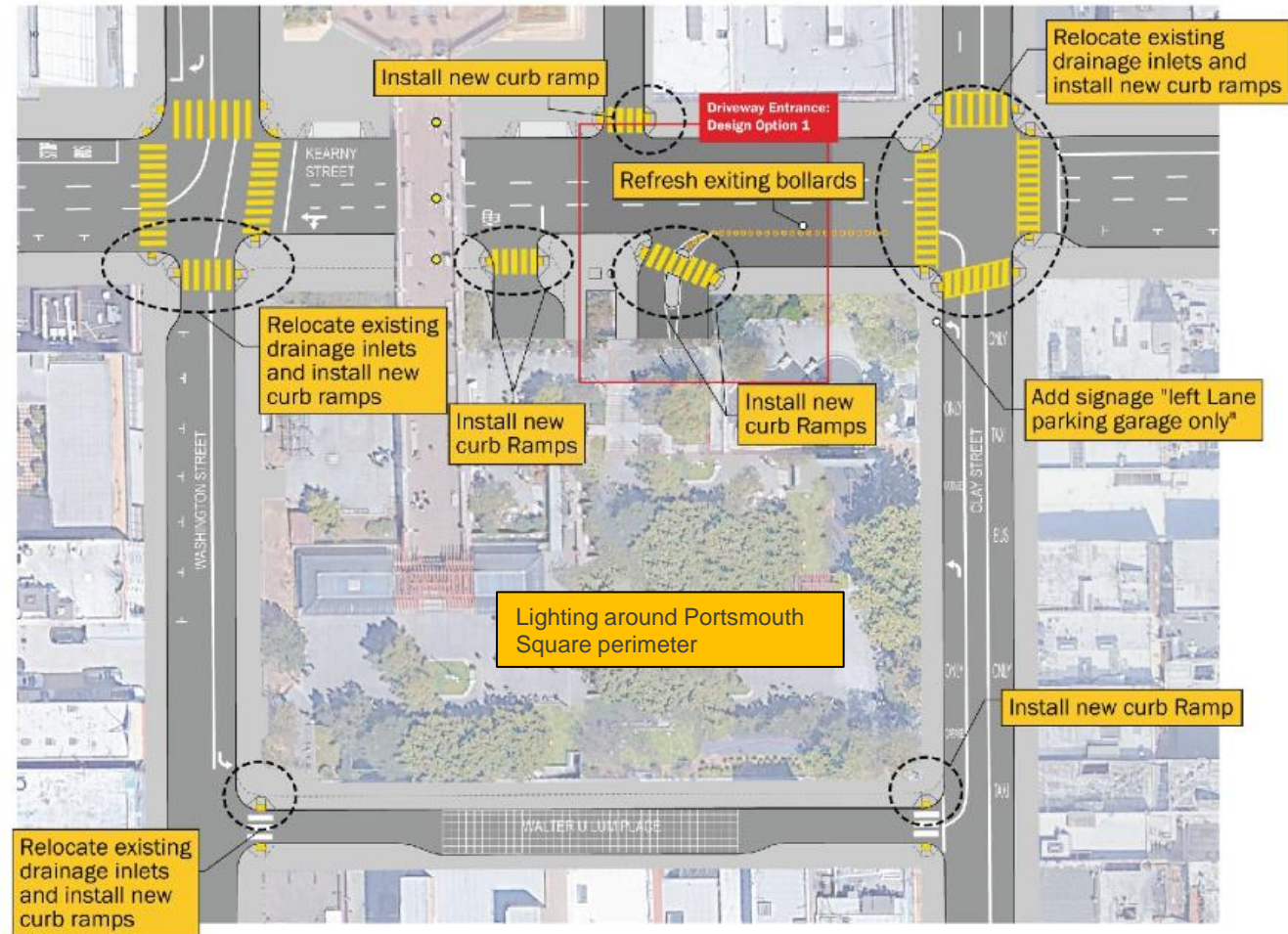
# Portsmouth Square CBTP (2020)

## Purpose

- Improve Transportation Safety and Circulation around Portsmouth Square
- Support Urban Design and Access Objectives of the Park Redesign

## Solutions Prioritized by Community

- Pedestrian Safety
- ADA & Modernization



Solutions based on Community Prioritization in 2020



# Portsmouth Square Improvement Project

- Project led by Recreation & Parks Department (RPD)
- Complete park renovation
- Currently under detailed design, regulatory, and environmental review
- Open to bid in winter 2023-2024 (Tentative)
- Construction 2024 - 2026 (Tentative)



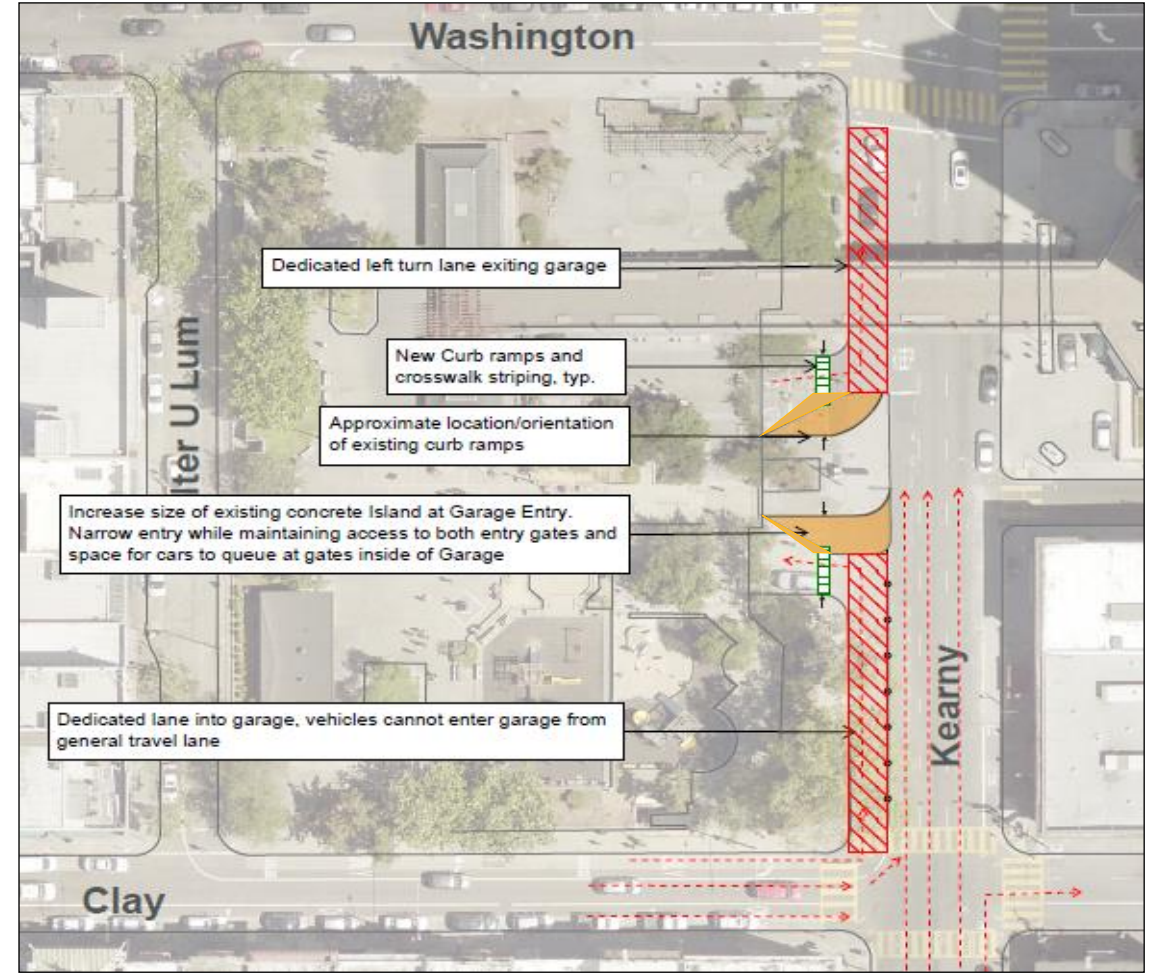
SOURCE: RPD, Portsmouth Square Improvement Project:  
SFAC Civic Design Review - Design Development Phase, April 19, 2021

Portsmouth Square Improvement Project

# Transportation Improvements Update

## Portsmouth Garage Entry & Exit Improvements on Kearny St

- Revised Entry & Exit area design by MTA & RPD
  - Curb extension to shorten pedestrian crossing distance
  - Dedicated single lane entering & exiting garage on Kearny
  - New landscaping & signage
- Supported by Portsmouth Plaza Parking Corporation Board



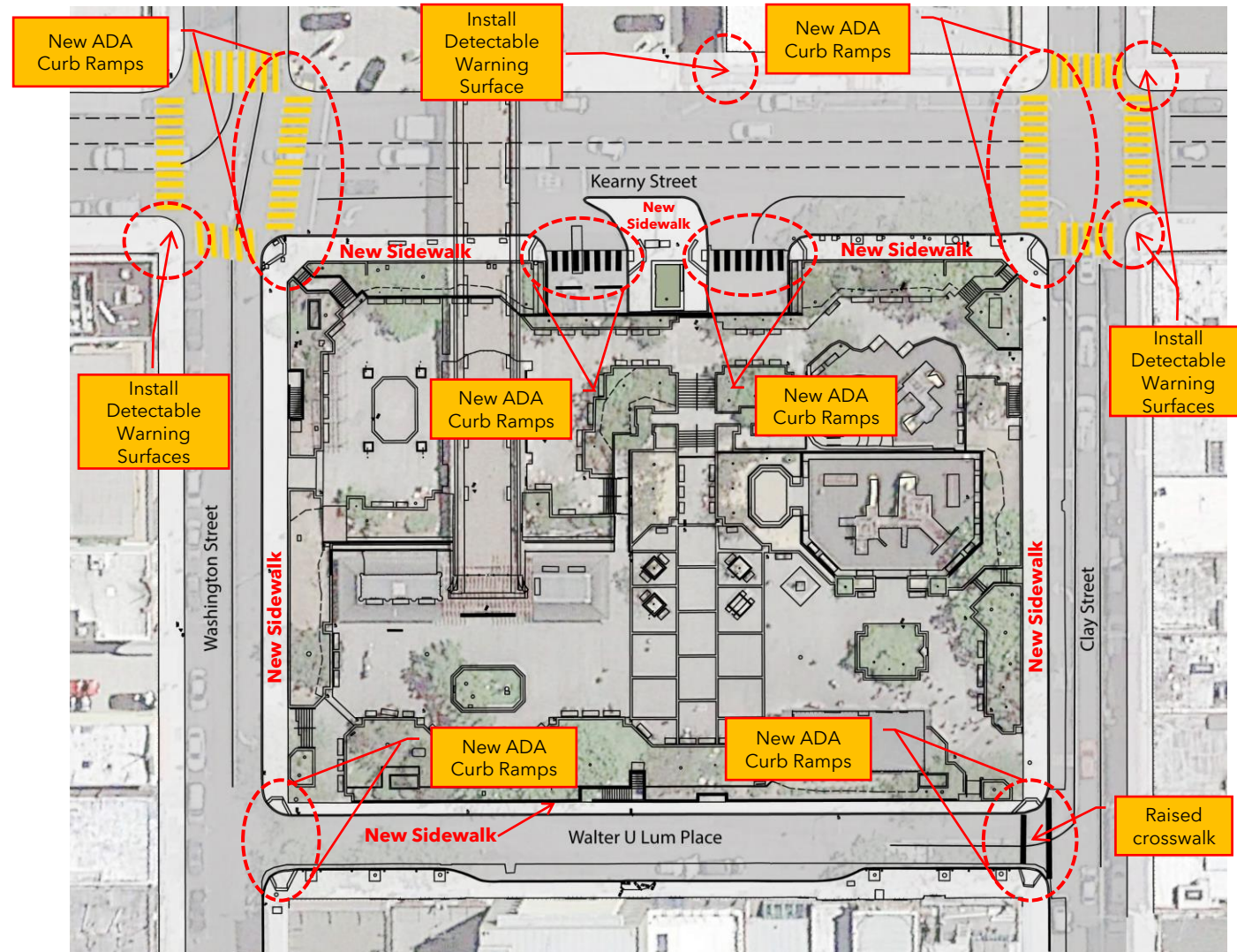
Sketch provided by MTA & RPD



# Transportation Improvements Update

## ADA & Modernization Included in RPD Plan

- New ADA curb ramps at the intersections around the park perimeter and Kearny
- New sidewalks along Kearny St, Clay St, Walter U Lum Pl, & Washington St
- Detectable warning surfaces at various locations



Plan provided by RPD



# Walter U Lum Place (WUL) Improvements

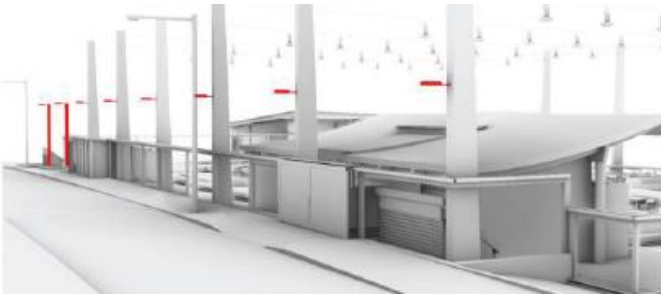
## Scope of work

- New ADA Curb Ramps
- New Concrete Sidewalks
- Raised Crosswalk at Clay Intersection
- Pedestrian lighting
- New Asphalt Paving
- Street Trees, Irrigation, and Landscapes
- New Garage Waterproofing

# Transportation Improvements Update

## Lighting Included in RPD Plan

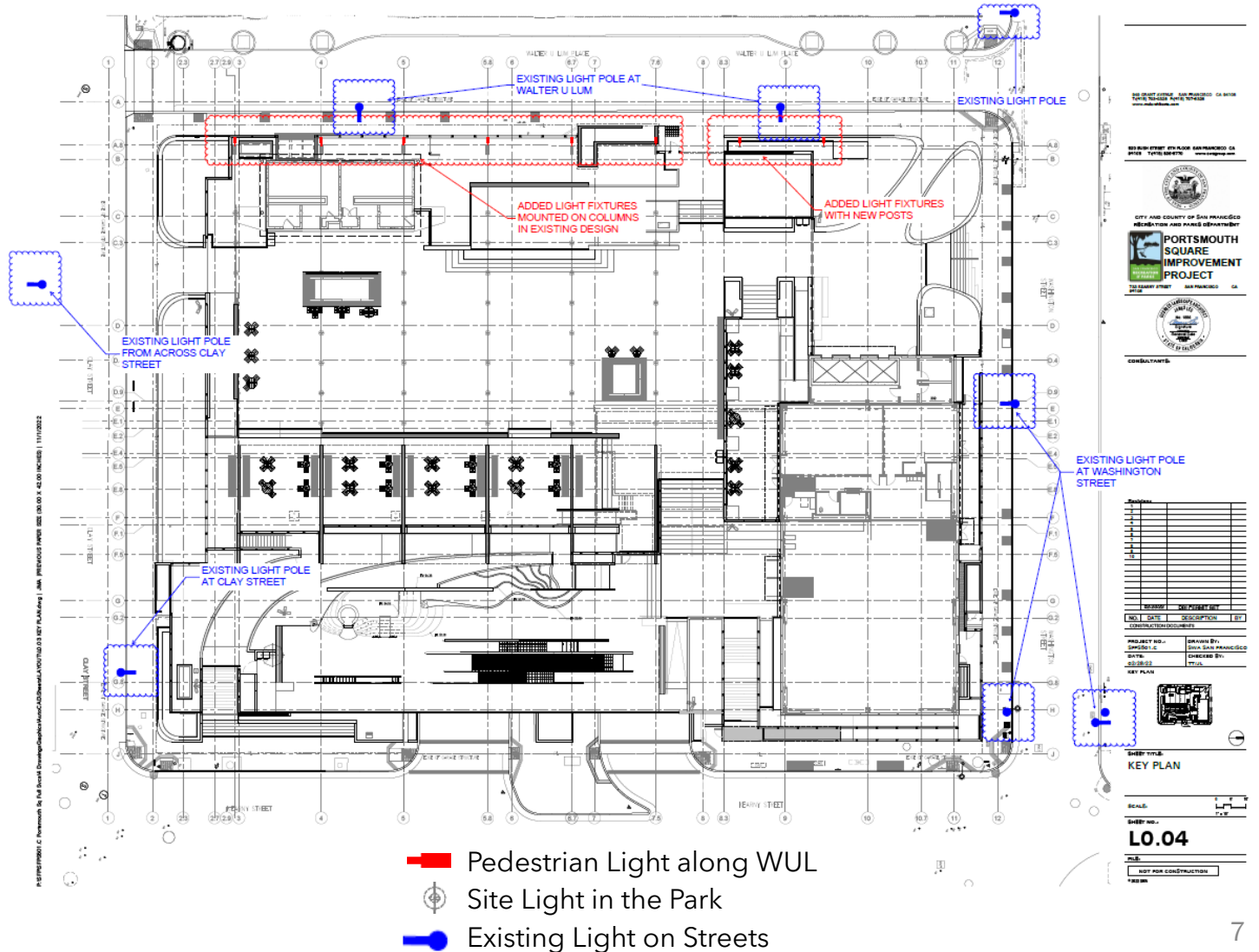
- Pedestrian lighting along WUL
- Site lighting in the park, especially at entrance and exit areas



WUL Lighting View



San Francisco  
County Transportation  
Authority



Plan provided by RPD

# Cost & Funding

- Transportation Improvements on WUL incorporated in RPD's project will be partly funded by \$1M from Assembly Member Ting's Office
- Funding for all other Transportation Improvements to be secured by RPD (e.g., 2020 Health & Recovery Bond, Transit Center Impact Fees & CFD Revenues, Additional State Funds from Assembly Member Ting, etc.)

# Thank you.

**Jielin Pan**

Senior Engineer,  
Capital Projects  
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Francisco Recreation and  
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## Memorandum

### AGENDA ITEM 10

**DATE:** January 20, 2023

**TO:** Transportation Authority Board

**FROM:** Anna LaForte - Deputy Director for Policy and Programming

**SUBJECT:** 1/24/2023 Board Meeting: Prop L Implementation Approach

#### **RECOMMENDATION** ☒ Information ☐ Action

None. This is an information item.

#### **SUMMARY**

We are very appreciative and excited that San Francisco voters approved the Prop L Sales Tax for Transportation in November 2022. Prop L adopted a new Expenditure Plan to guide investment of the half-cent sales tax and extended the sales tax for 30-years to fund it. Prop L will supersede Prop K, the current sales tax measure on April 1, 2023. This memo provides an overview of our approach to implementing Prop L, an approach which will continue the focus on equity and transparency which guided the development of Prop L. Like Prop K, the Prop L Expenditure Plan requires that the Transportation Authority adopt a 30-year Strategic Plan to guide day-to-day implementation of the sales tax program, and for each of the 28 programs in the Expenditure Plan, adopt a 5-Year Prioritization Program (5YPP) which identifies the specific projects to be funded in the next five years. Adoption of these documents is a prerequisite for allocation of funds from the corresponding program. The inaugural Prop L 5YPPs will cover the five-year period starting July 1, 2023. The Strategic Plan and 5YPPs will be developed in close collaboration with the eligible project sponsors and informed by public engagement, the Board and Community Advisory Committee throughout the process. To facilitate the transition from Prop K to Prop L, we are proposing a freeze on sales tax allocations between April and May 2023. As shown in the draft schedule (Attachment 2), the first Prop L allocations are anticipated in June 2023, with funds available July 1. This memo and the accompanying staff presentation will highlight the many similarities between Prop K and L, but also the new opportunities in Prop L, such as newly eligible project types and new prioritization criteria to select projects.

- ☐ Fund Allocation
- ☒ Fund Programming
- ☐ Policy/Legislation
- ☐ Plan/Study
- ☐ Capital Project Oversight/Delivery
- ☐ Budget/Finance
- ☐ Contract/Agreement
- ☐ Other: \_\_\_\_\_



## BACKGROUND

In November 2022, 71.8% San Francisco voters approved Prop L, the Sales Tax for Transportation Projects measure that will direct \$2.6 billion in half-cent sales tax funds over 30 years to help deliver safer, smoother streets, more reliable transit, continue paratransit services for seniors and persons with disabilities, reduce congestion, and improve air quality. This is the second time that the San Francisco transportation sales tax has been reauthorized with voter approval of a new Expenditure Plan: in 2003, voters approved Prop K, reauthorizing the Prop B sales tax, which was approved in 1989.

## DISCUSSION

The Prop L Expenditure Plan describes the types of projects that are eligible for funds in 28 Expenditure Plan programs such as Muni Reliability and Efficiency Improvements; BART Maintenance; Street Resurfacing; Traffic Signals and Signs Maintenance; and Safer and Compete Streets. It also establishes limits on sales tax funding by Expenditure Plan program and sets expectations for leveraging of sales tax funds with other federal, state and local dollars to fund the Expenditure Plan programs. However, the Expenditure Plan does not specify how much sales tax funds any given program would receive by year. Instead, the Expenditure Plan calls for development and periodic update of a 30-year Strategic Plan to determine annual funding levels for each program and to guide the day-to-day implementation of the Prop L program through the adoption of Strategic Plan policies. The Expenditure Plan also requires the development of 5-Year Prioritization Programs (5YPPs) for each program to identify which specific projects will be funded over the next five years. These requirements apply to Prop K as well.

Prop L also introduced a number of changes to Prop K such as:

- Creating New Programs, e.g., Muni Rail Core Capacity, Next Generation Transit Investments, Safer and Compete Streets, Vision Zero Ramps, Transformative Freeway and Major Street Projects, and Equity Priority Transportation Program
- Expanding Eligibility, e.g., Vision Zero related outreach and educational programs; pilots and projects to address climate change (e.g., electric vehicle charging infrastructure) as part of Neighborhood Transportation Program; new solutions or technologies for first-last mile connections or special trip markets; incentives and affordability projects as part of Transportation Demand Management; and transit facility upgrades to improve resilience to climate change.
- New/Revised Requirements, e.g. new/revised project prioritization criteria that elevate projects that benefit and are supported by disadvantaged populations; and requiring the Transportation Authority to develop project delivery oversight guidelines for major capital projects.

We are excited to apply our experience and lessons learned from the past three decades of managing the transportation sales tax program and working with the Board, project sponsors, the public, and other stakeholders along with the extensive input received during the Prop L Expenditure Plan development process as we implement the new measure. The sections below provide some additional background on the Strategic Plan and 5YPPs that must be in



place before Prop L funds can be allocated, and describe our public engagement approach and schedule for the transition from Prop K to Prop L.

**Strategic Plan.** The Strategic Plan includes three main elements:

- policies to guide the day-to-day administration of the sale tax program,
- sales tax revenue projections, and
- expenditures (e.g., project costs, financing costs to accelerate project delivery faster than pay-go, when appropriate; and operational expenditures to support administration and delivery of the Expenditure Plan).

Developing the final Strategic Plan is an iterative process closely linked with development of the 5YPPs. The first step is establishing a Strategic Plan Baseline tentatively scheduled for Board approval in March 2023. The Strategic Plan Baseline includes adoption of policies that we anticipate will be very similar to the Prop K policies (e.g. project readiness requirements for allocation of funds, establishing that Prop L is a reimbursement-based program, setting financing cost policy). The baseline also includes adoption of revenue projections, estimates of Prop K carryforward obligations (e.g., remaining balances on grants, debt, etc.), and off the top expenses to support Expenditure Plan administration and project delivery. Based on these inputs, we use the Strategic Plan financial model to establish the amount of sales tax revenues that will be available on an annual basis to each of the 28 programs based on their proportional share of available revenues established in the Expenditure Plan. This sets the baseline, pay-as-you-go annual funding levels for each program. Project sponsors can then use this information when identifying their proposed lists of projects to fund in the next five years as part of 5YPP development (see 5YPP section below). Through the 5YPP process, project sponsors can make requests to advance sales tax funds for specific projects, as needed to support project delivery.

**Downtown Extension and BART Core Capacity:** In general, the Strategic Plan Baseline will focus on funding availability at the program level rather than on project specific needs, which will first be addressed in the 5YPPs. However, there are two programs in the Major Transit Projects category that we may recommend for early 5YPP approval and inclusion in the Strategic Plan Baseline since both are going to request significant advancement of Prop L funds. These include the Caltrain Downtown Rail Extension and BART Core Capacity program.

To advance the Downtown Rail Extension (DTX or The Portal) project within the Federal Transit Administration's (FTA's) Capital Investment Grant program, the Transbay Joint Powers Authority needs to demonstrate that it has secured a commitment of 50% in matching funds or approximately \$1.7 billion by August 2023. The project team anticipates that FTA will require documentation of available Prop L funds in year of expenditure dollars rather than the \$300 million in 2020 dollars that is identified in the Expenditure Plan. This would provide certainty about the amount of Prop L funds to include in the funding plan.

As part of its Core Capacity Program, BART is seeking to advance \$100 million (2020 dollars) in sales tax funds to help close the funding gap needed to exercise the first rail car option to its existing contract in July 2023 in order to avoid a gap in the production line. We want to look at all potential funding sources for the vehicle contract options - including contributions from other BART counties and the Metropolitan Transportation Commission as part of



evaluating this request. Including this project in the Strategic Plan Baseline would provide the project with a firm commitment of San Francisco's contribution to the vehicle procurement.

Advancing \$400 million if sales tax funds for these two projects, should the Board approve it, will likely trigger debt needs early in the Prop L program and will affect cash availability for the overall program. This is another reason to consider including the proposed project funding needs in the Strategic Plan Baseline and accelerating development of these 5YPPs.

**5YPPs.** Concurrently with Board adoption of the Strategic Plan Baseline, we will ask the Board to approve guidance to project sponsors to inform the 5YPP development process. Development of the final Strategic Plan and 5YPPs is an iterative process requiring extensive communication between the Transportation Authority and eligible project sponsors to identify a set of proposed projects, schedules, and funding plans that support timely and effective implementation of the Expenditure Plan. In reviewing proposed projects and their specific sales tax programming requests, we evaluate the project funding plans seeking to maximize leveraging opportunities and assess agency capabilities to deliver projects on the schedule and at the cost they have proposed.

The 5YPP requirement was also included in the Prop K Expenditure Plan, to allow the Prop K program to be strategic, coordinated, and transparent by letting the Board, public, and project sponsors know what to expect in the next five years. As in Prop K, the Prop L 5YPPs are intended to provide transparency in how sponsors prioritize projects for sales tax funding, to establish a pipeline of projects that are ready to advance as soon as Prop L and other funds are available, and to encourage coordination across Prop L programs. In short, the 5YPP development process is the key opportunity to provide input on what projects should be funded with Prop L in the next five years.

The 2023 5YPPs will cover Fiscal Years 2023/24 to 2027/28. In compliance with Expenditure Plan requirements, each 5YPP will include: a prioritization methodology to rank projects within a category; a 5-year program or list of projects with information on scope, schedule, cost and funding (including non-Prop L funding); and performance measures.

As established in the Prop L Expenditure Plan, each 5YPP will be developed by the Transportation Authority, working closely with project sponsors eligible for Prop L funds in each program, as well as any other interested agencies. For programs with only one eligible sponsor agency, the Transportation Authority may designate that agency as the agency that is to prepare the 5YPP. We will bring recommendations regarding who should prepare each 5YPP as part of the Board action on 5YPP guidance.

**Outreach Approach.** There are two primary goals for outreach related to the Prop L Strategic Plan and 5YPP adoption process. The first is to allow the Board, the public, and project sponsors the opportunity to identify and provide input on the projects that will get funded with Prop L funds over the five-year period starting July 1, 2023. The second is to increase awareness of the Prop L transportation sales tax program. The Expenditure Plan Advisory Committee stressed the importance of outreach and transparency in the administration of the sales tax, particularly to advance equity goals. We are planning to utilize several different engagement tools for this project, including:



- Board and Community Advisory Committee presentations. We anticipate regular updates throughout this process until the final Strategic Plan and 5YPPs are approved.
- An optional meeting for the Expenditure Plan Advisory Committee, to provide input and also to help craft our public engagement strategies.
- Stakeholder outreach and community listening sessions, particularly reaching out to groups that work with disadvantaged communities.
- An Equity Roundtable event(s), bringing together leaders from multiple organizations to discuss guiding policies for the implementation of Prop L and to help shape some of the equity-focused programs such as the Equity Priority Transportation Program and the Transformative Freeway and Major Streets Projects.
- Citywide town halls and an online survey, to gather broad input from the public on project and policy priorities.
- Project sponsor meetings, to work collaboratively on project lists that reflect agency priorities and respond to public input.

We will work with Commissioner's Offices to refine these strategies.

**Schedule.** Attachment 2 provides a preliminary schedule of major milestones in the development and adoption of the Prop L Strategic Plan and 5YPPs. The Transportation Authority Board cannot make Prop L allocations until the Strategic Plan and 5YPPs are approved. We are targeting completion of this process by summer 2023; however, we anticipate based on past experience that not all 5YPPs may be ready at the same time. As long as the Board has adopted the Strategic Plan, the Board can proceed with allocations from programs that have a Board-adopted 5YPP. We hope to have all 28 approved by fall 2023 at the latest, along with the final 2023 Prop L Strategic Plan.

## **FINANCIAL IMPACT**

None. This is an information item.

## **CAC POSITION**

The Community Advisory Committee will be briefed on this information item at its January 25, 2023 meeting.

## **SUPPLEMENTAL MATERIALS**

- Attachment 1 - Prop L 2022 Expenditure Plan Summary
- Attachment 2 - Draft 2023 Prop L Implementation Schedule



# 2022 Half-Cent Sales Tax Transportation Expenditure Plan

The 2022 Transportation Expenditure Plan will help deliver safer, smoother streets, and more reliable transit; reduce congestion, address climate change, and improve air quality; and more.

The 2022 Transportation Expenditure Plan would continue the existing half-cent sales tax, funding transportation improvements without increasing the current tax rate.

The Transportation Expenditure Plan includes funding for:

- Neighborhood-level investments such as crosswalks, traffic calming, new and upgraded traffic signals, bicycle lanes, and Safe Routes to School programs
- Repairing and maintaining street pavement, traffic signals, and sidewalks citywide
- Transit improvements like electrifying Muni's bus fleet, implementing transit signal priority, maintaining buses and trains so they operate safely and reliably, and increasing capacity on both Muni and BART to reduce crowding
- Implementing improvements identified in community-based plans across the city and particularly in Equity Priority Communities
- Major projects like the Downtown Caltrain Extension, bringing Caltrain to the Salesforce Transit Center

To learn more about the 2022 Transportation Expenditure Plan, visit [www.sfcta.org/ExpenditurePlan](http://www.sfcta.org/ExpenditurePlan)

## EXPENDITURES BY CATEGORY

\$2.6 billion (in 2020 dollars)

### TRANSIT MAINTENANCE & ENHANCEMENTS

41%

Muni, BART, Caltrain, Ferry  
Maintenance, rehabilitation  
and replacement  
Station/Access improvements  
Next generation transit planning

### MAJOR TRANSIT PROJECTS

23%

Muni Bus/Train Reliability & Efficiency Improvements  
Muni and BART Core Capacity  
Caltrain Downtown Extension

### STREETS & FREEWAYS

19%

Pedestrian and bicycle improvements  
Signals and traffic calming  
Street repaving  
Major street and freeway redesign planning

### PARATRANSIT

11%

Transit services for seniors and  
people with disabilities

### TRANSPORTATION SYSTEM DEVELOPMENT & MANAGEMENT

6%

Transportation demand management  
Neighborhood and equity-focused  
planning and implementation



Every dollar of sales tax invested in San Francisco leverages 4 to 7 times the amount in federal, state, and other funds – multiplying local dollars several times over.



## 2022 Half-Cent Sales Tax Transportation Expenditure Plan

2020 \$MILLIONS	TOTAL EXPECTED FUNDING <sup>1</sup>	TOTAL SALES TAX FUNDING <sup>2</sup>	% OF SALES TAX FUNDING <sup>3</sup>
<b>A. MAJOR TRANSIT PROJECTS</b>	<b>\$ 10,354.7</b>	<b>\$ 587.0</b>	<b>22.6%</b>
i. Muni Reliability and Efficiency Improvements	\$ 1,088.3	\$ 110.0	-
ii. Muni Rail Core Capacity	\$ 720.0	\$ 57.0	-
iii. BART Core Capacity	\$ 3,536.4	\$ 100.0	-
iv. Caltrain Service Vision: Capital System Capacity Investments	\$ 10.0	\$ 10.0	-
v. Caltrain Downtown Rail Extension and Pennsylvania Alignment	\$ 5,000.0	\$ 310.0	-
<b>B. TRANSIT MAINTENANCE AND ENHANCEMENTS</b>	<b>\$ 10,065.3</b>	<b>\$ 1,070.0</b>	<b>41.2%</b>
i. Transit Maintenance, Rehabilitation, and Replacement	\$ 9,047.1	\$ 975.0	-
1. Muni	\$ 7,934.8	\$ 825.0	-
2. BART	\$ 547.7	\$ 45.0	-
3. Caltrain	\$ 550.3	\$ 100.0	-
4. Ferry	\$ 14.3	\$ 5.0	-
ii. Transit Enhancements	\$ 1,018.2	\$ 95.0	-
1. Transit Enhancements	\$ 777.4	\$ 36.0	-
2. Bayview Caltrain Station	\$ 100.0	\$ 27.0	-
3. Mission Bay Ferry Landing	\$ 53.8	\$ 5.0	-
4. Next Generation Transit Investments	\$ 87.0	\$ 27.0	-
<b>C. PARATRANSIT<sup>4</sup></b>	<b>\$ 1,270.0</b>	<b>\$ 297.0</b>	<b>11.4%</b>
<b>D. STREETS AND FREEWAYS</b>	<b>\$ 3,767.1</b>	<b>\$ 492.0</b>	<b>18.9%</b>
i. Maintenance, Rehabilitation, and Replacement	\$ 2,194.7	\$ 214.0	-
1. Street Resurfacing, Rehabilitation, and Maintenance	\$ 1,984.0	\$ 105.0	-
2. Pedestrian and Bicycle Facilities Maintenance	\$ 84.6	\$ 19.0	-
3. Traffic Signs and Signals Maintenance	\$ 126.1	\$ 90.0	-
ii. Safe and Complete Streets	\$ 1,114.8	\$ 240.0	-
1. Safer and Complete Streets	\$ 918.8	\$ 187.0	-
2. Curb Ramps	\$ 143.0	\$ 29.0	-
3. Tree Planting	\$ 53.0	\$ 24.0	-
iii. Freeway Safety and Operational Improvements	\$ 457.6	\$ 38.0	-
1. Vision Zero Ramps	\$ 27.5	\$ 8.0	-
2. Managed Lanes and Express Bus	\$ 206.0	\$ 10.0	-
3. Transformative Freeway and Major Street Projects	\$ 224.1	\$ 20.0	-
<b>E. TRANSPORTATION SYSTEM DEVELOPMENT AND MANAGEMENT</b>	<b>\$ 824.8</b>	<b>\$ 152.0</b>	<b>5.9%</b>
i. Transportation Demand Management	\$ 146.5	\$ 23.0	-
ii. Transportation, Land Use, and Community Coordination	\$ 678.3	\$ 129.0	-
1. Neighborhood Transportation Program	\$ 191.2	\$ 46.0	-
2. Equity Priority Transportation Program	\$ 192.2	\$ 47.0	-
3. Development Oriented Transportation	\$ 263.7	\$ 26.0	-
4. Citywide/Modal Planning	\$ 31.2	\$ 10.0	-
<b>TOTAL</b>	<b>\$ 26,281.9</b>	<b>\$ 2,598.0</b>	<b>100.0%</b>
Total Sales Tax Priority 1	-	\$ 2,378.0	
Total Sales Tax Priority 1 + 2	-	\$ 2,598.0	

### Notes

<sup>1</sup> Total Expected Funding represents project costs or implementable phases of multi-phase projects and programs based on a 30-year forecast of expected revenues from existing federal, state, regional, and local sources, plus \$2.598 billion in Proposition \_ revenues. The amounts in this column are provided in fulfillment of Sections 131051(a)(1), (b) and (c) of the Public Utilities Code.

<sup>2</sup> The "Total Sales Tax" fulfills the requirements in Section 131051(d) of the Public Utilities Code.

<sup>3</sup> Percentages are based on Proposition \_ Priority 1 and 2 forecasts of \$2.598 billion. The forecast is net of existing obligations of the predecessor Proposition K program.

<sup>4</sup> With very limited exceptions, the funds included in the 30-year forecast of expected revenues are for capital projects rather than operations. Paratransit is the primary exception, providing door-to-door vans and others transportation services for seniors and persons with disabilities who cannot use regular fixed route transit. Total Expected Funding for Paratransit reflects Proposition \_ revenues, federal Section 5307 funds, and other sources of operating funds included in SFMTA's annual operating budget over the next 30 years.

# Draft Proposition L Implementation Schedule

