



Memorandum

AGENDA ITEM 8

DATE: March 17, 2023

TO: Transportation Authority Board

FROM: Cynthia Fong - Deputy Director for Finance and Administration

SUBJECT: 4/11/23 Board Meeting: Amend the Adopted Fiscal Year 2022/23 Budget to Increase Revenues by \$31,243,544, Decrease Expenditures by \$19,121,435 and Decrease Other Financing Sources by \$55,000,000 for a Total Net Decrease in Fund Balance of \$856,528

| | |
|--|--|
| <p>RECOMMENDATION <input type="checkbox"/> Information <input type="checkbox"/> Action</p> <p>Amend the adopted Fiscal Year (FY) 2022/23 budget to increase revenues by \$31,243,544, decrease expenditures by \$19,121,435 and decrease other financing sources by \$55,000,000 for a total net decrease in fund balance of \$856,528.</p> <p>SUMMARY</p> <p>Every year we present the Board with any adjustments to the adopted annual budget. This revision is an opportunity to take stock of changes in revenue trends, recognize grants or other funds that are obtained subsequent to the original approval of the annual budget, and adjust for unforeseen expenditures. In June 2022, through Resolution 22-60, the Board adopted the FY 2022/23 Annual Budget and Work Program.</p> <p>The effect of the amendment on the adopted FY 2022/23 Budget in the aggregate line item format specified in the Fiscal Policy is shown in Attachments 1 and 3. A comparison of revenues and expenditures to prior year actual and adopted budgeted numbers is presented in Attachment 2. The detailed budget explanations by line item with variances over 5% are included in Attachment 4.</p> | <ul style="list-style-type: none"> <input type="checkbox"/> Fund Allocation <input type="checkbox"/> Fund Programming <input type="checkbox"/> Policy/Legislation <input type="checkbox"/> Plan/Study <input type="checkbox"/> Capital Project Oversight/Delivery <input checked="" type="checkbox"/> Budget/Finance <input type="checkbox"/> Contract/Agreement <input type="checkbox"/> Other: _____ |
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BACKGROUND

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

DISCUSSION

The proposed budget amendment reflects an increase of \$31.2 million in revenues, a decrease of \$19.1 million in expenditures, and a decrease of \$55.0 million in other financing sources for a total net decrease of \$856,528 million in fund balance. These revisions include carryover revenues and expenditures from the prior period. Detailed budget revisions for the Treasure Island Mobility Management Agency (TIMMA) will be presented as a separate item to a future TIMMA Committee and TIMMA Board.

Revenue and expenditure revisions are related to the increase in Sales Tax revenues, interest income, federal and state program revenues, capital project costs reported in the Congestion Management Agency Programs and non-personnel expenditures reported in the Sales Tax Program, and decrease in Traffic Congestion Mitigation Tax, regional program revenues, capital project costs reported in the Sales Tax Program and the Vehicle Registration Fee for Transportation Improvements (Prop AA) Program, personnel expenditures and debt service costs. Major changes in revenue and expenditure line items (addressed in Attachment 4) include the following:

- **New Prop K Appropriation Funding**
 - Transportation Demand Management Market Analysis
 - District 4 Microtransit Business Plan [NTIP Planning]
 - District 2 Safety Study and Implementation [NTIP Planning]
 - Pennsylvania Avenue Extension Pre-Environmental Bridging Study
 - Brotherhood Way Safety and Circulation Plan
 - Slow Duboce Triangle Study [NTIP Planning]
 - District 5 Mission Bay School Access Plan [NTIP Planning]
- **New Federal, State, and Regional and Other Funding**
 - Federal Highway Administration's Rebuilding American Infrastructure with Sustainability and Equity grant for Yerba Buena Island Westside Bridges Seismic Retrofit Project (Westside Bridges)



- Senate Bill 1 Local Partnership Program (SB1 LPP) for Westside Bridges
- Sustainable Communities for Brotherhood Way Active Transportation Corridor
- Carbon Neutral Cities Alliance for Decarbonizing Downtown Business Deliveries Study
- **Increase in Revenue Estimates**
 - Federal and state program revenues for Interstate 80/YBI Interchange Improvement Project - Southgate Road Realignment Improvements
 - Sales Tax Revenues
 - Interest Income
 - SB1 LPP for YBI Multi-Use Pathway
- **Project Delays**
 - Prop K Projects (various projects detailed in Attachment 4)
 - Prop AA Projects (various projects detailed in Attachment 4)
 - Southgate Road Realignment Improvements - Torpedo Building Rehabilitation
 - I-280 Southbound Ocean Avenue Off-Ramp Realignment
 - Hillcrest Road Widening

Additionally, administrative operating costs, debt service costs and other financing sources need to be updated from the original estimates contained in the adopted FY 2022/23 budget:

- increased administrative operating costs for migration of financial and accounting data and transition of current accounting system to cloud-based Microsoft Dynamics 365 Finance & Operations (Enterprise License) platform and for computer equipment and software upgrades that were previously paused due to the pandemic; and
- decreased debt service costs due to lower interest expenses related to the Revolving Credit Agreement; and
- decreased drawdown on the Revolving Credit Agreement due to Sales Tax Program capital expenditures coming in \$15.5 million lower than anticipated in FY 2022/23 and increased federal and state Program Revenues for the YBI Southgate project.

FINANCIAL IMPACT

The proposed amendment to the FY 2022/23 budget would increase revenues by \$31.2 million, decrease expenditures by \$19.1 million, and decrease other financing sources by \$55.0 million, for a total net decrease in fund balance of \$856,528, as described above.



CAC POSITION

The Community Advisory Committee (CAC) will consider this item at its March 22, 2023 meeting.

SUPPLEMENTAL MATERIALS

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



Proposed Budget Amendment by Fund

| | Sales Tax Program | Congestion Management Agency Programs | Transportation Fund for Clean Air Program | Vehicle Registration Fee for Transportation Improvements Program | Treasure Island Mobility Management Agency Program | Traffic Congestion Mitigation Tax Program | Budget Amendment Fiscal Year 2022/23 |
|--|-----------------------|---------------------------------------|---|--|--|---|--------------------------------------|
| Revenues: | | | | | | | |
| Sales Tax Revenues | \$ 111,212,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 111,212,000 |
| Vehicle Registration Fee | - | - | - | 4,834,049 | - | - | 4,834,049 |
| Traffic Congestion Mitigation Tax | - | - | - | - | - | 7,546,000 | 7,546,000 |
| Interest Income | 850,000 | - | 1,028 | 12,485 | - | 178,222 | 1,041,735 |
| Program Revenues | - | 37,138,674 | 690,700 | - | 1,544,271 | - | 39,373,645 |
| Total Revenues | 112,062,000 | 37,138,674 | 691,728 | 4,846,534 | 1,544,271 | 7,724,222 | 164,007,429 |
| Expenditures | | | | | | | |
| Capital Project Costs | 122,271,480 | 16,108,752 | 760,852 | 6,635,067 | 712,766 | 3,405,686 | 149,894,603 |
| Administrative Operating Costs | 9,273,701 | 2,605,671 | 43,384 | 241,702 | 863,600 | 143,246 | 13,171,304 |
| Debt Service Costs | 21,798,050 | - | - | - | - | - | 21,798,050 |
| Total Expenditures | 153,343,231 | 18,714,423 | 804,236 | 6,876,769 | 1,576,366 | 3,548,932 | 184,863,957 |
| Other Financing Sources (Uses): | 38,392,156 | (18,424,251) | - | - | 32,095 | - | 20,000,000 |
| Net change in Fund Balance | \$ (2,889,075) | \$ - | \$ (112,508) | \$ (2,030,235) | \$ - | \$ 4,175,290 | \$ (856,528) |
| Budgetary Fund Balance, as of July 1 | \$ 33,352,196 | \$ - | \$ 1,077,462 | \$ 17,049,362 | \$ - | \$ 9,496,190 | \$ 60,975,210 |
| Budgetary Fund Balance, as of June 30 | \$ 30,463,121 | \$ - | \$ 964,954 | \$ 15,019,127 | \$ - | \$ 13,671,480 | \$ 60,118,682 |



| Category | Fiscal Year 2021/22 Actual | Fiscal Year 2022/23 Adopted Budget | Proposed Fiscal Year 2022/23 Budget Amendment | Variance from Fiscal Year 2022/23 Adopted Budget | % Variance |
|--|-------------------------------|--|--|---|----------------|
| Sales Tax Revenues | \$ 104,818,305 | \$ 101,701,000 | \$ 111,212,000 | \$ 9,511,000 | 9.4% |
| Vehicle Registration Fee | 4,652,149 | 4,834,049 | 4,834,049 | - | 0.0% |
| Traffic Congestion Mitigation Tax | 6,120,263 | 7,815,500 | 7,546,000 | (269,500) | -3.4% |
| Interest Income | (1,201,096) | 374,570 | 1,041,735 | 667,165 | 178.1% |
| Program Revenues | | | | | |
| Federal | 8,111,307 | 7,632,364 | 26,983,302 | 19,350,938 | 253.5% |
| State | 1,059,871 | 3,779,538 | 6,826,840 | 3,047,302 | 80.6% |
| Regional and other | 5,759,240 | 6,626,864 | 5,563,503 | (1,063,361) | -16.0% |
| Other Revenues | 142 | - | - | - | 0.0% |
| Total Revenues | 129,320,181 | 132,763,885 | 164,007,429 | 31,243,544 | 23.5% |
| Capital Project Costs | 117,727,970 | 166,774,647 | 149,894,603 | (16,880,044) | -10.1% |
| Administrative Operating Costs | | | | | |
| Personnel expenditures | 7,030,501 | 9,348,335 | 9,182,063 | (166,272) | -1.8% |
| Non-Personnel expenditures | 1,967,710 | 3,232,905 | 3,989,241 | 756,336 | 23.4% |
| Debt Service Costs | 22,580,656 | 24,629,505 | 21,798,050 | (2,831,455) | -11.5% |
| Total Expenditures | 149,306,837 | 203,985,392 | 184,863,957 | (19,121,435) | -9.4% |
| Other Financing Sources (Uses) | - | 75,000,000 | 20,000,000 | (55,000,000) | -73.3% |
| Net change in Fund Balance | \$ (19,986,656) | \$ 3,778,493 | \$ (856,528) | \$ (4,635,021) | -122.7% |
| Budgetary Fund Balance, as of July 1 | \$ 80,961,866 | \$ 60,975,210 | \$ 60,975,210 | | |
| Budgetary Fund Balance, as of June 30 | \$ 60,975,210 | \$ 64,753,703 | \$ 60,118,682 | | |

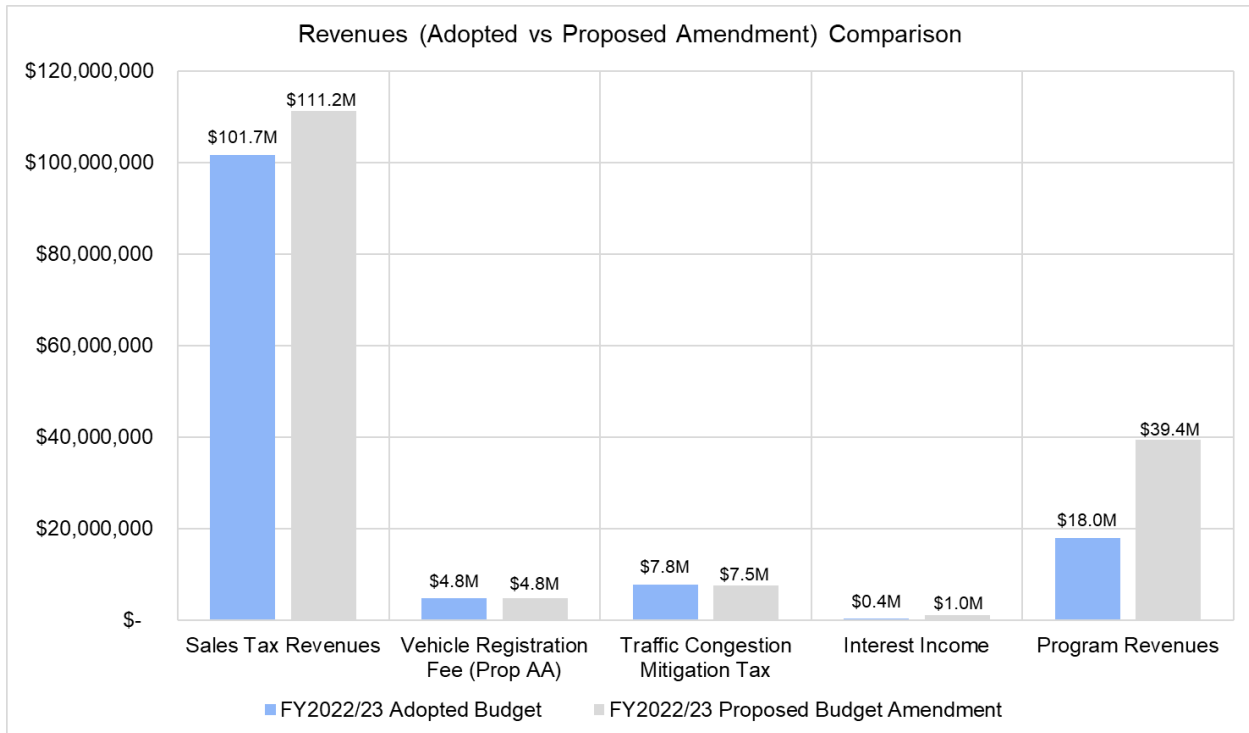
| | Proposed Budget Amendment by Fund | | | | | | Proposed Fiscal Year 2022/23 Budget Amendment |
|---|-----------------------------------|---|---|---|---|--|--|
| | Sales Tax Program | Congestion Management Agency Programs | Transportation Fund for Clean Air Program | Vehicle Registration Fee for Transportation Improvements Program | Treasure Island Mobility Management Agency Program | Traffic Congestion Mitigation Tax Program | |
| Revenues: | | | | | | | |
| Sales Tax Revenues | \$ 111,212,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 111,212,000 |
| Vehicle Registration Fee | - | - | - | 4,834,049 | - | - | 4,834,049 |
| Traffic Congestion Mitigation Tax | - | - | - | - | - | 7,546,000 | 7,546,000 |
| Interest Income | 850,000 | - | 1,028 | 12,485 | - | 178,222 | 1,041,735 |
| Program Revenues | | | | | | | |
| Federal | | | | | | | |
| Advanced Transportation and Congestion Management Technologies Deployment | - | - | - | - | 304,627 | - | 304,627 |
| Ferry Boat Discretionary Funds - Treasure Island Ferry Terminal | - | - | - | - | 82,816 | - | 82,816 |
| Innovative Deployments to Enhance Arterials Shared Automated Vehicle | - | - | - | - | 133,840 | - | 133,840 |
| Highway Bridge Program - I-80/Yerba Buena Island (YBI) Interchange Improvement | - | 23,794,845 | - | - | - | - | 23,794,845 |
| Rebuilding American Infrastructure with Sustainability and Equity - YBI Bridge Structures | - | 1,038,800 | - | - | - | - | 1,038,800 |
| Priority Conservation Area Program - YBI Multi-Use Pathway | - | 513,054 | - | - | - | - | 513,054 |
| Surface Transportation Program 3% Revenue and Augmentation | - | 1,115,320 | - | - | - | - | 1,115,320 |
| State | | | | | | | |
| Affordable Housing and Sustainable Communities (AHSC) - Treasure Island Ferry Terminal | - | - | - | - | 18,180 | - | 18,180 |
| AHSC - I/80 YBI Interchange Improvement Project | - | 3,430,743 | - | - | - | - | 3,430,743 |
| Planning, Programming & Monitoring SB45 Funds | - | 275,000 | - | - | - | - | 275,000 |
| Infill Infrastructure Grant Program - Hillcrest Road Widening Project | - | 582,063 | - | - | - | - | 582,063 |
| SB1 LPP - YBI Bridge Structures | - | 465,600 | - | - | - | - | 465,600 |
| SB1 LPP - YBI Multi-Use Pathway Project | - | 513,054 | - | - | - | - | 513,054 |
| Seismic Retrofit Proposition 1B - I/80 YBI Interchange Improvement Project | - | 1,373,476 | - | - | - | - | 1,373,476 |
| Sustainable Communities - School Access Plan | - | 80,927 | - | - | - | - | 80,927 |
| Sustainable Communities - Brotherhood Active Transportation and Open Space Plan | - | 87,797 | - | - | - | - | 87,797 |
| Regional and other | | | | | | | |
| Bay Area Toll Authority - I-80/YBI Interchange Improvement | - | 3,016,838 | - | - | - | - | 3,016,838 |
| Carbon Neutral Cities Alliance - Decarbonizing Downtown Business Deliveries Study | - | 64,046 | - | - | - | - | 64,046 |
| San Francisco Municipal Transportation Agency (SFMTA) - School Access Plan | - | 12,111 | - | - | - | - | 12,111 |
| SFMTA - Travel Demand Modeling Assistance | - | 75,000 | - | - | - | - | 75,000 |
| Treasure Island Community Development - Ferry Exchange | - | - | - | - | 547,262 | - | 547,262 |
| Treasure Island Development Authority (TIDA) - Treasure Island Mobility Management Agency | - | - | - | - | 457,546 | - | 457,546 |
| TIDA - YBI Interchange Improvement & Bridge Structures | - | 700,000 | - | - | - | - | 700,000 |
| Vehicle Registration Fee Revenues (TFCA) | - | - | 690,700 | - | - | - | 690,700 |
| Total Revenues | \$ 112,062,000 | \$ 37,138,674 | \$ 691,728 | \$ 4,846,534 | \$ 1,544,271 | \$ 7,724,222 | \$ 164,007,429 |

| | Proposed Budget Amendment by Fund | | | | | | Proposed Fiscal Year 2022/23 Budget Amendment |
|---|--|---|---|---|---|--|--|
| | Sales Tax Program | Congestion Management Agency Programs | Transportation Fund for Clean Air Program | Vehicle Registration Fee for Transportation Improvements Program | Treasure Island Mobility Management Agency Program | Traffic Congestion Mitigation Tax Program | |
| Expenditures: | | | | | | | |
| Capital Project Costs | | | | | | | |
| Individual Project Grants, Programs & Initiatives | \$ 120,000,000 | \$ - | \$ 760,852 | \$ 6,635,067 | \$ - | \$ 3,305,686 | \$ 130,701,605 |
| Technical Professional Services | 2,271,480 | 16,108,752 | - | - | 712,766 | 100,000 | 19,192,998 |
| Administrative Operating Costs | | | | | | | |
| Personnel Expenditures | | | | | | | |
| Salaries | 3,501,241 | 1,715,336 | 29,058 | 161,890 | 489,878 | 95,945 | 5,993,348 |
| Fringe Benefits | 1,726,112 | 845,661 | 14,326 | 79,812 | 241,510 | 47,301 | 2,954,722 |
| Pay for Performance | 233,993 | - | - | - | - | - | 233,993 |
| Non-personnel Expenditures | | | | | | | |
| Administrative Operations | 3,407,355 | 44,674 | - | - | 126,012 | - | 3,578,041 |
| Equipment, Furniture & Fixtures | 345,000 | - | - | - | - | - | 345,000 |
| Commissioner-Related Expenses | 60,000 | - | - | - | 6,200 | - | 66,200 |
| Debt Service Costs | | | | | | | |
| Fiscal Charges | 105,000 | - | - | - | - | - | 105,000 |
| Interest Expenses | 7,568,050 | - | - | - | - | - | 7,568,050 |
| Bond Principal Payment | 14,125,000 | - | - | - | - | - | 14,125,000 |
| Total Expenditures | \$ 153,343,231 | \$ 18,714,423 | \$ 804,236 | \$ 6,876,769 | \$ 1,576,366 | \$ 3,548,932 | \$ 184,863,957 |
| Other Financing Sources (Uses): | | | | | | | |
| Transfers in from other funds | 18,424,251 | - | - | - | 32,095 | - | 18,456,346 |
| Transfers out to other funds | (32,095) | (18,424,251) | - | - | - | - | (18,456,346) |
| Draw on Revolving Credit Agreement | 20,000,000 | - | - | - | - | - | 20,000,000 |
| Total Other Financing Sources (Uses) | 38,392,156 | (18,424,251) | - | - | 32,095 | - | 20,000,000 |
| Net change in Fund Balance | \$ (2,889,075) | \$ - | \$ (112,508) | \$ (2,030,235) | \$ - | \$ 4,175,290 | \$ (856,528) |
| Budgetary Fund Balance, as of July 1 | \$ 33,352,196 | \$ - | \$ 1,077,462 | \$ 17,049,362 | \$ - | \$ 9,496,190 | \$ 60,975,210 |
| Budgetary Fund Balance, as of June 30 | \$ 30,463,121 | \$ - | \$ 964,954 | \$ 15,019,127 | \$ - | \$ 13,671,480 | \$ 60,118,682 |
| Fund Reserved for Program and Operating Contingency | \$ 11,121,200 | \$ - | \$ 69,070 | \$ 483,405 | \$ - | \$ 754,600 | \$ 12,428,275 |

Attachment 4 Fiscal Year 2022/23 Budget Amendment Explanations

| TOTAL REVENUES | | |
|----------------|---------------------------|--------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$132,763,885 | \$164,007,429 | \$31,243,544 |

The following chart shows the comparative composition of revenues for the proposed amended and adopted Fiscal Year (FY) 2022/23 budget.



| Sales Tax Revenues | | |
|--------------------|---------------------------|-------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$101,701,000 | \$111,212,000 | \$9,511,000 |

On November 4, 2003, San Francisco voters approved Proposition K (Prop K), the imposition of a retail transactions and use tax of one-half of 1% in the City and County of San Francisco to fund the Prop K Expenditure Plan. The 30-year expenditure plan extends through March 31, 2034 and prioritizes \$2.35 billion (in 2003 dollars) and leverages another \$9 billion in federal, state, and local funds for transportation improvements. The expenditure plan restricts expenditures to 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.

Attachment 4 Fiscal Year 2022/23 Budget Amendment Explanations

In November 2022, 71.8% of San Francisco voters approved Proposition L (Prop L), the Sales Tax for Transportation Projects measure, effective April 1, 2023, superseding Prop K and extending the half-cent local transportation sales tax through 2053 and directing \$2.6 billion (in 2020 dollars) 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: as mentioned above, in 2003, voters approved Prop K, reauthorizing the Prop B sales tax, which was approved in 1989.

Based on FY 2022/23 sales tax revenues earned through December 2022, we project sales tax revenues to increase by \$9.5 million, or 9.4%, as compared to the adopted FY 2022/23 budget, which would be 6.1% above prior year actuals. Sales tax revenues increased due to higher than anticipated levels of sustained inflation and a moderate level of pandemic recovery seen in the restaurant, retail, and automobile sales industries. This projection is aligned with the City Controller's Office's revised growth projection of its FY 2022/23 sales tax revenue.

| Interest Income | | |
|------------------------|----------------------------------|-----------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$374,570 | \$1,041,735 | \$667,165 |

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

Total Interest Income is projected to increase by \$667,165, or 178.1%, for FY 2022/23. Interest rates have increased from 0.5% assumed in the adopted budget to an average 1.6% over the past seven months in the Pool. The increase is also due to a higher bank balance in the Pool account at the start of the fiscal year as compared to the adopted budget, thus more interest earned on the deposits. The amended budget does not include any adjustments that would occur due to GASB Statement No. 31 which is an adjustment to report the change in fair value of investments in the Pool.

| Federal Program Revenues | | |
|---------------------------------|----------------------------------|-----------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$7,632,364 | \$26,983,301 | \$19,350,938 |

Federal Program Revenues are expected to increase by \$19.4 million, or 253.5%, as compared to the adopted budget. This is primarily due to an increase of \$24.8 million in federal Highway Bridge Program funding for the Southgate Road Realignment Improvements Project (Southgate), or Phase 2 of the Interstate-80/Yerba Buena Island Interchange Improvement Project, and Yerba Buena Island Westside Bridges Seismic Retrofit Project (Westside Bridges) with construction activities for the

Attachment 4 Fiscal Year 2022/23 Budget Amendment Explanations

Southgate project to be completed by summer 2023 with some closeout costs in the following fiscal year. During this fiscal year, we anticipate collecting federal reimbursements from Caltrans for the Southgate project that has been deferred from past years due to Caltrans' cash management policy, which requires local agencies to use non-federal fund sources to advance the project until federal funds are obligated and available for reimbursement. In addition, the increase is due to the award of the Federal Highway Administration's Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant funding for the Westside Bridges project as construction activities commence during the fourth quarter of this fiscal year. This increase is also offset by a decrease of combined \$5.1 million in Advanced Transportation and Congestion Management Technologies Deployment (ATCMTD), Ferry Boat Discretionary Funds - Treasure Island Ferry Terminal, and Innovative Deployments to Enhance Arterials Shared Automated Vehicle (IDEA-SAV) for the Treasure Island Mobility Management Agency Program (TIMMA), which will be deferred to the next fiscal year due to the delay in toll and affordability program adoption with toll system design and integration work and other components of the TIMMA program to proceed thereafter. The TIMMA FY 2022/23 revenues will be presented as a separate item to the TIMMA Committee and TIMMA Board at its respective future meetings. Also, there is a decrease of \$349,148 in Priority Conservation Area Program for the YBI Multi-Use Pathway project that has been shifted to an increase in Senate Bill 1 Local Partnership Program (SB1 LPP) funds for the project as project costs are now eligible for state LPP reimbursement.

| State Program Revenues | | |
|-------------------------------|----------------------------------|-----------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$3,779,538 | \$6,826,840 | \$3,047,302 |

State Program Revenues are expected to increase by \$3.0 million, or 80.6%, as compared to the adopted budget. This is mainly due to an increase of \$1.4 million in Seismic Retrofit Proposition 1B funding for the Southgate project, which provides matching funds to the federal Highway Bridge Program funding as mentioned above, as well as \$3.4 million in Affordable Housing and Sustainable Communities (AHSC) funding as the Southgate project comes to completion this summer 2023. Furthermore, the proposed budget amendment includes new SB1 LPP funding of \$465,600 for the first year of construction activities related to the Westside Bridges project, which will match to the federal RAISE grant funding, and SB1 LPP funding of \$401,347 for YBI Multi-Use Pathway Project, which will match to the federal Priority Conservation Area Program grant mentioned above. This increase is also offset by a decrease of \$1.4 million in AHSC - Treasure Island Ferry Terminal and AHSC - East Bay Bus Exchange funding for TIMMA, a decrease of \$710,629 in Infill Infrastructure Grant Program for the Hillcrest Road Widening Project, and a decrease of \$514,586 in SB 1 LPP for the I-280 Southbound Ocean Avenue Off-Ramp Realignment project. These state program revenues will be deferred to next fiscal year.

Attachment 4
Fiscal Year 2022/23 Budget Amendment Explanations

| Regional and Other Program Revenues | | |
|--|----------------------------------|-----------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$6,626,864 | \$5,563,503 | \$(1,063,361) |

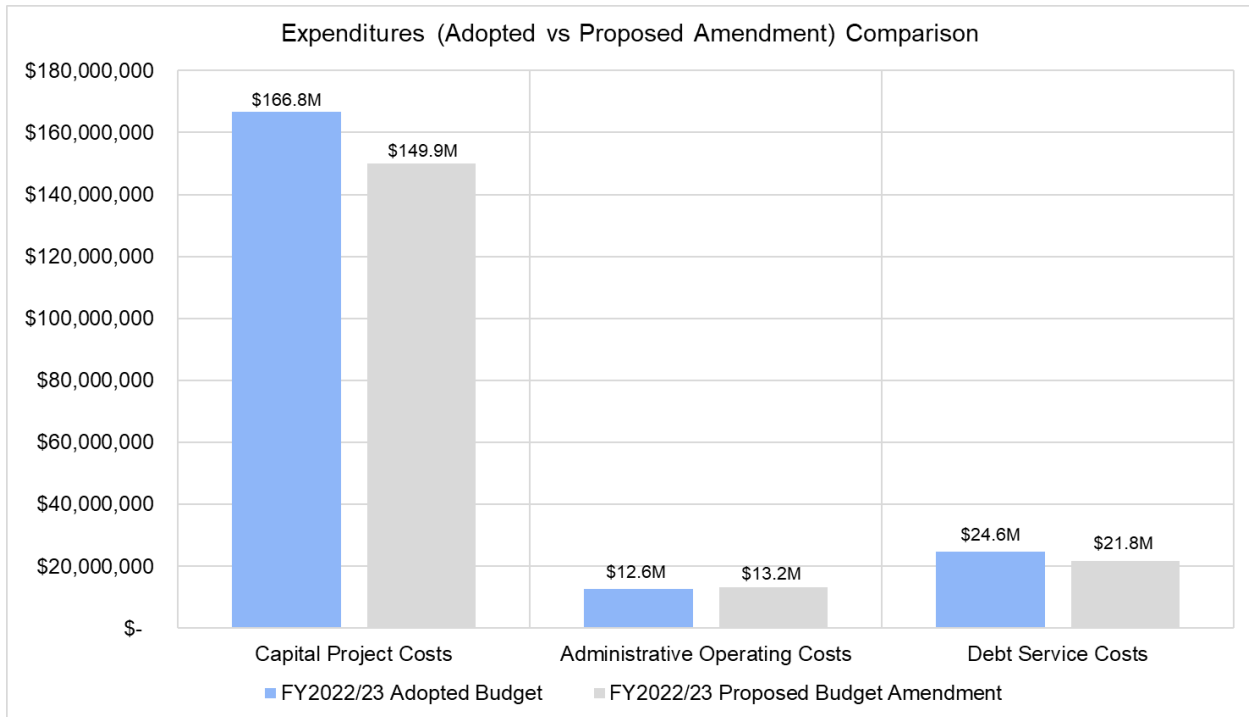
Regional and Other Program Revenues are expected to decrease by \$1.1 million, or 16.0%, as compared to the adopted budget. This is mainly due to \$3.2 million of funding from the Treasure Island Community Development LLC (TICD)'s Exhibit N Shuttle Exchange and Ferry Exchange for the TIMMA in FY 2022/23 that has been deferred to the next fiscal year for reasons mentioned above in Federal Program Revenues. In addition, \$1.3 million of funding from the Bay Area Toll Authority (BATA) for the Torpedo Building Rehabilitation work of the Southgate project in FY 2022/23 has been deferred to the next fiscal year to align with the project's construction schedule. Design work will be completed by late summer/early fall with construction activities starting thereafter. Also, there is a decrease of \$261,066 in BATA funding for the Southgate project that has been shifted to an increase in federal and state grant funds for the project as project costs are now eligible for reimbursement.

This decrease is also offset by \$3.2 million in increased funding for Westside Bridges project from BATA and the Treasure Island Development Authority (TIDA), as well as \$64,046 in new funding from the Carbon Neutral Cities Alliance for the Decarbonizing Downtown Business Deliveries Study, and \$457,546 in deferred funding from TIDA in prior year to be spent this fiscal year in the TIMMA program.

**Attachment 4
Fiscal Year 2022/23 Budget Amendment Explanations**

| TOTAL EXPENDITURES | | |
|---------------------------|----------------------------------|-----------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$203,985,392 | \$184,863,957 | \$(19,121,435) |

The following chart shows the comparative composition of expenditures for the proposed amended and adopted FY 2022/23 budget.



| Capital Project Costs | | |
|------------------------------|----------------------------------|-----------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$166,774,647 | \$149,894,603 | \$(16,880,044) |

Capital Project Costs in FY 2022/23 are budgeted to decrease from the adopted FY 2022/23 budget by \$16.9 million, or 10.1%, which is primarily due to lower capital costs from the Sales Tax, Prop AA, and TIMMA programs, offset by anticipated higher capital costs from the CMA program. Costs by Program Fund are detailed below.

Attachment 4
Fiscal Year 2022/23 Budget Amendment Explanations

| Capital Project Costs - Sales Tax Program | | |
|--|----------------------------------|-----------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$137,816,845 | \$122,271,480 | \$(15,545,365) |

Capital Project Costs for the Sales Tax Program in FY 2022/23 are budgeted to decrease by \$15.5 million, or 11.3%, as compared to the adopted budget. This is primarily based on the cash flow amendments approved in Winter 2022/23 as part of our ongoing cash management activities and to provide input to the inaugural Prop L Strategic Plan, which is under development. The main drivers of reductions in Capital Project Costs include reductions associated with the Light Rail Vehicle Procurement; New Flyer Mid-Life Overhaul Phase 1; Better Market Street; and L-Taraval Transit Enhancements (Segment B). Expenditures related to these projects will be deferred to next fiscal year. Additionally, this amended budget includes de-obligation of funds from the Breda Light Rail Vehicle Heating, Ventilation, and Air Conditioning Refurbishment project and the Breda Light Rail Vehicles Overhauls project.

| Capital Project Costs - Congestion Management Agency (CMA) Programs | | |
|--|----------------------------------|-----------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$7,616,109 | \$16,108,752 | \$8,492,643 |

Capital Project Costs for CMA Programs in FY 2022/23 are budgeted to increase by \$8.5 million, or 111.5%, as compared to the adopted budget. This increase is mainly due to approximately \$6.1 million of right-of-way and construction activities related to the Southgate project that was deferred from FY 2021/22. The construction is expected to be completed by summer 2023 with some closeout costs in the following year. We also have increased and initiated new efforts during the year, including Brotherhood Way Safety and Circulation Plan, District 2 Safety Study and Implementation, District 4 Microtransit Business Plan, District 5 Mission Bay School Access Plan, and Transportation Demand Management Market Analysis projects, which are funded by Prop K appropriations and increase CMA Capital Project Costs by \$349,890. In addition, the proposed budget amendment includes \$1.3 million for additional design services for the Westside Bridges project, an increase of \$3.4 million the start of construction activities for Westside Bridges project, which would be funded by federal and regional grants, and \$513,054 for the YBI Multi-Use Path project which would be funded by federal and state grants.

This increase is also offset by a decrease of \$1.3 million in Capital Project Costs for the Torpedo Building Rehabilitation work of the Southgate project in FY 2022/23 that has been deferred to the next fiscal year to align with the project's construction schedule as mentioned above in Regional and Other Program Revenues. Capital Project Costs of \$1.1 million for the I-280 Southbound Ocean Avenue Off-Ramp Realignment project will be deferred to next fiscal year due to a longer than anticipated pre-award audit review process conducted by Caltrans on the consultant contract. In addition, Capital

Attachment 4
Fiscal Year 2022/23 Budget Amendment Explanations

Project Costs of \$860,630 for the Hillcrest Road Widening project will be deferred to next fiscal year due to a delay in start of consultant work.

| Capital Project Costs - Prop AA Program | | |
|--|----------------------------------|-----------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$7,859,747 | \$6,635,067 | \$(1,224,680) |

Capital Project Costs for the Prop AA Program in FY 2022/23 are expected to decrease by \$1.2 million, or 15.6%, as compared to the adopted budget. The major drivers of this budget decrease are projects that have experienced delays or requested allocation later in the fiscal year than we expected. The largest budget updates are due to delays to San Francisco Municipal Transportation Agency's (SFMTA) L-Taraval Transit Enhancements (Segment B) due to design changes and coordination with PG&E, which result in invoicing decreasing from \$1.8 million to \$366,000 and Transit Stop Signage Enhancement Program - Phase 1, which has been delayed due to staffing changes, decreasing from \$521,949 to \$102,500, and San Francisco Public Works' 23rd Street, Dolores Street, York Street, and Hampshire Street Pavement Renovation decreasing from \$563,129 to \$163,055. Some projects, such as SFMTA's Muni Metro Station Enhancements Phase 1 are actually expected to invoice more than budgeted because invoicing originally expected in FY 2021/22 was shifted to FY 2022/23.

| Administrative Operating Costs - Non-Personnel Expenditures | | |
|--|----------------------------------|-----------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$3,232,905 | \$3,989,241 | \$756,336 |

Non-Personnel Expenditures in FY 2022/23 are expected to increase by \$756,336, or 23.4%, as compared to the adopted budget. This increase is primarily due to costs related to the migration of financial and accounting data and transition of the current accounting system, Microsoft Dynamics AX 2012 to the cloud-based Microsoft Dynamics 365 Finance & Operations (Enterprise License) platform as well as related integration, project management, and information technology costs, approved by the Board in January 2023, through Resolution 23-27. The cost of the migration will be a one-time expenditure. We anticipate fully transitioning to Microsoft Dynamics 365 Finance & Operations (Enterprise License) and completing the migration project by July 2023. The increase is also related to additional costs for computer equipment and software upgrades that were previously paused due to the pandemic.

Attachment 4
Fiscal Year 2022/23 Budget Amendment Explanations

| Debt Service Costs | | |
|---------------------------|----------------------------------|-----------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$24,629,505 | \$21,798,050 | \$(2,831,455) |

Debt Service Costs in FY 2022/23 are expected to decrease by \$2.8 million, or 11.5%, as compared to the adopted budget. Due to the proposed decrease of \$15.5 million in Sales Tax Program Capital Project Costs and a higher bank balance in the Pool account at the start of the fiscal year as compared to the adopted budget, we may potentially need to drawdown from the Revolving Credit Agreement at a later time in the fiscal year and at a lower amount than anticipated, from \$75 million to \$20 million. Thus, interest expenses associated with the Revolving Credit Agreement are lower than originally projected in the adopted budget.

| OTHER FINANCING SOURCES (USES) - DRAW ON REVOLVING CREDIT AGREEMENT | | |
|--|----------------------------------|-----------------|
| Adopted Budget | Proposed Budget Amendment | Variance |
| \$75,000,000 | \$20,000,000 | \$(55,000,000) |

The estimated level of sales tax capital expenditures for FY 2022/23 may trigger the need to drawdown up to \$20 million from the Revolving Credit Agreement which is \$55 million less than what we had anticipated during the adoption of the budget. This decrease is partially due to Sales Tax Program capital expenditures coming in \$15.5 million lower than anticipated during the adoption of the budget. In addition, we anticipate \$18.4 million repayment from the CMA Program to the Sales Tax Program from the increased federal and state grant reimbursements for the YBI Southgate project as mentioned above. We will continue to monitor capital spending closely during the remainder of the year through a combination of cash flow needs for allocation reimbursements, progress reports and conversations with project sponsors, particularly our largest grant recipient, the SFMTA.