San Francisco County Transportation Authority
1455 Market Street, 22nd Floor
San Francisco, California 94103
415.522.4800 FAX 415.522.4829
info@sfcta.org www.sfcta.org

AGENDA

CITIZENS ADVISORY COMMITTEE
Meeting Notice

Date: Wednesday, November 28, 2018; 6:00 p.m.

Location: Transportation Authority Hearing Room, 1455 Market Street, Floor 22

Members: John Larson (Chair), Peter Sachs (Vice Chair), Myla Ablog, Kian Alavi, Robert Gower, David Klein, Peter Tannen, Chris Waddling and Rachel Zack

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6:00 **1.** Call to Order

2. Chair's Report **– INFORMATION**

6:05 **3.** Nominations for 2019 Citizens Advisory Committee Chair and Vice Chair **– INFORMATION**

At the November 28 CAC meeting, nominations will be made for the CAC Chairperson and Vice-Chairperson for 2019. Per the CAC's By-Laws, nominations for the Chairperson and Vice-Chairperson shall be made at the last CAC meeting of the calendar year (i.e. November 28, 2018) to be eligible for election at the first CAC meeting of the following year (i.e. January 23, 2019). A nomination must be accepted by the candidate. Self-nominations are allowed. Candidates are required to submit statements of qualifications and objectives to the Clerk of the Transportation Authority one week prior to the January CAC meeting to be included in the meeting packet. The due date is January 16, 2019. The Chairperson and Vice-Chairperson shall be elected by a majority of the appointed members at the January CAC meeting. The term of office shall be for one year. There are no term limits.

6:10 **Consent Agenda**

4. Approve the Minutes of the October 24, 2018 Meeting **– ACTION*** **5**

5. Approve the 2019 Meeting Schedule for the Citizens Advisory Committee **– ACTION*** **15**

Per Article IV, Section I of the CAC's By-Laws, the regular meetings of the CAC are held on the fourth Wednesday of the month at 6:00 p.m. at the Transportation Authority's offices. Special meetings are held as needed (e.g. due to holidays or other time constraints). The proposed 2019 Transportation Authority meeting schedule is attached, with proposed CAC meeting dates for approval and anticipated Board and committee meeting dates included for reference.

6. Citizens Advisory Committee Appointment **– INFORMATION**

The Board will consider recommending appointment of two members to the Citizens Advisory Committee (CAC) at its December 4, 2018 meeting. The vacancies are the result of the term expiration of Chris Waddling (District 10 resident) and the automatic membership termination of Becky Hogue (District 6 resident) due to four absences over twelve regularly scheduled consecutive meetings, pursuant to the CAC's By-Laws. Neither staff nor CAC members make recommendations regarding CAC appointments. CAC applications can be submitted through the Transportation Authority's website at www.sfcta.org/cac.

7. Progress Report for Van Ness Avenue Bus Rapid Transit Project **INFORMATION*** **17**

8. Update on the Independent Analysis and Oversight Services with Sjoberg Evashenk Consulting, Inc **– INFORMATION*** **25**

Chair Peskin called for the Board to enter into a contract for independent analysis and oversight services as a means of supporting Transportation Authority Commissioners and their staffs in assessing the agency's effectiveness and efficiency in achieving its mission with a focus on three functional areas of the agency's operations: 1) Prop K Capital Program Administration; 2) Budget Review and Analysis; and 3) Prop K Sponsor Reimbursements. In July 2018, the consultants presented their recommendations to the Board. At the November 27 Board meeting, we are providing an update on how we are following up on the recommendations.

9. Regional Measure 3 Implementation Update - **INFORMATION*** **49**

<u>**End of Consent Agenda**</u>

6:15 **10.** Adopt a Motion of Support for the Allocation of $25,847,913 in Prop K Sales Tax Funds for Eight Requests **– ACTION*** **79**

Projects: (SFMTA) Central Subway ($964,968), Presidio Bus Lifts ($4,400,000), L-Taraval Transit Enhancements (Segment B) ($11,240,331), 16th Street Transit Enhancements Project (22 Fillmore Phase 2) ($5,600,371) and Battery and Sansome Bicycle Connections [NTIP Capital] ($200,000); (SFPW) Great Highway Terminus Narrowing ($292,243), Taraval Street Pavement Renovation (West Portal to Sunset Blvd) ($1,400,000) and Alemany Blvd Pavement Renovation ($1,750,000)

6:25 **11.** Adopt a Motion of Support for the Adoption of the District 10 Mobility Study [NTIP Planning] Final Report **– ACTION*** **89**

6:35 **12.** Update on the Effects of Transportation Network Companies (TNCs) on Roadway Congestion and Reliability **– INFORMATION*** **93**

Following the Transportation Authority's 2017 *TNCs Today* report, we have been collaborating with other public agencies and researchers to analyze the relative contributions of various factors to observed changes in roadway congestion over the period 2010-2016. The factors studied include road network changes, population and job growth, and TNCs. At the November 27 CAC meeting, we will present the findings from our TNCs and Congestion report. The report and interactive map are available on our website at https://www.sfcta.org/emerging-mobility/tncs-and-congestion.

6:40 **13.** Update on Cordon Pricing and Incentive-Based Congestion Management Strategies **– INFORMATION*** **105**

Transportation Authority staff will provide information about the potential to utilize demand management strategies to reduce congestion and improve transportation options in downtown San Francisco. The presentation will recap our 2010 report on cordon pricing – the Mobility, Access, and Pricing Study (MAPS) – and describe current incentive-based activities in San Francisco and other cities.

6:50 **14.** Adopt a Motion of Support to Direct Staff to Advance the Proposed Scope of Work and Seek Additional Funding for a Congestion Pricing Study Update **– ACTION*** **129**

7:10 **15.** Adopt a Motion of Support for Approval of San Francisco's State Transit Assistance County Block Grant Framework for Fiscal Years 2018/19 and 2019/20 **– ACTION*** **135**

7:30 **16.** Adopt a Motion of Support for Approval of the Revised Debt and Investment Policies **– ACTION*** **143**

<u>Other Items</u>

7:45 **17.** Introduction of New Business **– INFORMATION**

During this segment of the meeting, CAC members may make comments on items not specifically listed above, or introduce or request items for future consideration.

7:50 **18.** Public Comment

8:00 **19.** Adjournment

*Additional Materials

Next Meeting: January 23, 2019

The Hearing Room at the Transportation Authority is wheelchair accessible. To request sign language interpreters, readers, large print agendas or other accommodations, please contact the Clerk of the Board at (415) 522-4800. Requests made at least 48 hours in advance of the meeting will help to ensure availability. Attendees at all public meetings are reminded that other attendees may be sensitive to various chemical-based products.

The nearest accessible BART station is Civic Center (Market/Grove/Hyde Streets). Accessible MUNI Metro lines are the F, J, K, L, M, N, T (exit at Civic Center or Van Ness Stations). MUNI bus lines also serving the area are the 5, 6, 7, 9, 19, 21, 47, and 49. For more information about MUNI accessible services, call (415) 701-4485.

If any materials related to an item on this agenda have been distributed to the Citizens Advisory Committee 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.

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DRAFT MINUTES

CITIZENS ADVISORY COMMITTEE

Wednesday, October 24 2018

1. Committee Meeting Call to Order

Chair Larson called the meeting to order at 6:03 p.m.

CAC members present: John Larson (Chair), Myla Ablog, Kian Alavi, Robert Gower, David Klein, Chris Waddling and Rachel Zack (7)

CAC Members Absent: Hala Hijazi (entered during Item 12), Becky Hogue, Peter Sachs and Peter Tannen (4)

Transportation Authority staff members present were Eric Cordoba, Anna Harvey, Andy Heidel Jeff Hobson, Anna LaForte, Maria Lombardo, Mike Pickford, Steve Rehn, Eric Reeves, Aprile Smith, and Luis Zurinaga (Consultant).

2. Chair's Report – INFORMATION

Chair Larson reported that the Transportation Authority Board approved a resolution authorizing suspension of all further financial assistance to the Transbay Joint Powers Authority (TJPA) for 30% design work on the Downtown Extension and listed the conditions that TJPA needed to meet to release the funds. Chair Larson shared the benefits of Senate Bill 1 for San Francisco public transportation and noted that on November 6, Californians would vote on Proposition 6, which, if passed, would eliminate the funding provided by Senate Bill 1.

Chair Larson stated that staff had asked the CAC to defer Item 15 on Transportation Network Companies effects on congestion to next month in light of a very full agenda and wanting to make sure the CAC had enough time to answer questions. He also noted that Item 16, Update on Cordon Pricing and Incentive-Based Congestion Management, could possibly be deferred if time became an issue.

David Klein asked if questions could be emailed to the Chair or Clerk on the deferred information item.

Chair Larson replied in the affirmative.

There was no public comment.

<u>**Consent Agenda**</u>

3. **Approve the Minutes of the September 26, 2018 Meeting – ACTION**
4. **State and Federal Legislation Update – INFORMATION**
5. **Internal Accounting Report, Investment Report, and Debt Expenditure Report for the Three Months Ending September 30, 2018 – INFORMATION**
6. **Citizens Advisory Committee Appointment – INFORMATION**

7. **Adopt a Motion of Support for the Approval of a Two-Year Professional Services Contract with MSA Design & Consulting, Inc. in an Amount Not to Exceed $420,000 for Planning and Technical Services for the ConnectSF Streets and Freeways Study – ACTION**

8. **Adopt a Motion of Support for the Approval of a Two-Year Professional Services Contract, with Options to Extend for Three Additional One-Year Periods, to SPTJ Consulting in an Amount Not to Exceed $480,000 for Computer Network and Maintenance Services – ACTION**

There was no public comment on the Consent Agenda.

David Klein moved to approve the Consent Agenda, seconded by Chris Waddling.

The Consent Agenda was approved by the following vote:

Ayes: CAC Members Ablog, Alavi, Gower, Klein, Larson, Waddling and Zack (7)

Absent: CAC Members Hijazi, Hogue, Sachs and Tannen (4)

End of Consent Agenda

Chair Larson called Item 12 before Items 9, 10 and 11.

9. **Adopt a Motion of Support for the Allocation of $8,731,019 in Prop K Sales Tax Funds for Eleven Requests, with Conditions, and Appropriation of $200,000 in Prop K Sales Tax Funds for One Request – ACTION**

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

David Klein asked for additional information on the Transportation Sustainability Program (TSP) evaluation tool and asked who would be using the tool.

Maria Lombardo, Chief Deputy Director, said the tool that the Transportation Authority was developing was an analytical model that would calculate the beneficial impacts of proposed Transportation Demand Management (TDM) projects and strategies that developers could choose to implement as means of reducing Vehicle Miles Traveled (VMT) created by their proposed developments. For instance, the tool would help estimate how much VMT reduction would be expected by offering bike share memberships or subsidized transit passes depending on factors like the type of development, surrounding land uses, etc. She said that the next iteration of the model would include a more user-friendly web-based interface to allow the public, developers or agency staff to use the TSP evaluation tool.

David Klein observed that there were typically not enough data scientists in the public sector and asked if a data scientist would be brought on in conjunction with this appropriation.

Ms. Lombardo said she would refer that question to Joe Castiglione, Deputy Director for Technology, Data and Analysis, who the led the team that analyzed the data for the TNCs and congestion item (#15) that was deferred so he could provide a more comprehensive answer at the next meeting if not sooner.

Myla Ablog said that certain projects for which Prop K allocations were requested required Army Corps of Engineers permits, so she would be abstaining from the vote.

During public comment Edward Mason said the upgraded ticket vending machines for which Prop K funds were requested had been discussed at the previous Peninsula Corridor Joint Powers Board (PCJPB) meeting. He asked if they would be dispensing Clipper cards.

Peter Skinner, Manager, Grants and Fund Programming at PCJPB said the vending machines would not dispense Clipper cards but would have functionality for adding value to Clipper cards.

Hala Hijazi moved to approve the item, seconded by Kian Alavi.

The item was approved by the following vote:

Ayes: CAC Members Alavi, Gower, Hijazi, Klein, Larson, Waddling and Zack (7)

Abstained: CAC Member Ablog (1)

Absent: CAC Members Hogue, Sachs and Tannen (3)

10. Adopt a Motion of Support for the Adoption of 18 2019 Prop K 5-Year Prioritization Programs (5YPPs), with Conditions, Amend 16 2014 5YPPs, Approve a Fund Exchange and Amend the 2017 Prop AA Strategic Plan to Provide $2,064,919 to the Bus Stop Enhancement Project, and Approve Two Prop K Fund Exchanges to Help Backfill the Regional Improvement Program Shortfall for the Central Subway – ACTION

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

Robert Gower asked with regard to Balboa Park Station area improvements what was the status of any traffic and pedestrian safety studies. He said that it was a highly used transit corridor with lots of conflicts between light rail vehicles, pedestrians and traffic, with expected new housing developments and other land use changes.

Ms. LaForte said there were two relevant Prop K projects. One to fund construction to reconfigure the kiss and ride next to the Upper Yard development, eliminating cut through traffic onto Geneva, and building a smaller access off San Jose Avenue for the Balboa Park Station. She said a second project was to advance the San Jose and Geneva Neighborhood Transportation Improvement Program (NTIP) Planning Study and that the San Francisco Municipal Transportation Agency (SFMTA) would provide an update to the CAC by early 2019. She said the study was looking at pedestrian safety and would provide recommendations to improve safety concerns at the terminus of the M Line. She said a written response could be provided.

Myla Ablog asked if any of the projected costs of projects had to be adjusted due to tariffs.

Alexandra Hallowell, Transit Capital Planning Manager at SFMTA, said that one of the types of projects for which the SFMTA had requested funding was for spot improvements to rail in response to safety needs and community requests. She said these projects typically involved rail and related materials that were hard to procure because they came from Europe. This typically takes longer as they must receive waivers from Federal Buy-America requirements and that these waivers were not granted as easily as in the past. She said she could not point to a specific project in the 2019 5YPPs where cost increases were directly attributable to tariffs, but speculated that if the tariffs remain in place, SFMTA would likely see increased costs and slower procurements. Ms. Hallowell said she would talk to the SFMTA engineering department to try and obtain a more robust response.

David Klein asked if the lawsuits against the Geary Bus Rapid Transit project had been resolved.

Ms. LaForte said that the California Environmental Quality Act (CEQA) lawsuit had been resolved.

Kian Alavi asked what was being done by the Transportation Authority and the City of San Francisco to ensure 5YPP projects would be completed when Prop K funds are anticipated to run out.

Chair Larson asked if funding shortfalls were part of a long-term expenditure plan or due to projects going over budget.

Ms. LaForte clarified that when staff say that funds will run out in this five-year period, that statement was based on conservative outputs from the financial model based on the typically optimistic cash flow schedule for the projects proposed by the implementing agencies. She said if expenditures are slower (e.g. slower allocations and/or slower rates of requesting reimbursement) then financing costs would be less and there would be more money for projects.

Ms. Lombardo added that the original expenditure plan was a compromise and did not fully fund any of the programs given that transportation needs far outpace available funding. With respect to Caltrain and Bay Area Rapid Transit (BART), she noted they were added as eligible sponsors in the Prop K Expenditure Plan, but had not been included in the predecessor sales tax program. Ms. Lombardo explained that Prop K funds were set aside for Caltrain's capital program to help relieve some of the SFMTA's burden of paying San Francisco's share of Caltrain costs, but was never meant to be a permanent solution. She said in the vehicle's category, which is Prop K's largest programmatic category, the SFMTA was replacing its fleet of vehicles faster than originally assumed, which requires advancing Prop K funds so they run out sooner, but also delivers benefits to the public sooner. She said that a possible 1/8 cent sales tax for Caltrain was under consideration for the November 2020 ballot and San Francisco's potential Transportation Network Companies (TNC) per trip tax on trips originating in San Francisco were examples of how the city was working to generate additional funds.

During public comment Jackie Sachs asked if the shortfall would happen before the conclusion of the Prop K program.

Ms. Lombardo said the last year of the 2019 5YPPs would be year 20 of the Prop K program, which would allow the Transportation Authority to make amendments to the expenditure plan, if desired.

Jackie Sachs asked how much money Muni would contribute to the projects under consideration and asked why they couldn't use their money first before they came to the Transportation Authority.

Edward Mason asked if there was any coordination between San Francisco Public Works and Muni regarding curb ramps for disabled individuals, as some recently constructed curb ramps were subsequently sawed into for signal upgrade projects.

Rachel Zack moved to approve the item, seconded by Myla Ablog.

The item was approved by the following vote:

Ayes: CAC Members Ablog, Alavi, Gower, Hijazi, Klein, Larson, Waddling and Zack (8)

Absent: CAC Members Hogue, Sachs and Tannen (3)

11. Adopt a Motion of Support for the Adoption of the 2019 Prop K Strategic Plan – ACTION

Oscar Quintanilla, Transportation Planner, presented the item per the staff memorandum.

There was no public comment.

Chris Waddling moved to approve the item, seconded by Hala Hijazi.

The item was approved by the following vote:

Ayes: CAC Members Ablog, Alavi, Gower, Hijazi, Klein, Larson, Waddling and Zack (8)

Absent: CAC Members Hogue, Sachs and Tannen (3)

12. Update on Fissures Found on Steel Girders at the Transbay Transit Center – INFORMATION

Dennis Turchon, Senior Construction Manager at the TJPA, presented the item.

David Klein asked when responsibility was established, who would be responsible for covering all the costs associated with the building closure and repairs.

Mr. Turchon said it would depend on the cause and that the tests would reveal if the issue was due to design or material. He said the contractor would be responsible if the tests showed that the root cause was a materials issue and the designers would be responsible if the issue was caused due to the design. Mr. Turchon said the TJPA was tracking the full range of costs associated with the building closure.

Chair Larson asked if the TJPA was aware of other structures with a girder design similar to the Transbay Transit Center.

Mr. Turchon replied that the design was not common but neither was it unique or unusual. He said structural engineers met the architectural design and modeled all the criteria that were built into the structure.

During public comment Roland Lebrun asked for the presentation slide that showed the cracked hangar beam to be displayed. He said the cut occurred after the hangar beam was installed and believed the crack was due to the weight of buses pulling and pushing on the beam. He said the peer reviews would not provide any benefit and recommended that a monitoring system be installed that could identify any additional structural issues.

Jackie Sachs asked if the construction of the park on top of the transit center had anything to do with the discovered crack.

Mr. Turchon said it was not unusual to have a park on top of a building and said the structural design had taken into accounted the full expected weight of the park.

13. Progress Report for Van Ness Avenue Bus Rapid Transit Project – INFORMATION

Peter Gabancho, Project Manager for the Van Ness Bus Rapid Transit (BRT) project at the SFMTA, presented the item.

Kian Alavi, said the Mayor's office had discussed supporting small business but had not provided financial support. He asked what was being done to help small business entrepreneurs and asked what feedback SFMTA had received in regard to open office hours.

Kate McCarthy, Public Outreach and Engagement Manager at the SFMTA, said the SFMTA had a robust business support program and launched a business advisory committee with monthly meetings. She said the committee is representative of business members along the corridor and that the Mayor's Office of Economic Workforce Development (OEWD) was providing small businesses with technical advisory services. She said the SFMTA was providing banners, marketing materials and signage to address double parking and other business issues related to construction. Ms. McCarthy said the office hours were attended by community members, on a limited basis. She said when SFMTA was contacted by small business with an issue, they tended to follow up right away rather than waiting for the next advisory committee meeting. She noted that the ways SFMTA could help were limited as it was a transit agency.

Kian Alavi said the SFMTA had the platform to speak on behalf of small businesses established along the corridor and could speak directly to the Mayor's office.

Ms. McCarthy said OEWD was proactively supporting small businesses.

Robert Gower asked when the office hours are held.

Ms. McCarthy said the office hours were Tuesdays from 2:00 p.m. - 4:00 p.m. and Fridays 10:00

a.m. - 12:00 p.m. She said there was a 24/7 hotline and email address for members of the public who could not attend office hours.

Robert Gower asked what kind of outreach was done to inform small businesses about the hotline and email options.

Ms. McCarthy said there was signage placed every hundred feet along the corridor, along with a clearly visible sign that provided contact and office hour information. She said there was a robust communications program that also included informational door hangers.

David Klein asked what additional tools were being used besides the hotline and signage.

Ms. McCarthy said the tools differed depending on the business. She listed merchant directory, wayfinding, signage to help people find parking and parking adjustments to better serve businesses as examples of tools that SFMTA was using to assist businesses along the corridor.

Mr. Gabancho added that the SFMTA also worked individually with businesses on a case by case basis, for example, to make sure contractor equipment was not blocking signage or parking zones.

Chris Waddling expressed his support for the outreach being provided along the Van Ness corridor and said it might have helped save business along the Muni Third Street T line. He requested that the same level of outreach and communication be provided along the Muni Third Street T line corridor when work is done to improve the boarding platforms. He asked if there were opportunities to accelerate the build out phase of the Van Ness BRT project.

Mr. Gabancho said the SFMTA was looking at ways to accelerate construction. He said the utility work made it difficult for the BRT portion of the project, in the median, to be worked on as the median was currently being used as staging for materials or to divert traffic.

During public comment Edward Mason commented that the Santa Clara Valley Transportation Authority (VTA) fired their contractor for the East Santa Clara BRT project because of decimation of local businesses. Mr. Mason said that the VTA ended up offering discounts to people patronizing local businesses along the project corridor if they showed their transit pass. He suggested offering similar business discounts to transit riders in the Van Ness corridor to encourage business along the corridor.

Jackie Sachs said the right turn on red at stop lights and placing bus platforms in the middle of the street made it difficult for disabled individuals to cross the street safely. She asked how SFMTA had taken into consideration the need to provide time for seniors and disabled persons to cross the street.

Mr. Gabancho said he would check with SFMTA staff.

14. Adopt a Motion of Support for the Adoption of the Final Freeway Corridor Management Study Phase 2 Report, Authorize the Executive Director to Amend Cooperative Agreement No. 04-2647 with the California Department of Transportation for the U.S. 101/I-280 Managed Lanes for an Additional $152,000 in a Total Amount Not to Exceed $227,000, and Approve a Prop K/Local Partnership Program Fund Exchange in Prop K Funds for the U.S. 101/I-280 Managed Lanes Project – ACTION

Andrew Heidel, Senior Transportation Planner, presented the item per the staff memorandum.

Rachel Zack said Governor Brown was in favor of electric vehicles and allowing them to access carpool/express lanes and asked if the modeling considered the impact electric vehicles would have on express lanes.

Mr. Heidel said they did not explicitly represent electric vehicles in the model. He clarified that state legislation authorized the use of express lanes by single occupant electric vehicles but also allowed them to be charged a discounted toll. He said the Metropolitan Transportation Commission (MTC), Valley Transportation Authority (VTA) and Alameda County had agreed to phase in tolling of electric vehicles over the next two years, rather than continuing to permit free access by electric vehicles to the express lanes. Mr. Heidel said that current discussions suggest that electric vehicles would be offered a 50% discount over posted tolls when this policy is enacted.

Myla Ablog asked for additional information regarding equity strategies studied in Los Angeles.

Mr. Heidel said that Los Angeles's equity strategy included roughly 800 community meetings to understand the needs and concerns of impacted communities along two major corridors. He said the strategy was three-pronged. First, after hearing the desire for more and improved bus service from the community, Los Angeles made significant investments in buses that used the express lane and traveled through the adjacent neighborhoods around the express lane. He said that in addition to this improved bus service, Los Angeles Metro developed two programs to assist low income drivers who did not have the option of using transit. The first program waived the monthly maintenance fee for Fastrak transponders and included $25 in pre-loaded credit, and the second program provided all enrolled transit riders with toll credit for frequent use of transit within the two identified corridors.

Chris Waddling asked if the model studied private commuter shuttles, that often were empty when picking people up, and if there were ways to charge them when traveling with one occupant or incentivize them to have riders at all times.

Mr. Heidel said data was used from the SFMTA's commuter shuttle pilot because they reported where vehicles went when they were in the city and helped determine what vehicles might use the express lane. He said the model calculated the commuter shuttle buses being full going into the city and empty going back in the morning, and vice versa in the evening. He said the status of the legislation would allow commuter shuttle buses to use any tolled lane or carpool lane at no cost if occupied by more than a single occupant. He noted only public transit vehicles were exempt from paying when they contained only a single occupant.

Chair Larson noted the departure of Hala Hijazi and acknowledged that the current meeting would be her last one as a member of the CAC. The CAC thanked her for her service.

David Klein asked if the study had a go/no go threshold or metric that would enable the study team to determine if there were sufficient benefits to justify the project. He also asked if a limit had been placed on the cost that could be potentially placed on the public.

Mr. Heidel said that the study did not set thresholds in terms of travel time savings. He said the goals were to encourage higher vehicle occupancy on the freeway and that since the team had only studied the peak hour, they weren't able to speak definitively on this goal yet. He said that the topic of pricing had not yet been discussed but would be explored in future work.

David Klein asked how long the study would continue.

Mr. Heidel said the CAC was being asked to support the adoption of the final report from the feasibility phase. He said the second action was a co-op amendment with Caltrans for its participation in the scoping phase, and the following phase after that would be environmental analysis and preliminary engineering.

Ms. Lombardo said she work with the project team to get a clearer response to Mr. Klein's question. She noted that the next steps were to conduct an equity study and detailed traffic analysis, both of which would provide key information to help policymakers decide if they wish to advance the project.

David Klein asked if a 4-9-minute traffic improvement was worth additional funds.

Robert Gower requested to see statistics related to high occupancy vehicles which he believed was the larger goal of the study.

Eric Cordoba, Deputy Director for Capital Projects, said Transportation Authority staff was working on a Project Initiation Document with the state to scope out potential alternatives and would have a finished document by Spring 2019. He said the document would show alternatives that would be further studied during the environmental document phase. Mr. Cordoba said the environmental study would take a year to a year and a half after Spring 2019.

Kian Alavi noted that reaching a 3-person vehicle occupancy was likely going to be achieved by the TNCs. He said there should not be an opaque wall as to what TNCs were doing and he encouraged Transportation Authority staff and Chair Peskin to continue to push hard to obtain access to TNC data.

During public comment Edward Mason read off the SFMTA Commuter Shuttle Program and noted that the commuter shuttles appeared to have less than 20 people per bus. He also asked if the study looked at the impact congestion had on the environment.

Kian Alavi moved to approve the item, seconded by Robert Gower.

The item was approved by the following vote:

Ayes: CAC Members Ablog, Alavi, Gower, Klein, Larson and Waddling (6)

Absent: CAC Members Hijazi, Hogue, Sachs, Tannen and Zack (5)

Chair Larson continued Items 15 and 16 to the November 28, 2018 CAC meeting without objection.

15. Update on the Effects of Transportation Network Companies (TNCs) on Roadway Congestion and Reliability – INFORMATION

There was no public comment.

16. Update on Cordon Pricing and Incentive-Based Congestion Management Strategies – INFORMATION

Jeff Hobson, Deputy Director for Planning, presented the item staff memorandum.

There was no public comment.

17. Introduction of New Business – INFORMATION

Kian Alavi challenged local government to stand up to the tech companies and protect the wellbeing of San Francisco residents and roads. With respect to the Downtown Extension, Mr. Alavi said he understands that the action taken by the Transportation Authority Board was a vote of no confidence in the management of the TJPA, but he said that there needs to be better messaging about what is being done to fix it.

Chris Waddling requested an update on the Quint Street project and noted that Transportation Authority staff would be giving an update to the Bayview CAC in November.

There were no new items introduced.

18. Public Comment

During general public comment Jackie Sachs requested a date to honor past CAC leaders and asked for an update on the other 9 to 5 project.

Ed Mason showed photos of idling commuter shuttle buses, buses with no license plates or no permits and additional violations.

There was no public comment.

19. Adjournment

The meeting was adjourned at 8:27 p.m.

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Agenda Item 5

DRAFT 2019 Regular Transportation Authority Meeting Schedule

Subject to change.

www.sfcta.org/meetings

January

Board	Tuesday	Jan. 8	10:00 a.m.
Board	Tuesday	Jan. 29	10:00 a.m.
TIMMA Board	Tuesday	Jan. 29	11:00 a.m.
Citizens Advisory Committee	Wednesday	Jan. 23	6:00 p.m.

February

Board	Tuesday	Feb. 12	10:00 a.m.
Board	Tuesday	Feb. 26	10:00 a.m.
Citizens Advisory Committee	Wednesday	Feb. 27	6:00 p.m.

March

Board	Tuesday	Mar. 12	10:00 a.m.
Board	Tuesday	Mar. 26	10:00 a.m.
Citizens Advisory Committee	Wednesday	Mar. 27	6:00 p.m.

April

Board	Tuesday	Apr. 9	10:00 a.m.
Board	Tuesday	Apr. 23	10:00 a.m.
Citizens Advisory Committee	Wednesday	Apr. 24	6:00 p.m.

May

Board	Tuesday	May 14	10:00 a.m.
Board	Tuesday	May 21	10:00 a.m.
Citizens Advisory Committee	Wednesday	May 22	6:00 p.m.

June

Board	Tuesday	Jun. 11	10:00 a.m.
Board	Tuesday	Jun. 25	10:00 a.m.
Citizens Advisory Committee	Wednesday	Jun. 26	6:00 p.m.

July

Board	Tuesday	Jul. 9	10:00 a.m.
Board	Tuesday	Jul. 23	10:00 a.m.
Citizens Advisory Committee	Wednesday	Jul. 24	6:00 p.m.

August

Board of Supervisors Recess from August 1 through September 3 – No Meetings

September

Citizens Advisory Committee	Wednesday	Sep. 4	6:00 p.m.
Board	Tuesday	Sep. 10	10:00 a.m.
Board	Tuesday	Sep. 24	10:00 a.m.
Citizens Advisory Committee	Wednesday	Sep. 25	6:00 p.m.

October

Board	Tuesday	Oct. 8	10:00 a.m.
Board	Tuesday	Oct. 22	10:00 a.m.
Citizens Advisory Committee	Wednesday	Oct. 23	6:00 p.m.

November

Board	Tuesday	Nov. 5	10:00 a.m.
Board	Tuesday	Nov. 19	10:00 a.m.
Citizens Advisory Committee	Wednesday	Nov. 20	6:00 p.m.

December

Board	Tuesday	Dec. 3	10:00 a.m.
Board	Tuesday	Dec. 10	10:00 a.m.

Board of Supervisors Recess from December 16, 2019 through January 3, 2020 – No Meetings

Transportation Authority General Schedule

Citizens Advisory Committee
Meets regularly every 4th Wednesday at 6:00 pm in the SFCTA Hearing Room

Personnel Committee
Meets at the call of the Chair in City Hall

Vision Zero Committee
Meets on a quarterly basis in City Hall

Transportation Authority Board
Meets regularly every 2nd and 4th Tuesday at 10:00 am in City Hall Room 250

Treasure Island Mobility Management Agency (TIMMA) General Schedule

TIMMA Committee
Meets on a quarterly basis in City Hall

TIMMA Board
Meets on a quarterly basis in City Hall

Agenda Item 7

San Francisco County Transportation Authority
1455 Market Street, 22nd Floor
San Francisco, California 94103
415.522.4800 FAX 415.522.4829
info@sfcta.org www.sfcta.org

Memorandum

Date: November 16, 2018

To: Transportation Authority Citizen Advisory Committee

From: Eric Cordoba – Deputy Director for Capital Projects

Subject: 11/28/2018 Citizen Advisory Committee Meeting: Progress Report for Van Ness Avenue Bus Rapid Transit Project

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

None. This is an information item.

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

SUMMARY

This is the monthly progress report on The Van Ness Avenue Bus Rapid Transit (BRT) Project requested by the CAC. The project incorporates a package of transportation improvements along a 2-mile corridor of Van Ness Avenue between Mission and Lombard streets, including dedicated bus lanes, consolidated transit stops, and pedestrian safety enhancements. The cost of the BRT project is $169.6 million. The BRT project is part of an overall larger Van Ness Improvement Project, totaling $309.3 million, which combines the BRT project with several parallel infrastructure upgrade projects including installation of new overhead trolley contacts, traffic signal replacements, sewer and water improvements, and streetlights. The San Francisco Municipal Transportation Agency (SFMTA) and their contractor Walsh Construction are leading the construction phase effort. Utility construction is the current critical work activity. The project is approximately 29% complete. In October, the project team expanded the construction work zone to safely accommodate additional trenching at different locations. This expansion also required the restriping of Van Ness Avenue between Bush and Lombard streets to shift traffic to the median. Utility upgrade efforts are continuing.

DISCUSSION

Background.

The Van Ness Avenue BRT aims to bring to San Francisco its first BRT system to improve transit service and address traffic congestion on Van Ness Avenue, a major north-south arterial. The Van Ness Avenue BRT is a signature project in the Prop K Expenditure Plan, a regional priority through the Metropolitan Transportation Commission's Resolution 3434, and a Federal Transit Administration Small Starts program project.

The construction of the core Van Ness Avenue BRT project, that includes pavement resurfacing, curb ramp upgrades and sidewalk bulb outs, is combined with several parallel city-sponsored projects for cost, construction duration and neighborhood convenience. These parallel projects, which have independent funding, include installing new overhead trolley contacts, street lighting and poles replacement; SFgo traffic signal replacement; sewer and water line replacement; and storm water “green infrastructure” installation.

Status and Key Activities.

Ranger Pipeline intensified sewer and water upgrades on the eastern side of Van Ness Avenue between Bush and Lombard streets, and on the western side of Van Ness Avenue particularly between Mission and Market streets. Van Ness Avenue continues to accommodate two lanes of northbound and southbound traffic along the corridor project limits. The contractor restriped the median along Van Ness Avenue at these locations to accommodate the utility work and to shift traffic to the median at these locations. Ranger also fenced off portions of the sidewalk along the eastern side of Van Ness Avenue in order to provide enough room for staging sewer pipes, water pipes, and other equipment. The project team is using temporary traffic control measures such as channelizer traffic cone and variable message signs to direct traffic. Temporary bus stop platforms have also been installed as needed.

Bauman Landscape and Construction continues to replace sidewalks, parking strips, curbs and street base, as well as installing storm water bioretention infrastructure after completion of sewer and water installation. Bauman worked on sidewalk replacement between Eddy and Olive streets on the west side of Van Ness Avenue, and between Jackson and Vallejo streets on the east side of Van Ness Avenue. In certain locations, the construction zone may be extended slightly to side streets to accommodate bulb out, storm water drainage, and curb ramp construction.

On the west side of Van Ness Avenue, Phoenix Electric continued to install joint-utility duct bank and Muni overhead infrastructure between O’Farrell Street and Geary Boulevard. Construction crews also continued upgrading the Auxiliary Water Supply System.

Whenever possible the contractors will maintain pedestrian and driveway access for vehicles around the construction zones. To help local businesses maintain visibility, the project team installed additional signs where necessary. Businesses are also displaying banners and temporary standalone signs. SFMTA continues to host business advisory committee meetings to provide project updates and to reduce construction impacts on local businesses. SFMTA has offered advertising space on buses at no charge to affected merchants.

The Lombard Street Vision Zero Project started construction this month next to the Van Ness Ave BRT project. San Francisco Public Works (SFPW) is the lead agency for the Lombard Street project which will construct pedestrian safety enhancements as well as transit performance enhancements and utility improvements on Lombard Street between Richardson and Van Ness avenues. Construction for the Lombard Street Vision Zero Project will last approximately two years and will precede Caltrans’ project to repave Lombard Street. The Van Ness Avenue BRT and Lombard Street projects are along the US 101 corridor and will impact traffic circulation and commuters from Marin County. Drivers are encouraged to take Franklin Street, Gough Street, Geary Boulevard, California Street, and Marina Boulevard as alternatives routes. SFMTA is working closely with SFPW to coordinate construction of the two projects.

Project Schedule, Budget and Funding Plan.

The project is approximately 29% complete, compared to 28% complete reported last month to the CAC. Major construction is projected to finish at the end of 2020. The original late 2019 BRT service start date has been revised to early 2021 (Attachment 1). Construction expenditures to date total $76.99 million out of a total of $222.6 million for the core Van Ness Ave BRT project which includes contractor cost, agency costs, and contingency.

The project funding plan from November 2016 is included as Attachment 2. This was the project's funding plan at the start of the construction phase. The projects was fully funded until recently when the SFMTA needed to redirect funds to cover unanticipated cost increases for the Twin Peaks Tunnel project as well as slight budget increases for necessary upgrades to signal poles. Additionally, the overall project budget has increased to accommodate additional San Francisco Public Utilities Commission (PUC) work. The current funding need currently falls within the approximately $27.5 million contingency of the project. SFMTA is seeking additional sources of funds and considering deferring uninitiated projects to fill the anticipated budget need at the end of construction and closeout. We will work with SFMTA staff to update the funding plan to present to the CAC.

Current Issues and Risks.

The project is currently more than a year behind schedule due to challenges securing a utility subcontractor and the extent of utility conflicts encountered in the field. SFMTA and San Francisco Public Utilities Commission staff are working with Walsh Construction and Ranger Pipeline to accelerate utility work where possible including performing construction at night with noise dampening equipment and relining sewer line connections instead of installing new sewer lines. As construction increases in the northern half of Van Ness Avenue which is mainly residential and small businesses, there will be a need for more intense construction coordination to accommodate local activities such as driveway access, parking, delivery access, and night noise. Also, as noted above, we will track and support SFMTA's efforts to ensure the project is fully funded.

FINANCIAL IMPACT

None. This is an information item.

CAC POSITION

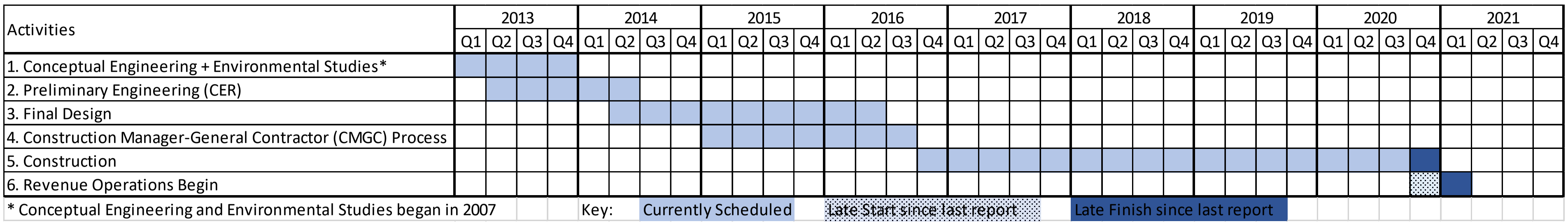
None. This is an information item.

SUPPLEMENTAL MATERIALS

Attachments

1 – Project Schedule
2 – Project Funding Plan

Attachment 1: Van Ness Avenue BRT Project Schedule



Date: Nov 14, 2018

Attachment 2: Van Ness Improvement
Funding Plan Updated: November 2016

Source [2]	Type	Status	Project Phases [1]: ENV, CER/PE	Project Phases [1]: PS&E	Project Phases [1]: CON	Total by Status	TOTAL
Bus Rapid Transit (BRT)							
FTA 5309 Small Starts	Federal	Allocated	$7,031,202	$6,371,063	$61,597,734	**$74,999,999**	**$74,999,999**
		Programmed				**$0**	
		Planned				**$0**	
FTA 5307 Vehicles	Federal	Allocated				**$0**	**$3,303,400**
		Programmed			$3,303,400	**$3,303,400**	
		Planned				**$0**	
Lifeline Transportation Program - Prop 1B	State	Allocated				**$0**	**$6,189,054**
		Programmed			$6,189,054	**$6,189,054**	
		Planned				**$0**	
PPM Funds	State	Allocated	$197,907			**$197,907**	**$197,907**
		Programmed				**$0**	
		Planned				**$0**	
SHOPP	State	Allocated			$7,300,000	**$7,300,000**	**$7,300,000**
		Programmed				**$0**	
		Planned				**$0**	
California Pacific Medical Center Contribution [3]	Local	Allocated	$201,024	$4,611,154	$187,822	**$5,000,000**	**$5,000,000**
		Programmed				**$0**	
		Planned				**$0**	
Central Freeway Parcel Revenues [4]	Local	Allocated				**$0**	**$12,654,135**
		Programmed			$12,654,135	**$12,654,135**	
		Planned				**$0**	
Prop K Sales Tax [5]	Local	Allocated	$6,977,180	$1,594,280	$21,541,930	**$30,113,390**	**$30,113,390**
		Programmed				**$0**	
		Planned				**$0**	
SFMTA Operating Funds	Local	Allocated	$1,823			**$1,823**	**$1,823**
		Programmed				**$0**	
		Planned				**$0**	
SFMTA Revenue Bonds	Local	Allocated			$1,060,888	**$1,060,888**	**$49,740,292**
		Programmed			$48,679,404	**$48,679,404**	
		Planned				**$0**	

Van Ness Improvement Funding Plan
Updated: November 2016

Source [2]	Type	Status	Project Phases [1]: ENV, CER/PE	PS&E	CON	Total by Status	TOTAL
Overhead Line Rehabilitation							
FTA 5337 State of Good Repair	Federal	Allocated		$1,752,636	$22,118,804	**$23,871,440**	**$23,871,440**
		Programmed				**$0**	
		Planned				**$0**	
AB 664	Regional	Allocated			$103,191	**$103,191**	**$103,191**
		Programmed				**$0**	
		Planned				**$0**	
Prop K Sales Tax	Local	Allocated			$5,716,000	**$5,716,000**	**$5,716,000**
		Programmed				**$0**	
		Planned				**$0**	
SFgo Signal							
FTA CMAQ	Federal	Allocated		$3,027,572	$13,972,429	**$17,000,000**	**$17,000,000**
		Programmed				**$0**	
		Planned				**$0**	
California Pacific Medical Center Contribution [3]	Local	Allocated			$5,995,751	**$5,995,751**	**$5,995,751**
		Programmed				**$0**	
		Planned				**$0**	
Prop B General Fund Set Aside	Local	Allocated				**$0**	**$2,005,380**
		Programmed			$2,005,380	**$2,005,380**	
		Planned				**$0**	
Prop K Sales Tax	Local	Allocated			$2,275,000	**$2,275,000**	**$2,275,000**
		Programmed				**$0**	
		Planned				**$0**	
Water, Sewer, Streetlights, Green Infrastructure							
SFPUC Funds	Local	Allocated				**$0**	**$52,630,543**
		Programmed		$603,306	$52,027,237	**$52,630,543**	
		Planned				**$0**	

Van Ness Improvement Funding Plan
Updated: November 2016

Source [2]	Type	Status	ENV, CER/PE (Project Phases [1])	PS&E (Project Phases [1])	CON (Project Phases [1])	Total by Status	TOTAL
Other (Auxiliary Water Supply System, MuniForward, Vision Zero)							
Active Transportation Program	State	Allocated			$3,897,110	**$3,897,110**	**$3,897,110**
		Programmed				**$0**	
		Planned				**$0**	
Prop B General Fund Set Aside	Local	Allocated				**$0**	**$6,383,931**
		Programmed		$285,884	$6,098,047	**$6,383,931**	
		Planned				**$0**	
	Totals	**Allocated**	**$14,409,136**	**$17,356,705**	**$145,766,659**	**$177,532,499**	**$309,378,346**
		Programmed	**$0**	**$889,190**	**$130,956,657**	**$131,845,847**	
		Planned	**$0**	**$0**	**$0**	**$0**	
			$14,409,136	**$18,245,895**	**$276,723,316**	**$309,378,346**	

[1] Acronyms used for project phases include: ENV - Environmental Documentation, CER/PE - Conceptual Engineering Report/Preliminary Engineering (30% Design), PS&E - Plans, Specifications & Estimates or Final Design, CON - Construction. The construction phase includes the incremental cost for upgrading 15 motor coaches on the 47-Van Ness line from 40-footers to 60-foot articulated buses.

[2] Acronyms used for funding sources include: AB 664 - Assembly Bill 664 toll revenues, CMAQ - Congestion Mitigation and Air Quality, FTA - Federal Transit Administration, PPM - Planning, Programming and Monitoring, SFMTA - San Francisco Municipal Transportation Agency, SFPUC - San Francisco Public Utilities Commission, and SHOPP - State Highway Operation and Protection Program.

[3] The development agreement with the California Pacific Medical Center was approved by the San Francisco Board of Supervisors through Ordinance 138-13 on July 11, 2013.

[4] $12.7 million in Central Freeway Parcel Revenues is dedicated for Van Ness Avenue State of Good Repair improvements.

[5] Prop K amount for BRT includes $420,900 in Transportation Authority operating funds in Fiscal Years 2009/10 and 2010/11.

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SFCTA Prop K Independent Analysis & Oversight

Conducted by Sjoberg Evashenk Consulting, Inc

NOVEMBER 27, 2018

SCOPE & OBJECTIVE	RECOMMENDATION	MANAGEMENT'S RESPONSE
Program Delivery: How effective is the Prop K capital program in terms of program and project delivery status, leveraging of funds, and ability to meet sponsors funding/cash needs? Is SFCTA delivering the program as promised?	**Status Communication to the Public** Annual Report: 1. Include 1-2-page table reconciling 2003 voter-approved projects to current status. 2. Improve quality control process. Website: 3. Provide Prop K Homepage "Dashboard" showing status of projects. 4. Move Existing MyStreetSF Interactive Project Map to Prop K Main Page and update linked project sites and fact sheets as major milestones are completed, or schedules change.	1. In Progress - We will incorporate this reconciliation into our 2018 Annual Report which will be released in January 2019. 2. In Progress - We will update our current procedures to ensure proper quality control in the annual report review process. 3. In Progress - The Prop K Homepage "Dashboard" page will be released in early 2019 with the launch of our new website. 4. Done, In Progress - We launched an updated MyStreetSF interactive map in September 2018 and it is located on our main webpage. We'll complete the remaining updates in early 2019.
Budgeting: How effective is the analysis and communication of the annual budget process in terms of budget to actual comparisons, use of staff versus	5. SFCTA's annual budget has typical budget information but is less detailed than others. • No change warranted unless Board wishes more discussion or description on specific budget line items. 6. Technical professional services outsources are typical for industry but differences exist with administrative professional services. For example, IT technical	5. In Progress - We will provide additional budgetary analysis and performance metrics in the budget report. 6. Done, In Progress - We have performed an analysis and determined it is more efficient and cost effective to hire outside IT technical support and legal counsel at this time. We will re-evaluate both analyses every few years. In

SFCTA Prop K Independent Analysis & Oversight Conducted by Sjoberg Evashenk Consulting, Inc November 27, 2018		
Scope & Objective	**Recommendation**	**Management's Response**
consultants, and approvals of the budget?	support and general counsel resources are kept in-house at more peer transportation agencies. • Evaluate costs and benefits of bringing IT and general counsel in-house as well as hiring for the principal engineer position that has been vacant. 7. Communications of available Prop K budgeting information to sponsor finance staff could be improved. • Hold at least semi-annual roundtables with sponsor finance staff to discuss 5YPPs and Strategic Plan updates, as well as communicate Prop K short-term funding availability and needs for upcoming and shovel-ready projects. 8. Revising policy-level grant amendment may expedite grant amendment processes. • Consider establishing a minimum Board approval threshold for policy-level grant budget amendments involving funding increases and delegate any amendments below that threshold to the Executive Director (e.g. $50,000 or 5% of grant amount).	January 2019, we plan to advertise the principal engineer position. 7. In Progress - We have informed sponsors through our Technical Working Group of our offer to meet with upper level management to discuss updates and to communicate budgeting information for the Prop K program. The meetings will begin in January 2019 to inform city agencies' annual budgeting process. 8. Not Recommended - We have reviewed our grant amendment process and after discussions with various Commissioners and consultation with the Chair's office, we have determined that establishing a threshold does not provide the level of transparency and accountability that is desired.

SFCTA Prop K Independent Analysis & Oversight Conducted by Sjoberg Evashenk Consulting, Inc November 27, 2018		
Scope & Objective	**Recommendation**	**Management's Response**
Sponsor Reimbursements: How effective and efficient is the Prop K sponsor reimbursement process related to grant invoice reviews, payment remittance periods, and grant life cycles?	9. SFCTA's average processing time improved from 31 days in FY16/17 to 21 days in FY17/18 but there were still 25 payments (9%) that took longer than 30-working days to process. Assess feasibility to reduce processing time: a. Conduct time study to identify actual processing time, workload, and staffing needs. b. Establish intervals for staff to follow-up with sponsors. c. Create reimbursement approval authorization matrix with set thresholds (e.g. Executive Director Approval Required if >$25,000). 10. Execute service level agreements with sponsors: a. Define roles and responsibilities for all parties involved. b. Clarify and set expectations for reimbursement requests (e.g. responsiveness, level of detail, rejections).	9. In Progress - Since the review period, we have not received enough reimbursements to measure if our processing time has further improved. a. We will conduct multiple time studies during the fiscal year. b. We have proposed a 5-business-day interval for staff to follow-up with sponsors and have discussed this with our Technical Working Group. We intended to roll this out as part of new service level agreements (see #10 below) in early 2019. c. Beginning in January 2019, only reimbursement requests over $5,000 will require the executive director's approval for payment. 10. In Progress - We will offer to meet with upper level management for each sponsor in January 2019 to establish service level agreements, following similar conversations at the Technical Working Group.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

PROP K
INDEPENDENT ANALYSIS & OVERSIGHT

JULY 24, 2018

Presented by:
Lien Luu

SJOBERG EVASHENK
CONSULTING, INC

SCOPE & OBJECTIVES

3 Focus Areas “Big Questions”

1. Program Delivery: How effective is the Prop K capital program in terms of program and project delivery status, leveraging of funds, and ability to meet sponsors funding/cash needs? Is SFCTA delivering the program as promised?

2. Budgeting: How effective is the analysis and communication of the annual budget process in terms of budget to actual comparisons, use of staff versus consultants, and approvals of the budget?

3. Sponsor Reimbursements: How effective and efficient is the Prop K sponsor reimbursement process related to grant invoice reviews, payment remittance periods, and grant life cycles?

SCOPE & OBJECTIVES

- **Peer Comparison Agencies**
  - ✓Administrator of 1/2 Cent Sales Tax Measure passed around 2003, 2004
  - ✓Regional Transportation Planning Agency
  - ✓Congestion Management Agency***

	Sales Tax Term	Program Size	# of Staff
SFCTA	30 Years [1]	$2.8 B [1]	44 [2]
Orange County Transportation Agency (OCTA)*	30 Years	$15.5 B	372
Pima Association of Governments (PAG)**	20 Years	$2 B	63
San Diego Association of Governments (SANDAG)**	40 Years	$14 B	225

Source: [1] 2003 Expenditure Plan. [2] FY18/19 Budget.
*OCTA is also a transit operator (like SFMTA).
** PAG (Tucson, AZ) and SANDAG are also Metropolitan Planning Organizations (like MTC).
***SFCTA, OCTA, SANDAG.

PROGRAM DELIVERY - OVERVIEW

Big Question: How effective is the Prop K capital program in terms of program and project delivery status, leveraging of funds, and ability to meet sponsors funding/cash needs? Is SFCTA delivering the program as promised?

- Program Delivery Status
- Leveraging Prop K

PROGRAM DELIVERY – OVERALL STATUS

2004

14 Years,
$1.6 B Allocated,
$1.1 B Reimbursed,
1256 Grants*

2018

16 Years,
$1.2 B

2034

✓ SFCTA and its partner agencies are delivering the program as promised if measuring progress in terms of sales tax dollars allocated 14 years into the 30-year program.

*Grants awarded, including subprojects, range from $915 for safe routes to school initiatives to $69 million for replacing SFMTA's radio communications system.

PROGRAM DELIVERY
MAJOR CAPITAL PROJECTS STATUS

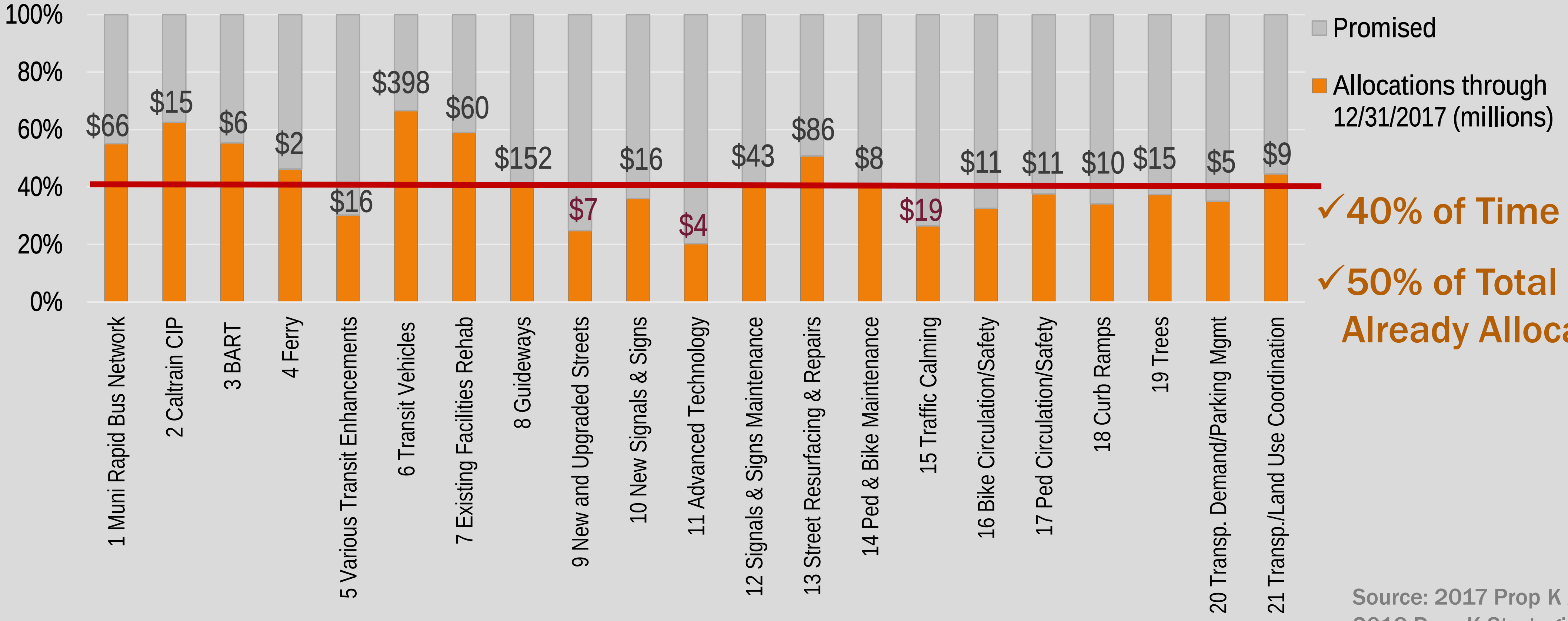
- ✓ 77% of Current Prop K Commitment has been Reimbursed
- ✓ 2 Projects Open
- ✓ 3 Projects Near Completion
- ✓ 1 Project in Design

	Total 30-Year Budget 2003$ [1]	Current Prop K Amount YOE$ [2]	Prop K Reimbursed 12/31/17 YOE$ [3]	Open to Public
Third Street Light Rail [4]	$100 M	$97 M	$91 M	2007
Central Subway [4]	$647 M	$126 M	$125 M	2019 [5]
Transbay Terminal & Downtown Extension	$1,885 M	$285 M	$185 M	2018 [6] TBD
Caltrain Electrification	$183 M	$25 M	$15 M	2022 [7]
Presidio Parkway	$420 M	$95 M	$66 M	2015
Totals	**$3,235 M**	**$628 M**	**$482 M**	

Source: [1] 2003 Expenditure Plan. [2] 2019 Prop K Strategic Plan Baseline. [3] 2017 Annual Report. [4] Prop B Grandfathered Projects. [5] March 2018 Monthly Progress Report to the Federal Transit Administration. [6] TJPA Website. [7] Caltrain Modernization Program Website (calmod.org)

PROGRAM DELIVERY
21 PROGRAMMATIC CATEGORIES STATUS

- $958M allocated across 21 Programmatic Categories



✓40% of Time Passed

✓50% of Total Funding Already Allocated

Source: 2017 Prop K Annual Report.
2019 Prop K Strategic Plan Baseline.

SJOBERG EVASHENK

PROGRAM DELIVERY - LEVERAGING PROP K

- 30-Year Leveraging Goal

$2.8 B Prop K + $9.6 B Other = $12.4 B

Every $1 in Prop K will be matched with $3.4 in other funds.[1]

✓ **As of 2017, every $1 in Prop K secured $4 to $7 in other funds.[2]**

Source: [1] 2003 Prop K Expenditure Plan. [2] 2017 Annual Report. Unaudited.

PROGRAM DELIVERY - LEVERAGING PROP K

- Leveraging at the Project Level - Examples

Expenditure Plan Item	Example	Leverage Ratio
17	SFMTA Purchase of 56 Hybrid Buses	1 to 2.2
24	Presidio Parkway	1 to 13.7
34	SFPW Street Resurfacing Program (various locations throughout City)	Prop K paid for entire Project
44	Folsom Street Streetscape Improvements	1 to 3.9

Source: Project Grant Agreements and Close-Out Reports. Unaudited.

CONCLUSIONS & CONSIDERATIONS
PROGRAM DELIVERY

- ✓ SFCTA and its partner agencies are delivering the program as promised if measuring progress in terms of sales tax dollars allocated 14 years into the 30-year program with $1.6 billion, or 57% of the $2.8 billion allocated through March 2018.

- ✓ 5 of 6 major capital projects have been completed or are nearing completion.

- ✓ Prop K leveraging goal of 1 to 3.4 has been met with every $1 in Prop K securing $4 to $7 in federal, state, and other local funds as of December 31, 2017.

CONCLUSIONS & CONSIDERATIONS
PROGRAM DELIVERY

- Status Communication to the Public
  - **Annual Report:**
    - Include 1-2 page table reconciling 2003 voter-approved projects to current status.
    - Improve QC Process.
  - **Website:**
    - Provide Prop K Homepage "Dashboard" showing status of projects.
    - Move Existing MyStreetSF Interactive Project Map to Prop K Main Page and update linked project sites and fact sheets as major milestones are completed, or schedules change.

FY 2007-16 RTA PROJECTS COMPLETED

PLAN ELEMENT	
ROADWAY	
Total Roadway	**26**
SAFETY	
Intersection	171
Elderly & Pedestrian	142
Bus Pullouts	109
Railroad Bridge	11
Signal Technology	72
Total Safety	**505**
ENVIRONMENTAL & ECONOMIC VITALITY	
Greenways, Bikeways, Pathways & Sidewalks	140
Transportation-related Critical Wildlife Linkages	14
Total Environmental & Economic Vitality	**154**
TRANSIT	
Weekday Evening	21*
Weekday Service	23
Bus Frequency & Overcrowding Relief	9**
Park 'n Ride Transit Centers	7***
Neighborhood Circulator	12****
High Capacity Streetcar	1
Express Service	7
Special Needs	3
Maintenance Storage Facilities	3
Total Transit	**86**
Grand Total	**771**

* 21 routes received weekday evening service, fully implementing this service expansion

** 9 routes received overcrowding relief or expansion

*** Includes completed temporary lots

**** Includes services absorbed from Pima County Rural Transit

Source: Pima Association of Governments 2016 Annual Report.

BUDGETING - OVERVIEW

Big Question: How effective is the analysis and communication of the annual budget process in terms of budget to actual comparisons, use of staff versus consultants, and approvals of the budget?

- Budget Comparisons
- In-House vs. Consultant Staff

BUDGETING – PEER COMPARISONS

- Annual Budget

	SFCTA	PAG	SANDAG	OCTA
Length	13-page Resolution, OWP*, Budget	88-page OWP*; 4-page Budget; 5-page Resolution	495-page Budget & CIP	200-page Budget and 164-page CIP
Sales Tax Program	•Summary Paragraphs	•Separate Annual Report	•Separate Chapter	
Capital Budget		•All Programs and Projects Listed (Reconciled to Ballot)	•Separate Chapter •All Programs and Projects Listed	
Detailed Work Element Description		•None	•Expenses •Funding Sources •Justification	
Personnel & Organization		•Org Chart •Staff Allocations	•Org Chart •Personnel Expenses	

*OWP = Overall Work Program

BUDGETING – IN-HOUSE VS. CONSULTANTS

Technical Professional Services
$12.9 M

- **$1.1 M** Prop K
- $11.8 M CMA, TIMMA

Administrative Professional Services
$1.7 M

- **$1.2 M** Prop K
- $576,000 CMA, TIMMA

Total Expenses
$399 M

- **$2.3 M, or <1% Prop K Use of Consultants**

Source: FY17/18 Final Amended Budget. Figures do not total due to rounding.

BUDGETING – IN-HOUSE VS. CONSULTANTS

✓SFCTA Structure is similar to peer transportation planning agencies.

- SFCTA Differences:
  - Principal Engineer position is currently vacant.
  - IT Technical Support and General Counsel is outsourced.

	In-House	Outsourced
Program Management	✓	✓
Design	✓	✓
Construction		✓
Construction Management	✓	✓
Marketing		✓
Public Information	✓	
Legal	✓	
IT	✓	

CONCLUSIONS & CONSIDERATIONS
BUDGETING

- ✓ SFCTA's annual budget has typical budget information but is less detailed than others.
  - No change warranted unless Board wishes more discussion or description on specific budget line items.

- ✓ Technical professional services outsourced are typical for industry but differences exist with administrative professional services. For example, IT technical support and general counsel resources are kept in-house at most peer transportation agencies.
  - Evaluate costs and benefits of bringing IT and general counsel in-house as well as hiring for the principal engineer position that has been vacant.

CONCLUSIONS & CONSIDERATIONS
BUDGETING

- ✓ Communications of available Prop K budgeting information to sponsor finance staff could be improved.
  - Hold at least semi-annual roundtables with sponsor finance staff to discuss 5YPPs and Strategic Plan updates, as well as communicate Prop K short-term funding availability and needs for upcoming and shovel-ready projects.
- ✓ Revising policy-level grant amendment may expedite grant amendment processes.
  - Consider establishing a minimum Board approval threshold for policy-level grant budget amendments involving funding increases and delegate any amendments below that threshold to the Executive Director (e.g. $50,000 or 5% of grant amount).

SPONSOR REIMBURSEMENTS - OVERVIEW

Big Question: How effective and efficient is the Prop K sponsor reimbursement process related to grant invoice reviews, payment remittance periods, and grant life cycles?

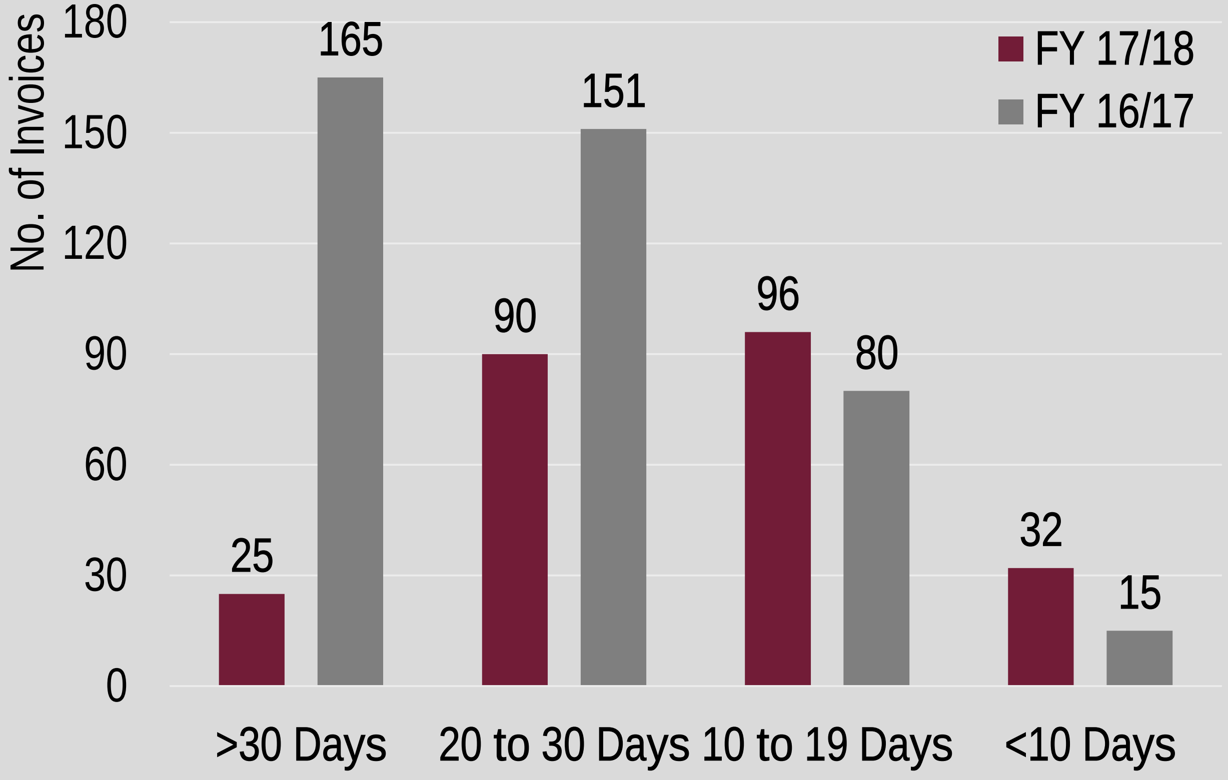
- Reimbursement Review, Approval, Processing Timeliness

SPONSOR REIMBURSEMENTS - TIMELINESS

- **SFCTA Goal: 30-Day Turnaround**

FY 17/18*	FY 16/17
243 Invoices	411 Invoices
Average 21 Days**	Average 31 Days
Range 4 to 147 Days	Range 3 to 142 Days
9% over 30 Days**	40% over 30 Days

✓ **Goal was met but could be improved.**



*Payments through 5/11/18 only. **Average excludes payments to City sponsors that were delayed due to challenges with the City's transition to a new financial system in July 2017. This change resulted in a hold-up of processing payments until 12/29/17.

CONCLUSIONS & CONSIDERATIONS
SPONSOR REIMBURSEMENTS

✓ SFCTA's average processing time improved from 31 days in FY16/17 to 21 days in FY17/18 but there were still 25 payments (9%) that took longer than 30-working days to process.

- Assess feasibility to reduce processing time:
  - Conduct time study to identify actual processing time, workload, and staffing needs.
  - Establish intervals for staff to follow-up with sponsors.
  - Create reimbursement approval authorization matrix with set thresholds (e.g. Executive Director Approval Required if >$25,000).
- Execute service level agreements with sponsors:
  - Define roles and responsibilities for all parties involved.
  - Clarify and set expectations for reimbursement requests (e.g. responsiveness, level of detail, rejections).

Questions?

Agenda Item 9

San Francisco County Transportation Authority

1455 Market Street, 22nd Floor
San Francisco, California 94103
415.522.4800 FAX 415.522.4829
info@sfcta.org www.sfcta.org

Memorandum

Date: November 21, 2018

To: Transportation Authority Board

From: Maria Lombardo – Chief Deputy Director

Subject: November 27, 2018 Board Meeting: Regional Measure 3 Implementation Update

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

None. This is an information item.

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

SUMMARY

On June 5, 2018, voters in the nine Bay Area counties approved Regional Measure 3 (RM3), a $3 toll increase on the region's seven state-owned toll bridges (all the toll bridges except the Golden Gate Bridge) to fund a program of transportation projects. The authorizing legislation, Senate Bill 595 (Beall), outlines the expenditure plan for toll revenues (Attachment 1). The legislation also requires that project sponsors for capital projects submit Initial Project Reports to the Metropolitan Transportation Commission (MTC) within six months of the election. The Initial Progress Reports are not a programming or allocation commitment, but they are a prerequisite for allocation of RM3 funds. MTC staff established November 19 as the deadline for sponsors to submit Initial Progress Reports and they anticipate providing a RM3 update to their Commission in December. Using the RM3 priorities adopted by the Transportation Authority and San Francisco Municipal Transportation Agency (SFMTA) during development of the state authorizing legislation (Attachment 3), we have been working with San Francisco project sponsors to ensure that San Francisco priorities are included in the Initial Progress Reports. Attachment 4 summarizes what we have provided to MTC thus far. We are seeking input from the Board as we continue to work with our MTC representatives and San Francisco agencies to advocate for San Francisco priorities in RM3.

DISCUSSION

Background.

Last June Bay Area voters approved RM3 by 55% of the overall vote in the region's nine counties, with the highest approval rate (65.4%), within San Francisco. The Bay Area Toll Authority (BATA) (another of MTC's roles) may phase in the toll and in the ballot question specified a phase-in plan according to the following schedule:

- First dollar on January 1, 2019
- Second dollar on January 1, 2022

- Third dollar on January 1, 2025

BATA intends to begin collecting the first $1 toll increase on January 1, 2019. However, two lawsuits regarding RM3 have been filed, one against BATA and the California State Legislature, and one against MTC. MTC/BATA is moving as quickly as possible with their defense strategies. The agencies are not certain when funding allocations will be able to be made given the circumstances; however, MTC is moving forward with the early implementation phases of RM3 so that the region is ready to implement the program when given the green light.

The authorizing legislation, SB 595, requires that project sponsors submit Initial Project Reports for the capital projects named in the legislation to MTC within six months of the election (i.e. December 5, 2019). These reports are non-binding, do not need to be approved by the MTC Commission, and do not come with a funding commitment from MTC. They include initial scope, schedule, budget, and general project information for these projects and are an important opportunity to signal project sponsor intentions about future RM3 allocations. MTC has not determined whether sponsors will need to update the Initial Project Reports on a regular basis, but they do expect sponsors to update the reports with more specific detail when requesting allocation.

There is no Initial Project Report requirement for operating programs, though MTC is required to adopt operating agreements with operators, and to adopt performance measures for the Transbay Terminal and Regional Express Bus categories.

San Francisco Priority Projects.

During the development of SB 595, the Transportation Authority Board and the SFMTA adopted a list of priority projects for the RM3 expenditure plan (Attachment 3). Some, but not all, of those projects were reflected in the final language. We have been working with San Francisco project sponsors to coordinate on San Francisco priorities for seven RM3 capital projects/programs that have the Initial Project Report requirement. There are four RM3 project categories where we are advocating for funding for projects where San Francisco agencies are not named sponsors. In these categories, we will work with MTC and other potential sponsors to secure funding.

- **Ferry Enhancement Program** – No San Francisco sponsor agency. WETA listed as sponsor.
- **Core Capacity Transit Improvements** – No San Francisco sponsor agency. MTC Alameda County Transportation Commission and AC Transit listed as sponsors.
- **Bay Area Express Lanes –** No San Francisco sponsor agency. MTC and other eligible county express lane agencies listed as sponsors.
- **Transbay Rail Crossing** – No San Francisco sponsor agency. BART listed as sponsor.
- **Muni Fleet Expansion and Facilities –** SFMTA listed as sponsor.
- **BART Expansion Cars –** BART listed as sponsor.
- **Caltrain Downtown Extension –** TBD (agency designated to build project)

Attachment 4 summarizes San Francisco's RM3 priorities. Directors Chang and Reiskin have co-signed a letter to the MTC conveying San Francisco's RM3 priorities and the relevant sponsors have provided the Initial Progress Reports directly to MTC.

Finally, there are four categories of funding with no Initial Project Report requirement for which MTC is still developing the implementation plan, where we expect to request funding at a future date. Those are:

- **San Francisco Bay Trail / Safe Routes to Transit** – MTC to develop competitive regional program
- **Ferry Operating Program** – WETA to work with MTC to develop operating plan
- **Regional Express Bus** – Project sponsor(s) TBD
- **Transbay Terminal Operating Program** - TJPA listed as project sponsor. Funds available for transportation-related costs associated with operating the terminal.

Next Steps.

BATA will hold a public hearing on the proposed toll increase on Wednesday, November 28, 2018 at 9:30 a.m. at the Bay Area Metro Center, 375 Beale Street, San Francisco. Written comments will be accepted until 5 p.m. on November 28th. If approved, BATA will start collecting the first $1 toll increase on January 1, 2019.

We will continue to work with the MTC Commission and staff, the Transportation Authority Board, and the other San Francisco agencies to provide input on draft RM3 guidelines as MTC/BATA prepare them and to advocate for RM3 funding for projects in San Francisco.

FINANCIAL IMPACT

None. This is an information item.

CAC POSITION

None. This is an information item. The CAC will be briefed on this item at its November 28th meeting.

SUPPLEMENTAL MATERIALS

Attachment 1 – RM3 Expenditure Plan Summary
Attachment 2 – Senate Bill (SB) 595 (Beall): RM3 Authorization.
Attachment 3 – May 2017 Transportation Authority Board-approved project list for RM3 funding
Attachment 4 – San Francisco RM3 Project Priorities, November 2018

REGIONAL MEASURE 3 EXPENDITURE PLAN *($ in millions)*		
OPERATING PROGRAM		
All- Corridor Annual Operating Program		
All Corridors		
Transbay Terminal		5
Ferries (Funding ramps up to $35 million over five years)		35
Regional Express Bus		20
Annual Operating Program Total	**$**	**60**
CAPITAL PROJECTS		
Regional Programs		
BART Expansion Cars		500
Bay Area Corridor Express Lanes		300
Ferry Enhancement Program		300
Goods Movement and Mitigation		160
San Francisco Bay Trail / Safe Routes to Transit		150
Capitol Corridor		90
Next Generation Clipper Transit Fare Payment System		50
Regional Programs Subtotal (35%)	**$**	**1,550**
Corridor-Specific Capital Projects		
Central (San Francisco-Oakland Bay Bridge)		
Caltrain Downtown Extension		325
Muni Fleet Expansion and Facilities		140
Core Capacity Transit Improvements		140
AC Transit Rapid Bus Corridor Improvements		100
Transbay Rail Crossing		50
Interstate 80 Transit Improvements		25
Central Subtotal (27%)	**$**	**780**
South (San Mateo-Hayward, Dumbarton)		
BART to San Jose Phase 2		375
Tri-Valley Transit Access Improvements		100
Eastridge to BART Regional Connector		130
San Jose Diridon Station		100
Dumbarton Corridor Improvements		130
Highway 101/State Route 92 Interchange		50
Interstate 680/SR 84 Interchange Reconstruction		85
Interstate 680/Interstate-880/Route 262 Freeway Connector		15
South Subtotal (34%)	**$**	**985**
North (Richmond-San Rafael, Benicia-Martinez, Carquinez, Antioch)		
Contra Costa 680/State Route 4 Interchange Improvements		210
U.S. 101 Marin-Sonoma Narrows		120
Solano County Interstate 80/Interstate 680/State Route 12 Interchange Project		150
Interstate 80/Westbound Truck Scales		105
State Route 37 Improvements		100
Sonoma-Marin Area Rail Transit District (SMART) Extension to Windsor & Healdsburg		40
San Rafael Transit Center		30
Richmond-San Rafael Bridge Access Improvements		210
North Bay Transit Access Improvements		100
SR 29 Improvements		20
East Contra Costa County Transit Intermodal Station		15
Byron Highway-Vasco Road Airport Connector		10
Vasco Road Safety Improvements		15
Interstate 680 Transit Improvements		10
North Subtotal (39%)	**$**	**1,135**
Corridor-Specific Capital Projects Subtotal (65%)		**2,900**
Capital Projects Grand Total		**4,450**

Senate Bill No. 595

CHAPTER 650

An act to add Article 7 (commencing with Section 28840) to Chapter 3 of Part 2 of Division 10 of the Public Utilities Code, and to amend Sections 149.6, 30102.5, 30891, 30911, 30915, 30916, 30918, 30920, 30922, and 30950.3 of, and to add Sections 30914.7 and 30923 to, the Streets and Highways Code, relating to transportation.

[Approved by Governor October 10, 2017. Filed with Secretary of State October 10, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

SB 595, Beall. Metropolitan Transportation Commission: toll bridge revenues: BART Inspector General: Santa Clara Valley Transportation Authority: high-occupancy toll lanes.

(1) Existing law creates the Metropolitan Transportation Commission (MTC) as a regional agency in the 9-county San Francisco Bay area with comprehensive regional transportation planning and other related responsibilities. Existing law creates the Bay Area Toll Authority (BATA) as a separate entity governed by the same governing board as MTC and makes BATA responsible for the programming, administration, and allocation of toll revenues from the state-owned toll bridges in the San Francisco Bay area. Existing law authorizes BATA to increase the toll rates for certain purposes, including to meet its bond obligations, provide funding for certain costs associated with the bay area state-owned toll bridges, including for the seismic retrofit of those bridges, and provide funding to meet the requirements of certain voter-approved regional measures. Existing law provided for submission of 2 regional measures to the voters of 7 bay area counties in 1988 and 2004 relative to specified increases in bridge auto tolls on the bay area state-owned toll bridges, subject to approval by a majority of the voters.

This bill would require the City and County of San Francisco and the other 8 counties in the San Francisco Bay area to conduct a special election, to be known as Regional Measure 3, on a proposed increase in the amount of the toll rate charged on the state-owned toll bridges in that area to be used for specified projects and programs. The bill would require BATA to select the amount of the proposed increase, not to exceed $3, to be placed on the ballot for voter approval. If approved by the voters, the bill would authorize BATA, beginning 6 months after the election approving the toll increase, to phase in the toll increase over a period of time and to adjust the toll increase for inflation after the toll increase is phased in completely. The bill would specify that, except for the inflation adjustment, providing funding to meet the requirements of voter approved regional measures, and as otherwise specified in statute, the toll increase adopted pursuant to the results of this election may not be changed without the statutory authorization of the Legislature. By requiring this election, the bill would impose a state-mandated local program. The bill would require BATA to reimburse from toll revenues, as specified, the counties and the City and County of San Francisco for the cost of submitting the measure to the voters.

This bill would require BATA to establish an independent oversight committee within 6 months of the effective date of the Regional Measure 3 toll increase with a specified membership, to ensure the toll revenues generated by the toll increase are expended consistent with a specified expenditure plan. The bill would require BATA to submit an annual report to the Legislature on the status of the projects and programs funded by the toll increase.

(2) Existing law authorizes BATA to vary the toll structure on each of the bay area state-owned toll bridges and to provide discounts for vehicles classified by BATA as high-occupancy vehicles.

This bill would additionally authorize BATA to provide discounts for vehicles that pay for tolls electronically or through other non-cash methods and to charge differential rates based on the chosen method.

This bill, with respect to the Regional Measure 3 toll increase, would require BATA to provide a 50% discount on the amount of that toll increase on the 2nd bridge crossing for those commuters using a two-axle vehicle, who pay tolls electronically or through other noncash methods and who cross 2 bridges during commute hours, as specified.

Existing law, if BATA establishes high-occupancy vehicle lane fee discounts or access for vehicles classified by BATA as high-occupancy vehicles for any bridge, requires BATA to collaborate with the Department of Transportation to reach agreement on how the occupancy requirements shall apply on each segment of highway that connects with that bridge.

This bill would instead require BATA to establish those occupancy requirements in consultation with the department.

(3) Existing law establishes the San Francisco Bay Area Rapid Transit District (BART), governed by a board of directors, with specified powers and duties relative to the construction and operation of a rapid transit system.

This bill would create the Independent Office of the BART Inspector General within BART. The bill would provide for the board of directors to nominate 3 persons to the Governor and for the Governor to appoint one of those nominees to serve as the Inspector General for a 4-year term. The bill would require the Inspector General to be removed from office by the board of directors, subject to the approval of the Governor, under certain circumstances. The bill would specify the duties and responsibilities of the Inspector General and would require the Inspector General to submit an annual report to the board of directors and the Legislature. The bill would provide for the office to receive $1,000,000 from an allocation of bridge toll revenue from BATA and, in the second and subsequent years of operation of the office, would authorize BATA to increase that amount, as specified. The bill would make these provisions operative upon an affirmative vote to increase tolls on the bay area state-owned toll bridges pursuant to Regional Measure 3 or related provisions.

(4) Existing law authorizes the Santa Clara Valley Transportation Authority (VTA) to conduct, administer, and operate a value pricing high-occupancy toll (HOT) lane program on 2 corridors included in the high-occupancy vehicle lane system in Santa Clara County. Existing law authorizes a HOT lane established as part of this program on State Highway Route 101 to extend into the County of San Mateo as far as the high-occupancy lane in the County of San Mateo existed as of January 1, 2011, subject to agreement of the City/County Association of Governments of San Mateo County.

This bill would delete the authorization for a HOT lane to extend into the specified portion of San Mateo County as part of a value pricing program established on 2 corridors in Santa Clara County. The bill would instead authorize VTA to specifically conduct, administer, and operate a value pricing high-occupancy toll lane program on State Highway Route 101 in San Mateo County in coordination with the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority, as prescribed.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The San Francisco Bay area's strong economy and growing population are placing a tremendous burden on its aging transportation infrastructure. Between 2010 and 2040, the population is forecasted to grow by 2.3 million, while the number of jobs are projected to grow by 1.3 million.

(b) Traffic congestion on the region's seven state-owned toll bridges degrades the bay area's quality of life, impairs its economy, and shows no signs of abating. Between 2010 and 2015, combined volumes on the region's seven state-owned toll bridges grew by 11 percent, while volumes on just the Dumbarton Bridge, the Richmond-San Rafael Bridge, and the San Mateo-Hayward Bridge grew by 20 percent.

(c) In 2015, five of the region's top 10 worst congested roadways were in the South Bay (San Mateo or Santa Clara Counties).

(d) In the San Francisco-Oakland Bay Bridge corridor from Hercules to San Francisco, weekday traffic speeds average less than 35 mph from 5:35 a.m. until 7:50 p.m.

(e) Weekday congestion on the west approach to the San Francisco-Oakland Bay Bridge in the eastbound direction typically begins before 1 p.m. and continues until 9:30 p.m.

(f) Weekday northbound traffic congestion on State Highway Route 101 from Novato to Petaluma begins by 3 p.m. and typically lasts over three hours.

(g) Daily peak-hour traffic on State Highway Route 37 between Marin and Solano Counties jumped over 40 percent from 2010 to 2015.

(h) The region's only rail link across San Francisco Bay, the Bay Area Rapid Transit District (BART), is 44 years old and faces multibillion-dollar capital funding shortfalls to accommodate growing ridership and achieve a state of good repair. Meanwhile, BART ridership is at record levels, exceeding 128 million in fiscal year 2016, a 27-percent increase from fiscal year 2010.

(i) Annual ridership on ferries from Alameda, Oakland, and Vallejo to San Francisco and South San Francisco more than doubled between 2010 and 2016, from 1.1 million to 2.5 million.

(j) Ridership on the weekday transbay bus service provided by the Alameda-Contra Costa Transit District rose 33 percent between 2012 and 2016.

(k) Truck traffic in and out of the Port of Oakland grew by 33 percent since 2000 and contributes to worsening congestion on the region's bridges and roadways. An estimated 99 percent of the containerized goods moving through northern California are loaded or discharged at the port.

(*l*) The last time bay area voters had the opportunity to approve new funding for improvements in the bridge corridors was in 2004, when voters approved Regional Measure 2, a $1 toll increase.

(m) To improve the quality of life and sustain the economy of the San Francisco Bay area, it is the intent of the Legislature to require the Metropolitan Transportation Commission to place on the ballot a measure authorizing the voters to approve an expenditure plan to improve mobility and enhance travel options on the bridges and bridge corridors to be paid for by an increase in the toll rate on the seven state-owned bridges within its jurisdiction.

SEC. 2. Article 7 (commencing with Section 28840) is added to Chapter 3 of Part 2 of Division 10 of the Public Utilities Code, to read:

Article 7. The Office of the BART Inspector General

28840. (a) There is hereby created in the district an independent Office of the BART Inspector General to ensure that the district makes effective use of bridge toll revenue and other revenue and operates efficiently, effectively, and in compliance with applicable federal and state laws.

(b) (1) The board shall nominate three persons to the Governor who shall appoint one of the three persons nominated by the board to serve as the BART Inspector General for an initial four-year term. The board shall have the option to renew the term at will. The BART Inspector General shall be removed from office by the board, subject to approval of the Governor, only if either of the following occur:

(A) A two-thirds majority of the members of the board votes for removal.

(B) The Inspector General violates a federal or state law or regulation, a local ordinance, or a policy or practice of the authority relative to ethical practices, including, but not limited to, the acceptance of gifts or contributions.

(2) The reasons for removal of the Inspector General shall be stated in writing and shall include the basis for removal. The document stating the reasons for dismissal shall be deemed a public document and posted on the district's Internet Web site.

(c) Within one year of the operative date of this article, the board shall nominate three persons to serve as the first BART Inspector General to be appointed pursuant to subdivision (b).

28841. The duties and responsibilities of the BART Inspector General shall include, but are not limited to, all of the following:

(a) To examine the operating practices of the district to identify fraud, waste, and opportunities for efficiencies in the administration of programs and operations.

(b) To ensure the BART administration, the board of directors, and the public are fully informed of his or her findings and recommendations.

(c) To identify opportunities to improve the data used to determine project resource allocations.

(d) To conduct, supervise, and coordinate audits and investigations relating to the district's programs and operations, including, but not limited to, toll-funded programs.

(e) To identify best practices in the delivery of capital projects and recommend policies to enable the district to adopt these practices when practicable.

(f) To recommend policies promoting efficiency in the administration of programs and operations.

(g) To review and recommend best practices that the district should follow to maintain positive and productive relations with its employees and the collective bargaining units representing those employees.

28842. The Office of the BART Inspector General shall receive one million dollars ($1,000,000) from an allocation of bridge toll revenue from the Bay Area Toll Authority. In the second and subsequent years of operation of the office, the authority may increase the amount of funding allocated for this purpose to the extent funds are requested and justified by the office and can be accommodated in the authority's budget.

28843. The BART Inspector General shall report at least annually to the board of directors and the Legislature with a summary of his or her findings, investigations, and audits. The summary shall be posted on the district's Internet Web site and shall otherwise be made available to the public upon its release to the board. The summary shall include, but need not be limited to, significant problems discovered by the BART Inspector

General and whether recommendations of the BART Inspector General relative to investigations and audits have been implemented by the district.

28844. Any investigatory file compiled by the BART Inspector General is an investigatory file compiled by a local law enforcement agency subject to disclosure pursuant to subdivision (f) of Section 6254 of the Government Code.

28845. This article shall become operative upon an affirmative vote of the residents of the City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano, and Sonoma to increase tolls pursuant to Section 30923 of the Streets and Highways Code on the bridges described in Section 30910 of the Streets and Highways Code.

SEC. 3. Section 149.6 of the Streets and Highways Code is amended to read:

149.6. (a) Notwithstanding Sections 149, 149.7, and 30800, and Section 21655.5 of the Vehicle Code, the Santa Clara Valley Transportation Authority (VTA) created by Part 12 (commencing with Section 100000) of Division 10 of the Public Utilities Code may conduct, administer, and operate a value pricing program on any two of the transportation corridors included in the high-occupancy vehicle lane system in Santa Clara County in coordination with the Metropolitan Transportation Commission and consistent with Section 21655.6 of the Vehicle Code.

(b) Notwithstanding Sections 149, 149.7 and 30800, and Section 21655.5 of the Vehicle Code, the VTA may conduct, administer, and operate a value pricing program on State Highway Route 101 in San Mateo County in coordination with the City/County Association of Governments of San Mateo County and with the San Mateo County Transportation Authority and consistent with Section 21655.6 of the Vehicle Code.

(c) (1) VTA, under the circumstances described in subdivisions (a) and (b), may direct and authorize the entry and use of those high-occupancy vehicle lanes by single-occupant vehicles for a fee. The fee structure shall be established from time to time by the authority. A high-occupancy vehicle lane may only be operated as a high-occupancy toll (HOT) lane during the hours that the lane is otherwise restricted to use by high-occupancy vehicles.

(2) VTA shall enter into a cooperative agreement with the Bay Area Toll Authority to operate and manage the electronic toll collection system.

(d) With the consent of the department, VTA shall establish appropriate performance measures, such as speed or travel times, for the purpose of ensuring optimal use of the HOT lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system. Unrestricted access to the lanes by high-occupancy vehicles shall be available at all times, except that those high-occupancy vehicles may be required to have an electronic transponder or other electronic device for enforcement purposes. At least annually, the department shall audit the performance during peak traffic hours and report the results of that audit at meetings of the program management team.

(e) Single-occupant vehicles that are certified or authorized by the authority for entry into, and use of, the high-occupancy vehicle lanes in Santa Clara County and San Mateo County are exempt from Section 21655.5 of the Vehicle Code, and the driver shall not be in violation of the Vehicle Code because of that entry and use.

(f) VTA shall carry out a value pricing program established pursuant to this section in cooperation with the department pursuant to an agreement that addresses all matters related to design, construction, maintenance, and operation of state highway system facilities in connection with the value pricing program. An agreement to carry out the program authorized pursuant to subdivision (b) shall be subject to the review and approval by the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority.

(g) (1) Agreements between VTA, the department, and the Department of the California Highway Patrol shall identify the respective obligations and liabilities of those entities and assign them responsibilities relating to the program. The agreements entered into pursuant to this section shall be consistent with agreements between the department and the United States Department of Transportation relating to this program. The agreements shall include clear and concise procedures for enforcement by the Department of the California Highway Patrol of laws prohibiting the unauthorized use of the high-occupancy vehicle lanes, which may include the use of video enforcement. The agreements shall provide for reimbursement of state agencies, from revenues generated by the program, federal funds specifically allocated to the authority for the program by the federal government, or other funding sources that are not otherwise available to state agencies for transportation-related projects, for costs incurred in connection with the implementation or operation of the program.

(2) The revenues generated by the program shall be available to VTA for the direct expenses related to the operation (including collection and enforcement), maintenance, construction, and administration of the program. The VTA's administrative costs in the operation of the program shall not exceed 3 percent of the revenues.

(3) (A) For a value pricing program established pursuant to subdivision (a), all remaining revenue generated by the program after expenditures made pursuant to paragraph (2) shall be used in the corridor from which the revenues were generated exclusively for the preconstruction, construction, and other related costs of high-occupancy vehicle facilities, transportation corridor improvements, and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by the VTA.

(B) For a value pricing program established pursuant to subdivision (b), all remaining revenue generated by the program after expenditures made pursuant to paragraph (2) shall be used in the corridor from which the revenues were generated exclusively for the preconstruction, construction, and other related costs of high-occupancy vehicle facilities, transportation corridor improvements, and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority.

(h) (1) The VTA may issue bonds, refunding bonds, or bond anticipation notes, at any time to finance construction and construction-related expenditures necessary to implement a value pricing program established pursuant to subdivision (a) or (b) and construction and construction-related expenditures that are provided for in an expenditure plan adopted pursuant to paragraph (3) of subdivision (e), payable from the revenues generated from the program.

(2) The maximum bonded indebtedness that may be outstanding at any one time shall not exceed an amount that may be serviced from the estimated revenues generated from the program.

(3) The bonds shall bear interest at a rate or rates not exceeding the maximum allowable by law, payable at intervals determined by the authority.

(4) Any bond issued pursuant to this subdivision shall contain on its face a statement to the following effect:

“Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of principal of, or the interest on, this bond.”

(5) Bonds shall be issued pursuant to a resolution of VTA adopted by a two-thirds vote of its governing board. The resolution shall state all of the following:

(A) The purposes for which the proposed debt is to be incurred.

(B) The estimated cost of accomplishing those purposes.

(C) The amount of the principal of the indebtedness.

(D) The maximum term of the bonds and the interest rate.

(E) The denomination or denominations of the bonds, which shall not be less than five thousand dollars ($5,000).

(F) The form of the bonds, including, without limitation, registered bonds and coupon bonds, to the extent permitted by federal law, the registration, conversion, and exchange privileges, if applicable, and the time when all of, or any part of, the principal becomes due and payable.

(G) Any other matters authorized by law.

(6) The full amount of bonds may be divided into two or more series and different dates of payment fixed for the bonds of each series. A bond shall not be required to mature on its anniversary date.

(i) Not later than three years after VTA first collects revenues from any of the projects described in paragraph (1) of subdivision (c), VTA shall submit a report to the Legislature on its findings, conclusions, and recommendations concerning the demonstration program authorized by this section. The report shall include an analysis of the effect of the HOT lanes on adjacent mixed-flow lanes and any comments submitted by the department and the Department of the California Highway Patrol regarding operation of the lanes.

SEC. 4. Section 30102.5 of the Streets and Highways Code is amended to read:

30102.5. Consistent with Section 30918, the Bay Area Toll Authority shall fix the rates of the toll charge, except as provided in Sections 30921 and 30923, and may grant reduced-rate and toll-free passage on the state-owned toll bridges within the jurisdiction of the Metropolitan Transportation Commission.

SEC. 5. Section 30891 of the Streets and Highways Code is amended to read:

30891. The commission may retain, for its cost in administering this article, an amount not to exceed one-quarter of 1 percent of the revenues allocated by it pursuant to Section 30892 and of the revenues allocated by it pursuant to Sections 30913, 30914, and 30914.7.

SEC. 6. Section 30911 of the Streets and Highways Code is amended to read:

30911. (a) The authority shall control and maintain the Bay Area Toll Account and other subaccounts it deems necessary and appropriate to document toll revenue and operating expenditures in accordance with generally accepted accounting principles.

(b) (1) After providing for expenditures pursuant to subdivision (a) of Section 30912 and for operating assistance pursuant to subdivision (d) of Section 30914 and subdivision (c) of Section 30914.7 and after the requirements of any bond resolution or indenture of the authority for any outstanding revenue bonds have been met, the authority shall transfer on a regularly scheduled basis as set forth in the authority's annual budget resolution, the revenues defined in subdivision (b) of Sections 30913, 30914, and 30914.7 to the commission. The funds transferred to the commission shall be expended for the purposes specified in subdivision (b) of Section 30913 and Sections 30914 and 30914.7. After the commission makes a determination that the projects and programs funded by the commission have been completed, the revenues transferred to the commission shall be expended by the commission for supplemental funding for the projects and programs identified in subdivision (a) of Section 30914.7 if the voters approve a toll increase authorized pursuant to Section 30923.

(2) For the purposes of paragraph (1), the revenues defined in subdivision (b) of Section 30913 and subdivision (a) of Section 30914 include all revenues accruing since January 1, 1989.

SEC. 7. Section 30914.7 is added to the Streets and Highways Code, to read:

30914.7. (a) If the voters approve a toll increase pursuant to Section 30923, the authority shall, consistent with the provisions of this section fund the projects and programs described in this subdivision that shall collectively be known as the Regional Measure 3 expenditure plan by bonding or transfers to the Metropolitan Transportation Commission. These projects and programs have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors, from toll revenues of all bridges:

(1) BART Expansion Cars. Purchase new railcars for the Bay Area Rapid Transit District (BART) to expand its fleet and improve reliability. The project sponsor is the BART. Five hundred million dollars ($500,000,000).

(2) Bay Area Corridor Express Lanes. Fund the environmental review, design, and construction of express lanes to complete the Bay Area Express Lane Network, including supportive operational improvements to connecting transportation facilities. Eligible projects include, but are not limited to, express lanes on Interstate 80, Interstate 580, and Interstate 680 in the Counties of Alameda and Contra Costa, Interstate 880 in the County of Alameda, Interstate 280 in the City and County of San Francisco, Highway 101 in the City and County of San Francisco and the County of San Mateo, State Route 84 and State Route 92 in the Counties of Alameda and San Mateo, Interstate 80 from Red Top Road to the intersection with Interstate 505 in the County of Solano, and express lanes in the County of Santa Clara. Eligible project sponsors include the Bay Area Infrastructure Financing Authority, and any countywide or multicounty agency in a bay area county that is authorized to implement express lanes. The Metropolitan Transportation Commission shall make funds available based on performance criteria, including benefit-cost and project readiness. Three hundred million dollars ($300,000,000).

(3) Goods Movement and Mitigation. Provide funding to reduce truck traffic congestion and mitigate its environmental effects. Eligible projects include, but are not limited to, improvements in the County of Alameda to enable more goods to be shipped by rail, access improvements on Interstate 580, Interstate 80, and Interstate 880, and improved access to the Port of Oakland. The Metropolitan Transportation Commission shall consult and coordinate with the Alameda County Transportation Commission to select projects for the program. Eligible applicants include cities, counties, countywide transportation agencies, rail operators, and the Port of Oakland. The project sponsor is the Metropolitan Transportation Commission and the Alameda County Transportation Commission. One hundred sixty million dollars ($160,000,000).

(4) San Francisco Bay Trail/Safe Routes to Transit. Provide funding for a competitive grant program to fund bicycle and pedestrian access improvements on and in the vicinity of the state-owned toll bridges connecting to rail transit stations and ferry terminals. Eligible applicants include cities, counties, transit operators, school districts, community colleges, and universities. The project sponsor is the Metropolitan Transportation Commission. One hundred fifty million dollars ($150,000,000).

(5) Ferry Enhancement Program. Provide funding to purchase new vessels, upgrade and rehabilitate existing vessels, build facilities and landside improvements, and upgrade existing facilities. The project sponsor is the San Francisco Bay Area Water Emergency Transportation Authority. Three hundred million dollars ($300,000,000).

(6) BART to San Jose Phase 2. Extend BART from Berryessa Station to San Jose and Santa Clara. The project sponsor is the Santa Clara Valley

Transportation Authority. Three hundred seventy-five million dollars ($375,000,000).

(7) Sonoma-Marin Area Rail Transit District (SMART). Provide funding to extend the rail system north of the Charles M. Schulz-Sonoma County Airport to the Cities of Windsor and Healdsburg. The project sponsor is the Sonoma-Marin Area Rail Transit District. Forty million dollars ($40,000,000).

(8) Capitol Corridor. Provide funding for track infrastructure that will improve the performance of Capital Corridor passenger rail operations by reducing travel times, adding service frequencies, and improving system safety and reliability. The project sponsor is the Capital Corridor Joint Powers Authority. Ninety million dollars ($90,000,000).

(9) Caltrain Downtown Extension. Extend Caltrain from its current terminus at Fourth Street and King Street to the Transbay Transit Center. The Metropolitan Transportation Commission shall allocate funding to the agency designated to build the project, which shall be the project sponsor. Three hundred twenty-five million dollars ($325,000,000).

(10) MUNI Fleet Expansion and Facilities. Fund replacement and expansion of the San Francisco Municipal Transportation Agency's MUNI vehicle fleet and associated facilities. The project sponsor is the San Francisco Municipal Transportation Agency. One hundred forty million dollars ($140,000,000).

(11) Core Capacity Transit Improvements. Implement recommendations from the Core Capacity Transit Study and other ideas to maximize person throughput in the transbay corridor. Eligible projects include, but are not limited to, transbay bus improvements and high-occupancy vehicle (HOV) lane access improvements. Priority funding shall be the Alameda-Contra Costa Transit District's (AC Transit) Tier 1 and Tier 2 projects identified in the study. The project sponsors are the Metropolitan Transportation Commission, Alameda County Transportation Commission, and AC Transit. One hundred forty million dollars ($140,000,000).

(12) Alameda-Contra Costa Transit District (AC Transit) Rapid Bus Corridor Improvements. Fund bus purchases and capital improvements to reduce travel times and increase service frequency along key corridors. The project sponsors are AC Transit and Alameda County Transportation Commission. One hundred million dollars ($100,000,000).

(13) Transbay Rail Crossing. Fund preliminary engineering, environmental review, and design of a second transbay rail crossing and its approaches to provide additional rail capacity, increased reliability, and improved resiliency to the corridor. Subject to approval by the Metropolitan Transportation Commission, funds may also be used for construction, and, if sufficient matching funds are secured, to fully fund a useable segment of the project. The project sponsor is the Bay Area Rapid Transit District. Fifty million dollars ($50,000,000).

(14) Tri-Valley Transit Access Improvements. Provide interregional and last-mile transit connections on the Interstate 580 corridor in the County of Alameda within the Tri-Valley area of Dublin, Pleasanton, and Livermore.

The Metropolitan Transportation Commission shall consult with the Alameda County Transportation Commission, the Bay Area Rapid Transit District, and local jurisdictions to determine the project sponsor. One hundred million dollars ($100,000,000).

(15) Eastridge to BART Regional Connector. Extend Santa Clara Valley Transportation Authority light rail from the Alum Rock station to the Eastridge Transit Center. The project sponsor is the Santa Clara Valley Transportation Authority. One hundred thirty million dollars ($130,000,000).

(16) San Jose Diridon Station. Redesign, rebuild, and expand Diridon Station to more efficiently and effectively accommodate existing regional rail services, future BART and high-speed rail service, and Santa Clara Valley Transportation Authority light rail and buses. The project sponsor shall consider accommodating a future connection to Norman Y. Mineta San Jose International Airport and prioritizing non-auto access modes. The project sponsor is the Santa Clara Valley Transportation Authority. One hundred million dollars ($100,000,000).

(17) Dumbarton Corridor Improvements. Fund planning, environmental review, design, and construction of capital improvements within Dumbarton Bridge and rail corridor in the Counties of Alameda and San Mateo to relieve congestion, increase person throughput, and offer reliable travel times. Eligible projects include, but are not limited to, the projects recommended in the Dumbarton Corridor Transportation Study and improvements to facilitate rail and transit connectivity among the Altamont Corridor Express, Capitol Corridor, and Bay Area Rapid Transit District, including a rail connection at Shinn Station. The project sponsors are the Bay Area Toll Authority, Alameda County Transportation Commission, the San Mateo County Transit District, and the San Mateo County Transportation Authority. One hundred thirty million dollars ($130,000,000).

(18) Highway 101/State Route 92 Interchange. Fund improvements to the interchange of Highway 101 and State Route 92 in the County of San Mateo. The project is jointly sponsored by the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority. Fifty million dollars ($50,000,000).

(19) Contra Costa Interstate 680/State Route 4 Interchange Improvements. Fund improvements to the Interstate 680/State Route 4 interchange to improve safety and reduce congestion, including, but not limited to, a new direct connector between northbound Interstate 680 and westbound State Route 4, a new direct connector between eastbound State Route 4 and southbound Interstate 680, and widening of State Route 4 to add auxiliary lanes and high-occupancy vehicle lanes. The project sponsor is the Contra Costa Transportation Authority. Two hundred ten million dollars ($210,000,000).

(20) Highway 101-Marin/Sonoma Narrows. Construct northbound and southbound high-occupancy vehicle lanes on Highway 101 between Petaluma Boulevard South in Petaluma and Atherton Avenue in Novato. The project sponsors are the Transportation Authority of Marin and the

Sonoma County Transportation Authority. One hundred twenty million dollars ($120,000,000).

(21) Solano County Interstate 80/Interstate 680/State Route 12 Interchange Project. Construct Red Top Road interchange and westbound Interstate 80 to southbound Interstate 680 connector. The project sponsor is the Solano Transportation Authority. One hundred fifty million dollars ($150,000,000).

(22) Interstate 80 Westbound Truck Scales. Improve freight mobility, reliability, and safety on the Interstate 80 corridor by funding improvements to the Interstate 80 Westbound Truck Scales in the County of Solano. The project sponsor is the Solano Transportation Authority. One hundred five million dollars ($105,000,000).

(23) State Route 37 Improvements. Fund near-term and longer-term improvements to State Route 37 to improve the roadway's mobility, safety, and long-term resiliency to sea level rise and flooding. For the purposes of the environmental review and design, the project shall include the segment of State Route 37 from the intersection in Marin County with Highway 101 to the intersection with Interstate 80 in the County of Solano. Capital funds may used on any segment along this corridor, as determined by the project sponsors. The project is jointly sponsored by the Transportation Authority of Marin, the Napa Valley Transportation Authority, the Solano Transportation Authority, and the Sonoma County Transportation Authority. Funds for this project may be allocated to any of the project sponsors. One hundred million dollars ($100,000,000)

(24) San Rafael Transit Center. Construct a replacement to the San Rafael (Bettini) Transit Center on an existing or new site, or both, in downtown San Rafael. The selected alternative shall be approved by the City of San Rafael, the Golden Gate Bridge, Highway and Transportation District, the Transportation Authority of Marin, and Marin Transit. The project sponsor is the Golden Gate Bridge, Highway and Transportation District. Thirty million dollars ($30,000,000).

(25) Richmond-San Rafael Bridge Access Improvements. Fund eastbound and westbound improvements in the Richmond-San Rafael Bridge corridor, including a direct connector from northbound Highway 101 to eastbound Interstate 580, westbound access and operational improvements in the vicinity of the toll plaza east of the bridge in Contra Costa County, and Richmond Parkway interchange improvements. Of the amount allocated to this project, one hundred thirty-five million dollars ($135,000,000) shall be dedicated to the direct connector from northbound Highway 101 to eastbound Interstate 580 in Marin County and seventy-five million dollars ($75,000,000) shall be dedicated to the projects in Contra Costa County. The project sponsors are the Bay Area Toll Authority, the Contra Costa Transportation Authority, and the Transportation Authority of Marin. Two hundred ten million dollars ($210,000,000).

(26) North Bay Transit Access Improvements. Provide funding for transit improvements, including, but not limited to, bus capital projects, including vehicles, transit facilities, and access to transit facilities, benefiting the

Counties of Marin, Sonoma, Napa, Solano, and Contra Costa. Priority shall be given to projects that are fully funded, ready for construction, and serving rail transit or transit service that operates primarily on existing or fully funded high-occupancy vehicle lanes. The project sponsor is the Metropolitan Transportation Commission. Eligible applicants are any transit operator providing service in the Counties of Contra Costa, Marin, Napa, Solano, or Sonoma. One hundred million dollars ($100,000,000).

(27) State Route 29. Eligible project expenses include State Route 29 major intersection improvements, including Soscol Junction, and signal and signage improvements, which may include multimodal infrastructure and safety improvements between Carneros Highway (State Route 12/121) and American Canyon Road. The project sponsor is the Napa Valley Transportation Authority. Twenty million dollars ($20,000,000).

(28) Next-Generation Clipper Transit Fare Payment System. Provide funding to design, develop, test, implement, and transition to the next generation of Clipper, the bay area's transit fare payment system. The next-generation system will support a universal, consistent, and seamless transit fare payment system for the riders of transit agencies in the bay area. The project sponsor is the Metropolitan Transportation Commission. Fifty million dollars ($50,000,000).

(29) Interstate 680/Interstate 880/Route 262 Freeway Connector. Connect Interstate 680 and Interstate 880 in southern Alameda County to improve traffic movement, reduce congestion, and improve operations and safety. The project sponsor is the Alameda County Transportation Commission. Fifteen million dollars ($15,000,000).

(30) Interstate 680/State Route 84 Interchange Reconstruction Project. Improve safety and regional and interregional connectivity by conforming State Route 84 to expressway standards between south of Ruby Hill Drive and the Interstate 680 interchange in southern Alameda County and implementing additional improvements to reduce weaving and merging conflicts and help address the additional traffic demand between Interstate 680 and State Route 84. The project sponsor is Alameda County Transportation Commission. Eighty-five million dollars ($85,000,000).

(31) Interstate 80 Transit Improvements. Fund improvements to support expanded bus service in the Interstate 80 corridor including, but not limited to, bus purchases, expansion of the WestCAT storage yard and maintenance facility. Fund implementation of the San Pablo Avenue Multi-modal Corridor (AC Transit). The project sponsor is Contra Costa Transportation Authority. Twenty-five million dollars ($25,000,000).

(32) Byron Highway-Vasco Road Airport Connector. Fund construction of a new connector between Byron Highway and Vasco Road south of Camino Diablo Road as well as shoulder and other improvements to the Byron Highway, including a railroad grade separation, to improve safety and access to the Byron Airport and to facilitate economic development and access for goods movement in East Contra Costa County. The project sponsor is Contra Costa Transportation Authority. Ten million dollars ($10,000,000).

(33) Vasco Road Safety Improvements. Fund the widening of lanes and construction of a concrete median barrier along 2.5 miles of Vasco Road beginning approximately three miles north of the Contra Costa/Alameda County Line. The project sponsor is Contra Costa Transportation Authority. Fifteen million dollars ($15,000,000).

(34) East Contra Costa County Transit Intermodal Center. Fund the construction of a Transit Intermodal Center in Brentwood enhancing access to eBART and Mokelumne Bike Trail/Pedestrian Overcrossing at State Route 4. The project sponsor is Contra Costa Transportation Authority. Fifteen million dollars ($15,000,000).

(35) Interstate 680 Transit Improvements. Fund improvements that will enhance transit service in the Interstate 680 corridor, including, but not limited to, implementing bus operations on shoulder (BOS), technology-based intermodal transit centers/managed parking lots and development of technology to enhance real-time travel information. Fund implementation of Shared Autonomous Vehicles (SAVs) to improve first and last mile transit connectivity. The project sponsor is Contra Costa Transportation Authority. Ten million dollars ($10,000,000).

(b) Pursuant to subdivision (a) of Section 30923, if the authority selects a toll increase to be placed on the ballot in an amount less than three dollars ($3), the funding assigned to the projects and programs identified in subdivision (a) shall be adjusted proportionately to account for reduced funding capacity. The authority shall adopt a resolution detailing the updated Regional Measure 3 capital and operating funding available and listing the revised funding amounts for each project within 90 days of the certification of the election by the last county to certify the election on the toll increase. The authority shall update this resolution as needed to reflect additional tolls approved in subsequent elections.

(c) (1) Not more than 16 percent, up to sixty million dollars ($60,000,000), of the revenues generated each year from the toll increase approved by the voters pursuant to Section 30923 shall be made available annually for the purpose of providing operating assistance as set forth in the authority's annual budget resolution for the purposes listed in paragraph (2). The funds shall be made available to the provider of the transit services subject to the performance measures described in paragraph (3).

(2) The Metropolitan Transportation Commission shall annually fund the following operating programs from the revenue generated each year from the toll increase approved by the voters pursuant to Section 30923 as another component of the Regional Measure 3 expenditure plan:

(A) The San Francisco Transbay Terminal. Eight percent of the amount available for operating assistance pursuant to paragraph (1), not to exceed five million dollars ($5,000,000). These funds are available for transportation-related costs associated with operating the terminal. The Transbay Joint Powers Authority shall pursue other long-term, dedicated operating revenue to fund its operating costs. To the extent that a portion or all of the toll revenue provided pursuant to this subparagraph is not needed in a given fiscal year, the Metropolitan Transportation Commission shall reduce the allocation accordingly.

(B) (i) Expanded Ferry Service. Ten million dollars ($10,000,000) in the first year of allocation, fifteen million dollars ($15,000,000) in the second year of allocation, twenty million dollars ($20,000,000) in the third year of allocation, and twenty-five million dollars ($25,000,000) in the fourth year of allocation. These allocation amounts shall be subject to the adjustments in subdivision (b). In the fifth year of allocation and thereafter, 58 percent of the amount available for operating assistance pursuant to paragraph (1), not to exceed thirty-five million dollars ($35,000,000). These funds shall be made available to the San Francisco Bay Area Water Emergency Transportation Authority (WETA) to support expanded ferry service, including increased frequencies of existing routes and the operation of new routes.

(ii) To the extent that funds provided pursuant to clause (i) are not requested for expenditure by WETA in a given year, the funds shall be held by the authority in a reserve account. Those funds shall be made available to WETA for any capital or operating purpose. Prior to receiving an allocation of those funds, WETA shall submit a request to the Metropolitan Transportation Commission detailing how the funds shall be used. An allocation of those funds shall constitute an augmentation of the funding provided in paragraph (5) of subdivision (a) and be treated as such in any reports by the authority regarding the Regional Measure 3 expenditure plan.

(C) Regional Express Bus. Thirty-four percent of the amount available for operating assistance pursuant to paragraph (1), not to exceed twenty million dollars ($20,000,000), to be distributed for bus service in the bridge corridors, prioritizing bus routes that carry the greatest number of transit riders. To the extent that a portion or all of the toll revenue provided pursuant to this subparagraph is not needed in a given fiscal year, the Metropolitan Transportation Commission shall reduce the allocation accordingly.

(3) Prior to the allocation of revenue for transit operating assistance under subparagraphs (A) and (C) of paragraph (2), the Metropolitan Transportation Commission shall:

(A) Adopt performance measures related to fare-box recovery, ridership, or other indicators, as appropriate. The performance measures shall be developed in consultation with the affected project sponsors.

(B) Execute an operating agreement with the sponsor of the project. This agreement shall include, but is not limited to, an operating plan that is consistent with the adopted performance measures. The agreement shall include a schedule of projected fare revenues or other forecast revenue and any other operating funding that will be dedicated to the service or terminal. For any individual project sponsor, this operating agreement may include additional requirements, as determined by the commission.

(C) In an operating agreement executed pursuant to subparagraph (B), the Metropolitan Transportation Commission shall grant a project sponsor at least five years to achieve the adopted performance measures. The Metropolitan Transportation Commission shall use a ridership forecast as the basis for performance measures adopted pursuant to subparagraph (A) and to establish performance measures in following years. If the transit service of a project sponsor does not achieve the performance measures within the timeframe granted to the project sponsor, the project sponsor shall notify the Metropolitan Transportation Commission. The Metropolitan Transportation Commission may revise the performance measures, extend the timeframe to achieve the performance measures, or take action to reduce the funding available for operations if the performance measures are not met within the new timeframe.

(4) Prior to Metropolitan Transportation Commission providing funding to the San Francisco Bay Area Water Emergency Transportation Authority (WETA) under subdivision (a) or this subdivision, WETA and the MTC shall do the following, as applicable:

(A) WETA shall adopt a plan that includes systemwide and route-specific performance measures related to fare-box recovery, ridership, and any other measures as deemed appropriate by WETA in consultation with MTC.

(B) WETA and MTC shall execute an operating agreement that establishes a five-year plan for new or enhanced services and outlines incremental steps needed to achieve a reasonable level of service productivity and cost-effectiveness as compared to similar ferry services provided across the bay area.

(C) Subsequent to the time period identified in subparagraph (B), and if reasonable, but incomplete progress has been achieved to meet the performance measures identified in subparagraph (A), WETA, in consultation with MTC, may propose a new timeframe, not longer than an additional five years, to achieve the performance measures and take needed steps to remedy the service to meet the measures. In the event that the performance measures are not met within the new timeframe, WETA may seek additional time to achieve the measures and MTC may determine whether services should continue and may establish other conditions to service in consultation with WETA. In all cases, funds not spent or made available to WETA shall be returned to the reserve account established pursuant to clause (ii) of subparagraph (B) of paragraph (2).

(D) WETA shall use the plan identified in subparagraph (A) to prioritize the use of capital funding made available by this section to support its mission as the operator of ferry services.

(E) Nothing in this section shall restrict WETA with respect to meeting its obligations as the coordinating agency for water transit response to regional emergencies.

(d) (1) For all projects authorized under subdivision (a), the project sponsor shall submit an initial project report to the Metropolitan Transportation Commission within six months of the election approving the toll increase. This report shall include all information required to describe the project in detail, including the status of any environmental documents relevant to the project, additional funds required to fully fund the project, the amount, if any, of funds expended to date, and a summary of any impediments to the completion of the project. This report, or an updated report, shall include a detailed financial plan and shall notify the commission if the project sponsor will request toll revenue within the subsequent 12 months. The project sponsor shall update this report as needed or requested by the commission. No funds shall be allocated by the commission for any project authorized by subdivision (a) until the project sponsor submits the initial project report, and the report is reviewed and approved by the commission.

(2) If multiple project sponsors are listed for projects listed in subdivision (a), the commission shall identify a lead sponsor in coordination with all identified sponsors, for purposes of allocating funds. For any projects authorized under subdivision (a), the commission shall have the option of requiring a memorandum of understanding between itself and the project sponsor or sponsors that shall include any specific requirements that must be met prior to the allocation of funds provided under subdivision (a).

(e) If a program or project identified in subdivision (a) has cost savings after completion, taking into account construction costs and an estimate of future settlement claims, or cannot be completed or cannot continue due to delivery or financing obstacles making the completion or continuation of the program or project unrealistic, the commission shall consult with the program or project sponsor. After consulting with the sponsor, the commission shall hold a public hearing concerning the program or project. After the hearing, the commission may vote to modify the program or the project’s scope, decrease its level of funding, or reassign some or all of the funds to another project within the same bridge corridor. If a program or project identified in subdivision (a) is to be implemented with other funds not derived from tolls, the commission shall follow the same consultation and hearing process described above and may vote thereafter to reassign the funds to another project consistent with the intent of this chapter.

(f) If the voters approve a toll increase pursuant to Section 30923, the authority shall within 24 months of the election date include the projects in a long-range bridge toll plan. The authority shall update its long-range plan as required to maintain its viability as a strategic plan for funding projects authorized by this section. The authority shall, by January 1, 2020, submit its updated long-range bridge toll plan to the transportation policy committee of each house of the Legislature for review. This subdivision, to the extent a plan is prepared under this section, supersedes the requirement to prepare and submit a 20-year toll bridge expenditure plan to the Legislature for adoption pursuant to subdivision (h) of Section 30914.

(g) This section does not alter the obligations of the Metropolitan Transportation Commission with respect to the requirements of Section 65080 of the Government Code.

SEC. 8. Section 30915 of the Streets and Highways Code is amended to read:

30915. (a) With respect to all construction and improvement projects specified in Sections 30913, 30914, and 30914.7, project sponsors and the department shall seek funding from all other potential sources, including, but not limited to, the State Highway Account and federal matching funds.

The project sponsors and department shall report to the authority concerning the funds obtained under this subdivision.

(b) Local funds that have previously been committed to projects and programs identified in subdivision (a) of Section 30914.7 shall not be supplanted by the funding assigned to projects and programs pursuant to Section 30914.7 unless the project sponsor has secured a full funding plan for the project, or the local funds are needed to maintain transit service levels or fund a critical safety or maintenance need.

SEC. 9. Section 30916 of the Streets and Highways Code is amended to read:

30916. (a) The base toll rate for vehicles crossing the state-owned toll bridges within the geographic jurisdiction of the commission as of January 1, 2003, is as follows:

Number of Axles	Toll
Two axles	$ 1.00
Three axles	3.00
Four axles	5.25
Five axles	8.25
Six axles	9.00
Seven axles & more	10.50

(b) If the voters approve a toll increase, pursuant to Section 30921, commencing July 1, 2004, the base toll rate for vehicles crossing the bridges described in subdivision (a) is as follows:

Number of axles	Toll
Two axles	$ 2.00
Three axles	4.00
Four axles	6.25
Five axles	9.25
Six axles	10.00
Seven axles & more	11.50

(c) (1) If the voters approve a toll increase, pursuant to Section 30923, the authority shall increase the base toll rate for vehicles crossing the bridges described in subdivision (a) from the toll rates then in effect by the amount approved by the voters pursuant to Section 30923. The authority may, beginning six months after the election approving the toll increase, phase in the toll increase over a period of time and may adjust the toll increase for inflation based on the California Consumer Price Index after the toll increase has been phased in completely.

(2) Revenue generated from the adjustment of the toll to account for inflation pursuant to paragraph (1) may be expended for the following purposes:

(A) Bridge maintenance and rehabilitation necessary to preserve, protect, and replace the bridge structures consistent with subdivision (b) of Section 30950.3.

(B) Supplemental funding for the projects and programs authorized pursuant to subdivision (a) of Section 30914.7.

(d) The authority shall increase the amount of the toll only if required to meet its obligations on any bonds or to satisfy its covenants under any bond resolution or indenture. The authority shall hold a public hearing before adopting a toll schedule reflecting the increased toll charge.

(e) Nothing in this section shall be construed to prohibit the adoption of either a discounted commute rate for two-axle vehicles or of special provisions for high-occupancy vehicles under terms and conditions prescribed by the authority in consultation with the department.

SEC. 10. Section 30918 of the Streets and Highways Code is amended to read:

30918. (a) It is the intent of the Legislature to maintain tolls on all of the bridges specified in Section 30910 at rates sufficient to meet any obligation to the holders of bonds secured by the bridge toll revenues. The authority shall retain authority to set the toll schedule as may be necessary to meet those bond obligations. The authority shall provide at least 30 days' notice to the transportation policy committee of each house of the Legislature and shall hold a public hearing before adopting a toll schedule reflecting the increased toll rate.

(b) The authority shall increase the toll rates specified in the adopted toll schedule in order to meet its obligations and covenants under any bond resolution or indenture of the authority for any outstanding toll bridge revenue bonds issued by the authority and the requirements of any constituent instruments defining the rights of holders of related obligations of the authority entered into pursuant to Section 5922 of the Government Code and, notwithstanding Section 30887 or subdivision (d) of Section 30916 of this code, or any other law, may increase the toll rates specified in the adopted toll schedule to provide funds for the planning, design, construction, operation, maintenance, repair, replacement, rehabilitation, and seismic retrofit of the state-owned toll bridges specified in Section 30910 of this code, to provide funding to meet the requirements of Sections 30884 and 30911 of this code, and to provide funding to meet the requirements of voter-approved regional measures pursuant to Sections 30914, 30921, and 30923 of this code.

(c) Notwithstanding any other law, the authority's toll structure for the state-owned toll bridges specified in Section 30910 may vary from bridge to bridge and may include discounts consistent with the following:

(1) The authority may include discounts for the following vehicles:

(A) Vehicles classified by the authority as high-occupancy vehicles.

(B) Vehicles that pay for tolls electronically or through other non-cash methods. The authority may charge differential rates based on the chosen method.

(2) The authority shall provide a 50-percent discount on the amount of the toll increase approved pursuant to Section 30923 on the second bridge crossing for those commuters using a two-axle vehicle who pay tolls electronically or through other noncash methods and who cross two bridges specified in Section 30910 during commute hours. The authority shall establish reasonable and practical operating rules to implement this paragraph.

(d) If the authority establishes high-occupancy vehicle lane fee discounts or access for vehicles classified by the authority as high-occupancy vehicles for any bridge or segments of a highway that connect to the bridge, the authority shall establish the occupancy requirements that shall apply on each segment of highway that connects with that bridge, in consultation with the department.

(e) All tolls referred to in this section and Sections 30916, 31010, and 31011 may be treated by the authority as a single revenue source for accounting and administrative purposes and for the purposes of any bond indenture or resolution and any agreement entered into pursuant to Section 5922 of the Government Code.

(f) It is the intent of the Legislature that the authority should consider the needs and requirements of both its electronic and cash-paying customers when it designates toll payment options at the toll plazas for the toll bridges under its jurisdiction.

SEC. 11. Section 30920 of the Streets and Highways Code is amended to read:

30920. The authority may issue toll bridge revenue bonds to finance any or all of the projects, including those specified in Sections 30913, 30914, and 30914.7, if the issuance of the bonds does not adversely affect the minimum amount of toll revenue proceeds designated in Section 30913 and in paragraph (4) of subdivision (a) of, and subdivision (b) of, Section 30914 for rail extension and improvement projects and transit projects to reduce vehicular traffic. A determination of the authority that a specific project or projects shall have no adverse effect will be binding and conclusive in all respects.

SEC. 12. Section 30922 of the Streets and Highways Code is amended to read:

30922. Any action or proceeding to contest, question, or deny the validity of a toll increase provided for in this chapter, the financing of the transportation program contemplated by this chapter, the issuance of any bonds secured by those tolls, or any of the proceedings in relation thereto, shall be commenced within 60 days from the date of the election at which the toll increase is approved. After that date, the financing of the program, the issuance of the bonds, and all proceedings in relation thereto, including the adoption, approval, and collection of the toll increase, shall be held valid and incontestable in every respect.

SEC. 13. Section 30923 is added to the Streets and Highways Code, to read:

30923. (a) For purposes of the special election to be conducted pursuant to this section, the authority shall select an amount of the proposed increase in the toll rate, not to exceed three dollars ($3), for vehicles crossing the bridges described in Section 30910 to be placed on the ballot for approval by the voters.

(b) The toll rate for vehicles crossing the bridges described in Section 30910 shall not be increased by the rate selected by the authority pursuant to subdivision (a) prior to the availability of the results of a special election to be held in the City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano, and Sonoma to determine whether the residents of those counties and of the City and County of San Francisco approve the toll increase.

(c) (1) Notwithstanding any provision of the Elections Code, the Board of Supervisors of the City and County of San Francisco and of each of the counties described in subdivision (b) shall call a special election to be conducted in the City and County of San Francisco and in each of the counties that shall be consolidated with a statewide primary or general election, which shall be selected by the authority.

(2) The authority shall determine the ballot question, which shall include the amount of the proposed toll increase selected pursuant to subdivision (a) and a summary of the Regional Measure 3 expenditure plan. The ballot question shall be submitted to the voters as Regional Measure 3 and stated separately in the ballot from state and local measures.

(d) The ballot pamphlet for the special election shall include a summary of the Regional Measure 3 expenditure plan regarding the eligible projects and programs to be funded pursuant to Section 30914.7. The Metropolitan Transportation Commission shall prepare a summary of the Regional Measure 3 expenditure plan.

(e) The county clerks shall report the results of the special election to the authority. If a majority of all voters voting on the question at the special election vote affirmatively, the authority may phase in the increased toll schedule consistent with subdivision (c) of Section 30916.

(f) If a majority of all the voters voting on the question at the special election do not approve the toll increase, the authority may by resolution resubmit the measure to the voters at a subsequent statewide primary or general election. If a majority of all of the voters vote affirmatively on the measure, the authority may adopt the toll increase and establish its effective date and establish the completion dates for all reports and studies required by Sections 30914.7 and 30950.3.

(g) (1) Each county and city and county shall share translation services for the ballot pamphlet and shall provide the authority a certified invoice that details the incremental cost of including the measure on the ballot, as well as the total costs associated with the election.

(2) The authority shall reimburse each county and city and county participating in the election for the incremental cost of submitting the measure to the voters. These costs shall be reimbursed from revenues derived

from the tolls if the measure is approved by the voters, or, if the measure is not approved, from any bridge toll revenues administered by the authority.

(h) If the voters approve a toll increase pursuant to this section, the authority shall establish an independent oversight committee within six months of the effective date of the toll increase to ensure that any toll revenues generated pursuant to this section are expended consistent with the applicable requirements set forth in Section 30914.7. The oversight committee shall include two representatives from each county within the jurisdiction of the commission. Each representative shall be appointed by the applicable county board of supervisors and serve a four-year term and shall be limited to two terms. The oversight committee shall annually review the expenditure of funds by the authority for the projects and programs specified in Section 30914.7 and prepare and submit a report to the transportation committee of each house of the Legislature summarizing its findings. The oversight committee may request any documents from the authority to assist the committee in performing its functions.

(i) If voters approve a toll increase pursuant to this section, the authority shall annually prepare a report to the Legislature, in conformance with Section 9795 of the Government Code, on the status of the projects and programs funded pursuant to Section 30914.7.

(j) Except as provided in subdivision (c) of Section 30916 and Section 30918, the toll increase adopted by the authority pursuant to this section shall not be changed without statutory authorization by the Legislature.

SEC. 14. Section 30950.3 of the Streets and Highways Code is amended to read:

30950.3. (a) The authority shall prepare, adopt, and from time to time revise, a long-range bridge toll plan for the completion of all projects within its jurisdiction, including those of the Regional Traffic Relief Plan described in subdivision (c) of Section 30914 and the Regional Measure 3 expenditure plan described in subdivision (a) of Section 30914.7.

(b) The authority shall give first priority to projects and expenditures that are deemed necessary by the department and the authority to preserve and protect the bridge structures.

SEC. 15. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

O

SFMTA Municipal Transportation Agency

San Francisco Priority RM3 Candidates

Projects listed in alphabetical order; list is not prioritized [1]

(Amounts in $millions)

	Project	Description	Total Project Cost	Funding Gap	SF RM3 Ask	Regional RM3 Ask
TRANSIT CORE CAPACITY						
a	BART Core Capacity /Metro Projects	Includes Bay Area Core Capacity Transit Study (CCTS) and operational projects.	TBD per CCTS	TBD per CCTS		TBD per CCTS
b	BART Expansion Vehicles	New vehicles will support increased service in the core of the BART system. [NOTE: funding gap includes $300 M each from San Francisco, Contra Costa, and San Francisco counties and $100M from MTC.]	$1,300	$1,000		$200
c	Core Capacity and Transit Reliability (SFMTA)	Includes projects recommended from the CCTS.	$1,300	$1,000	$600	
d	Mission Bay Ferry Landing (Port of SF)	Establishes new ferry terminal to directly connect Mission Bay and Central Waterfront SF neighborhoods to the East Bay via transbay corridor.	$43	$25		$25
e	Muni Fleet Expansion and Facilities (SFMTA)	A recommendation from the CCTS, includes light rail vehicles and buses to better meet current and future ridership, and facilities improvements to support the current and future fleet.	$944	$799	$350	
f	Transbay Transit Center Operations	Covers the funding gap needed to support operations and maintenance of the new Transbay Transit Center.	TBD per TJPA	TBD per TJPA		$125
g	Transbay Transit Center Phase 2: Caltrain Downtown Extension	Caltrain/HSR subway connection from south of 4th/King to the Transbay Transit Center [$300 M RM3 commitment in Plan Bay Area]	$3,935	$2,653–$2,823		$500
h	2nd Transbay Tube	Study and conceptual engineering funds for a 2nd transbay tube as discussed in the CCTS, and extension into San Francisco (e.g. Richmond District).	TBD per CCTS	TBD per CCTS		TBD per CCTS
ACTIVE CONGESTION MANAGEMENT						
i	San Francisco Managed Lanes (SFCTA)	Converts lanes on US-101 and I-280 in San Francisco to express lanes to support faster and more reliable transit and rideshare options from I-280 (King St.) to San Mateo county.	$62	$61		$30
j	Treasure Island Mobility Management Program (SFCTA)	Funds would cover start-up costs for the Treasure Island Mobility Management Program, including procuring a new alternative-fuel ferry and advancing ferry service from downtown SF to Treasure Island by 3 years. [NOTE: project cost represents partial start-up costs only]	$32	$32	$32	
k	Transportation Demand Management Program (MTC)	A regional Transportation Demand Management Program could provide funding to innovative incentive programs such as BART Perks, and to smart/innovative technology projects such as technology-enabled corridor management strategies, to help reduce congestion in the core.	TBD	TBD		TBD
EQUITY						
l	BART Modernization (Embarcadero to Civic Center) [2]	Includes additional elevators and associated wayfinding, improving accessibility to BART at the Embarcadero to Civic Center stations in San Francisco.	TBD per BART	TBD per BART		$36
m	Bicycle/Pedestrian Facilities Program (MTC)	A regional bicycle/pedestrian program could provide funding for projects that improve access to the bridge corridors and to transit serving those corridors.	TBD	TBD		TBD
n	Lifeline Transportation Program (MTC)	A regional program that could provide funding for late night transportation services, fare studies, and accessibility and mobility programs in the bridge corridors.	TBD	TBD		TBD
o	Muni Metro Modernization (SFMTA) [2]	Improves existing stations to address much-needed state of good repair investments, including safety and accessibility improvements, including but not limited to escalators, elevators, and wayfinding.	$175	$175	$75	
			TOTALS	**$5,745–$5,915**	**$1,057**	**$916**
				% of RM3 Capital Program for $3 toll level	**21%**	**18%**
				Total of SF and Regional RM3 Asks		**$1,973**
						39%

1 These priorities assume a continuation of the federal Capital Investment Grants (e.g. New Starts) and TIGER programs. Should Congress or the Administration take action to end these programs, we would anticipate shifting priorities.

2 These projects could be combined as part of a regional transit accessibility program.

5/30/2017

RM3 Category - Capital Projects	Funds Available per Category	Category Project Sponsor*	#	SF Priority Project	SF Project Sponsor*	Requested Funds	Total Project Cost	Top Priority for Early (2019) Allocation	Notes
Ferry Enhancement Program	$300M	WETA	1	Mission Bay Ferry Landing	Port of SF	$25M	$43M	yes	Included in WETA strategic plan. Construction planned to begin in 2019.
			2	Treasure Island Mobility Management Program: Ferry Vessels	TIMMA	$6M	$6M		High performer Plan Bay Area 2040. Treasure Island service included in WETA strategic plan. $3M for each of two small vessels, procurement in years 2021 and 2026.
Core Capacity Transit Improvements [NOTE: priority is given to AC Transit projects in Tiers 1 and 2 of the Core Capacity Transit Study**]	$140M	MTC; ACTC; AC Transit	3	Muni Forward: L Taraval Transit Enhancements	SFMTA	$20M	$105M	yes	CCTS Tier 1 Prerequisite Project. Closes funding gap. Construction planned for 2019-2021. Local funds will be used should RM3 funding not be available when needed.
			4	SFGo Transit Signal Priority	SFMTA	$10M	$27M		CCTS Tier 1 Prerequisite Project.
			5	16th Street Corridor Transit Priority (22 Fillmore)	SFMTA	$5M	$68M		CCTS Tier 1 Prerequisite Project. Local funds will be used should RM3 funding not be available when needed.
			6	Better Market Street	SFPW	$20M	$504M		CCTS Tier 2 Prerequisite Project. Top priority to close gap on Phase 1 construction ($4.87M) for 6th-8th Streets. The project team would like to add an extra block (5th-6th Streets) to the project, at a cost of $20M. Construction advertisement anticipated in calendar year 2019.
Bay Area Express Lanes	$300M	MTC; other express lane authorized agencies	7	San Francisco 101 and 280 Managed Lanes	SFCTA	$73M	$77M		Most immediate need for planning and environmental work.
Transbay Rail Crossing	$50M	BART	8	Rail to the Richmond	SFCTA	$1M	TBD		For planning to complement the Bay Crossings study and ConnectSF Transit Corridor Study.
Muni Fleet Expansion and Facilities (continud on next page)	$140M	SFMTA	9	Muni New Light Rail Vehicles	SFMTA	$56M	$1,072M	yes	Assumes accelerated LRV replacement scenario. Fills project gap ($18M) and revenue sources where the timing is uncertain ($38M in developer fees, new revenues). Anticipate requesting allocation in FYs 2020, 2022 and 2025.
			10	Muni Metro East Maintenance Facility	SFMTA	$43M	$79M		Facility expansion to accommodate larger LRV fleet. Anticipate requesting allocation in FYs 2021, 2023.
			11	Muni Maintenance Facility Rehab and Expansion	SFMTA	$17M	TBD		Anticipate requesting allocation in FYs 2021, 2022.
			12	Muni Electric Bus Pilot Program Procurement	SFMTA	$15M	$15M	yes	Funding to purchase buses and batteries, complementing federal grant funds for electric bus infrastructure. Requesting allocation in FY 2020.

RM3 Category - Capital Projects	Funds Available per Category	Category Project Sponsor*	#	SF Priority Project	SF Project Sponsor*	Requested Funds	Total Project Cost	Top Priority for Early (2019) Allocation	Notes
Muni Fleet Expansion and Facilities (cont'd)	$140M	SFMTA	**13**	Castro Muni Metro Station New Elevator	SFMTA	$9M	$19M		Anticipate requesting allocation in FY 2021.
Caltrain Downtown Extension	$325M	TBD (agency designated to build project)	**14**	Caltrain Downtown Extension	TJPA	$325M	$3,381M to $4,676M		Early request anticipated for right-of-way.
BART Expansion Cars	$500M	BART	**15**	BART Expansion Cars	BART	$500M	$1,618M		
RM3 Category - Competitive Capital Program	**Funds Available per Category**	**Category Project Sponsor**	**#**	**SF Priority Project**	**SF Project Sponsor**	**Requested Funds**	**Total Project Cost**	**Top Priority for Early (2019) Allocation**	**Notes: the following projects are included for reference and are not subject IPR requirements**
San Francisco Bay Trail/ Safe Routes to Transit	$150M	MTC	**16**	TBD	TBD	TBD	n/a		Competitive program to be developed by MTC.
RM3 Category - Operating Program	**Funds Available per Category**	**Category Project Sponsor**	**#**	**SF Priority Project**	**SF Project Sponsor**	**Requested Funds**	**Total Project Cost**	**Top Priority for Early (2019) Allocation**	**Notes: the following projects are included for reference and are not subject IPR requirements**
Ferry Operating Program	up to $35M annually	WETA	**17**	Treasure Island Mobility Management Program: Ferry Operations	TIMMA	$15M	$2.6M annually	yes	High performer Plan Bay Area 2040. Treasure Island service included in WETA strategic plan. Service to begin in 2021. Program is expected to be self-sustaining after the first five years.
Regional Express Bus Operating Program	up to $20M annually	TBD	**18**	Express Bus on SF Managed Lanes	SFMTA	TBD	$40M annually		Funding to support four new routes utilizing the managed lanes in San Francisco on US-101 and I-280 north of the divide.
Transbay Terminal Operating Program	up to $5M annually	TJPA	**19**	Transbay Terminal Operations	TJPA	TBD	TBD		Funding to support transportation-related costs associated with operating the terminal.

*Acronyms include: ACTC, Alameda County Transportation Commission; BART, Bay Area Rapid Transit; CCTS, Core Capacity Transit Study; IPR, Initial Project Report; MTC, Metropolitan Transportation Commission; SFCTA, San Francisco County Transportation Authority; SFMTA, San Francisco Municipal Transportation Agency; TIMMA, Treasure Island Mobility Management Agency; TJPA, Transbay Joint Powers Authority; WETA, San Francisco Bay Area Water Emergency Transportation Authority

**https://mtc.ca.gov/sites/default/files/Prerequisite_Projects.pdf

Agenda Item 10

San Francisco County Transportation Authority
1455 Market Street, 22nd Floor
San Francisco, California 94103
415.522.4800 FAX 415.522.4829
info@sfcta.org www.sfcta.org

Memorandum

Date: November 19, 2018

To: Transportation Authority Board

From: Anna LaForte – Deputy Director for Policy and Programming

Subject: 12/04/2018 Board Meeting: Allocate $25,847,913 in Prop K Sales Tax Funds, With Conditions, for Eight Requests

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

- Allocate $22,405,670 in Prop K funds to the San Francisco Municipal Transportation Authority (SFMTA) for five requests:
  1. Central Subway ($964,968)
  2. Presidio Bus Lifts ($4,400,000)
  3. L-Taraval Transit Enhancements (Segment B) ($11,240,331)
  4. 16th Street Transit Enhancements Project (22 Fillmore Phase 2) ($5,600,371)
  5. Battery and Sansome Bicycle Connections [NTIP Capital] ($200,000)
- Allocate $3,442,243 in Prop K funds to San Francisco Public Works (SFPW) for three requests:
  6. Great Highway Terminus Narrowing ($292,243)
  7. Taraval Street Pavement Renovation (West Portal to Sunset Blvd) ($1,400,000)
  8. Alemany Blvd Pavement Renovation ($1,750,000)

SUMMARY

We are presenting eight requests totaling $25,847,913 in Prop K funds to the Board for approval. Attachment 1 lists the requests, including requested phase(s) and supervisorial district(s) for each project. Attachment 2 provides a brief description of each project. Attachment 3 contains the staff recommendations.

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

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DISCUSSION

Attachment 1 summarizes the subject allocation requests, including information on proposed leveraging (i.e. 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 description of each project. Attachment 3 summarizes the staff recommendations for the requests, highlighting special conditions and other items of interest. An Allocation Request Form for each project is enclosed, with more detailed information on scope, schedule, budget and funding.

Central Subway

One of the SFMTA's allocations request is for the last $964,968 in Prop K funds in the Central Subway line item. We identified these funds through the 2019 Prop K Strategic Plan, scheduled for final approval by the Board at its November 27 meeting. The enclosed allocation request form reflects the proposed Regional Improvement Program (RIP) backfill funding plan that we briefed the Citizens Advisory Committee and Board at the October 24 and November 13 meetings, respectively, as part of approval of the Prop K 5-Year Prioritization Programs. The RIP backfill plan includes a number of fund exchanges to enable funds to be directed to the Central Subway project. We are working with SFMTA and the Metropolitan Transportation Commission (MTC) to support an anticipated January 2019 approval of the MTC-related fund exchanges.

We also wanted to provide some updated schedule information on the Central Subway. The SFMTA has requested an extension from the Federal Transit Administration to the revenue service date in the Central Subway's New Starts Full Funding Grant Agreement from December 26, 2018 to December 25, 2019, with a five-month schedule risk contingency to May 7, 2020. The main cause of the schedule delay is the mining of the Chinatown Station which is on the critical path. According to SFMTA staff, the method of mining was difficult, and the contractor did not achieve the schedule as anticipated in the original contract due to various factors including condition of the soil and differing site conditions. The SFMTA is trying to accelerate other areas of the Central Subway Program to reduce the overall delay to the project, but it is having limited success in this regard.

The SFMTA has updated its budget forecast and confirms that it remains consistent with the $1.578 billion baseline budget approved by the Board in March 2010. The SFMTA does not anticipate the need for any additional funds.

FINANCIAL IMPACT

The recommended action would allocate $25,847,913 in Prop K funds. The allocations would be subject to the Fiscal Year Cash Flow Distribution Schedules contained in the enclosed Allocation Request Forms.

Attachment 4 shows the approved Fiscal Year (FY) 2018/19 allocations and appropriations to date, with associated annual cash flow commitments as well as the recommended allocations, appropriation and cash flow amounts that are the subject of this memorandum.

Sufficient funds are included in the adopted FY 2018/19 budget to accommodate the recommended actions. Furthermore, sufficient funds will be included in future budgets to cover the recommended cash flow distribution for those respective fiscal years.

CAC POSITION

The CAC will be briefed on this item at its November 28, 2018 meeting.

SUPPLEMENTAL MATERIALS

Attachment 1 – Summary of Applications Received
Attachment 2 – Project Descriptions
Attachment 3 – Staff Recommendations
Attachment 4 – Prop K Allocation Summaries – FY 2018/19

Enclosure – Prop K/AA Allocation Request Forms (8)

Attachment 1: Summary of Applications Received

Source	EP Line No./ Category [1]	Project Sponsor [2]	Project Name	Current Prop K Request	Current Prop AA Request	Total Cost for Requested Phase(s)	Leveraging: Expected Leveraging by EP Line [3]	Leveraging: Actual Leveraging by Project Phase(s)[4]	Phase(s) Requested	District(s)
Prop K	3	SFMTA	Central Subway	$ 964,968		$ 1,226,547,988	81%	92%	Construction	3, 6
Prop K	20M	SFMTA	Presidio Bus Lifts	$ 4,400,000		$ 5,236,000	90%	16%	Construction	2
Prop K	22M	SFMTA	L-Taraval Transit Enhancements (Segment B)	$ 11,240,331		$ 82,105,598	78%	86%	Construction	4, 7
Prop K	22M	SFMTA	16th Street Transit Enhancements (22 Fillmore Phase 2)	$ 5,600,371		$ 26,900,371	78%	79%	Construction	8, 9, 10
Prop K	26	SFPW	Great Highway Terminus Narrowing	$ 292,243		$ 292,243	86%	0% for design; overall project leveraging expected to be 88%	Design	7
Prop K	34	SFPW	Taraval Street Pavement Renovation (West Portal to Sunset Blvd)	$ 1,400,000		$ 1,700,000	79%	18%	Construction	4, 7
Prop K	34	SFPW	Alemany Blvd Pavement Renovation	$ 1,750,000		$ 3,500,000	79%	50%	Construction	8, 11
Prop K	39	SFMTA	Battery and Sansome Bicycle Connections [NTIP Capital]	$ 200,000		$ 200,000	28%	0% for construction; overall project leveraging is 27%	Construction	3
			TOTAL	**$ 25,847,913**	**$ -**	**$ 1,346,482,200**	**80%**	**91%**		

Footnotes

[1] "EP Line No./Category" is either the Prop K Expenditure Plan line number referenced in the 2014 Prop K Strategic Plan or the Prop AA Expenditure Plan category referenced in the 2017 Prop AA Strategic Plan, including: Street Repair and Reconstruction (Street), Pedestrian Safety (Ped), and Transit Reliability and Mobility Improvements (Transit).

[2] Acronyms: SFMTA (San Francisco Municipal Transportation Agency) and SFPW (San Francisco Public Works)

[3] "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%.

[4] "Actual Leveraging by Project Phase" is calculated by dividing the total non-Prop K or non-Prop AA 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 Descriptions [1]

EP Line No./ Category	Project Sponsor	Project Name	Prop K Funds Requested	Project Description
3	SFMTA	Central Subway	$964,968	This request is to allocate de-obligated funds from prior fund exchanges in the Central Subway category that along with two fund exchanges (Board approval anticipated November 27, 2018) direct a total of $21 million to help backfill the Transportation Authority's $61.75 million commitment of Regional Improvement Program funds to the project. SFMTA is currently requesting an extension from the Federal Transit Administration to the revenue service date in the Central Subway's New Starts Full Funding Grant Agreement from December 26, 2018 to December 25, 2019, with a five month schedule risk contingency to May 7, 2020. The main cause of the schedule delay is the mining of the Chinatown Station which is on the critical path. According to SFMTA staff, the method of mining was difficult, and the contractor did not achieve the schedule as anticipated in the original contract due to various factors including condition of the soil and differing site conditions. The SFMTA is trying to accelerate other areas of the Central Subway Program to reduce the overall delay to the project, but it is having limited success in this regard. The project is expected to cost $1.578 billion as approved in the baseline budget (2010).
20M	SFMTA	Presidio Bus Lifts	$4,400,000	This project will replace six vehicle lifts as well as security doors and gates at the SFMTA's Presidio Maintenance Facility, which services and stores approximately 165 40-foot trolley coaches. The project will improve worker safety, improve security at the facility, increase the productivity of the maintenance crew, and improve fleet reliability. SFMTA expects the new lifts to be in service by December 2020.
22M	SFMTA	L-Taraval Transit Enhancements (Segment B)	$11,240,331	Funds will be used to replace light rail track and overhead contact system components along the L-Taraval light rail line from West Portal Station to Sunset Blvd, along Ulloa Street, 15th Avenue and Taraval Street. This scope is part of a larger set of transit and street improvements including transit stop placement optimization, bus bulbs, pedestrian safety improvements, boarding islands, traffic signals, street resurfacing (see request below) and traffic and turn lane modification. SFMTA expects to start construction in Summer 2019, with the project open for use in Summer 2021.

Attachment 2: Brief Project Descriptions [1]

EP Line No./ Category	Project Sponsor	Project Name	Prop K Funds Requested	Project Description
22M	SFMTA	16th Street Transit Enhancements (22 Fillmore Phase 2)	$5,600,371	This request will fund the replacement of overhead contact system and transit communications infrastructure between Church and Utah Streets along the 22-Filmore trolleybus line. The scope is part of a larger set of transit and Vision Zero pedestrian safety improvements along 16th Street including transit bulbs, transit boarding islands, new traffic signals, pedestrian bulbs, raised crosswalks and curb ramps, all of which will improve transit reliability, travel time, safety, and accessibility. SFMTA expects construction to start in Spring 2019 and the project to be open for use by October 2020.
26	SFPW	Great Highway Terminus Narrowing	$292,243	Requested funds will fund the design phase of narrowing of the Great Highway roadway from 4 lanes to 2 lanes from where the SFPW Great Highway Restoration Project ends and the intersection of the Great Highway and Skyline Boulevard. This work will need to be completed to accommodate the South Ocean Beach Trail and parking lot project. SFPW expects design to be completed by December 2019 and the project to be open for use by December 2020.
34	SFPW	Taraval Street Pavement Renovation (West Portal to Sunset Blvd)	$1,400,000	Funds will be used for pavement renovation of 26 blocks, including construction or reconstruction of 83 curb ramps, new sidewalks, and traffic control on Ulloa Street from Forest Side Avenue to 15th Avenue, on 15th Avenue from Ulloa to Taraval streets, on Taraval from 15th Avenue to Sunset Boulevard. This scope will be included in the same construction contract as the SFMTA-led Taraval Street Improvement East of Sunset (see request above) to minimize disruption to the public and maximize the construction coordination opportunity. SFPW expects construction of the paving scope to be complete by summer 2020.
34	SFPW	Alemany Blvd Pavement Renovation	$1,750,000	Request will fund street resurfacing of 28 blocks on Alemany Boulevard, from Congdon Street to Seneca Avenue including construction or reconstruction of 44 curb ramps. Project is expected to be open for use by Spring 2020. Funds include $1.75 million in Senate Bill 1 Local Partnership Program funds programmed by the Transportation Authority.

Attachment 2: Brief Project Descriptions [1]

EP Line No./ Category	Project Sponsor	Project Name	Prop K Funds Requested	Project Description
39	SFMTA	Battery and Sansome Bicycle Connections [NTIP Capital]	$200,000	This Neighborhood Transportation Improvement Program (NTIP) project will implement traffic safety improvements along the Battery and Sansome corridors between the Embarcadero and Broadway, and along Vallejo and Davis Streets south to Washington Street, including Class II bike lanes (buffered where possible), striping and signage upgrades, and traffic signal adjustments, and possible vehicle turn restrictions at The Embarcadero/Chestnut/ Sansome intersection. Project will result in a safe and attractive alternative to The Embarcadero for bicycling trips between the Financial District and the northeast waterfront, safer intersections along the Embarcadero, and a better pedestrian environment in the Jackson Square and lower Telegraph Hill neighborhoods. SFMTA expects the project to be open for use by summer 2019.
		TOTAL	**$25,847,913**	

[1] See Attachment 1 for footnotes.

Attachment 3: Staff Recommendations [1]

EP Line No./ Category	Project Sponsor	Project Name	Prop K Funds Recommended	Recommendations
3	SFMTA	Central Subway	$ 964,968	**Special Condition:** Recommendation is conditioned upon SFMTA's continued compliance with the Ground Rules for Financial Management of the Central Subway Project and existing oversight protocols. See enclosed allocation request form for details.
20M	SFMTA	Presidio Bus Lifts	$ 4,400,000	**Special Condition:** Recommendation is conditioned upon Board approval of the 2019 Strategic Plan and comprehensive 2014 Facilities-Muni 5YPP amendment, anticipated November 27, 2018.
22M	SFMTA	L-Taraval Transit Enhancements (Segment B)	$ 11,240,331	**Special Condition:** Recommendation is conditioned upon Board approval of the 2019 Strategic Plan and comprehensive 2014 Guideways-Muni 5YPP amendment, anticipated November 27, 2018.
22M	SFMTA	16th Street Transit Enhancements (22 Fillmore Phase 2)	$ 5,600,371	**Special Condition:** Recommendation is conditioned upon Board approval of the 2019 Strategic Plan and comprehensive 2014 Guideways-Muni 5YPP amendment, anticipated November 27, 2018.
26	SFPW	Great Highway Terminus Narrowing	$ 292,243	**Special Condition:** Recommendation is conditioned upon Board approval of an amendment to the 2014 Great Highway 5YPP, anticipated November 27, 2018.
34	SFPW	Taraval Street Pavement Renovation (West Portal to Sunset Blvd)	$ 1,400,000	**Special Condition:** Recommendation is conditioned upon Board approval of an amendment to the 2014 Street Resurfacing, Rehabilitation, and Maintenance 5YPP, anticipated November 27, 2018.
34	SFPW	Alemany Blvd Pavement Renovation	$ 1,750,000	
39	SFMTA	Battery and Sansome Bicycle Connections [NTIP Capital]	$ 200,000	
		TOTAL	**$25,847,913**	

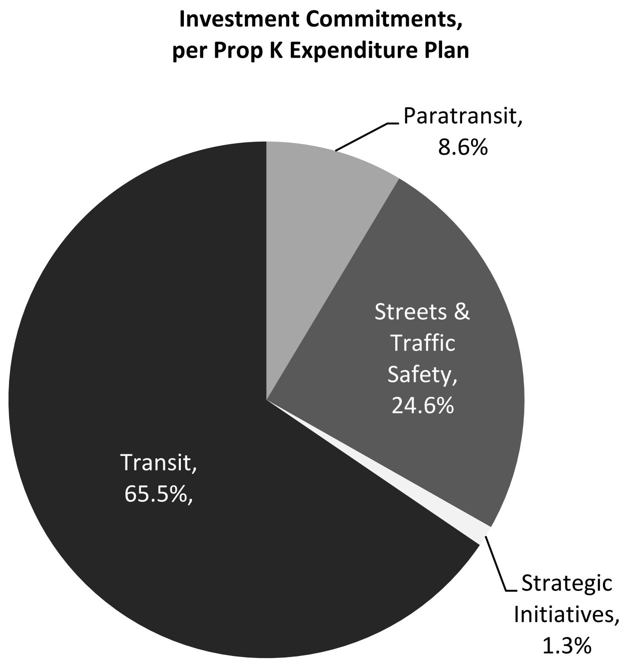
[1] See Attachment 1 for footnotes.

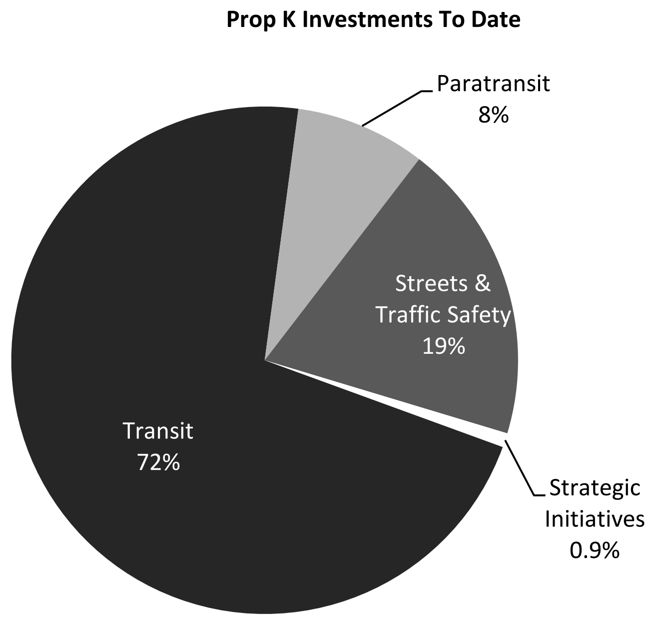
Attachment 4.
Prop K Allocation Summary - FY 2018/19

PROP K SALES TAX

	Total	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Prior Allocations	$ 51,336,598	$ 38,291,857	$ 11,712,739	$ 1,156,268	$ 175,734	$ -	$ -
Current Request(s)	$ 25,847,913	$ 1,861,089	$ 6,266,122	$ 14,870,331	$ 2,281,308	$ 569,063	$ -
New Total Allocations	$ 77,184,511	$ 40,152,946	$ 17,978,861	$ 16,026,599	$ 2,457,042	$ 569,063	$ -

The above table shows maximum annual cash flow for all FY 2018/19 allocations and appropriations approved to date, along with the current recommended allocation(s).





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San Francisco County Transportation Authority
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Memorandum

Date: November 28, 2018

To: Citizens Advisory Committee

From: Jeff Hobson – Deputy Director for Planning

Subject: 11/28/2018 Committee Meeting: Adopt the District 10 Mobility Management Study Final Report [NTIP Planning]

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

Adopt the District 10 Mobility Management Study Final Report [NTIP Planning].

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

SUMMARY

The District 10 Mobility Management Study project was recommended by Commissioner Cohen for $100,000 in Prop K sales tax funds from the Neighborhood Transportation Improvement Program (NTIP). Led by the Transportation Authority, the study's goal is to engage stakeholders to identify a set of non-infrastructure strategies that could reduce vehicle miles of travel in the District through partnerships among community organizations, developers, public agencies and emerging mobility service providers. This study focuses on near-term, lower-cost, non-infrastructure concepts that address travel demand to, from, and within District 10. The project's draft final report is included as an enclosure to this packet, with recommendations detailed in Chapter 5. We have also highlighted the recommendations in the memo below.

DISCUSSION

Background.

The NTIP is intended to strengthen project pipelines and advance the delivery of community-supported neighborhood-scale projects, especially in Communities of Concern and other underserved neighborhoods and areas with at-risk populations (e.g. seniors, children, and/or people with disabilities).

Vehicle traffic impacts health, safety, mobility, and affordability in District 10 today, yet the car often appears to be the travel mode of choice for the District's residents, workers, and visitors. Residents seek alternatives and have made their mobility needs known during past outreach and planning studies.

In addition to today's needs, additional transportation needs stem from the District's status as one of two districts in which most of the City's new development is planned. New developments will contribute to improving the area's transportation system to meet the needs of new residents and employees, but they are not responsible for addressing pre-existing and area-wide transportation needs.

Agencies and communities, along with developers, may be able to use new non-infrastructure tools in the short-term, with modest resources, to respond both to existing and future transportation demands. At the same time, agencies, developers, communities, and private services can partner creatively to ensure that new transportation technologies do not compound historic differences in access for District 10 residents.

The public sector may have a useful role to play in helping to facilitate the adoption of the most promising of these emerging strategies among communities that to date either haven't widely adopted them or where emerging mobility companies haven't yet offered them. Another potential role for the public sector is to manage or influence these emerging strategies so they help meet emissions reduction and other goals or needs of District 10. Agencies can seek to ensure that the services are deployed in a way that does not compound historic mobility needs.

This study recommends pilot projects using new non-infrastructure concepts (TDM strategies and operational projects) to accomplish these goals.

Community Engagement.

This study brought District 10 stakeholders together to identify ways to leverage non-infrastructure services and technologies. These stakeholders included longtime and new residents, businesses and workers, developers, major employers, community-based organizations (CBOs), emerging mobility service and technology providers, and public agencies.

The public process that went into developing the study included multiple rounds of community engagement as described in Chapter 3. Most recently, we facilitated community feedback on the draft recommendations at a community co-design event on September 27, 2018.

Throughout the study process, we also interviewed private sector developers and emerging mobility service and technology providers to obtain their ideas for serving District 10.

Potential Strategies and Recommendations.

Chapter 4 of the draft final report describes potential strategies analyzed in this report, in four categories: New Mobility; Mobility as a Service; Incentives and Rewards; and Partnerships. Chapter 5 describes recommendations, sorted into near-term and long-term implementation opportunities. Each recommendation identifies the private and public institutional roles in operating and overseeing these non-infrastructure solutions. The following lists the characteristics of each category, needs documented by outreach, and the study's recommendations:

1. New Mobility

These transportation services use technology to automate routing; matching/sharing; and/or (un)locking, among other features. Many "new mobility services and technologies" make Mobility as a Service possible because they offer as-needed, on-demand transportation.

Outreach indicated unmet demand in District 10 for on-demand transportation services, including transit and vehicle sharing. This Study recommends piloting new shuttle/microtransit routes to connect to local transit hubs. These routes would need to comply with SFMTA's Private Transit Vehicle permit requirements and could be supported by funding partnerships between developers and microtransit service providers. Public funding contributions could subsidize access for Lifeline-eligible riders.

The Study also recommends an active campaign to establish additional moped-share and/or car share spaces in District 10 by funding off-street charging stations or a partnership between the City and vehicle share providers to locate spaces in public housing developments.

Outreach also indicated demand that could support long-term recommendations for strategies such as school carpool ridematching services, other shuttle/microtransit services, and expanded car-share in District 10.

2. Mobility as a Service

Mobility as a Service describes the use of technology to replace car ownership with a range of mobility services, often accessible on-demand through a unified user interface that integrates trip planning, hailing, navigation, and payment.

Outreach indicated an unmet demand for "transportation coordinator" services, accessible both digitally through a mobile device as well as physically, such as through kiosks or a call center. This Study recommends tools to ensure that Mobility as a Service is accessible: in languages other than English, for those without smartphones, and for the un- and under-banked.

This study also supports the continuation of recent experiments with community-relevant marketing and promotion of new mobility services, using community based organizations and "co-creation" techniques.

3. Incentives and Rewards

Incentive and reward programs can take several forms. Some are revenue-neutral programs that levy a fee on discouraged travel behavior and redistribute the resulting revenue to fund mobility services, targeted investments to improve transportation choices, or direct incentives to encourage more sustainable travel. Others are platforms that offer discount offers to travelers in exchange for travel data, with greater discounts offered for more sustainable tripmaking.

Outreach indicated interest in earning rewards for sustainable travel, both among residents and among employers for their employees. This study recommends a partnership between agencies and employers and/or Transportation Management Agencies (TMAs) to pilot a rewards platform that incentivizes non-single occupant vehicle travel among workers and/or residents.

4. Partnership Tools

Partnership tools and coordination strategies can reduce barriers across information, processes, and services for the traveler; they can also pool resources at a larger scale to improve the reach and efficiency of programs.

Outreach identified an unmet need among institutional stakeholders for partnership and coordination tools around non-infrastructure transportation. This study recommends that the City explore a TMA Membership Program to allow existing land uses to use the services of the mandatory transportation coordinators or TMAs established by new development in compliance with the City TDM Ordinance. This could be accomplished through a membership fee structure or via trip reduction credits in lieu of membership fees for qualifying land uses.

This Study also recommends that an agency convene a citywide TMA working group to develop and disseminate TMA best practices and resources and to promote coordination, information sharing, and continuing education.

As part of the new mobility recommendations on shuttle or microtransit services, this study recommends that the City consider a requirement that any such services provided by developers in compliance with the City's TDM Ordinance be open to the public.

Finally, the study also recommends pursuing long-term strategies including implementation of managed lanes, creation of a parking benefits district, and school carpool ridematching.

FINANCIAL IMPACT

The recommended action does not impact the adopted Fiscal Year 2018/19 budget.

CAC POSITION

The CAC will be briefed on this item at its November 28, 2018 meeting.

SUPPLEMENTAL MATERIALS

Enclosure – District 10 Mobility Management Study Draft Report

TNCs & Congestion

Agenda Item 12

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

November 28, 2018

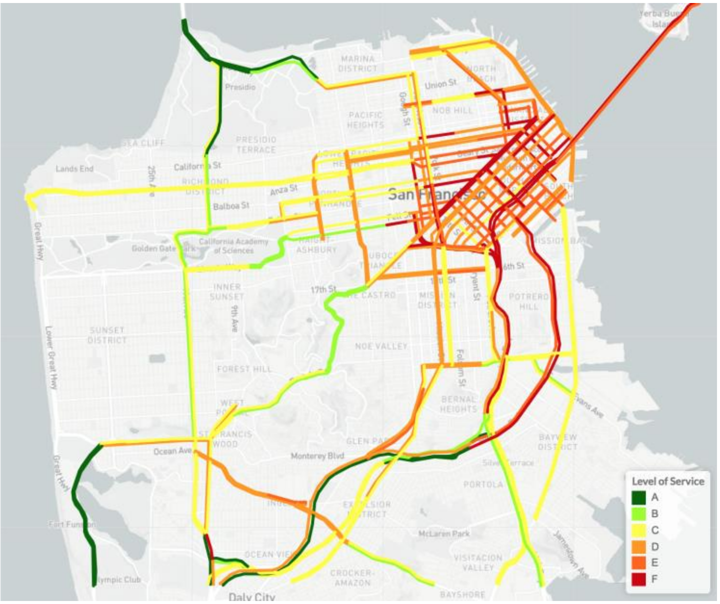
TNCs & Congestion

- Do TNCs affect roadway congestion in San Francisco?

- Report Contents
  - **Measures** of congestion
  - **Factors** that affect congestion
  - **Data** for quantifying changes in congestion
  - **Methods** for linking changes in congestion to factors
  - **Contributions of factors** to changes in SF congestion

2009 PM PEAK LEVEL-OF-SERVICE

2017 PM PEAK LEVEL-OF-SERVICE



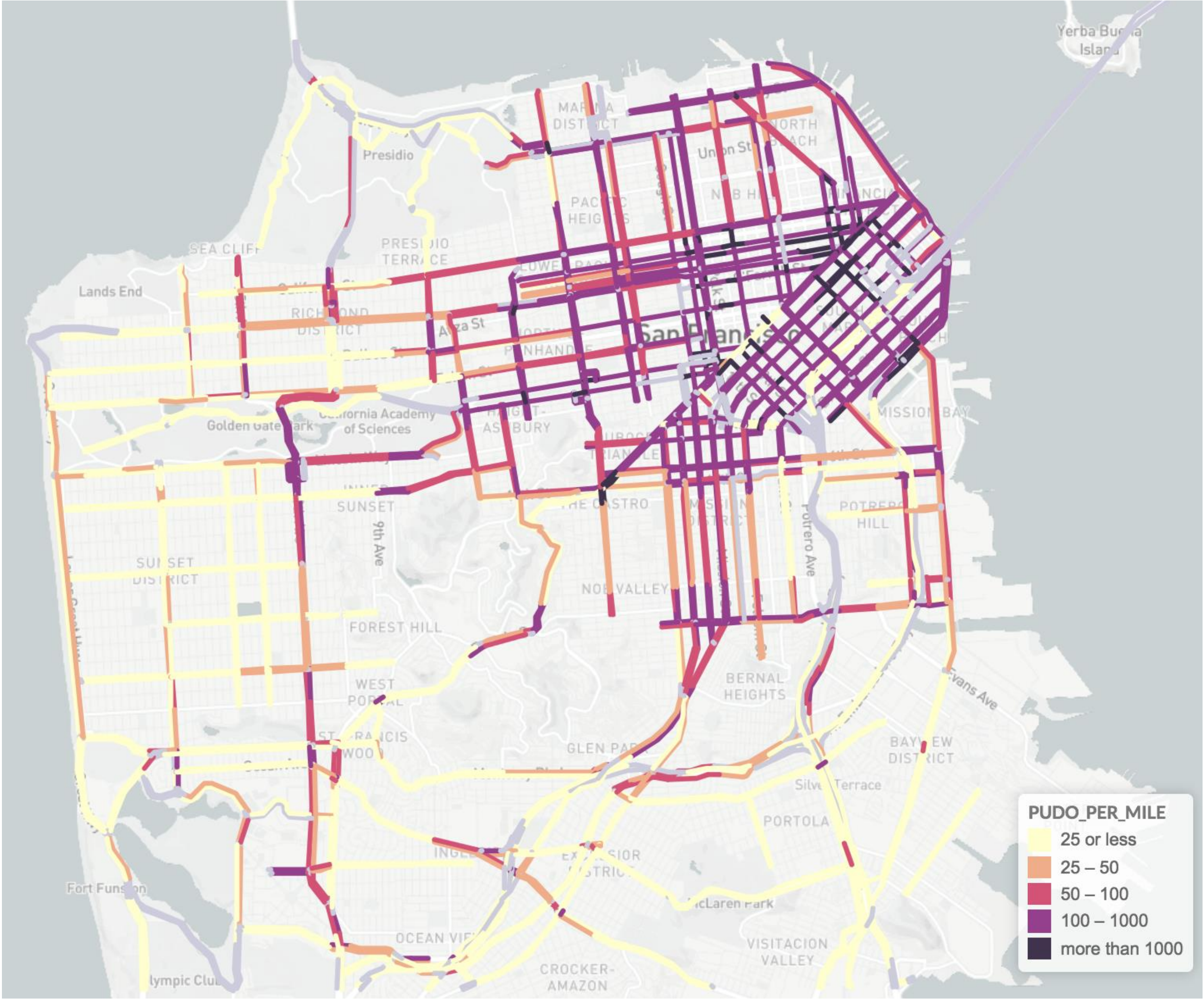
Factors that Affect Congestion

- How could TNCs decrease congestion?
  - Increased **vehicle occupancy**
  - Mode **shift to transit** due to easier access (first/last mile)
  - Mode **shift away from auto** due to reduced auto ownership
- How could TNCs increase congestion?
  - Add “dead head” or **out-of-service vehicle miles**
  - Mode **shift away from transit and non-motorized** modes
  - **Disrupt traffic flow** due to pickups and drop-offs
- Background traffic and roadway performance
  - **Network** changes (increases or decreases in roadway capacity)
  - **Population** changes
  - **Employment** changes
- Other

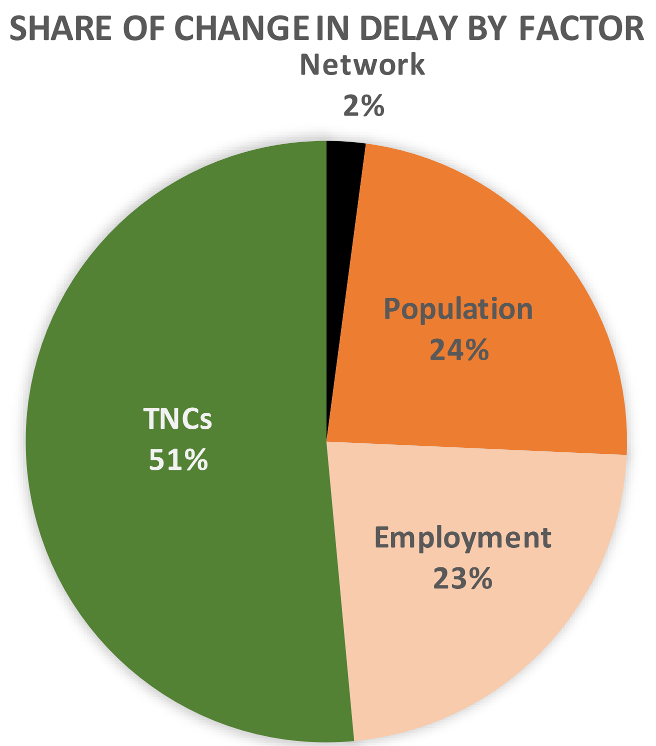
Data

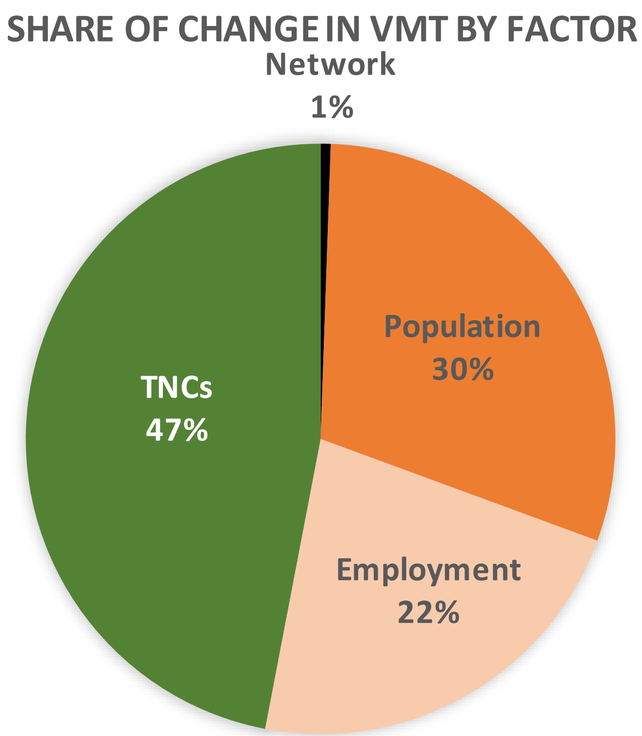
- Congestion (INRIX)
  - Nov / Dec 2010 & 2016
  - 1400 “TMCs” (segments) in SF
  - Speeds, imputed volumes
- TNCs
  - Nov / Dec 2016
  - In-service and out-of-service volumes
  - Pick up and drop off locations
- Background traffic (CHAMP)
  - 2010, 2016 (adjusted from 2015)
  - All streets in SF
  - Volumes, imputed speeds

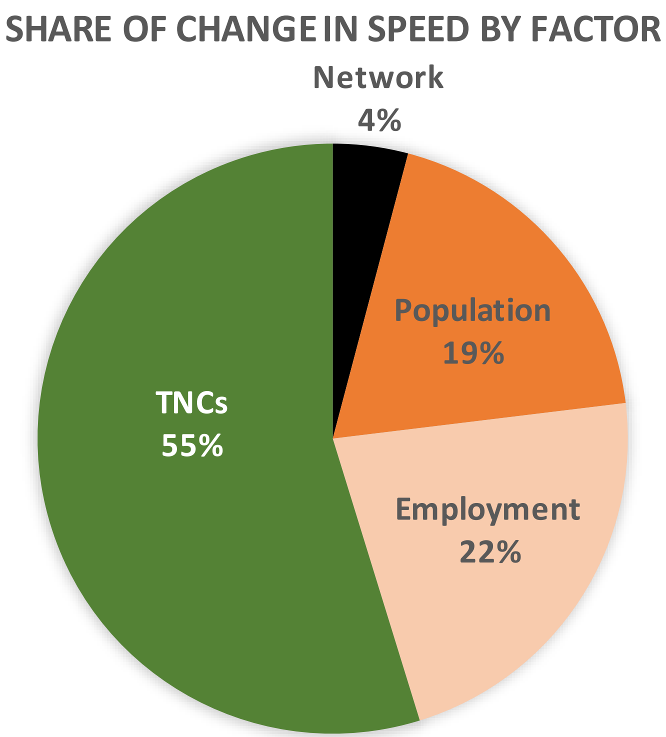
TNCs Pickup/Dropoff per Mile



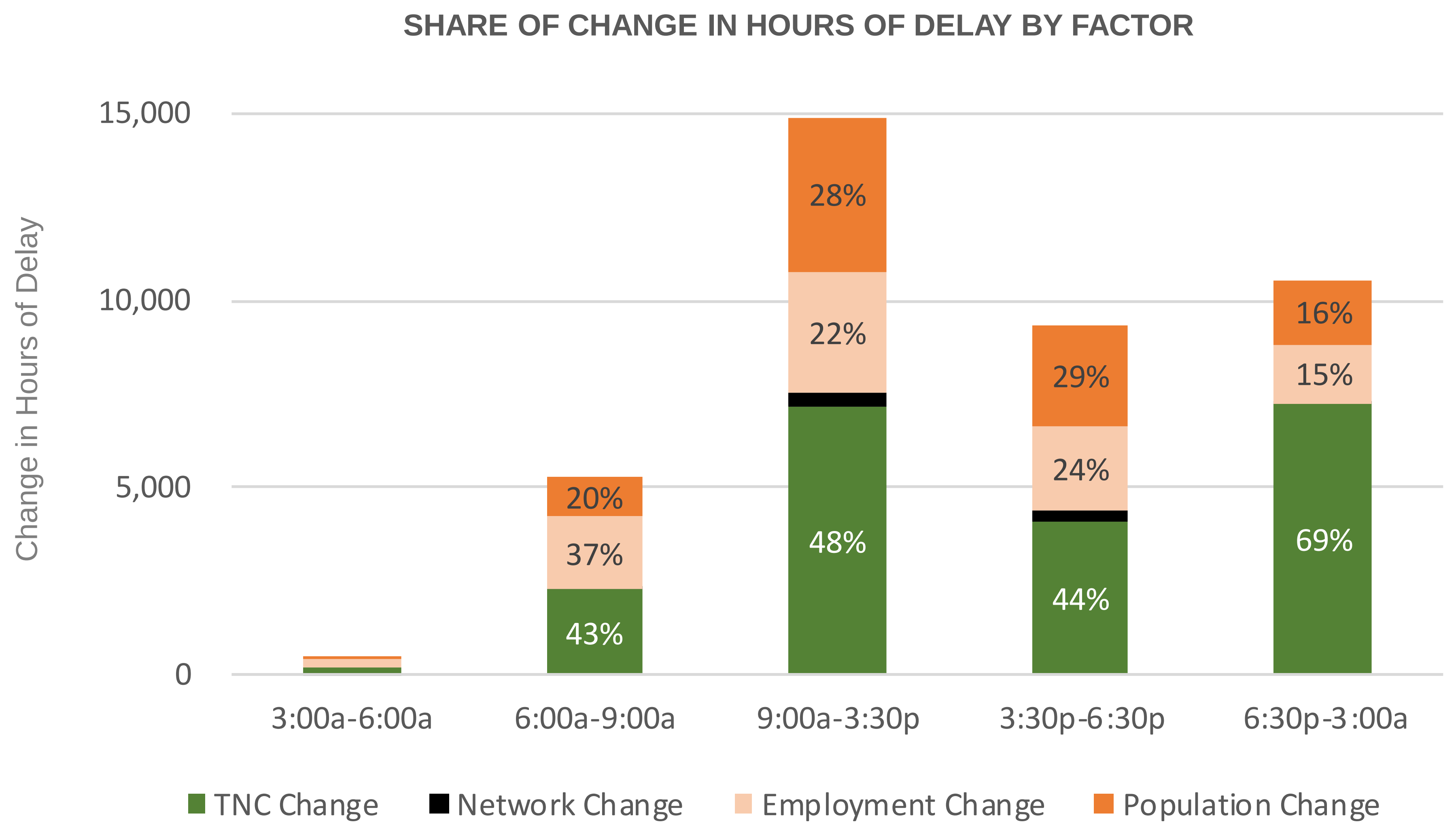
Causes of Changes in Congestion (2010-2016)



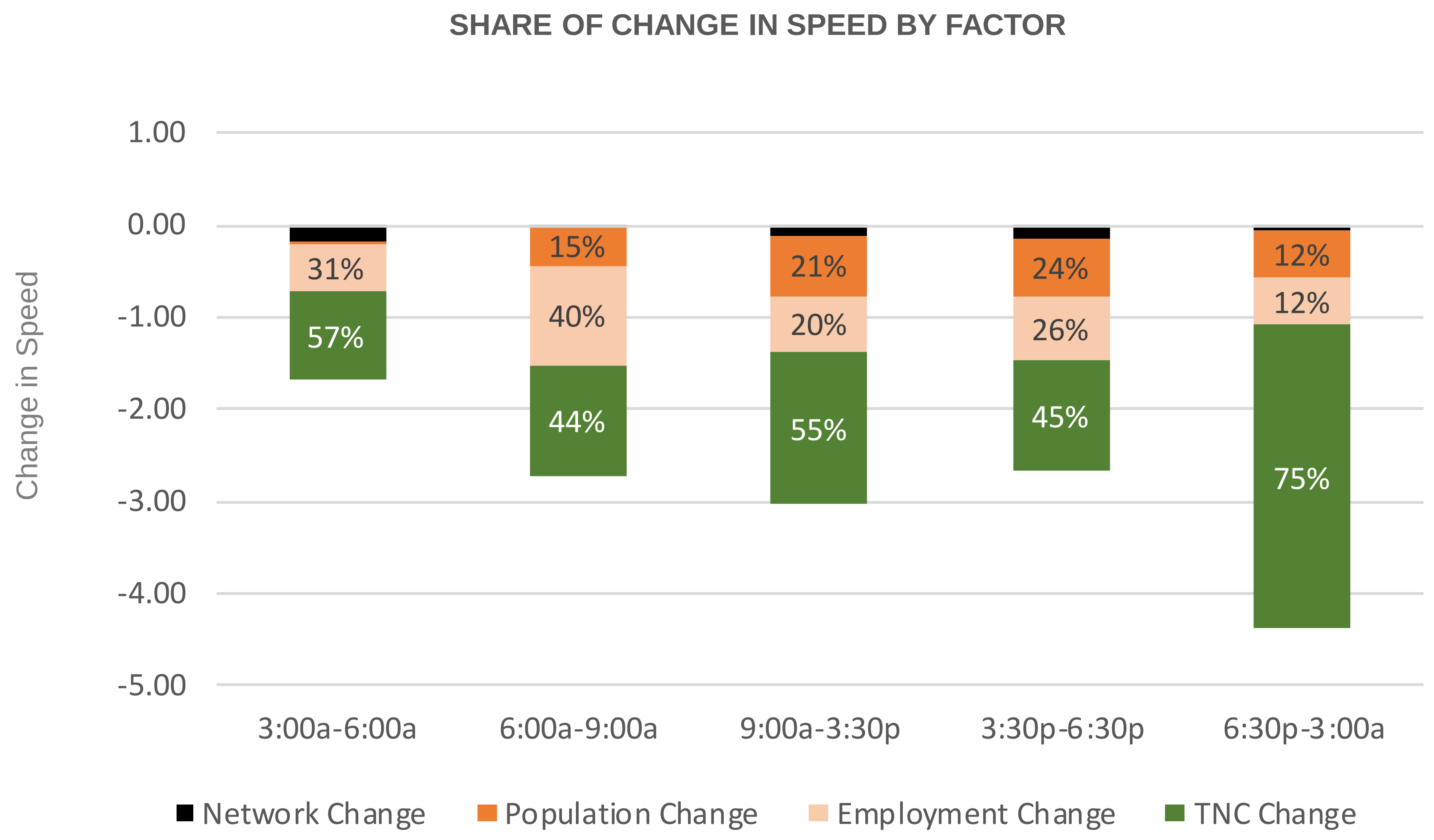




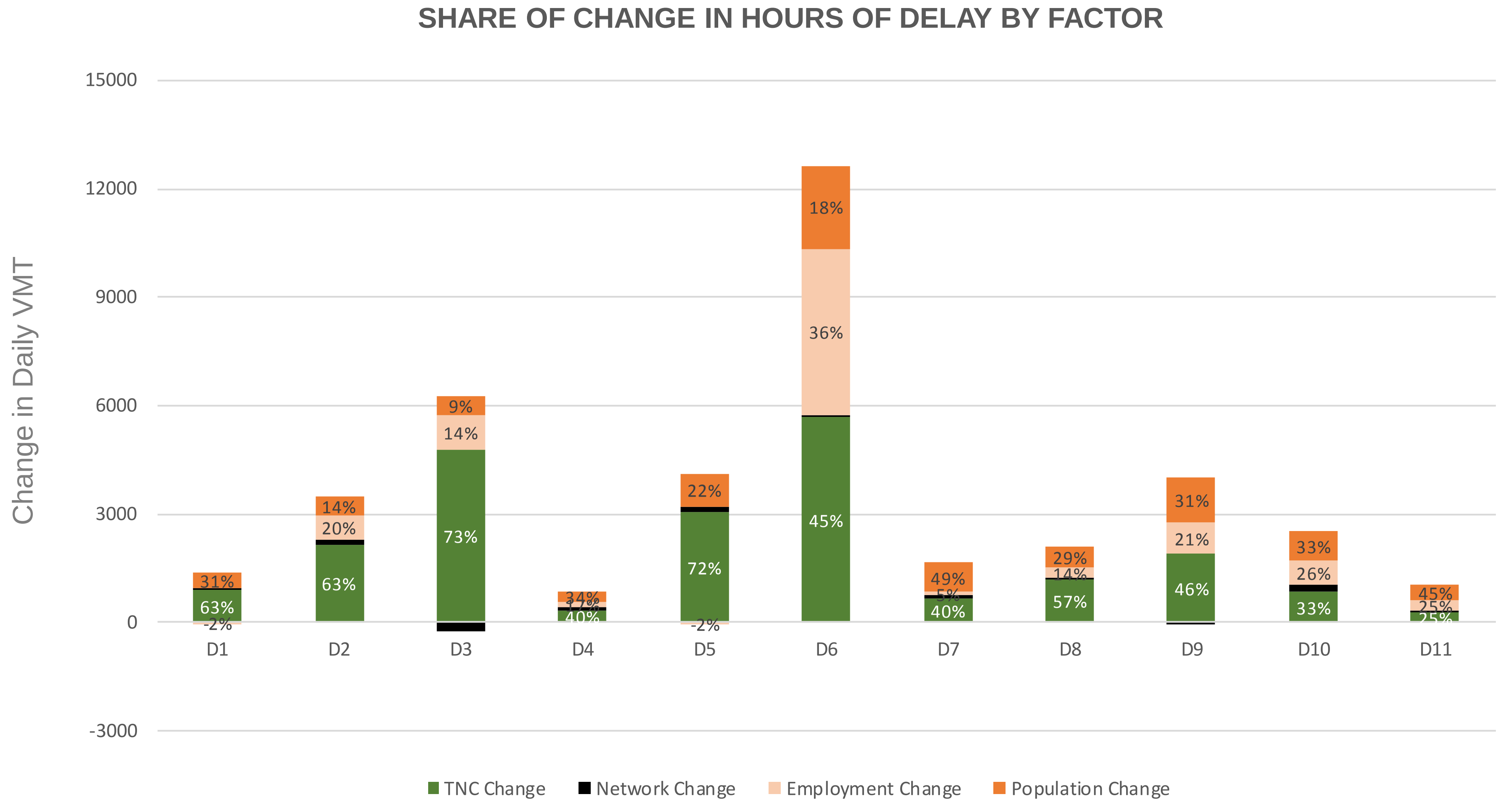
Factors Affecting Hours of Delay by Time Period



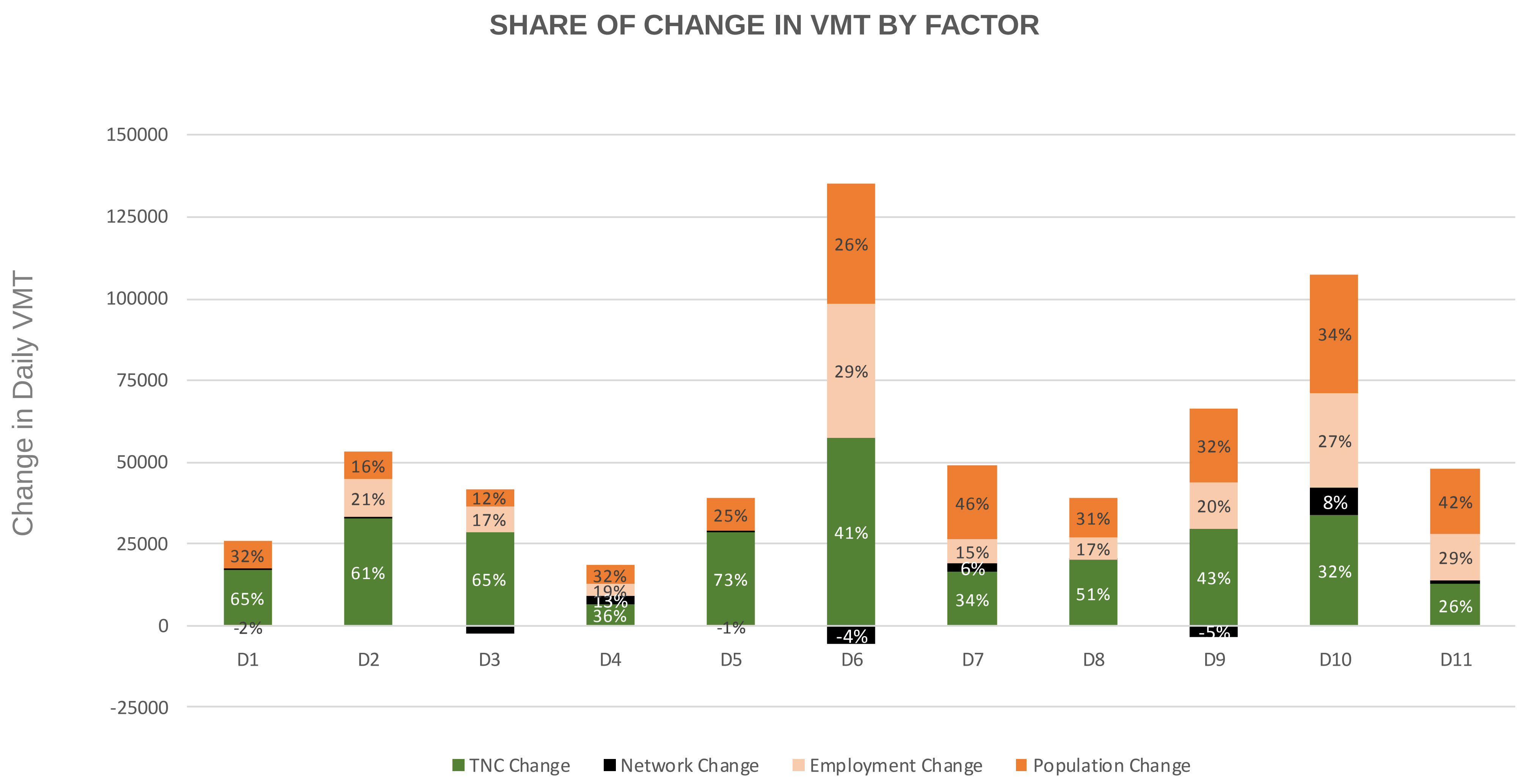
Factors Affecting Speed by Time Period



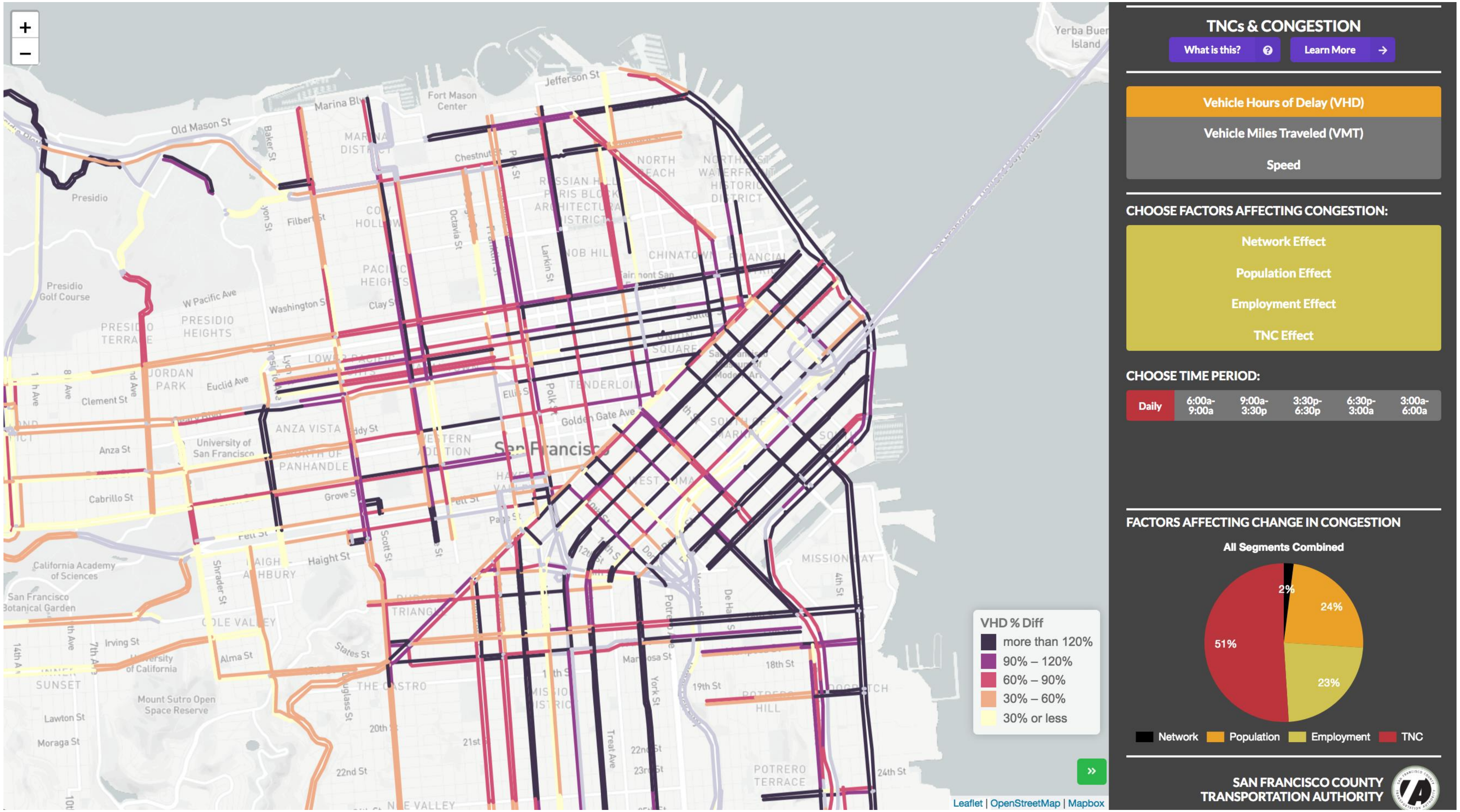
Factors Affecting Hours of Delay by District



Causes of Increased VMT by District



Interactive Data Visualization



Questions?

Project Manager: Joe Castiglione,
joe.castiglione@sfcta.org

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

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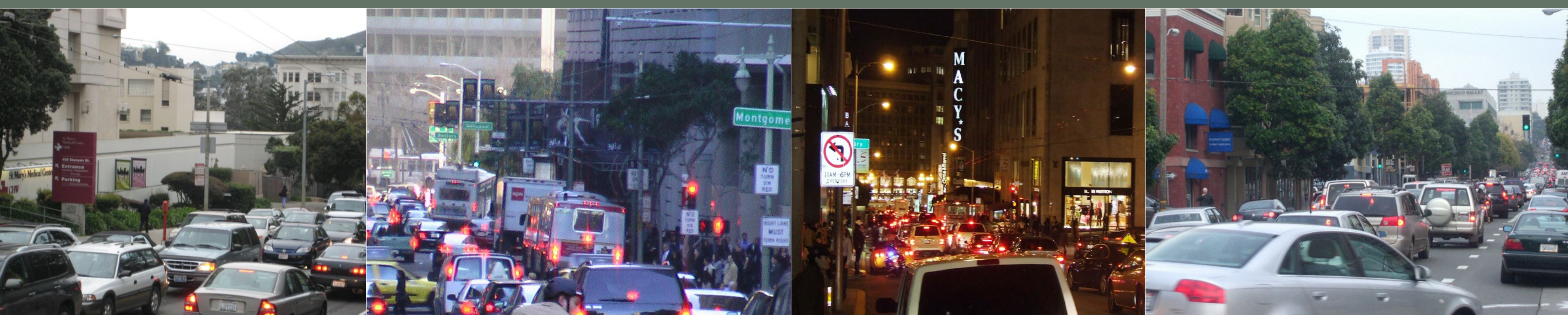
Update on Pricing and Incentive-Based Congestion Management Strategies



San Francisco County Transportation Authority Board

November 28, 2018

Outline

1. What is Congestion Pricing?

2. Why Study Congestion Pricing?

3. 2010 Mobility, Access and Pricing Study

4. Related Efforts in SF and Other Cities

What is congestion pricing?

One of many tools to manage congestion:

- Charge a fee to drive in the most congested locations and times

Best practice to package with:

- Incentives
- Discounts
- Multimodal improvements

Why study congestion pricing? (circa 2007)

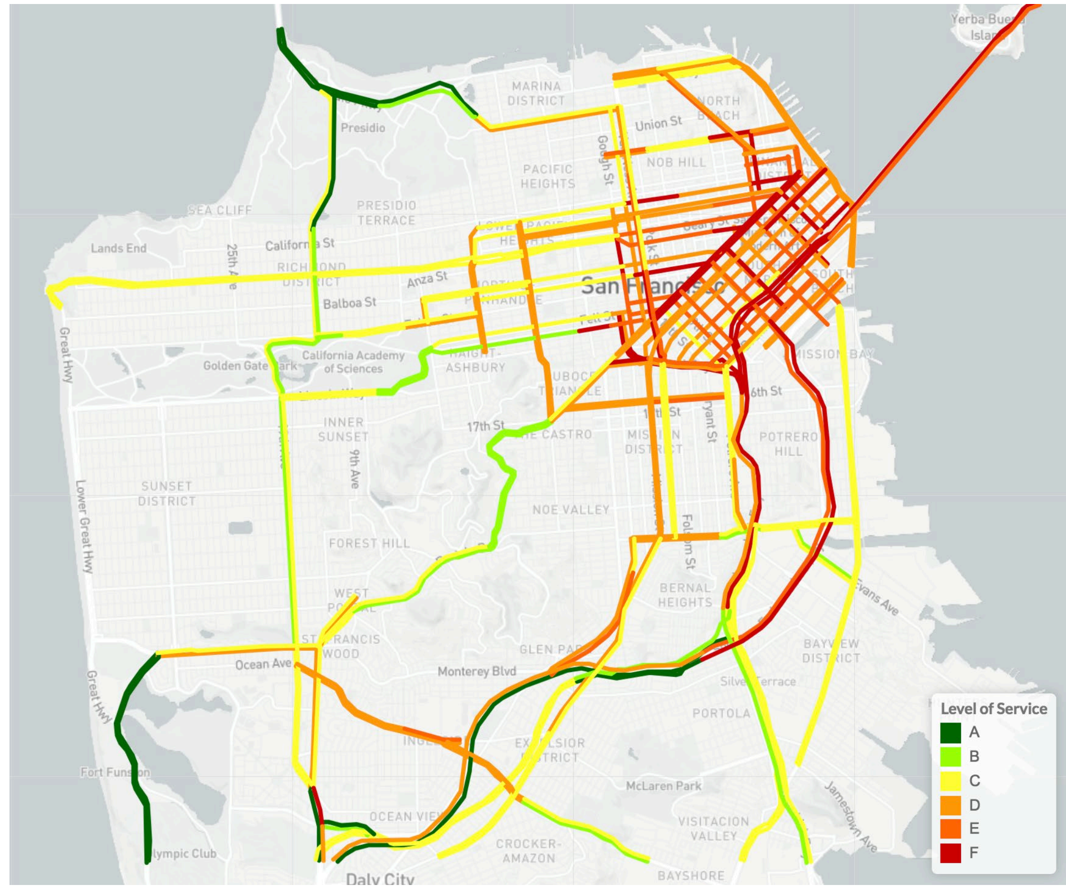
- 5th most congested region in U.S.
- Peak period trips to Downtown SF twice as long as off-peak trips
- SF sacrificed over $2B/yr to congestion
- Transportation = 37% of SF GHG emissions

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Why study congestion pricing? (circa 2018)

- 5th most congested region in the world
- SF travelers lose 79 hours/year to congestion
- Congestion results in concentrated air pollution, overlaps with COCs
- Transportation = 46% of SF GHG emissions

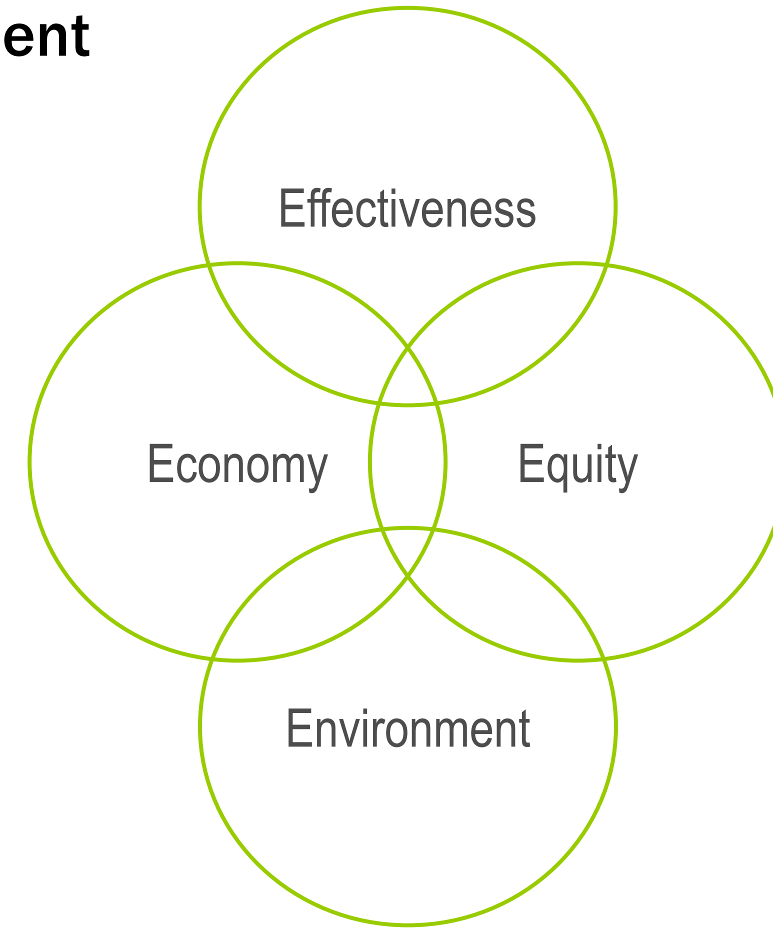
Weekday PM peak delay, 2017



2010 Mobility Access and Pricing Study

Feasibility Study included:

- **Substantial community engagement**
- **Wide range of alternatives**
- **Detailed technical analysis**
- **Identification of feasible options**



MAPS Outreach & Engagement

KEY STAKEHOLDER GROUPS

- Equity organizations
- Environmental advocates
- Business groups
- Residents, commuters

BROAD OUTREACH & MARKET RESEARCH

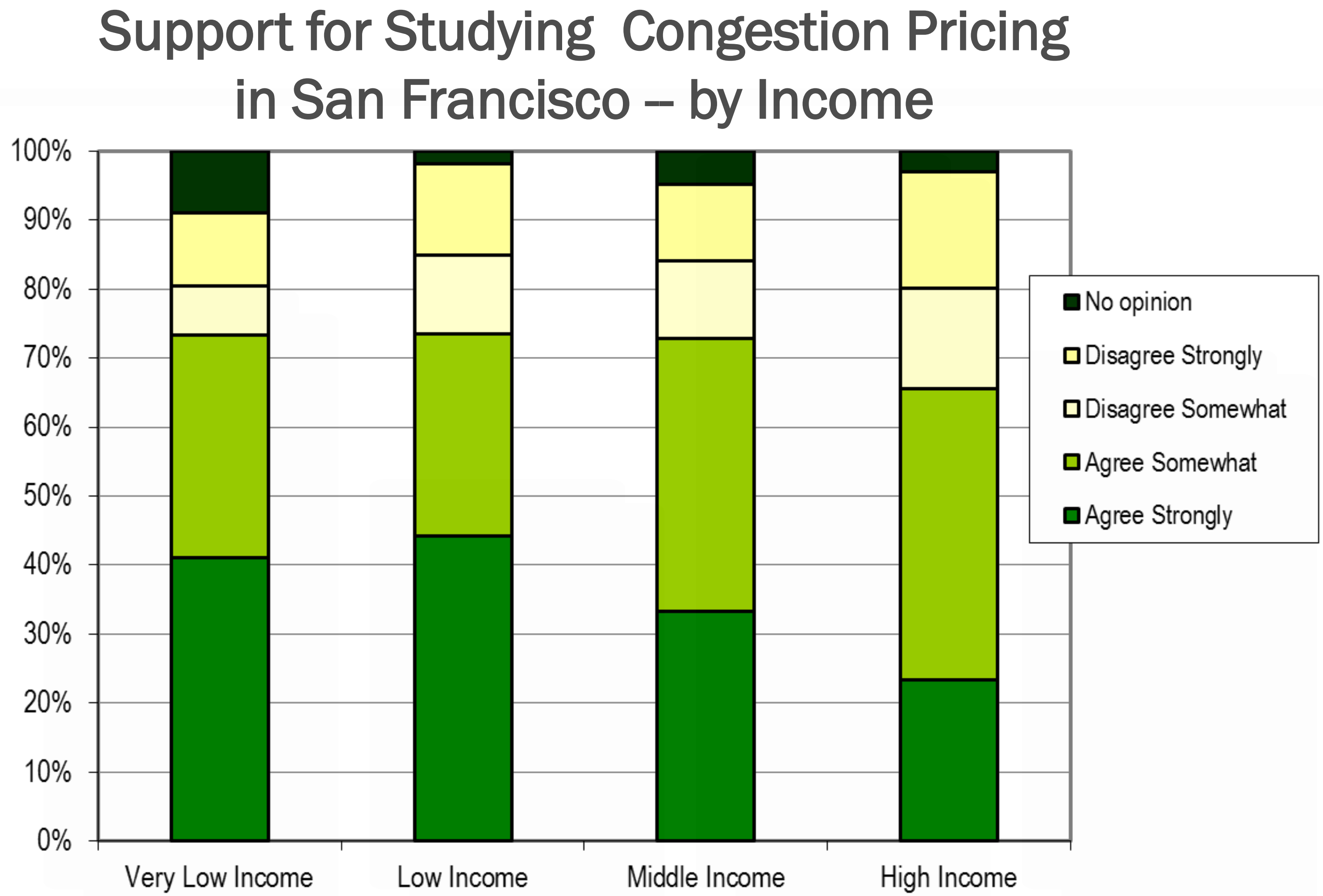
- Workshop series, e-workshop
- Direct outreach
- Public opinion polls, SP survey
- Intercept surveys

Feedback: community & equity

Top concerns:

- Availability, reliability, and cost of transit services
- Cost of paying fee to working poor
- Effect on local/off-peak service due to core/peak demands
- Traffic/parking diversions at edges of cordon

Is Congestion Pricing Fair?



Poll of Bay Area Travelers, August 2007

Feedback: business impacts

Top concerns:

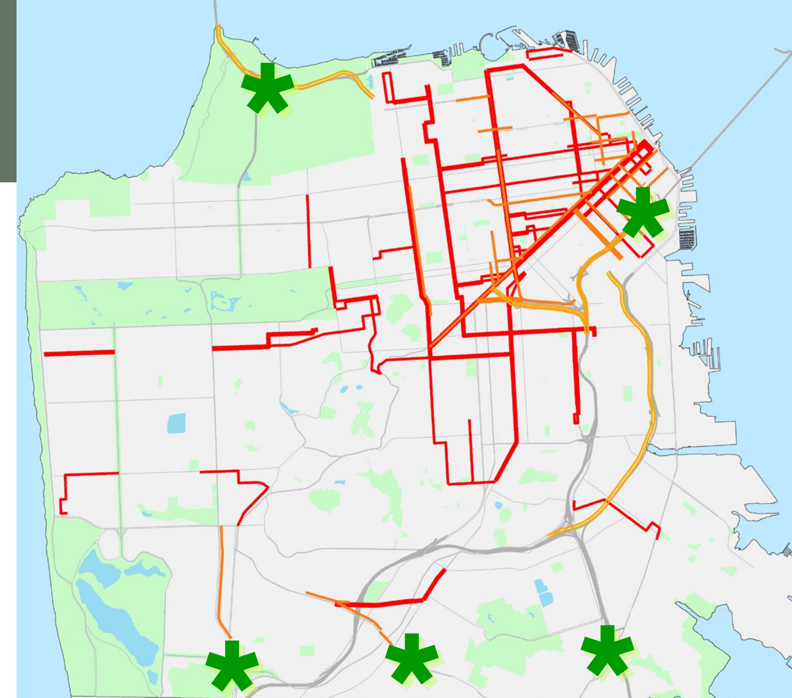
- Effect of fees on business location decisions
- Impacts of fees on retail sales
- Commercial fleet and tour bus costs
- Suggest parking pricing & traffic enforcement could have the same effect

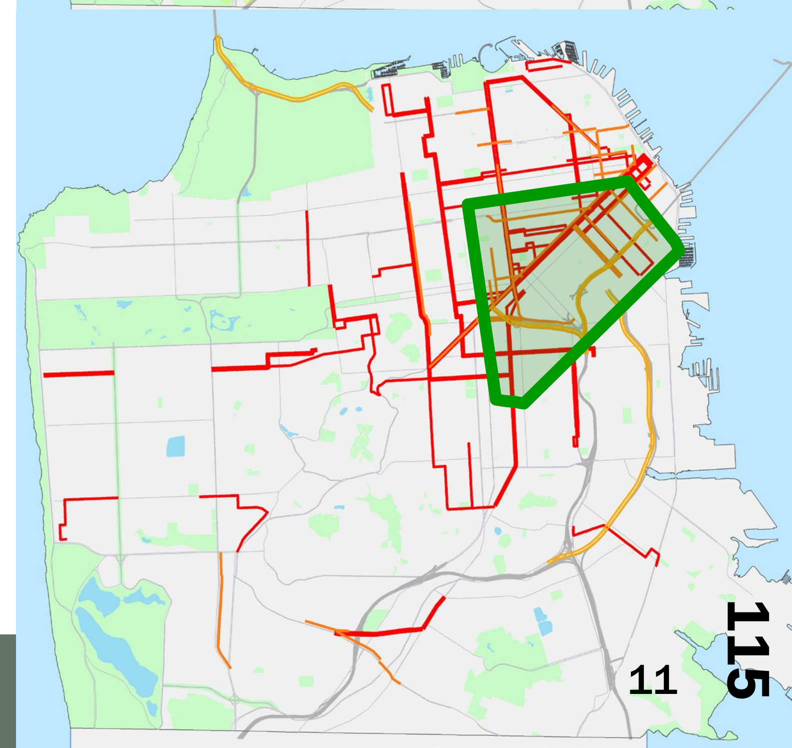
MAPS Study Design

What scenarios would be feasible and effective?

What improvements should be part of the package?

What are the potential benefits and impacts?

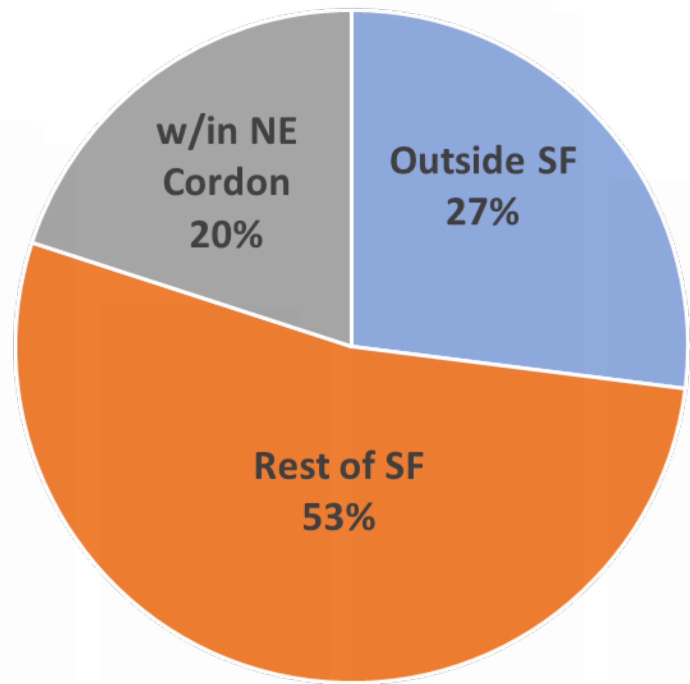




MAPS Analysis of trips in Northeast SF

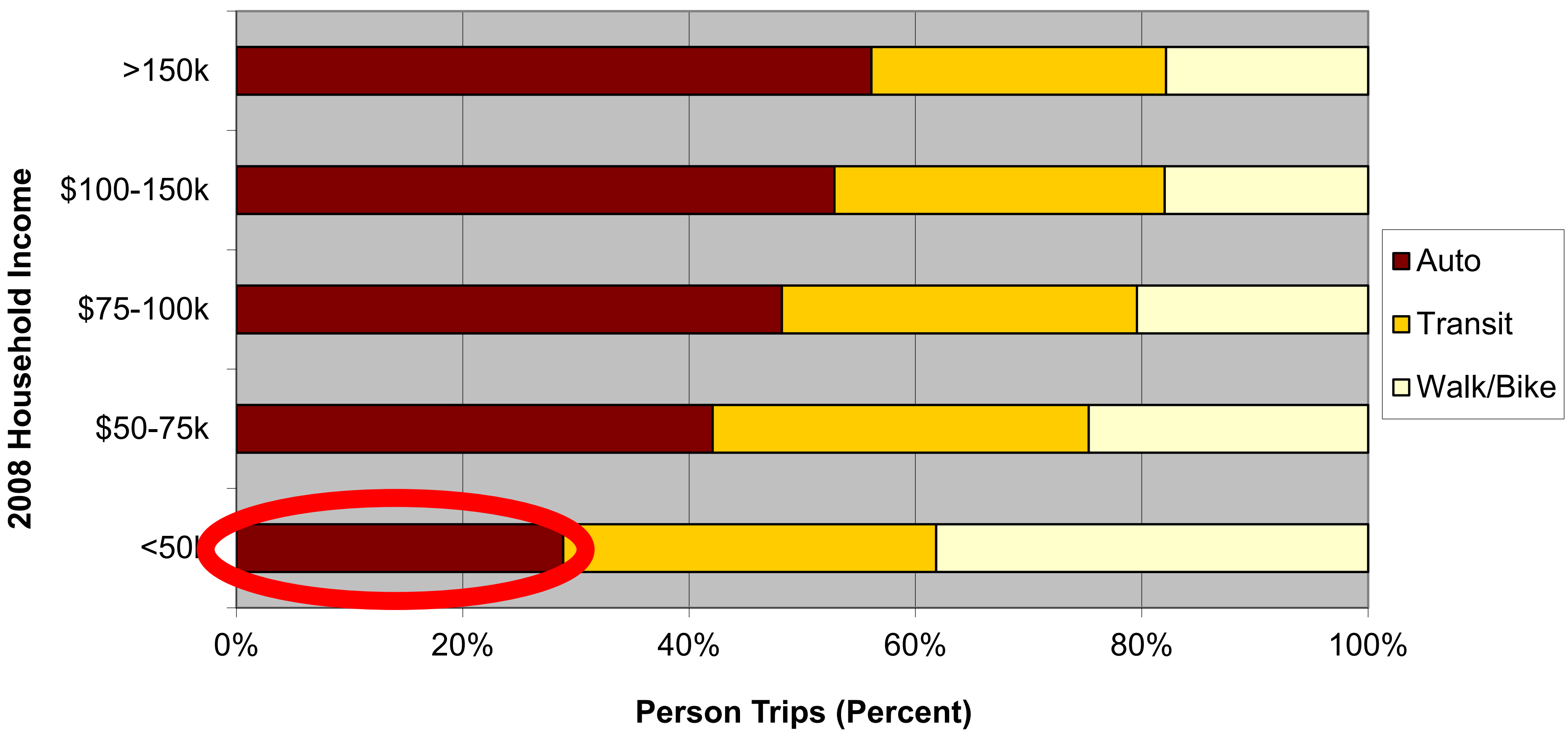
- Nearly half by auto
- Over 40% made during peak periods
- SF residents make ¾ of car trips

Distribution of AUTO Trips during the PM Peak, 2005



Source: SF-CHAMP, 2010

Travel Modes to NE SF by Income (pm peak)



SF CHAMP, May 2008

Recommended Design: Northeast Cordon

- Cordon bounded by Laguna + 18th Streets
- Recommended Pilot Fee:
  - $3 AM/PM peak fee for crossing cordon
- Recommended discounts:
  - 50% for Disabled Drivers
  - 50% for Zone Residents
  - 50% for Low-income Drivers
  - $6 daily cap
  - $1 rebate on bridge tolls
  - Fleet program for businesses

Northeast Cordon performed best

Benefits:

- 12% fewer peak period auto trips
- 21% reduction in VHD
- 16% reduction in Northeast Cordon GHGs
- 20-25% transit speed improvement
- 12% reduction in pedestrian incidents

Program Could Generate $60-80M/year

Expenditure plan investments included:

- Faster, more frequent transit
- Street repaving
- Traffic calming
- Ped + bike improvements
- Streetscape enhancements
- Parking management + enforcement
- TDM programs

Health and Safety Benefits

Less driving and congestion =>

- Fewer ped & bike injury collisions

Less particulate + toxic air pollution =>

- Fewer health impacts for people most vulnerable to pollution

More walking and biking =>

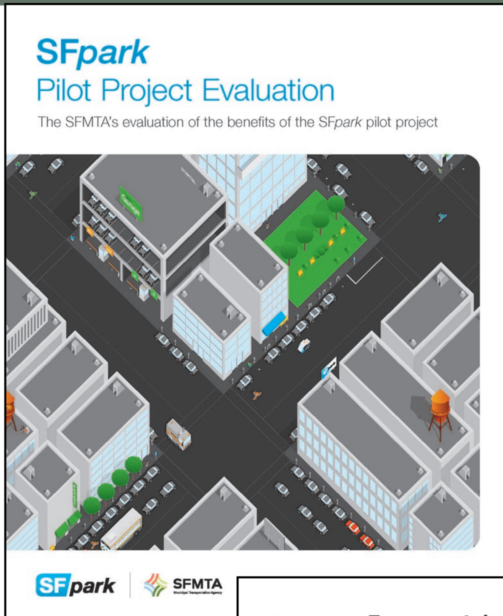
- Healthier population

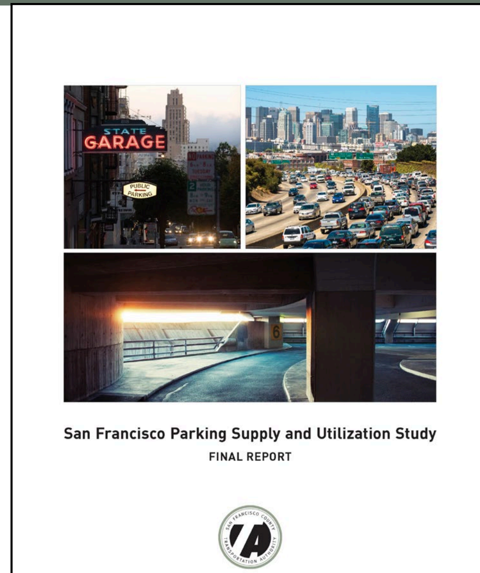
Business impacts: broadly neutral

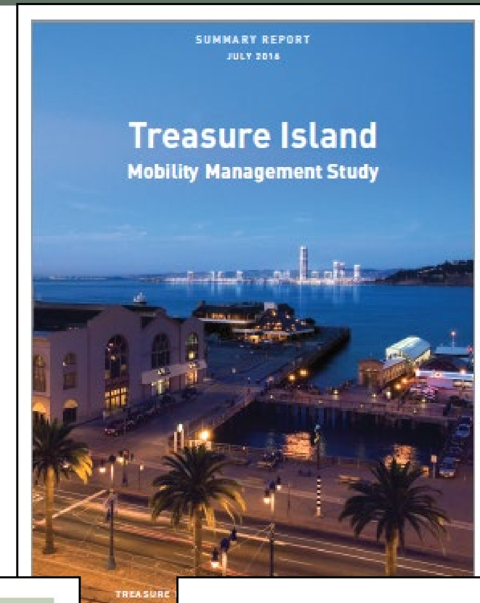
- Minimal impact on employment (≤1%)
- Neutral to positive impacts on retail sales

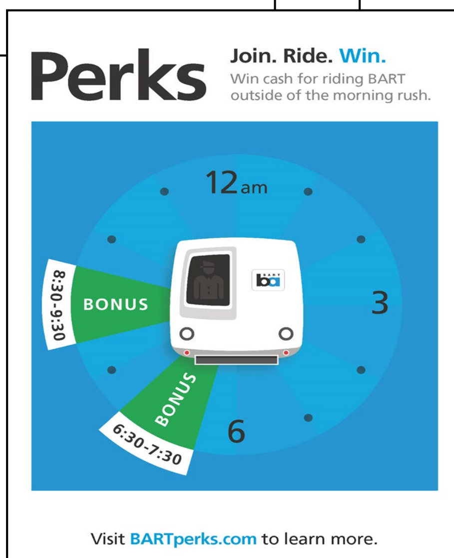
Photo credits: Flickr users Mark Crawley, Jeffrey Zeldman

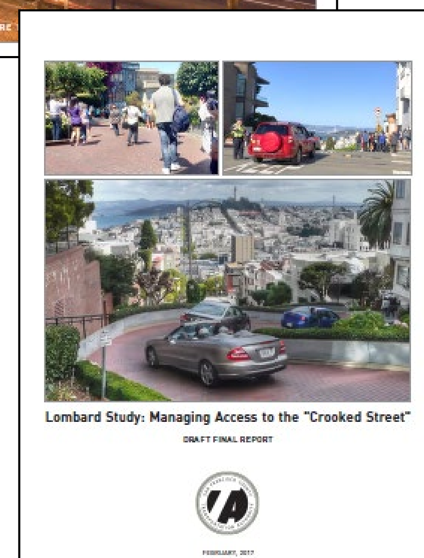
SF Incentives and Rewards











SF Policy and Plan Support

- SF Transportation Plans (2004 – 2017)
- SF Climate Action Plans (2004 – 2017)
- Regional Transportation Plans (2009 – 2017)
- Transit Center District Plan (2012)
- Inter-Agency Transportation Demand Management Strategy (2014)
- Emerging Mobility Evaluation Report (2018)

Congestion Pricing around the World

Existing pricing systems:

- London
- Stockholm
- Singapore
- Milan
- Gothenburg (Sweden)

Considering pricing:

- Los Angeles / Santa Monica
- Seattle
- Vancouver
- Portland
- New York City
- Auckland

What Could be Next?

- Refresh MAPS
  - Effectiveness
  - Equity
  - Economy
- Confirm design
- State legislative authority
- Environmental clearance
- Implementation

Questions?

Jeff Hobson
jeff.Hobson@sfcta.org

San Francisco County Transportation Authority

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Agenda Item 14

San Francisco County Transportation Authority
1455 Market Street, 22nd Floor
San Francisco, California 94103
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Memorandum

Date: November 16, 2018

To: Transportation Authority Board

From: Jeff Hobson – Deputy Director, Planning

Subject: 12/4/18 Board Meeting: Direct Staff to Advance the Proposed Scope of Work and Seek Additional Funding for a Congestion Pricing Study Update

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

Direct staff to move forward with the proposed Scope of Work and Seek Additional Funding for a Congestion Pricing Study Update.

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

SUMMARY

Based on the Board's discussion at the October 23, 2018 meeting, Chair Peskin requested that staff propose a scope, schedule, and budget for taking the next steps on congestion pricing in San Francisco. The proposed scope would include significant community engagement to inform development of alternative packages of congestion charges, subsidies, discounts, incentives, and multimodal improvements, based in part on information from the 2010 Mobility, Access, and Pricing Study (MAPS). The 18-month study would evaluate each alternative and conclude with new recommendations in spring 2020, including potential next steps toward implementation. The final report would allow the Board to proceed to environmental review and approval, request further study, or stop pursuing the concept. The final report would also identify complementary strategies for near-term implementation.

DISCUSSION

Background.

In 2010, the Transportation Authority adopted the MAPS, which examined a variety of alternatives to implement congestion pricing in San Francisco and recommended piloting a "Northeast Cordon" design. The recommended pilot design would have implemented a fee to drive during the afternoon peak out of a zone bounded generally by Laguna Street, 18th Street, and the San Francisco Bay. Program revenues were slated to fund faster, more frequent, and more reliable transit service and other multimodal upgrades such as street repaving, traffic calming, and pedestrian and bicycle improvements. The MAPS found the proposal would substantially reduce congestion, vehicle trips, greenhouse gas emissions, and traffic collisions while increasing transit speeds and frequencies.

In early 2018, State Senator Scott Wiener and Assemblymember Richard Bloom introduced legislation (AB3059) that would have authorized two "Go Zone" congestion pricing pilots in northern California and an additional two in southern California. Although the bill did not move forward in the last legislative session, it may be reintroduced next year.

Proposed Scope of Work

The Proposed Outline Scope of Work (Attachment 1) for a Congestion Pricing Study Update summarizes the tasks to develop a new congestion pricing proposal for San Francisco, building upon the findings from the MAPS. The update would reexamine the MAPS scenarios and recommendations to identify which recommended program elements remain applicable based on the current and anticipated future conditions and needs. Based on that assessment, we would develop and evaluate a revised set of scenarios before developing updated recommendations.

Scenarios to be evaluated would each include a set of proposed congestion charging parameters, such as fee amounts, days and hours they would be in effect, and the geographic limits of a charging zone. The program design would also include proposed subsidies, discounts, and incentives to encourage the use of sustainable modes and ensure equitable distribution of benefits and impacts, particularly with respect to vulnerable populations. Each scenario would include recommendations of multimodal improvements that should be implemented in conjunction with any pricing program such as transit service increases, street repaving, streetscape improvements, and upgrades to transit, walking, and bicycling infrastructure, as well as near-term congestion management strategies as appropriate.

The study would evaluate each scenario based on the goals and objectives of the program, including examining how well each one would reduce congestion and vehicle miles-traveled (VMT) and their associated safety, health, and environmental impacts. It would also analyze the proposal's benefits, costs, and other effects on low-income travelers and communities of concern and recommended any needed mitigations.

Based on the scenario evaluation, we would develop preferred alternative(s) recommendations as well as funding and implementation plans. These would include potential next steps, a timeline, and financing strategies to insure all necessary program elements and multi-modal investments are implemented at program launch. The study will also consider near-term complementary congestion management strategies as appropriate.

This effort would include ongoing community outreach and coordination with partner agencies. A Technical Advisory Committee would include representatives from SFMTA and other relevant city agencies (e.g., SFE, SFDPH, Planning), regional transit providers, the Metropolitan Transportation Commission (MTC), Caltrans, and other partner agencies. We would also continue coordinating with peer cities that have implemented or are considering congestion pricing.

Community Engagement.

The study would be informed by substantial community engagement and would include:

- Convening a Policy Advisory Committee (PAC) with members representing a wide variety of stakeholders, including transportation, neighborhood, equity, business, environmental, and other community organizations. The PAC would meet regularly to provide in-depth involvement in every step of the process.
- Two major, multilingual outreach rounds using a variety of engagement methods to reach as wide an audience as possible. The initial outreach round in summer 2019 would ask for input

on what designs, policies and issues this study should consider. The second round in early 2020 would provide an opportunity to review analysis results, including proposed scenarios and other recommendations.

- Other ongoing public engagement, including meetings with stakeholder groups to address their interests and concerns throughout the study process.

This study update would conclude with presentation of a summary of recommendations and potential next steps to the Transportation Authority Board.

Schedule and Next Steps

We would complete the proposed Congestion Pricing Study Update between January 2019 – June 2020 (see Attachment 2 – Proposed Schedule). Following completion of this study update and pending Board direction, next steps would include program design refinement, environmental clearance, legislative authority (similar to AB3059 proposed by Assemblymember Bloom last year), local approval and securing funding for design and implementation.

Budget and Funding

The estimated cost for this scope of work is $1.6 million. We are considering the following potential funding sources:

Prop K: $500,000 in Transportation Demand Management (TDM) funds is programmed for pricing and incentives work in Fiscal Year 2018/19. If the Board approves this study update scope of work, we will return with a request to appropriate these funds in early 2019.

Transit Center District Plan: This plan's TDM policies included the study and potential implementation of congestion pricing. The Interagency Plan Implementation Committee administers the plan, has programmed $1 million in Fiscal Year 2019/20 for downtown congestion pricing studies and pilots, and will consider an expenditure plan in December 2018.

Other potential funding sources include regional, state, and private grants.

FINANCIAL IMPACT

The recommended action would not directly impact the adopted Fiscal Year 2018/19 budget. If the Board approves the recommended action, we will seek to secure other fund sources and return to request appropriation of Prop K funds early next calendar year.

CAC POSITION

The CAC will be briefed on this item at its November 28, 2018 meeting.

SUPPLEMENTAL MATERIALS

Attachment 1 – Congestion Pricing Study Update – Outline Scope of Work

Attachment 2 – Congestion Pricing Study Update – Proposed Schedule

Attachment 1: Proposed Outline Scope of Work

Congestion Pricing Study Update

1. **Goals & Objectives, Purpose & Need, Outreach Plan**
   This task will define the project purpose, demonstrate the need for a congestion pricing and incentives program, and establish study goals. Study goal areas will include Effectiveness/Congestion, Equity, Economy, and Environment. The project team will also initiate the study's extensive interagency coordination and community engagement efforts, including developing a detailed outreach and communications plan, establishing a Technical Advisory Committee (TAC) with key agency partners, and forming a Policy Advisory Committee (PAC). The PAC will include key agency and other stakeholders representing transportation, neighborhood, equity, business, environmental, and other community organizations. The TAC and PAC will meet regularly to provide input on key deliverables throughout the study.

   This task will also include the study's first major round of community outreach in mid-2019 to gather input on how to define the congestion problem, potential program elements, key issues, and how to define success.

2. **Case Studies and Peer City Partnerships**
   The project team will identify project designs that others have used or studied, determine applicability for this study, and strengthen partnerships with other cities that are actively operating or studying congestion pricing.

3. **Evaluation Framework and Methodology**
   The project team will develop a detailed set of metrics and methodology to evaluate each scenario according to the study goals and objectives. The methodology will include data needs, tools to be used, and which parts of evaluation should be done as part of this study phase or held until a future study phase. The evaluation will also consider whether scenario packages are likely to be effective with foreseeable future changes in the transportation sector.

4. **Develop Scenarios**
   This task will define a range of program elements informed by input from Task 1 outreach, recent changes in the transportation sector, and the 2010 MAPS, then combine them into several scenarios to evaluate. Program elements will include potential congestion charging parameters, subsidies, discounts, incentives, and multimodal improvements to be funded with program revenues. Each scenario would identify complementary near-term congestion management strategies as appropriate.

5. **Scenario Evaluation**
   Based on the evaluation framework defined in Task 3, the project team will evaluate each scenario to determine its performance according to the study goals and objectives. This evaluation will include estimates of program capital and operating costs as well as gross and net operating revenues.

   This task will conclude in early 2020 with the study's second major round of outreach, which will provide an opportunity for stakeholders and the public to review analysis results and provide input on proposed scenarios and recommendations.

6. **Preferred Scenario and Funding and Implementation Plans**
   The project team will identify one or more preferred scenarios, potentially including combining elements from multiple study scenarios. The implementation plan will include identification of major next steps and a potential timeline to implement the preferred scenario(s), either as an initial pilot or as a permanent system, such as environmental review, program design refinement, and funding. The project team will consider and recommend any possible strategies to shorten the amount of time to implementation for the recommended scenario(s) and to implement any complementary near-term congestion management strategies.

7. **Draft and Final Memo and Presentation**
   The final memo and presentation will summarize the study scenarios; their costs, benefits, and other evaluation results; staff recommendations; and potential steps to implementation.

Attachment 2: Congestion Pricing Study Update - Schedule

Congestion Pricing Study Update - Schedule

Tasks		**Jan-Mar '19**	**Apr-Jun '19**	**Jul-Sep '19**	**Oct-Dec '19**	**Jan-Mar '20**	**Apr-Jun '20**
0	Startup and Consultant Procurement						
1	Goals & Objectives, Purpose & Need, ID Key Stakeholders, Outreach Plan						
	Polling and Communications Development						
	Major Outreach Round #1: Defining the problem and success; feedback on MAPS program elements						
2	Case Studies & Initiate Peer City Partnerships						
3	Evaluation Framework and Methodology						
4	Develop Scenarios						
5	Evaluate Scenarios						
	Major Outreach Round #2: Feedback on scenarios and evaluation						
6	Preferred Scenario and Funding and Implementation Plans						
7	Final Memo and Presentation						
Ongoing Activities							
	Ongoing Project Management						
	Ongoing General Outreach						
	Technical Advisory Committee	*	*	*	*	*	*
	Policy Advisory Committee	*	*	*	*	*	*
	Peer City Partnerships Coordination	*	*	*	*	*	*

Agenda Item 15

San Francisco County Transportation Authority

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Memorandum

Date: November 19, 2018

To: Transportation Authority Board

From: Anna LaForte – Deputy Director for Policy and Programming

Subject: 12/04/18 Board Meeting: Approve San Francisco's State Transit Assistance County Block Grant Framework for Fiscal Years 2018/19 and 2019/20

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

- Approve San Francisco's State Transit Assistance (STA) County Block Grant Framework for Fiscal Years (FYs) 2018/19 and 2019/20

☐ Fund Allocation
☒ Fund Programming
☐ Policy/Legislation
☐ Plan/Study
☐ Capital Project Oversight/Delivery
☐ Budget/Finance
☐ Contracts
☐ Procurement
☐ Other:

SUMMARY

In February 2018, the Metropolitan Transportation Commission (MTC) established the STA County Block Grant program to be administered by Congestion Management Agencies (CMAs). MTC used to distributed these funds via a regional paratransit program, a regional Lifeline Transportation Program (LTP), and a northern counties/small transit operators program. For the first two years of the new block grant program, San Francisco is expected to receive $7,666,015. Our recommendation is to distribute 40% ($3.1 million) to the SFMTA's paratransit program consistent with what SFMTA would have received under the prior regional paratransit program. We propose to use the remaining 60% ($4.6 million) for a new San Francisco LTP program (SF LTP) modelled of the former regional LTP. As such, the SF LTP would support projects that improve mobility for low-income residents by addressing transportation gaps or barriers identified through equity assessments and collaborative and inclusive community-based planning processes. We propose giving the highest priority to projects that fund transit service that directly increases mobility for low income persons since this is the only discretionary funding source we can use to fund transit service. Attachment 1 describes the prioritization criteria that we propose for SF LTP Cycle 1, which are largely based on the criteria we used in 2017 for the regional LTP. Only transit agencies are eligible to receive STA funds. We anticipate releasing the call for projects in early 2019.

DISCUSSION

Background.

STA funds are generated by the sales tax on diesel fuel. It is a flexible transit funding program that can be used for a wide range of transit-related capital and operating purposes. Starting in FY 2018/19, MTC is distributing a majority of the region's STA population-based funds to CMAs through a transit-focused STA County Block Grant program. This new program allows each county to determine how best to invest in paratransit, transit operating and capital needs, including providing lifeline transit services. Funds are distributed among the nine Bay Area counties based on the amount that each county would have received in FY 2018/19 under the former regional programs. MTC requires that by May 1 of each year, CMAs submit a governing board-approved resolution listing the distribution policy for STA population-based funds.

Estimated Available Funds and Proposed Split of Funds

San Francisco's share of the STA County Block Grant program is anticipated to be approximately $7.6 million over FY 2018/19 and FY 2019/20 as shown below.

Table 1. Estimated STA Funds for San Francisco FY 2018/19 and 2019/20	
STA Revenues (FY 2018/19)	$3,813,938
STA Revenues (FY 2019/20)*	$3,852,077
Total Funds	**$7,666,015**
40% - SFMTA Paratransit Program	$3,066,406
60% - SF LTP Cycle 1	$4,599,609

* Projected 1% growth rate for FY 2019/20 is based on annual trends from FY 2008/09 to FY 2017/18 in diesel fuel prices and diesel consumption in California, an average of 2.2% and -1.3% respectively.

For the first two years of the STA County Block Grant, we recommend distributing San Francisco's share of funds as shown in Table 1 above with 40% going to the SFMTA's paratransit program and 60% to the SF LTP Cycle 1, to be administered by the Transportation Authority. Because the STA annual funding amounts are projections, annual amounts may be higher or lower when confirmed at the end of each fiscal year following the state's reconciliation of revenues generated. Thus, our recommended action is to approve a percentage of the revenue distribution between SFMTA's paratransit program and the San Francisco SF LTP Cycle 1 program as opposed to a specific dollar amount.

SFMTA is supportive of the proposed split as this keeps the paratransit program funded at the same level as it would have under the prior regional paratransit program.

SF LTP Cycle 1.

The SF LTP is intended to fund projects that address transportation needs of low-income populations, many of whom are transit-dependent. Attachment 1 describes key elements of the new SF LTP, including eligibility and the proposed prioritization criteria for project selection. The latter are largely based on the prioritization criteria that we used for the last cycle of the regional LTP. See Attachment 2 for a list of San Francisco projects funded through the former regional LTP.

We are proposing to give the highest priority to Community of Concern supportive transit services that directly increase mobility for low income persons since STA is one of the few sources that the Transportation Authority can direct to transit operating projects. In addition, transit service projects provide an opportunity for a broad geographic distribution of benefits to Communities of Concern.

We have included a map of San Francisco Communities of Concern which was most recently updated in 2017 to support the One Bay Area Call for projects.

The proposed prioritization criteria also give priority to projects that directly address transportation gaps and/or barriers identified through a Community-Based Transportation Plan, Muni Service Equity Strategy, or other substantive local planning effort involving focused, inclusive engagement to low-income populations. We will also give strong consideration to project readiness, cost-effectiveness, and geographic diversity. The SF LTP will require that projects secure a local match of 10% of the total project cost.

Next Steps.

Following Board approval of the STA County Block Grant Program Framework, we will provide the Board resolution designating the split of funds between SFMTA's paratransit program and the SF LTP to MTC. We anticipate releasing the SF LTP Cycle 1 call for projects in early 2019 and presenting project funding recommendations to the Board for approval in May 2019. Attachment 3 details the draft schedule.

FINANCIAL IMPACT

There are no impacts to the Transportation Authority's budget associated with the recommended action.

CAC POSITION

The CAC will consider this item at its November 28, 2018 meeting.

SUPPLEMENTAL MATERIALS

Attachment 1 - STA County Block Grant Program Framework and Communities of Concern Map
Attachment 2 - San Francisco Projects Funded Through the Regional LTP
Attachment 3 - San Francisco LTP Cycle 1 Draft Schedule

San Francisco County Transportation Authority

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Attachment 1.
Fiscal Year 2018/19 and 2019/20 State Transit Assistance
County Block Grant Program Framework

Each year, Congestion Management Agencies must notify the Metropolitan Transportation Commission how we intend to use State Transit Assistance (STA) County Block Grant funds. STA is a flexible transit funding program that can be used for a wide range of capital and operating purposes.

RECOMMENDED SPLIT BETWEEN PARATRANSIT AND OTHER STA ELIGIBLE USES

For the first two years of the STA County Block Grant, Fiscal Years (FYs) 2018/19 and 2019/20, we recommend distributing San Francisco's share of funds as follows:

- 40% to the SFMTA's paratransit program, and
- 60% to the San Francisco Lifeline Transportation Program (SF LTP) Cycle 1, to be administered by the Transportation Authority.

Because the STA annual funding amounts are projections, annual amounts may be higher or lower when confirmed at the end of each fiscal year following the state's reconciliation of revenues generated. Thus, our framework is based on a percentage of the revenue distribution between SFMTA's paratransit program and the SF LTP Cycle 1 as opposed to a specific dollar amount.

SF LTP CYCLE 1

The SF LTP Cycle 1 will support projects that improve mobility for low-income residents by addressing transportation gaps or barriers identified through equity assessments and collaborative and inclusive community-based planning processes.

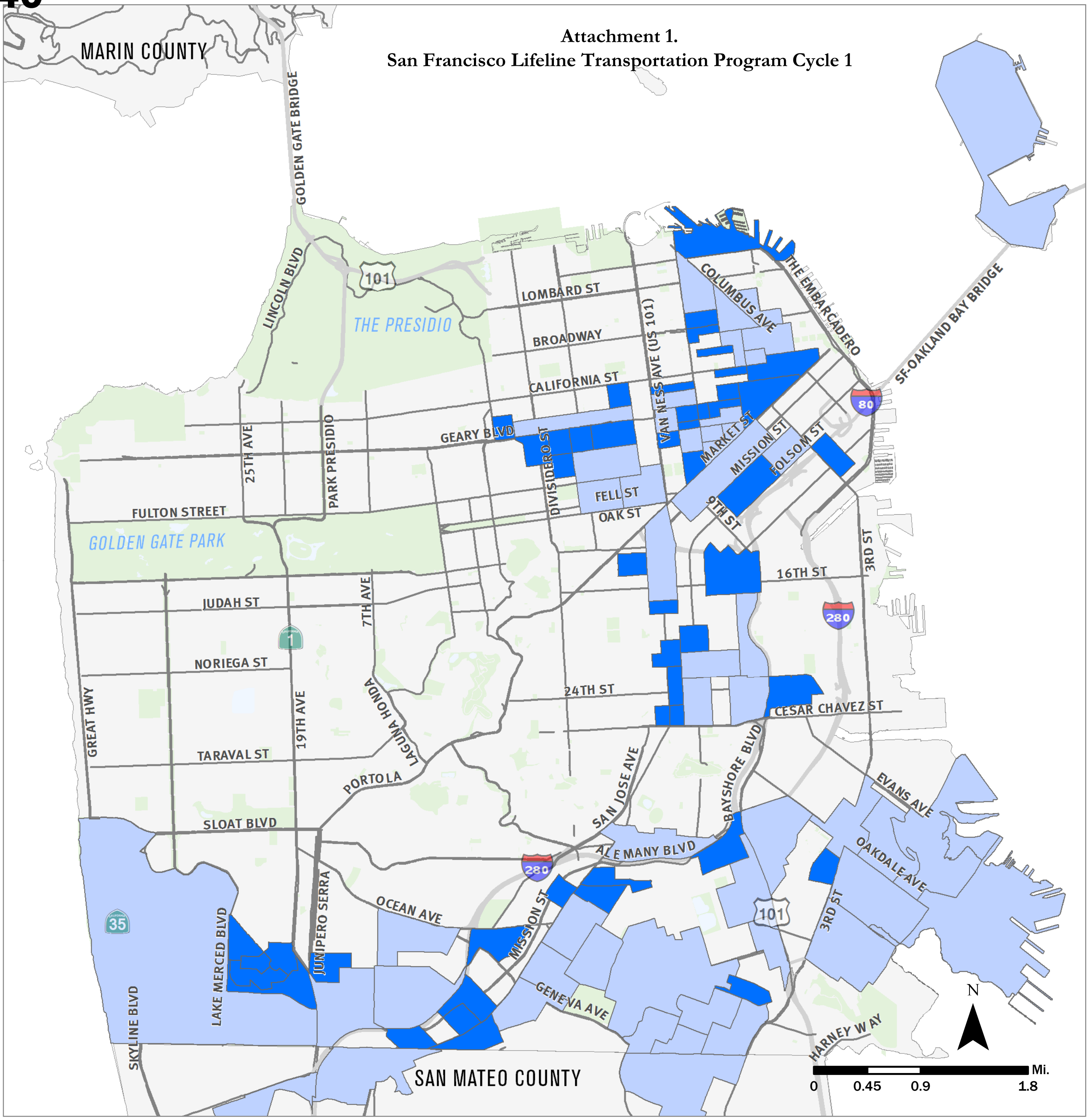
Eligibility.

- Projects must be eligible per STA guidelines as established by the State. Examples of eligible projects include:
    - new, enhanced, or restored transit service, including late-night and weekend services;
    - transit stop or station area enhancements including pedestrian-scale lighting;
    - transit-related aspects of bicycling (e.g. adding bicycle racks to vehicles; providing secure bicycle parking at transit stations);
    - shuttle service;
    - purchase of vehicles or technologies; and
    - various elements of mobility management.
- Only transit operators are eligible recipients of STA funds.
- The SF LTP requires a local match of 10% of the total project cost.

Project Prioritization.

After projects are screened for eligibility, we will prioritize eligible projects based on the following criteria:

- **Transit Services Directly Benefitting Communities of Concern:** Highest priority will be given to Communities of Concern supportive transit services that directly increase mobility for low income persons (see attached map) since STA is one of the few sources that the Transportation Authority can use to fund transit service. In addition, transit service projects provide an opportunity for a broad geographic distribution of benefits to Communities of Concern.
- **Community-Identified Priority:** Priority will be given to projects that directly address transportation gaps and/or barriers identified through a Community-Based Transportation Plan, Muni Service Equity Strategy, or other substantive local planning effort involving focused, inclusive engagement with low-income populations.
- **Project Need:** Projects will be evaluated based on the significance of the unmet transportation need or gap that the proposed project seeks to address and on how well the project will address that need or gap.
- **Implementation Plan and Project Management Capacity:** Priority will be given to projects that are ready to be implemented in the timeframe that the funding is available and have no foreseeable implementation issues that may affect project delivery.
- **Project Budget and Sustainability:** Projects that have secured funding sources for long-term operations and/or maintenance beyond the grant period will be prioritized.
- **Cost-Effectiveness:** Priority will be given to projects where the applicant demonstrates that the project is the most appropriate and cost-effective way in which to address the identified transportation need.
- **Project Sponsor's Priority of Application**: For project sponsors that submit multiple applications, the project sponsor's relative priority for its applications will be taken into consideration.
- **Higher Local Match:** Priority will be given to projects that have identified matching funds that exceed the 10% requirement.
- **Geographic Diversity:** After projects are evaluated based on all of the above criteria, a geographic diversity consideration will be applied to the entire draft recommended list.



San Francisco Communities of Concern 2017

SFCTA 2017 supplemental Communities of Concern Boundaries

MTC 2017 Communities of Concern (Modified)

Parks and Open Space

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Attachment 2.
San Francisco Projects Funded Through Regional Lifeline Transportation Program

Last update: November 2018

Project Sponsor[1]	Project Name	LTP Funding	Total Project Cost	SFCTA Concurrence of Transit Operators' Prop 1B priorities
Cycle 1				
Completed				
SFMTA	Muni Route 29 Service	$946,222	$1,182,778	
BVHPF	Bayview Hunters Point Community Transport	$924,879	$1,156,879	
SFMTA	Muni Route 109/Treasure Island	$525,000	$874,094	
THC	Outreach Initiative for Lifeline Transit Access	$137,741	$227,870	
SFMTA	Lifeline Fast Pass Distribution Expansion	$219,334	$274,166	
	Cycle 1 Total	*$2,753,176*	*$3,715,787*	
Cycle 2				
Completed				
SFMTA	Bus Service Restoration Project	$1,698,272	$2,309,000	
SFMTA	Route 108 Treasure Island Enhanced Service	$1,165,712	$1,708,866	
SFMTA	Persia Triangle Transit Access Improvements Project	$802,734	$1,003,418	X
SFMTA	Route 29 Reliability Improvement Project	$695,711	$1,672,560	
MOH/SFMTA	Hunters View Revitalization Transit Stop Connection	$510,160	$708,176	X
SFMTA	Randolph/Farallones/ Orizaba Transit Access Project	$480,000	$599,600	X
Work Progressing				
BART	Balboa Park Station-Eastside Connections Project	$1,906,050	$2,801,050	X
SFMTA	Shopper Shuttle	$1,560,000	$1,872,000	
SFMTA	Balboa Park Station-Eastside Connections Project	$1,083,277	$1,354,096	X
	Cycle 2 Total	*$9,901,916*	*$14,028,766*	
Cycle 3				
Completed				
SFMTA	Continuation of Bus Restoration	$2,158,562	$6,922,000	
SFMTA	Eddy and Ellis Traffic Calming Improvement	$1,175,104	$1,691,823	
SFMTA	Route 108 Treasure Island Enhanced Service	$800,000	$1,075,677	
SFMTA	Route 29 Reliability Improvement Project	$800,000	$4,058,492	
SFMTA	Free Muni for Low Income Youth Pilot (funded through a fund exchange)	$400,000	$9,900,000	
Work Progressing				
BART	Station Wayfinding and Bicycle Parking Improvements	$2,143,200	$2,679,000	X
SFMTA	8X Customer First	$5,285,000	$11,637,000	X
SFMTA	14-Mission Customer First	$5,056,891	$10,440,000	X
SFMTA	Mission Bay Loop	$1,482,049	$6,100,000	X
	Cycle 3 Total	*$19,300,806*	*$54,503,992*	
Cycle 4				
Completed				
SFMTA	Expanding Late Night Transit Service to Communities in Need	$4,767,860	$5,947,861	
Work Progressing				
SFMTA	Van Ness Bus Rapid Transit	$6,189,054	$162,072,300	X
BART	Wayfinding Signage and Pit Stop Initiative	$1,220,233	$2,525,291	X
SFMTA	Potrero Hill Pedestrian Safety and Transit Stop Improvements	$375,854	$477,309	
	Cycle 4 Total	*$12,553,001*	*$171,022,761*	
Cycle 5				
Work Progressing				
SFMTA	Expanding Late Night Transit Service to Communities in Need	$2,578,270	$3,775,560	
	Cycle 5 Total	*$2,578,270*	*$3,775,560*	
	Grand Total	**$47,087,169**	**$247,046,866**	

[1]Project sponsor acronyms include the Bay Area Rapid Transit District (BART), Bayview Hunters Point Foundation for Community Improvement (BVHPF), Mayor's Office of Housing (MOH), San Francisco Municipal Transportation Agency (SFMTA), and Tenderloin Housing Clinic (THC).

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Attachment 3.

San Francisco Lifeline Transportation Program (SF LTP) Cycle 1

Draft Schedule

The schedule for the call for projects is shown below. It is based on anticipated release of the Fiscal Year 2019/20 State Transit Assistance estimates in January 2019. Transportation Authority Board and Citizens Advisory Committee meeting dates and materials are subject to change. Please visit http://www.sfcta.org/meetings for the most up to date information.

November 15, 2018	Transportation Authority Technical Working Group SF LTP Cycle 1 Framework
November 28, 2018	Transportation Authority Citizens Advisory Committee – ACTION SF LTP Cycle 1 Framework
December 4, 2018	Transportation Authority Board – PRELIMINARY ACTION SF LTP Cycle 1 Framework
December 11, 2018	Transportation Authority Board – FINAL ACTION SF LTP Cycle 1 Framework
By January 2019	**Transportation Authority issues SF LTP Cycle 1 Call for Projects**
February 2019	Transportation Authority Technical Working Group Workshop for potential applicants
March 2019	**SF LTP Cycle 1 Applications due to the Transportation Authority**
April 2019	Transportation Authority Technical Working Group Review draft SF LTP Cycle 1 staff recommendations
April 2019	Transportation Authority Citizens Advisory Committee – ACTION SF LTP Cycle 1 recommendations
May 2019	Transportation Authority Board – PRELIMINARY ACTION SF LTP Cycle 1 recommendations
May 2019	**Transportation Authority Board – FINAL ACTION** **SF LTP Cycle 1 recommendations**
May/June 2018	Metropolitan Transportation Commission approval of San Francisco projects

Agenda Item 16

San Francisco County Transportation Authority

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Memorandum

Date: November 16, 2018

To: Transportation Authority Board

From: Cynthia Fong – Deputy Director for Finance and Administration

Subject: 12/04/2018 Board Meeting: Approval of the Revised Debt and Investment Policies

RECOMMENDATION ☐ **Information** ☒ **Action** Approve the revised policies: • Debt • Investment **SUMMARY** Annually, we review our Debt Policy to maintain prudent debt management principles and to maximize the Transportation Authority's debt capacity. Similarly, we annually review our Investment Policy to ensure policy language remains consistent with our governing code, while continuing to meet the primary investment objectives of safety of principal, liquidity, and a return on investment consistent with both the risk and cash flow characteristics of the Transportation Authority's portfolio. Attached are summary tables of the proposed changes and the proposed revised policies with red-line changes. The only noteworthy revision is the proposed addition of a new social responsibility policy to our Investment Policy as requested by Commissioner Cohen earlier this year.	☐ Fund Allocation ☐ Fund Programming ☐ Policy/Legislation ☐ Plan/Study ☐ Capital Project Oversight/Delivery ☐ Budget/Finance ☐ Contract/Agreement ☐ Procurement ☒ Other: Policies

DISCUSSION

Background.

The Transportation Authority develops and implements policies and procedures to organize and formalize agency activities, and to ensure compliance with current statutes and Transportation Authority objectives.

Debt Policy.

The purpose of the Debt Policy is to organize and formalize debt issuance-related policies and procedures. At the Transportation Authority's request, KNN Public Finance (KNN) and Nixon Peabody LLP (Nixon Peabody) reviewed the Debt Policy adopted on July 25, 2017 through Resolution 18-07. Based on that review, we are recommending changes as summarized in Attachment 1 and redlined in the proposed policy in Attachment 2.

Investment Policy.

The purpose of the Investment Policy is to set out policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities. KNN and Nixon Peabody reviewed the Investment Policy adopted on July 25, 2017 through Resolution 18-07. Based on that review, we are recommending changes as summarized in Attachment 3 with the redlined policy shown in Attachment 4.

FINANCIAL IMPACT

The recommended action would not have an impact on the adopted Fiscal Year 2018/19 budget.

CAC POSITION

The CAC will consider this item at its November 28, 2018 meeting.

SUPPLEMENTAL MATERIALS

Attachment 1 – Proposed Debt Policy Matrix
Attachment 2 – Proposed Debt Policy
Attachment 3 – Proposed Investment Policy Matrix
Attachment 4 – Proposed Investment Policy

Attachment 1

Debt Policy Matrix			
Section	**Revision**	**Reason**	**Page**
V.	V. SOURCE OF SECURITY FOR DEBT FINANCING Beginning in April of 1990, the State of California Board of Equalization (BOE) started collecting the sales tax revenues for the Transportation Authority as set forth in the San Francisco County Transportation Expenditure Plan (Prop B Expenditure Plan) for a period not to exceed twenty years. In November 2003, San Francisco voters approved the Proposition K Sales Tax (Prop K) a new 30-year Expenditure Plan (Expenditure Plan) that superseded Prop B and continued the one-half of one percent sales tax. The Transportation Authority's current debt obligations are secured by the sales tax revenues generated from the Transportation Authority's one-half cent (0.5%) sales tax collections in the City and County of San Francisco. The sales tax is currently set to expire on March 31, 2034.	Better identifies the revenue source for the Authority's outstanding obligations governed by the Debt Policy.	2
VII. B Long-Term Capital Projects	The Transportation Authority will issue long-term debt only to finance and refinance long-term capital projects. When the Transportation Authority finances capital projects by issuing bonds, the average principal amortization should not exceed 120% of the weighted average useful life of the project being financed or refinanced if the bonds are intended to be federally tax-exempt and the debt repayment period should not exceed the earliest of the following: (1) the sunset date of the current Expenditure Plan or (2) forty (40) years from the date of issuance. Inherent in its long-term debt policies, the Transportation Authority recognizes that future taxpayers will benefit from the capital investment and that it is appropriate that they pay a share of the asset cost. Long-term debt financing shall not be used to fund operating costs unless such costs qualify as capital expenditures under federal tax principles.	Clarification that projects may be financed or refinanced.	2

Attachment 1

DEBT POLICY MATRIX			
SECTION	**REVISION**	**REASON**	**PAGE**
VII.D Ongoing Debt Administration and Internal Controls	The Transportation Authority ~~will~~ developed a standard procedure for archiving transcripts for any new debt. The Transportation Authority ~~will~~ developed procedures and controls that will be reviewed periodically. The Transportation Authority has established internal controls to ensure compliance with the Debt Policy, all debt covenants and any applicable requirements of applicable law.	Update since these procedures and controls are now in place.	3
VIII.B.1 Long-Term Debt	The Transportation Authority may issue long-term debt (e.g. fixed or variable rate revenue bonds) when funding allocations cannot be financed from current revenues. The proceeds derived from long-term borrowing will not be used to finance current operations or normal maintenance. Long-term debt will be structured such that average principal amortization do not exceed 120% of the weighted average useful life of the project being financed or refinanced if the bonds are intended to be federally tax-exempt and the debt repayment period does not exceed the earliest of the following: (a) the sunset date of the current Expenditure Plan or (b) forty (40) years from the date of issuance.	Clarification that projects may be financed or refinanced.	4
VIII.B.1 Long-Term Debt	*C* *Special Government Obligations (both tax-exempt and taxable),* such as the Build America Bond program authorized for calendar years 2009 and 2010, or any other type of existing or new municipal security, structure or tax credit authorized by the Federal Government to assist local governments in accessing the capital markets. So long as the program's requirements allow the Transportation Authority to adhere to its Debt Policy, the Transportation Authority will evaluate it along with traditional financing structures in order to determine which is the most appropriate for a particular issuance.	Clean up changes.	5

Attachment 1

Debt Policy Matrix			
Section	**Revision**	**Reason**	**Page**
VIII B. 1. Long-Term Debt	UNDER FIXED RATE ADD THE FOLLOWING: d) *Transportation Infrastructure Finance Innovation Act (TIFIA)* Loan is a loan provided by the United States Department of Transportation for certain transportation projects of regional importance. The Transportation Authority may elect to apply for a TIFIA loan if it is determined that it is the most cost effective debt financing option available.	Moves type of financing from short-term section to long-term section as the TIFIA Loan is a long-term obligation.	5
VIII.B.2 Short-Term Debt	Short-term borrowing may be utilized for the temporary funding of operational cash flow deficits or anticipated revenues, where anticipated revenues are defined as an assured revenue source with the anticipated amount based on conservative estimates. In the case of the Transportation Authority's revolving credit facility or any future commercial paper program or replacement revolving credit facility, short-term borrowings may also be utilized for funding of the Transportation Authority's capital projects. The Transportation Authority will determine and utilize the least costly method for short-term borrowing. The Transportation Authority may issue short-term debt when there is a defined repayment source or amortization of principal, subject to the following policies:	Clarify that this would also apply to a future revolving credit facility	5
VIII B. 2. Short-Term Debt	*d) Letters or Lines of Credit* shall be considered as an alternative to or credit support for other short-term borrowing options. The Transportation Authority presently has a $140 million revolving credit facility. Amounts can be repaid and reborrowed under the revolving credit facility or another letter or line of credit without further Board action. The average amortization of amounts drawn under the revolving credit facility, letter or line of credit may not exceed 120% of the weighted average useful life of the project being financed or refinanced if the borrowing is intended to be federally tax-exempt and the borrowing must be fully repaid by the earliest of the following: (a) the sunset date of the current Expenditure Plan or (b) forty (40) years from the date of issuance. The repayment of loans under a revolving	Revised to remove history and simply state fact of RCA. Clarifying that these requirements apply to the RCA but also to other lines of credit or letters of credit.	6

Attachment 1

DEBT POLICY MATRIX			
SECTION	**REVISION**	**REASON**	**PAGE**
	credit facility or other letter or line of credit is often facilitated by the issuance of long-term bonds or the repaying of principal from cash on hand. If proceeds of long-term bonds are used to repay loans under the revolving credit facility or other letter or line of credit, the amortization and the repayment of the long-term bonds must satisfy the limits set forth above.		
VIII B. 2. Short-Term Debt		Moved to Long-Term section per above note.	6
VII B. 3. Variable Rate Debt	*Variable Rate Debt Capacity*. Except for the existing $140 million revolving credit facility (to which the following requirements of variable rate debt do not apply)or any replacement facility, the Transportation Authority will maintain a conservative level of outstanding variable rate debt in consideration of general rating agency guidelines recommending a maximum of a 20-30% variable exposure, in addition to maintaining adequate safeguards against risk and managing the variable revenue stream both as described below.	Clarify that this would also apply to any replacement facility.	6

Attachment 1

DEBT POLICY MATRIX			
SECTION	**REVISION**	**REASON**	**PAGE**
IX.A	All capital improvements financed through the issuance of debt will be financed for a period such that average principal amortization of the debt does not exceed 120% of the weighted average useful life of the project being financed or refinanced, if the bonds are intended to be federally tax-exempt and the debt repayment period does not exceed the earliest of the following: (a) the sunset date of the current Expenditure Plan or (b) forty (40) years from the date of issuance.	Clarification that projects may be financed or refinanced.	7
IX.B	The nature of the Transportation Authority's revenue stream is such that funds are generally continuously available and the use of capitalized interest should not normally be necessary. However, certain types of financings may require the use of capitalized interest from the issuance date until the project sponsor has constructive use of the financed project. Unless otherwise required, including as may be required by statute with respect to the deposit of original issue premium, the Transportation Authority will avoid the use of capitalized interest to obviate unnecessarily increasing the bond issuance size. Interest shall not be funded (capitalized) beyond three (3) years, unless required by statute with respect to the deposit of original issue premium, or a shorter period if further restricted by statute. The Transportation Authority may require that capitalized interest on the initial series of bonds be funded from the proceeds of the bonds. Interest earnings may, at the Transportation Authority's discretion and, if permitted under applicable federal tax law, be applied to extend the term of capitalized interest but in no event beyond the authorized term.	Additional clarification that because the Transportation Authority's bonding statute requires original issue premium to be used to pay interest, capitalized interest may go beyond three years if there is a greater amount of original issue premium.	7
IX C.	Lien Levels. Senior, Parity and Subordinate Liens have been established under the Transportation Authority's Indenture governing the Transportation Authority's sales tax revenue bonds. The Transportation Authority may utilize any of these lien levels in a manner that will maximize the most critical constraint, typically either cost or capacity, allowing for the most beneficial use of sales tax revenues securing the bond.	Updated to conform with bond documents.	8

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Debt Policy Matrix			
Section	**Revision**	**Reason**	**Page**
IX D.	<u>Additional Bonds Test.</u> Any new money senior lien sales tax debt issuance must not cause the Transportation Authority's debt service to be expected to exceed the level at which the incoming sales tax revenues are less than one and three quarters times (1.75x) the maximum annual principal, interest, and debt service for the aggregate outstanding senior lien bonds including the debt service for the new issuance, calculated in accordance with the Indenture. This test shall not apply to refunding debt.	Updated to conform with bond documents.	8
IX F.	<u>Call Provisions.</u> In general, the Transportation Authority's securities will include a call feature, based on market conventions, which is typically at par no later than ten and one-half (10.5) years from the date of delivery of tax-exempt bonds. In 2018, tax law was amended such that tax-exempt bonds can only be refunded on a tax-exempt basis 90 days before the call date and cannot be advance refunded with tax-exempt bond proceeds. The Transportation Authority may determine that a shorter call or premium feature is appropriate based on market dynamics and/or the desire for increased future optionality. .	Revised text to take into account new requirements under Tax Reform.	8

Attachment 1

DEBT POLICY MATRIX			
SECTION	**REVISION**	**REASON**	**PAGE**
XI. Refinancing Outstanding Debt	D. Escrow Structure The Transportation Authority shall utilize the least costly securities available in structuring refunding escrows. The Transportation Authority will examine the viability of an economic versus legal defeasance on a net present value basis. A certificate from a third-party agent, who is not a broker-dealer, is required stating that the securities were procured through an arms-length, competitive bid process (in the case of open market securities), that such securities were more cost effective than State and Local Government Obligations (SLGS) (this is required only if SLGS are then available for purchase), and that the price paid for the securities was reasonable within Federal guidelines. Such certificate shall not be required in the case of SLGs purchased directly from the U.S. Treasury. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the Transportation Authority from its own account.	To note the exception to the application of this rule on those occasions, which occurs from time to time, where SLGs are not available for purchase	10
XI. Refinancing Outstanding Debt	F. Commercial Paper Program, Revolving Credit Facility The requirements of this Section XI and of Section VIII.A.2 shall not apply to or restrict the issuance of commercial paper notes for the purpose of refunding maturing commercial paper notes, or of borrowing under a revolving credit facility for the purpose of repaying prior loans under the facility or under a prior facility, nor shall this Section XI or Section VIII.A.2 apply to long-term refinancing of commercial paper or of loans under a revolving credit facility, subject to limitations otherwise contained in this policy.	To clarify that the analysis of effects of refunding does not apply to a replacement revolving credit facility. Cleanup change to language.	11
XII C.	Private Placement. From time to time the Transportation Authority may elect to privately place its debt or borrow directly from a bank or other financial institution. Such placement or borrowing shall only be considered if this method is likely to result in a cost savings to the Transportation Authority relative to other methods of debt issuance on a net present value basis, using the Transportation Authority's investment rate as the	Updated in light of our revolving credit facility.	12

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DEBT POLICY MATRIX

SECTION	REVISION	REASON	PAGE
	appropriate measure of the discount rate. For the existing $140 million revolving credit facility or any replacement facility that is bank purchased, such requirements do not apply.		
XII E.		Delete. Move to Section XIII	12
XII F.		Delete. Does not necessarily apply. ABT provision covers for the sufficiency of revenues.	12
XIII A.	<u>Rating Agencies.</u>	Corrects title for addition provided below.	12

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Debt Policy Matrix			
Section	**Revision**	**Reason**	**Page**
XII B,	<u>B Investor Outreach.</u> The Transportation Authority shall participate in informational meetings or conference calls with institutional investors, as may be required, in advance of bond or note sales to the extent such meetings are advantageous to the sale of such bonds or notes. Ad-hoc information requests and <u>inquiries from investors that hold the Transportation Authority's bonds should be met to the extent the requested information is publicly available. The provision of any information to investors shall be discussed with the Deputy Director Finance and Administration prior to the release of any information.</u>	Moves Investor Outreach from prior section to Market Relationships section – better suited here. Clarify that information will be provided, but only with the input of the Deputy Director Finance and Administration so that disclosure issues are considered.	13
XIII D	<u>C. Disclosure.</u> The Transportation Authority shall comply with the terms of its continuing disclosure undertakings. Material noncompliance with continuing disclosure undertakings must be disclosed in bond offering documents, which could reflect negatively on the Transportation Authority. The Executive Director will take all reasonable steps to ensure that the Transportation Authority files timely annual reports and "listed event" (there are currently 15 such events) notices with the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access system ("EMMA"), and that all such filings are (i) complete and accurate under the law and (ii) clear, concise, and readable for the investing community. The Transportation Authority may also, from time to time, evaluate using the services of a dissemination agent, such as the Transportation Authority's Financial Adviser or Digital Assurance Certification, LLC, to assist with compliance. From time to time, the Transportation Authority prepares disclosure documents. Disclosure documents include offering documents for Transportation Authority bonds (*e.g.*, preliminary and final Official Statements), (b) annual continuing disclosure reports filed with EMMA, (c) event notices and any other filings with the EMMA, (d) the Transportation Authority's audited financial statements and (e) any other	Update to reflect that the Transportation Authority is already party to an undertaking, revise policy to clarify what disclosure documents are consistent with federal securities laws and make policy more workable.	13

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Debt Policy Matrix			
Section	**Revision**	**Reason**	**Page**
	documents that are reasonably likely to reach investors or the securities markets, including but not limited to press releases, web site postings, and other communications required to be certified as representations of the Transportation Authority's financial condition to investors or the securities markets. To help ensure that the Transportation Authority's disclosure documents comply with all applicable federal securities laws and promote best practices regarding the preparation and review of the disclosure documents, the Transportation Authority promotes communication among its departments so that disclosure documents/filings are being reviewed by the staff persons who have the knowledge and ability to assess the accuracy and completeness of the document. The Executive Director or the Deputy Director for Finance and Administration may develop additional disclosure procedures including record retention policies. The Transportation Authority may engage with an external disclosure counsel to provide additional guidance and training.		
XIV D	D. Disclosure Counsel For Transportation Authority debt issued and sold through the use of an official statement or offering memorandum, the Transportation Authority may retain disclosure counsel with experience in public finance and securities law issues. Disclosure counsel will be selected by the Transportation Authority through its Request for Proposal (RFP) process. The services of disclosure counsel may include, but are not limited to: a) Assisting the internal due diligence process; b) Preparation and/or review of disclosure documents necessary for the sale and delivery of securities, including preliminary and final official statements (or offering memoranda) and continuing disclosure agreements; c) Delivery of a negative assurance letter regarding the disclosure document; and	Avoid detail in description of disclosure counsel and its role that may not be the way that the Transportation Authority and its counsel proceed in a particular transaction and maintaining flexibility.	15

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DEBT POLICY MATRIX			
SECTION	**REVISION**	**REASON**	**PAGE**
	d) The Transportation Authority may also retain disclosure counsel with experience in public finance and securities law issues to provide advice and support between issuances of debt sold through the use of an official statement or offering memorandum, as determined by the Executive Director.		
XV.A	The Transportation Authority may select a senior manager for a proposed negotiated sale. The criteria shall include but not be limited to the following:	Revise so language is more appropriate for a policy.	16
XV.B	Co-managers, if any, will be selected on the same basis as the senior manager. In addition to their qualifications, co-managers appointed to specific transactions will be a function of transaction size and the necessity to ensure maximum distribution of the Transportation Authority's bonds.	Clarify that there may not be a co-manager.	16
XIV G	G. Syndicate Policies. For each negotiated transaction, the Senior Manager will prepare syndicate policies for approval by the Executive Director that will describe the designation policies governing the upcoming sale. The Executive Director shall ensure that the Senior Manager receives each member's acknowledgement of the syndicate policies for the upcoming sale prior to the sale date.	Revised language to conform with standard practice	17

ATTACHMENT 2: PROPOSED DEBT POLICY

I. INTRODUCTION

The purpose of this Policy is to organize and formalize debt issuance-related policies and procedures for the San Francisco County Transportation Authority (Transportation Authority) and to establish a systematic debt policy (Debt Policy). The Debt Policy is, in every case, subject to and limited by applicable provisions of state and federal law and to prudent debt management principles.

II. DEBT POLICY OBJECTIVE

The primary objectives of the Transportation Authority's debt and financing related activities are to

- Maintain cost-effective access to the capital markets through prudent yet flexible policies;
- Moderate debt principal and debt service payments through effective planning and project cash management in coordination with Transportation Authority project sponsors; and
- Achieve the highest practical credit ratings that also allow the Transportation Authority to meet its objectives.

III. SCOPE AND DELEGATION OF AUTHORITY

This Debt Policy shall govern, except as otherwise covered by the Transportation Authority's adopted Investment Policy and the Transportation Authority's adopted Fiscal Policy, the issuance and management of all debt funded through the capital markets, including the selection and management of related financial and advisory services and products.

This Policy shall be reviewed and updated at least annually and more frequently as required. Any changes to the policy are subject to approval by the Transportation Authority Board of Commissioners (Board) at a legally noticed and conducted public meeting. Overall policy direction of this Debt Policy shall be provided by the Board. Responsibility for implementation of the Debt Policy, and day-to-day responsibility and authority for structuring, implementing, and managing the Transportation Authority's debt and finance program shall lie with the Executive Director. The Board's adoption of the Annual Budget does not constitute authorization for debt issuance for any capital projects. This Debt Policy requires that the Board specifically authorize each debt financing. Each financing shall be presented to the Board in the context of and consistent with the Annual Budget.

While adherence to this Policy is required in applicable circumstances, the Transportation Authority recognizes that changes in the capital markets, agency programs and other unforeseen circumstances may from time to time produce situations that are not covered by the Policy and require modifications or exceptions to achieve policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the Board is obtained.

IV. ETHICS AND CONFLICTS OF INTEREST

Officers, employees or agents of the Transportation Authority involved in the debt management program will not engage in any personal business activities or investments that would conflict with proper and lawful execution of the debt management program, or which could impair their ability to make impartial decisions.

V. SOURCE OF SECURITY FOR DEBT FINANCING

Beginning in April of 1990, the State of California Board of Equalization (BOE) started collecting the sales tax revenues for the Transportation Authority as set forth in the San Francisco County Transportation Expenditure Plan (Prop B Expenditure Plan) for a period not to exceed twenty years. In November 2003, San Francisco voters approved the Proposition K Sales Tax (Prop K) a new 30-year Expenditure Plan (Expenditure Plan) that superseded Prop B and continued the one-half of one percent sales tax. The Transportation Authority's current debt obligations are secured by the sales tax revenues generated from the Transportation Authority's one-half cent (0.5%) sales tax collections in the City and County of San Francisco. The sales tax is currently set to expire on March 31, 2034.

VI. STRATEGIC PLAN INTEGRATION

The Transportation Authority's multi-year Strategic Plan, which programs the Expenditure Plan , shall be used in combination with this Debt Policy and the Fiscal Policy to ensure proper allocation and financing of Prop K eligible projects. The Strategic Plan sets priorities and strategies for allocating Prop K funds under its guiding principles, while the Debt Policy provides policy direction and limitations for proposed financing and the Fiscal Policy provides guidance on decisions pertaining to internal fiscal management. Debt issuance for capital projects shall not be recommended for Board approval unless such issuance has been incorporated into the Strategic Plan.

VII. STANDARDS FOR USE OF DEBT FINANCING

The Transportation Authority's debt management program will promote debt issuance only in those cases where public policy, equity and economic efficiency favor debt over cash (pay-as-you-go) financing.

A. Credit Quality.

Credit quality is an important consideration and will be balanced with the Transportation Authority's objectives and the associated size, structure and frequency of issuances of debt. All Transportation Authority debt management activities for new debt issuances will be conducted in a manner conducive to receiving the highest credit ratings possible consistent with the Transportation Authority's debt management objectives, and to maintaining or improving the current credit ratings assigned to the Transportation Authority's outstanding debt by the major credit rating agencies.

B. Long-Term Capital Projects.

The Transportation Authority will issue long-term debt only to finance and refinance long-term capital projects. When the Transportation Authority finances capital projects by issuing bonds, the average principal amortization should not exceed 120% of the weighted average useful life of the project being financed or refinanced if the bonds are intended to be federally tax-exempt and the debt repayment period should not exceed the earliest of the following: (1) the sunset date of the current Expenditure Plan or (2) forty (40) years from the date of issuance. Inherent in its long-term debt policies, the Transportation Authority recognizes that future taxpayers will benefit from the capital investment and that it is appropriate that they pay a share of the asset cost. Long-term debt financing shall not be used to fund operating costs unless such costs qualify as capital expenditures under federal tax principles.

C. Debt Financing Mechanism.

The Transportation Authority will evaluate the use of available financial alternatives including, but not limited to, tax-exempt and taxable debt, long-term debt (both fixed and variable rate), short-term debt, commercial paper, lines of credit, sales tax revenue and grant anticipation notes, private placement and inter-fund borrowing. The Transportation Authority will utilize the most advantageous financing alternative that effectively balances the cost of the financing with the risk of the financing structure to the Transportation Authority.

D. Ongoing Debt Administration and Internal Controls.

The Transportation Authority shall maintain all debt-related records for a period for no less than the term of the debt plus three years. At a minimum, this repository will include all official statements, bid documents, ordinances, indentures, trustee reports, continuing disclosure reports, material events notices, tax certificates, information regarding the investment of and project costs paid with bond proceeds, underwriter and other agreements, etc. for all Transportation Authority debt. To the extent that official transcripts incorporate these documents, possession of a transcript will suffice (transcripts may be hard copy or stored on CD-ROM). The Transportation Authority ~~will~~ developed a standard procedure for archiving transcripts for any new debt. The Transportation Authority ~~will~~ developed procedures and controls that will be reviewed periodically. The Transportation Authority has established internal controls to ensure compliance with the Debt Policy, all debt covenants and any applicable requirements of applicable law.

E. Tax Law Compliance, Rebate Policy and System.

Debt issued by the Transportation Authority, the interest on which is intended to be federally tax-exempt, is subject to requirements and limitations in order that such debt initially qualify for tax-exemption and on an ongoing basis until such debt is fully repaid in order that such debt remain tax-exempt. Failure to comply with such requirements and limitations could cause an issue of the Transportation Authority's debt to be determined to fail to qualify for tax-exemption, retroactive to the date of issuance. The Transportation Authority designates the Executive Director, and his or her designee, to periodically undertake procedures to confirm compliance with such requirements and limitations. In furtherance thereof, the Executive Director, and his or her designee, will consult with the Transportation Authority's bond counsel or others as deemed necessary regarding such periodic procedures or in the event that it is discovered that noncompliance has or may have occurred.

In addition, in furtherance of the above, the Transportation Authority will accurately account for all interest earnings in debt-related funds. These records will be designed to ensure that the Transportation Authority is in compliance with all debt covenants, and with applicable laws. The Transportation Authority will maximize the interest earnings on all funds within the investment parameters set forth in each respective indenture, consistent with consideration of applicable yield limits and arbitrage requirements and as permitted by the Investment Policy. The Transportation Authority will develop a system of reporting interest earnings that relates to and complies with any tax certificates relating to its outstanding debt and Internal Revenue Code rebate, yield limits and arbitrage, and making any required filings with State and Federal agencies. The Transportation Authority will retain records as required by its tax certificates. The Transportation Authority shall have the authority to retain the services of an Arbitrage Rebate Consultant.

VIII. FINANCING CRITERIA

A. Purpose of Debt.

When the Transportation Authority determines the use of debt is appropriate, the following criteria will be utilized to evaluate the type of debt to be issued.

1. NEW MONEY FINANCING.

New money issues are financings that generate funding for capital projects. Eligible capital projects for allocation of Transportation Authority funds include the acquisition, construction or major rehabilitation of capital assets. In accordance with the philosophy of the Debt Policy, long-term debt proceeds generally may not be used for operating expenses. Capital project funding requirements are outlined in the annual budget, the Strategic Plan and the Expenditure Plan.

2. REFUNDING FINANCING.

Refunding debt is issued to retire all or a portion of an outstanding bond issue or other debt. Refunding issuances can be used to achieve present-value savings on debt service, to modify interest rate risk, or to restructure the payment schedule, type of debt instrument used, or covenants of existing debt. The Transportation Authority must analyze each refunding issue on a present-value basis to identify economic effects before approval. Policies on the administration of refunding financings are detailed further in Section X: Refinancing Outstanding Debt.

B. Types of Debt.

When the Transportation Authority determines that the use of debt is appropriate, the following criteria will be utilized to evaluate the type of debt to be issued.

1. LONG-TERM DEBT.

The Transportation Authority may issue long-term debt (e.g. fixed or variable rate revenue bonds) when funding allocations cannot be financed from current revenues. The proceeds derived from long-term borrowing will not be used to finance current operations or normal maintenance. Long-term debt will be structured such that average principal amortization do not exceed 120% of the weighted average useful life of the project being financed or refinanced if the bonds are intended to be federally tax-exempt and the debt repayment period does not exceed the earliest of the following: (a) the sunset date of the current Expenditure Plan or (b) forty (40) years from the date of issuance.

Fixed Rate

a) *Current Coupon Bonds* are bonds that pay interest periodically and principal at maturity. They may be used for both new money and refunding transactions. Bond features may be adjusted to accommodate the market conditions at the time of sale, including changing dollar amounts for principal maturities, offering discount and premium bond pricing, modifying call provisions, utilizing bond insurance, and determining how to fund the debt service reserve fund and costs of issuance.

b) *Zero Coupon and Capital Appreciation Bonds* pay interest that is compounded and paid only when principal matures. Interest continues to accrue on the unpaid interest, and these types of bonds typically bear interest at rates that are higher than those on current-coupon bonds, therefore representing a more expensive funding option. In the case of zero-coupon bonds, principal paid at maturity is discounted back to the initial investment amount received at issuance. In the case of capital appreciation bonds, interest on the bond accretes until maturity.

c) *Special Government Obligations (both tax-exempt and taxable),* such as the Build America Bond program authorized for calendar years 2009 and 2010, or any other type of existing or new municipal security, structure or tax credit authorized by the Federal Government to assist local governments in accessing the capital markets. So long as the ~~new~~ program's requirements allow the Transportation Authority to adhere to its Debt Policy, the Transportation Authority will evaluate it along with traditional financing structures in order to determine which is the most appropriate for a particular issuance.

~~c)~~d) *Transportation Infrastructure Finance Innovation Act (TIFIA) Loan* is a loan provided by the United States Department of Transportation for certain transportation projects of regional importance. The Transportation Authority may elect to apply for a TIFIA loan if it is determined that it is the most cost-effective debt financing option available

Variable Rate

a) *Variable Rate Demand Bonds (VRDBs)* are long-term bonds with a fixed principal amortization, but the interest rate resets at certain established periods such as daily, weekly, monthly, or such other period as the Transportation Authority deems advisable, given current market conditions. VRDBs often require credit enhancement and third party liquidity in the forms of Letters or Lines of Credit and/or bond insurance. VRDBs generally allow bondholders to "put" their bonds back to the Transportation Authority on any rate reset date, given certain notice. The Transportation Authority will need to retain an investment bank to remarket bonds that are "put."

b) *Indexed Notes* are forms of variable rate debt that do not require Letters or Lines of Credit. These forms of variable rate debt have a fixed spread to a certain identified index such as SIFMA. The rate will reset either on a weekly, monthly, or other basis.

2. SHORT-TERM DEBT.

Short-term borrowing may be utilized for the temporary funding of operational cash flow deficits or anticipated revenues, where anticipated revenues are defined as an assured revenue source with the anticipated amount based on conservative estimates. In the case of the Transportation Authority's revolving credit facility or any future commercial paper program or replacement revolving credit facility, short-term borrowings may also be utilized for funding of the Transportation Authority's capital projects. The Transportation Authority will determine and utilize the least costly method for short-term borrowing. The Transportation Authority may issue short-term debt when there is a defined repayment source or amortization of principal, subject to the following policies:

a) *Commercial Paper Notes* may be issued as an alternative to fixed rate debt, particularly when the timing of funding requirements is uncertain. The Transportation Authority may maintain an ongoing commercial paper program to ensure flexibility and immediate access to capital funding when needed.

b) *Grant Anticipation Notes (GANs)* are short-term notes that are repaid with the proceeds of State or Federal grants of any type. The Transportation Authority shall generally issue GANs only when there is no other viable source of funding for the project.

c) *Sales Tax and Revenue Anticipation Notes* shall be issued only to meet sales tax revenue cash flow needs consistent with a finding by bond counsel that that the sizing of the issue fully conforms to Federal tax requirements and limitations for tax-exempt borrowings.

d) *Letters or Lines of Credit* shall be considered as an alternative to or credit support for other short-term borrowing options. ~~In 2015, the~~The Transportation Authority ~~replaced its prior commercial paper program with~~presently has a $140 million revolving credit facility. Amounts can be repaid and reborrowed under the revolving credit facility or another letter or line of credit without further Board action. The average amortization of amounts drawn under the revolving credit facility, letter or line of credit may not exceed 120% of the weighted average useful life of the project being financed or refinanced if the borrowing is intended to be federally tax-exempt and the borrowing must be fully repaid by the earliest of the following: (a) the sunset date of the current Expenditure Plan or (b) forty (40) years from the date of issuance. The repayment of loans under a revolving credit facility or other letter or line of credit is often facilitated by the issuance of long-term bonds or the repaying of principal from cash on hand. If proceeds of long-term bonds are used to repay loans under the revolving credit facility or other letter or line of credit, the amortization and the repayment of the long-term bonds must satisfy the limits set forth above.

~~e) *Transportation Infrastructure Finance Innovation Act (TIFIA) Loan* is a loan provided by the United States Department of Transportation for certain transportation projects of regional importance. The Transportation Authority may elect to apply for a TIFIA loan if it is determined that it is the most cost effective debt financing option available.~~

~~f)~~e) *Grant Anticipation Revenue Vehicle Financing (GARVEE)* are bonds issued by the State and enable entities to fund transportation projects that are secured by certain federal grants. The Transportation Authority may consider the issuance of GARVEEs to meet cash flow shortfalls of grant revenues.

3. **VARIABLE RATE DEBT.**

To maintain a predictable debt service burden, the Transportation Authority may give preference to debt that carries a fixed interest rate. An alternative to the use of fixed rate debt is floating or variable rate debt. It may be appropriate to issue short-term or long-term variable rate debt to diversify the Transportation Authority's debt portfolio, reduce interest costs, provide interim funding for capital projects and improve the match of assets to liabilities. Variable rate debt typically has a lower initial cost of borrowing than fixed rate financing and shorter maturities but carries both interest rate and liquidity risk. Under no circumstances will the Transportation Authority issue variable rate debt solely for the purpose of earning arbitrage. The Transportation Authority, however, may consider variable rate debt in certain instances.

a) *Variable Rate Debt Capacity*. Except for the existing $140 million revolving credit facility (to which the following requirements of variable rate debt do not apply)or any replacement facility, the Transportation Authority will maintain a conservative level of outstanding variable rate debt in consideration of general rating agency guidelines recommending a maximum of a 20-30% variable rate exposure, in addition to maintaining adequate safeguards against risk and managing the variable revenue stream both as described below:

(1) *Adequate Safeguards Against Risk*. Financing structure and budgetary safeguards are in place to prevent adverse impacts from interest rate shifts; such structures could include, but are not limited to, interest rate swaps, interest rate caps and the matching of assets and liabilities.

(2) *Variable Revenue Stream*. The revenue stream for repayment is variable, and is anticipated to move in the same direction as market-generated variable interest rates, or the dedication of revenues allows capacity for variability.

(3) *As a Component to Synthetic Fixed Rate Debt*. Variable rate bonds may be used in conjunction with a financial strategy, which results in synthetic fixed rate debt, subject to other provisions of the Debt Policy regarding Financial Derivative Products.

4. FINANCIAL DERIVATIVE PRODUCTS.

Financial Derivative Products such as interest rate swaps will be considered appropriate in the issuance or management of debt only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces the risk of fluctuations in expense or revenue, or alternatively where the derivative product will significantly reduce total project cost. Financial Derivative Products shall be considered only: (1) after a thorough evaluation of risks associated therewith, including counterparty credit risk, basis risk, tax risk, termination risk and liquidity risk, (2) after consideration of the potential impact on the Transportation Authority's ability to refinance bonds at a future date and (3) after the Board has adopted separate policy guidelines for the use of interest rate swaps and other Financial Derivative Products. Derivative products will only be utilized with prior approval from the Board.

IX. TERMS AND CONDITIONS OF BONDS

The Transportation Authority shall establish all terms and conditions relating to the issuance of bonds, and will control, manage, and invest all bond proceeds. Unless otherwise authorized by the Transportation Authority, the following shall serve as bond requirements:

A. Term.

All capital improvements financed through the issuance of debt will be financed for a period such that average principal amortization of the debt does not exceed 120% of the weighted average useful life of the project being financed or refinanced, if the bonds are intended to be federally tax-exempt and the debt repayment period does not exceed the earliest of the following: (a) the sunset date of the current Expenditure Plan or (b) forty (40) years from the date of issuance.

B. Capitalized Interest.

The nature of the Transportation Authority's revenue stream is such that funds are generally continuously available and the use of capitalized interest should not normally be necessary. However, certain types of financings may require the use of capitalized interest from the issuance date until the project sponsor has constructive use of the financed project. Unless otherwise required, including as may be required by statute with respect to the deposit of original issue premium, the Transportation Authority will avoid the use of capitalized interest to obviate unnecessarily increasing the bond issuance size. Interest shall not be funded (capitalized) beyond three (3) years, unless required by statute with respect to the deposit of original issue premium, or a shorter period if further restricted by statute. The Transportation Authority may require that capitalized interest on the initial series of bonds be funded from the proceeds of the bonds. Interest earnings may, at the Transportation Authority's discretion and, if permitted under applicable federal tax law, be applied to extend the term of capitalized interest but in no event beyond the authorized term.

C. Lien Levels.

Senior, Parity and ~~Junior~~ ~~Liens~~Subordinate Liens have been established under the Transportation Authority's Indenture governing the Transportation Authority's sales tax revenue bonds. The Transportation Authority may utilize any of these lien levels ~~for each revenue source will be utilized~~ in a manner that will maximize the most critical constraint, typically either cost or capacity, ~~thus~~ allowing for the most beneficial use of sales tax revenues ~~the revenue source~~ securing the bond.

D. Additional Bonds Test.

Any new money senior lien sales tax debt issuance must not cause the Transportation Authority's debt service~~, net of any Federal subsidy or credit,~~ to be expected to exceed the level at which the incoming sales tax revenues are less than one and ~~a half~~three quarters times (1.75x) the maximum annual principal, interest, and debt service for the aggregate outstanding senior lien bonds including the debt service for the new issuance, calculated in accordance with the Indenture. This test shall not apply to refunding debt.

E. Debt Service Structure.

Debt issuance shall be planned to achieve relatively rapid repayment of debt while still matching debt service to the useful life of facilities. The Transportation Authority will amortize its debt within each lien to achieve overall level debt service (though principal may be deferred in the early years of a bond issue to maximize the availability of pay-as-you-go dollars during that time) or may utilize more accelerated repayment schedules after giving consideration to bonding capacity constraints. The Transportation Authority shall avoid the use of bullet or balloon maturities except in those instances where these maturities serve to level existing debt service.

F. Call Provisions.

In general, the Transportation Authority's securities will include a call feature, based on market conventions, which is typically at par no later than ten and one-half (10.5) years from the date of delivery of tax-exempt bonds. In 2018, tax law was amended such that tax-exempt bonds can only be refunded on a tax-exempt basis 90 days before the call date and cannot be advance refunded with tax-exempt bond proceeds. The Transportation Authority may determine that ~~no call feature or~~ a ~~different~~ shorter call or premium feature is appropriate based on market dynamics and/or the desire for increased future optionality. ~~in some circumstances.~~

G. Original Issue Discount.

An original issue discount or original issue premium will be permitted only if the Transportation Authority determines that such discount or premium results in a lower true interest cost on the bonds and that the use of an original issue discount or original issue premium will not adversely affect the project identified by the bond documents.

H. Deep Discount Bonds.

Deep discount bonds may provide a lower cost of borrowing in certain markets though they may also limit opportunities to refinance at lower rates in the future. The Transportation Authority will carefully consider their value and the effect on any future refinancings as a result of the lower-than-market coupon.

I. Derivative Products.

The Transportation Authority will consider the use of derivative products only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces risk of fluctuations in expense or revenue, or alternatively, where the derivative product will reduce the total project cost. If interest rate swaps are considered, the Transportation Authority shall develop and maintain an Interest Rate Swap Policy governing the use and terms of these derivative products. For derivatives other than interest rate swaps, the Transportation Authority will undertake an analysis of early termination costs and other conditional terms given certain financing and marketing assumptions. Such analysis will document the risks and benefits associated with the use of a particular derivative product. Derivative products will only be utilized with prior approval from the Board.

J. Multiple Series.

In instances where multiple series of bonds are to be issued, the Transportation Authority shall make a final determination as to which allocations are of the highest priority. Projects chosen for priority financing, based on funding availability and proposed timing, will generally be subject to the earliest or most senior of the bond series.

X. CREDIT ENHANCEMENTS

The Transportation Authority will consider the use of credit enhancement on a case-by-case basis, evaluating the economic benefit versus cost for each case. Only when a clearly demonstrable savings or positive impact on overall debt capacity can be shown shall enhancement be considered. The Transportation Authority will consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancement.

A. Bond Insurance.

The Transportation Authority shall have the authority to purchase bond insurance when such purchase is deemed prudent and advantageous. The predominant determination shall be based on such insurance being less costly than the present value of the difference in the interest expense on insured bonds versus uninsured bonds.

B. Debt Service Reserves.

When required, a reserve fund equal to not more than the lesser of ten percent (10%) of the original principal amount of the bonds, maximum annual debt service or one-hundred-and-twenty-five (125%) percent of average annual debt service (Reserve Requirement) shall be funded from the proceeds of each series of bonds, subject to federal tax regulations and in accordance with the requirements of credit enhancement providers, rating agencies and/or other investors requirements.

The Transportation Authority shall have the authority to purchase reserve equivalents (i.e., the use of a reserve fund surety) when such purchase is deemed prudent and advantageous. Such equivalents shall be evaluated in comparison to cash funding of reserves on a net present value basis.

C. Liquidity Facilities and Letters of Credit.

The Transportation Authority shall have the authority to enter into liquidity facilities and letter-of-credit agreements when such agreements are deemed prudent and advantageous. Only those financial institutions with short-term ratings of not less than VMIG 1/P1, A-1 and F1, by Moody's Investor Services, Standard & Poor's and Fitch Ratings, respectively, and with ratings from at least two of the three aforementioned ratings agencies, may participate in Transportation Authority liquidity facilities and letter of credit agreements.

XI. REFINANCING OUTSTANDING DEBT

The Transportation Authority shall have the responsibility to analyze outstanding bond issues for refunding opportunities that may be presented by underwriting and/or financial advisory firms. The Transportation Authority will consider the following issues when analyzing possible refunding opportunities:

A. Debt Service Savings.

The Transportation Authority has established a minimum present value savings threshold goal of three (3) percent of the refunded bond principal amount, unless there are other compelling reasons for undertaking the refunding. Additionally, the Transportation Authority has established a minimum present value savings threshold goal of five (5) percent of the refunded bond principal amount for refinancings involving derivative products such as the issuance of synthetic fixed rate refunding debt service, unless there are other compelling reasons for undertaking the refunding. For this purpose, the present value savings will be net of all costs related to the refinancing. The decision to take savings on an upfront or deferred basis must be explicitly approved by the Board.

B. Restructuring.

The Transportation Authority will refund debt when in its best interest to do so. Refundings will include restructuring to meet unanticipated revenue expectations, terminate swaps, achieve cost savings, mitigate irregular debt service payments, release reserve funds or remove unduly restrictive bond covenants.

C. Term of Refunding Issues.

Except for commercial paper and loans under a line of credit (including the current revolving credit facility), the Transportation Authority generally will refund bonds without extending the maturity beyond that of the originally issued debt. However, the Transportation Authority may consider maturity extension, when necessary to achieve a desired outcome, provided that such extension is legally permissible. The Transportation Authority may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of inter-generational equity should guide this decision.

D. Escrow Structuring.

The Transportation Authority shall utilize the least costly securities available in structuring refunding escrows. The Transportation Authority will examine the viability of an economic versus legal defeasance on a net present value basis. A certificate from a third-party agent, who is not a broker-dealer, is required stating that the securities were procured through an arms-length, competitive bid process (in the case of open market securities), that such securities were more cost effective than State and Local Government Obligations (SLGS) (this is required only if SLGS are then available for purchase), and that the price paid for the securities was reasonable within Federal guidelines. Such certificate shall not be required in the case of SLGs purchased directly from the U.S. Treasury. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the Transportation Authority from its own account.

E. Arbitrage.

The Transportation Authority shall take all necessary steps (permitted under federal tax law when tax-exempt debt is involved) to optimize escrows and to avoid negative arbitrage in its refundings. Any resulting positive arbitrage will be rebated as necessary according to Federal guidelines.

F. Commercial Paper Program, Revolving Credit Facility.

The requirements of this Section XI and of Section VIII.A.2 shall not apply to or restrict the issuance of commercial paper notes for the purpose of refunding maturing commercial paper notes, or of borrowing under a revolving credit facility for the purpose of repaying prior loans under the facility or under a prior facility, nor shall this Section XI or Section VIII.A.2 apply to long-term ~~withdrawal~~ refinancing of commercial paper or of loans under a revolving credit facility, subject to limitations otherwise contained in this policy.

XII. METHODS OF ISSUANCE

The Transportation Authority will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

A. Competitive Sale

In a competitive sale, the Transportation Authority's bonds shall be awarded to the bidder providing the lowest true interest cost as long as the bid adheres to the requirements set forth in the official notice of sale. Conditions under which a competitive sale would be preferred are as follows:

a) Bond prices are stable and/or demand is strong
b) Market timing and interest rate sensitivity are not critical to the pricing
c) Participation from DBE firms is best effort and not required for winning bid
d) There are no complex explanations required during marketing regarding issuer's projects, media coverage, political structure, political support, funding or credit quality
e) The bond type and structure are conventional
f) Bond insurance is included or pre-qualified (available)
g) Manageable transaction size
h) Issuer has strong credit rating
i) Issuer is well known to investors

B. Negotiated Sale.

The Transportation Authority recognizes that some securities are best sold through negotiation. Conditions under which a negotiated sale would be preferred are as follows:

a) Bond prices are volatile

b) Demand is weak, or supply of competing bonds is high
c) Market timing is important, such as for refundings
d) Issuer has lower or weakening credit rating
e) Issuer is not well known to investors
f) Sale and marketing of the bonds will require complex explanations about the issuer's projects, media coverage, political structure, political support, funding, or credit quality
g) The bond type and/or structural features are non-standard, such as for a forward delivery bond sale, issuance of variable rate bonds, or where there is the use of derivative products
h) Bond insurance is not available or not offered
i) Early structuring and market participation by underwriters are desired
j) The par amount for the transaction is significantly larger than normal
k) Demand for the bonds by retail investors is expected to be high
l) Participation from DBE firms is required

C. Private Placement.

From time to time the Transportation Authority may elect to privately place its debt or borrow directly from a bank or other financial institution. Such placement or borrowing shall only be considered if this method is likely to result in a cost savings to the Transportation Authority relative to other methods of debt issuance on a net present value basis, using the Transportation Authority's investment rate as the appropriate measure of the discount rate. For the existing $140 million revolving credit facility or any replacement facility that is bank purchased, such requirements do not apply.

D. Issuance Method Analysis.

The Transportation Authority shall evaluate each method of issuance based on the factors set forth above.

~~E. Investor Outreach.~~

~~The Transportation Authority shall participate in informational meetings or conference calls with institutional investors in advance of bond or note sales to the extent such meetings are advantageous to the sale of such bonds or notes.~~

~~F. Feasibility Analysis.~~

~~Issuance of revenue bonds will be accompanied by a finding that demonstrates the projected revenue stream's ability to meet future debt service payments.~~

XIII. MARKET RELATIONSHIPS

A. Rating Agencies ~~and Investors~~.

The Executive Director shall be responsible for maintaining the Transportation Authority's relationships with Moody's Investors Service, Standard & Poor's and Fitch Ratings. The Transportation Authority may, from time-to-time, choose to deal with only one or two of these agencies as circumstances dictate. In addition to general communication, the Executive Director shall: (1) meet with credit analysts prior to each sale (competitive or negotiated) to the extent as advantageous, and (2) prior to each competitive or negotiated sale, offer conference calls or meetings with agency analysts in connection with the planned sale.

B. Investor Outreach.

The Transportation Authority shall participate in informational meetings or conference calls with institutional investors in advance of bond or note sales to the extent such meetings are advantageous to the sale of such bonds or notes. Ad-hoc information requests and inquiries from investors that hold the Transportation Authority's bonds should be met to the extent the requested information is publicly available. The provision of any information to investors shall be discussed with the Deputy Director Finance and Administration prior to the release of any information.

~~B.~~C. Transportation Authority Communication.

The Executive Director shall include in the annual report to the Board feedback from rating agencies and/or investors regarding the Transportation Authority's financial strengths and weaknesses and recommendations for addressing any weaknesses.

~~C.~~D. ~~Continuing~~ Disclosure.

~~After entering into a Continuing Disclosure undertaking (i.e., contract), the~~ The Transportation Authority shall comply with the terms of ~~such undertaking. Not only must all filings be made in a timely manner, if for any reason there is a failure to make a timely filing, such failure also must be disclosed (and~~its continuing disclosure undertakings. Material noncompliance with continuing disclosure undertakings must be disclosed in bond offering documents, which could reflect negatively on the Transportation Authority~~)~~. The Executive Director will take all reasonable steps to ensure that the Transportation Authority files timely annual reports and "listed event" (there are currently 15 such events) notices with the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access system ("EMMA"), and that all such filings are (i) complete and accurate under the law and (ii) clear, concise, and readable for the investing community. The Transportation Authority may also, from time to time, evaluate using the services of a dissemination agent, such as the Transportation Authority's Financial Adviser or Digital Assurance Certification, LLC, to assist with compliance.

From time to time, the Transportation Authority prepares disclosure documents. Disclosure documents include offering documents for Transportation Authority bonds (*e.g.*, preliminary and final Official Statements), (b) annual continuing disclosure reports filed with EMMA, (c) event notices and any other filings with the EMMA, (d) the Transportation Authority's audited financial statements and (e) any other documents that are reasonably likely to reach investors or the securities markets, including but not limited to press releases, web site postings, and other communications required to be certified as representations of the City's financial condition to investors or the securities markets

To help ensure that the Transportation Authority's ~~establishes and maintains a "culture of good disclosure" and Continuing Disclosure undertaking compliance~~ disclosure documents comply with all applicable federal securities laws and promote best practices regarding the preparation and review of the disclosure documents, the Transportation Authority ~~will~~ promotes communication among its departments so that disclosure documents/filings are being reviewed by the staff persons who have the knowledge and ability to assess the accuracy and completeness of the document ~~and understand the importance of accurate records retention.~~ The Executive Director or the Deputy Director for Finance and Administration may develop additional disclosure procedures including record retention policies. -The Transportation Authority may ~~also (i) select certain staff members to be the Transportation Authority's "disclosure team" that, with the~~

~~Executive Director, develops and employs disclosure practices and procedures that are effective, reasonable, and defensible and (ii)~~ engage with an external disclosure counsel to provide additional guidance and training. ~~The Transportation Authority may also, from time to time, evaluate using the services of a dissemination agent, such as the Transportation Authority's Financial Adviser or Digital Assurance Certification, LLC, to assist with compliance.~~

~~D.~~E. Rebate Reporting.

The use of bond proceeds and their investments must be monitored to ensure compliance with arbitrage restrictions. Existing regulations require that issuers calculate annual rebates related to any bond issues, with rebate paid every five years and as otherwise required by applicable provisions of the Internal Revenue Code and regulations. Therefore, the Executive Director shall take all reasonable steps to ensure that proceeds and investments are tracked in a manner that facilitates accurate, complete calculation, and timely rebates, if necessary.

~~E.~~F. Other Jurisdictions.

From time to time, the Transportation Authority may issue bonds on behalf of other public entities. While the Transportation Authority will make every effort to facilitate the desires of these entities, the Executive Director will take all reasonable steps to ensure that only the highest quality financings are done and that the Transportation Authority is insulated from all risks. The Transportation Authority shall require that all conduit financings achieve a rating at least equal to the Transportation Authority's ratings (including, where necessary, through the use of credit enhancement).

~~F.~~G. Fees.

The Transportation Authority will charge recipients of debt issuance proceeds an administrative fee equal to the recipient's pro rata share of administrative costs incurred by the Transportation Authority by issuing debt.

XIV. CONSULTANTS

The Transportation Authority shall select its primary consultant(s) by competitive qualifications-based process through Request for Proposals.

A. Selection of Financing Team Members.

The Executive Director will make recommendations for all financing team members, with the Board providing final approval.

B. Financial Advisor.

The Transportation Authority shall utilize a financial advisor to assist in its debt issuance and debt administration processes as prudent. Selection of the Transportation Authority's financial advisor(s) shall be based on, but not limited to, the following criteria:

a) Experience in providing consulting services to complex issuers
b) Knowledge and experience in structuring and analyzing complex issues
c) Experience and reputation of assigned personnel
d) Fees and expenses

Financial advisory services provided to the Transportation Authority shall include, but shall not be limited to the following:

a) Evaluation of risks and opportunities associated with debt issuance
b) Monitoring marketing opportunities
c) Evaluation of proposals submitted to the Transportation Authority by investment banking firms
d) Structuring and pricing
e) Preparation of request for proposals for other financial services such as trustee and paying agent services, printing, credit facilities, remarketing agent services, etc.
f) Advice, assistance and preparation for presentations with rating agencies and investors
g) Assisting in preparation of official statements

The Transportation Authority also expects that its financial advisor will provide the Transportation Authority with objective advice and analysis, maintain the confidentiality of Transportation Authority financial plans, and be free from any conflicts of interest.

C. Bond Counsel.

Transportation Authority debt will include a written opinion by legal counsel affirming that the Transportation Authority is authorized to issue the proposed debt, that the Transportation Authority has met all constitutional and statutory requirements necessary for issuance, and a determination of the proposed debt's federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by nationally-recognized counsel with extensive experience in public finance and tax issues. Counsel will be selected by the Transportation Authority through its request for proposal process.
The services of bond counsel may include, but are not limited to:

a) Rendering a legal opinion with respect to authorization and valid issuance of debt obligations including whether the interest paid on the debt is tax exempt under federal and State of California law;
b) Preparing all necessary legal documents in connection with authorization, sale, issuance and delivery of bonds and other obligations;
c) Assisting in the preparation of the preliminary and final official statements and commercial paper memorandum;
d) Participating in discussions with potential investors, insurers and credit rating agencies, if requested; and
e) Providing continuing advice, as requested, on the proper use and administration of bond proceeds under applicable laws and the indenture, particularly arbitrage tracking and rebate requirements.

D. Disclosure Counsel

For Transportation Authority debt issued and sold through the use of an official statement or offering memorandum, the Transportation Authority ~~shall have the right to select separate, nationally-recognized~~may retain disclosure counsel with ~~extensive~~ experience in public finance and securities law issues. Disclosure counsel will be selected by the Transportation Authority through its Request for Proposal (RFP) process.

The services of disclosure counsel may include, but are not limited to:

a) Assisting the internal due diligence process~~ by reviewing financial statements and other available information, including information on the issuer's website, management's responses to auditor's findings, litigation reports, and similar materials~~;

~~b)~~ Preparation and/or review of disclosure documents necessary for the sale and delivery of securities, including preliminary and final official statements (or offering memoranda) and continuing disclosure agreements~~, and deliver a negative assurance letter regarding the disclosure document;~~ ;

b)

c) Delivery of a negative assurance letter regarding the disclosure document; and

d) The Transportation Authority may also retain disclosure counsel with experience in public finance and securities law issues to provide advice and support between issuances of debt sold through the use of an official statement or offering memorandum, as determined by the Executive Director.

~~;~~

~~Post-issuance: coordination of required periodic filings and event notices preparation and their dissemination to and posting the MSRB's EMMA system;~~

~~Providing notice of, and counsel regarding, any changes to disclosure requirements and the regulatory environment that have or ay have an impact on the Transportation Authority and its issuances;~~

~~Review and discussion of the Transportation Authority's current disclosure policies and procedures, suggestions for any changes to them, and discussion of how the Transportation Authority can staff a disclosure team and how that team should operate; and~~

~~Customize and provide training annually to staff members (and as needed to new staff) related to disclosure counsel topics.~~

~~The Transportation Authority may also retain disclosure counsel with experience in public finance and securities law issues to provide advice and support between issuances of debt sold through the use of an official statement or offering memorandum, as determined by the Executive Director.~~

XV. UNDERWRITER SELECTION

A. Senior Manager Selection.

The Transportation Authority ~~shall~~ may ~~have the right to~~ select a senior manager for a proposed negotiated sale. The criteria shall include but not be limited to the following:

a) The firm's ability and experience in managing complex transactions
b) Demonstrated ability to structure debt issues efficiently and effectively
c) Prior knowledge and experience with the Transportation Authority
d) The firm's willingness to risk capital and demonstration of such risk
e) The firm's ability to sell bonds
f) Quality and experience of personnel assigned to the Transportation Authority's engagement
g) Financing plan presented

B. Co-Manager Selection.

Co-managers, if any, will be selected on the same basis as the senior manager. In addition to their qualifications, co-managers appointed to specific transactions will be a function of transaction size and the necessity to ensure maximum distribution of the Transportation Authority's bonds.

C. Selling Groups.

The Transportation Authority may establish selling groups in certain transactions. To the extent that selling groups are used, the Transportation Authority may make appointments to selling groups from within the pool of underwriters or from outside the pool, as the transaction dictates.

D. Underwriter's Counsel.

In any negotiated sale of Transportation Authority debt, in which legal counsel is required to represent the underwriter, the lead underwriter will make the appointment, subject to Transportation Authority consent.

E. Underwriter's Discount.

a) The Transportation Authority will evaluate the proposed underwriter's discount against comparable issues in the market. If there are multiple underwriters in the transaction, the Transportation Authority will determine the allocation of fees with respect to the management fee. The determination will be based upon participation in the structuring phase of the transaction.
b) All fees and allocation of the management fee will be determined prior to the sale date; a cap on management fee, expenses and underwriter's counsel will be established and communicated to all parties by the Transportation Authority. The senior manager shall submit an itemized list of expenses charged to members of the underwriting group. Any additional expenses must be substantiated.

F. Evaluation of Financing Team Performance.

The Transportation Authority will evaluate each bond sale after its completion to assess the following: costs of issuance, including underwriters' compensation, pricing of the bonds in terms of the overall interest cost and on a maturity-by-maturity basis, and the distribution of bonds and sales credits.
Following each sale, the Transportation Authority shall provide a post-sale evaluation on the results of the sale to the Board.

G. Syndicate Policies.

For each negotiated transaction, the ~~Executive Director~~Senior Manager will prepare syndicate policies for approval by the Executive Director that will describe the designation policies governing the upcoming sale. The Executive Director shall ensure that the Senior Manager receives~~receipt of~~ each member's acknowledgement of the syndicate policies for the upcoming sale prior to the sale date.

H. Designation Policies.

To encourage the pre-marketing efforts of each member of the underwriting team, orders for the Transportation Authority's bonds will be net designated, unless otherwise expressly stated. The Transportation Authority shall require the senior manager to:

a) Equitably allocate bonds to other managers and the selling group
b) Comply with MSRB regulations governing the priority of orders and allocations

c) Within 10 working days after the sale date, submit to the Executive Director a detail of orders, allocations and other relevant information pertaining to the Transportation Authority's sale.

I. Disclosure by Financing Team Members.

All financing team members will be required to provide full and complete disclosure, relative to agreements with other financing team members and outside parties. The extent of disclosure may vary depending on the nature of the transaction. However, under no circumstances will agreements be permitted which could compromise the firm's ability to provide independent advice which is solely in the Transportation Authority's best interests or which could reasonably be perceived as a conflict of interest.

GLOSSARY

Arbitrage. The difference between the interest paid on an issue of tax exempt debt and the interest earned by investing the debt proceeds in higher-yielding taxable securities. IRS regulations govern arbitrage earned pursuant to the investment of the proceeds of tax-exempt municipal securities.

Balloon Maturity. A maturity within an issue of bonds that contains a disproportionately large percentage of the principal amount of the original issue.

Bullet Maturity. The maturity of an issue of bonds for which there are no principal payments prior to the final stated maturity date.

Call Provisions. The terms of the bond contract giving the issuer the right to redeem all or a portion of an outstanding issue of bonds prior to their stated dates of maturity at a specific price, usually at or above par.

Capitalized Interest. A portion of the proceeds of an issue that is set aside to pay interest on the securities for a specific period of time. Interest is sometimes capitalized for the construction period of the project.

Commercial Paper. Very short-term, unsecured promissory notes issued in either registered or bearer form, and usually backed by a line of credit with a bank that, upon the maturity thereof, successively rolls into other short term promissory notes until the principal thereof is paid by the Transportation Authority.

Competitive Sale. A sale of securities by an issuer in which underwriters or syndicates of underwriters submit sealed bids to purchase the securities in contrast to a negotiated sale.

Continuing Disclosure. The ongoing disclosure provided by an issuer to comply with a continuing disclosure undertaking. Generally includes annual updates of operating and financial information, audited financial statements, and notice of events specifically identified in the undertaking.

Credit Enhancement. Credit support purchased by the issuer to raise the credit rating of the issue. The most common credit enhancements consist of bond insurance, direct or standby letters of credit, and lines of credit.

DBE. Disadvantaged Business Enterprises as defined by the Transportation Authority's current DBE policy.

Debt Service Reserve Fund. The fund in which moneys are placed which may be used to pay debt service if pledged revenues are insufficient to satisfy the debt service requirements.

Deep Discount Bonds. Bonds that are priced for sale at a substantial discount from their face or par value.

Derivatives. (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

Designation Policies. Outline as to how an investor's order is filled when a maturity in an underwriting syndicate is oversubscribed. The senior managing underwriter and issuer decide how the bonds will be allocated among the syndicate. There are three primary classifications of orders, which form the designation policy. The highest priority is given to Group Net orders; the next priority is given to Net Designated orders and Member orders are given the lowest priority.

Escrow. A fund established to hold moneys pledged and to be used to pay debt service on an outstanding issue.

Expenses. Compensates senior managers for out-of-pocket expenses including: underwriters counsel, DTC charges, travel, syndicate expenses, dealer fees, overtime expenses, communication expenses, computer time and postage.

Grant Anticipation Notes (GANs). Short-term notes issued by the government unit, usually for capital projects, which are paid from the proceeds of State or Federal grants of any type.

Grant Anticipation Revenue Vehicle Financing (GARVEE) are bonds issued by the State and enable entities to fund transportation projects that are secured by certain federal grants.

Letters of Credit. A bank credit facility supporting the payment of bonds wherein the bank agrees to lend a specified amount of funds for a limited term.

Management Fee. The fixed percentage of the gross spread which is paid to the managing underwriter for the structuring phase of a transaction.

Members. Underwriters in a syndicate other than the senior underwriter.

Negotiated Sale. A method of sale in which the issuer chooses one underwriter to negotiate terms pursuant to which such underwriter will purchase and market the bonds.

Original Issue Discount. The amount by which the original par amount of an issue exceeds its public offering price at the time it is originally offered to an investor.

Original Issue Premium. The amount by which the public offering price of an issue exceeds its original par amount at the time it is originally offered to an investor.

Pay-As-You-Go. An issuer elects to finance a project with existing cash flow as opposed to issuing debt obligations.

Present Value. The current value of a future cash flow.

Private Placement. The original placement of an issue with one or a limited number of investors as opposed to being publicly offered or sold.

Rebate. A requirement imposed by the Tax Reform Act of 1986 whereby the issuer of the bonds must pay the IRS an amount equal to its profit earned from investment of bond proceeds at a yield above the bond yield calculated pursuant to the IRS code together with all income earned on the accumulated profit pending payment subject to certain exceptions.

Sales Tax and Revenue Anticipation Notes (TRANs). Short-term notes issued by a government unit, usually for operating purposes, which are paid from the proceeds of sales tax or other anticipated revenue sources.

Selling Groups. The group of securities dealers who participate in an offering not as underwriters but rather as those who receive securities less the selling concession from the managing underwriter for distribution at the public offering price.

Syndicate Policies. The contractual obligations placed on the underwriting group relating to distribution, price limitations and market transactions.

Transportation Infrastructure Finance Innovation Act (TIFIA). Loans and loan guaranty program provided by the United States Department of Transportation for transportation projects of regional importance.

Underwriter. A dealer that purchases new issues of municipal securities from the Issuer and resells them to investors.

Underwriter's Discount. The difference between the price at which the Underwriter buys bonds from the Issuer and the price at which they are reoffered to investors.

Variable Rate Debt. An interest rate on a security, which changes at intervals according to an index or a formula or other standard of measurement as, stated in the bond contract.

Attachment 3: Proposed Investment Policy Matrix

INVESTMENT POLICY MATRIX			
SECTION	REVISION	REASON	PAGE
I.	The purpose of this document is to set out policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related procedures. The investment policies and procedures of the San Francisco County Transportation Authority (Transportation Authority) are, in every case, subject to and limited by applicable provisions of state law and to prudent money management principles. All funds will be invested in accordance with the Transportation Authority's Investment Policy, and applicable provisions of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53600 et seq.). The investment of bond proceeds (including proceeds of notes issued pursuant to bond documents) will be further restricted by the provisions of relevant bond documents.	Clarification that "bonds" in this context also includes notes.	1
II.	This policy covers all funds and investment activities under the jurisdiction of the Transportation Authority. Bond proceeds (including proceeds of notes issued pursuant to bond documents) shall be invested in the securities permitted pursuant to the relevant bond documents, including ~~a~~any tax certificate~~, approved by the Transportation Authority Board of Commissioners (Board)~~. If the bond documents are silent as to the permitted investments, bond proceeds will be invested in the securities permitted by this policy. In addition to the securities listed in Section IX below, bond proceeds may also be invested in investment and forward delivery agreements. Notwithstanding the other provisions of this Investment Policy, the percentage or dollar portfolio limitations listed elsewhere in this Investment Policy do not apply to bond proceeds.	Clarification that "bonds" in this context also includes notes. Removal of language that could make ambiguous whether bond documents govern investments. Transactions are approved by the Board, but not every individual document or modification of a document is.	1

Attachment 3: Proposed Investment Policy Matrix

Investment Policy Matrix			
Section	**Revision**	**Reason**	**Page**
VI.	SOCIAL RESPONSIBILITY Investment of funds should be guided by the following socially responsible investment goals when investing in corporate securities and depository institutions. Investments shall be made in compliance with the forgoing socially responsible investment goals to the extent that such investments achieve substantially equivalent safety, liquidity and yield compared to investments permitted by state law. 1. Investments are encouraged in entities that support community well-being through safe and environmentally sound practices and fair labor practices. Investments are encouraged in entities that support equality of rights regardless of sex, race, age, disability or sexual orientation. Investments are discouraged in entities that manufacture tobacco products, firearms, or nuclear weapons. In addition, investments are encouraged in entities that offer banking products to serve all members of the local community, and investments are discouraged in entities that finance high-cost check-cashing, deferred deposit (payday lending) businesses and organizations involved in financing, either directly or indirectly, the Dakota Access Pipeline or, as determined by the Transportation Authority, similar pipeline projects. Prior to making investments, the Transportation Authority will verify an entity's support of the socially responsible goals listed above through direct contact or through the use of a third party such as the Investors Responsibility Research Center, or a similar ratings service. The entity will be evaluated at the time of purchase of the securities. 2. Investments are encouraged in entities that promote community economic development. Investments are encouraged in entities that have a demonstrated involvement in the development or rehabilitation of low	To promote business with entities who are socially responsible.	2

Attachment 3: Proposed Investment Policy Matrix

INVESTMENT POLICY MATRIX			
SECTION	REVISION	REASON	PAGE
	income affordable housing and have a demonstrated commitment to reducing predatory mortgage lending and increasing the responsible servicing of mortgage loans. Securities investments are encouraged in financial institutions that have a Community Reinvestment Act (CRA) rating of either Satisfactory or Outstanding, as well as financial institutions that are designated as a Community Development Financial Institution (CDFI) by the United States Treasury Department, or otherwise demonstrate commitment to community economic development. The entity will be evaluated at the time of purchase of the securities. 3. All depository institutions are to be advised of applicable Transportation Authority contracting ordinances, and shall certify their compliance therewith, if required.		
VIII.	The Transportation Authority's ~~will establish~~ internal controls ~~to~~ ensures compliance with the Investment Policy and with the applicable requirements of the California Government Code. The Deputy Director for Finance and Administration is responsible for developing and managing internal control procedures. The monitoring of ongoing compliance shall be reviewed quarterly.	Provides more transparency as to the ongoing monitoring and management of investments to ensure compliance with the policy.	3
X.	12. The California Asset Management Program, as authorized by Section 53601(p) of the California Government Code. The Program constitutes shares in a California common law trust established pursuant to Section 6509.7 of Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by subdivisions (a) to ~~(o) and~~ (q) of Section 53601 of the Government Code of California, as it may be amended.	Clarify that investments in (p) are also permitted, consistent with Section 53601 of the Government Code. [Also note that the stray space between 53601(p) was removed.	3

Attachment 3: Proposed Investment Policy Matrix

INVESTMENT POLICY MATRIX			
SECTION	**REVISION**	**REASON**	**PAGE**
Glossary	~~LOCAL GOVERNMENT INVESTMENT POOL (LGIP). The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.~~	Term/concept not used in policy document.	9
Glossary	ADD the following definition: Nationally Recognized Statistical-Rating Organization (NRSRO). A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes.	Utilized throughout body of policy but never defined.	N/A

ATTACHMENT 4 - PROPOSED INVESTMENT POLICY

I. INTRODUCTION

The purpose of this document is to set out policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related procedures.

The investment policies and procedures of the San Francisco County Transportation Authority (Transportation Authority) are, in every case, subject to and limited by applicable provisions of state law and to prudent money management principles. All funds will be invested in accordance with the Transportation Authority's Investment Policy, and applicable provisions of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53600 et seq.). The investment of bond proceeds (including proceeds of notes issued pursuant to bond documents) will be further restricted by the provisions of relevant bond documents.

II. SCOPE

This policy covers all funds and investment activities under the jurisdiction of the Transportation Authority.

Bond proceeds (including proceeds of notes issued pursuant to bond documents) shall be invested in the securities permitted pursuant to the relevant bond documents, including any tax certificate~~, approved by the Transportation Authority Board of Commissioners (Board)~~. If the bond documents are silent as to the permitted investments, bond proceeds will be invested in the securities permitted by this policy. In addition to the securities listed in Section IX below, bond proceeds may also be invested in investment and forward delivery agreements. Notwithstanding the other provisions of this Investment Policy, the percentage or dollar portfolio limitations listed elsewhere in this Investment Policy do not apply to bond proceeds.

III. PRUDENT INVESTOR STANDARD

In managing its investment program, the Transportation Authority will observe the "Prudent Investor" standard as stated in Government Code Section 53600.3, applied in the context of managing an overall portfolio. Investments will be made with care, skill, prudence and diligence, taking into account the prevailing circumstances, including, but not limited to general economic conditions, the anticipated needs of the Transportation Authority and other relevant factors that a prudent person acting in a fiduciary capacity and familiar with those matters would use in the stewardship of funds of a like character and purpose.

IV. OBJECTIVES

The primary objectives, in priority order, for the Transportation Authority's investment activities are:

1) **Safety.** Safety of the principal is the foremost objective of the investment program. Investments of the Transportation Authority will be undertaken in a manner that seeks to ensure preservation of the principal of the funds under its control.

2) **Liquidity.** The Transportation Authority's investment portfolio will remain sufficiently liquid to enable the Transportation Authority to meet its reasonably anticipated cash flow requirements.

3) **Return on Investment.** The Transportation Authority's investment portfolio will be managed with the objective of attaining a market rate of return throughout budgetary and economic cycles commensurate with the Transportation Authority's investment risk parameters and the cash flow characteristics of the portfolio.

V. DELEGATION OF AUTHORITY

Management's responsibility for the investment program is derived from the Transportation Authority Board of Commissioners (Board) and is hereby delegated to the Executive Director acting as Transportation Authority Treasurer. Pursuant to the requirements of the California Government Code, the Board may renew the delegation pursuant to this section each year. No person may engage in an investment transaction except as provided under the limits of this policy. The Transportation Authority may retain the services of an investment advisor to advise it with respect to investment decision-making and to execute investment transactions for the Transportation Authority. The advisor will follow the policy and such other written instructions as are provided by the Executive Director.

VI. SOCIAL RESPONSIBILITY

Investment of funds should be guided by the following socially responsible investment goals when investing in corporate securities and depository institutions. Investments shall be made in compliance with the forgoing socially responsible investment goals to the extent that such investments achieve substantially equivalent safety, liquidity and yield compared to investments permitted by state law.

1. Investments are encouraged in entities that support community well-being through safe and environmentally sound practices and fair labor practices. Investments are encouraged in entities that support equality of rights regardless of sex, race, age, disability or sexual orientation. Investments are discouraged in entities that manufacture tobacco products, firearms, or nuclear weapons. In addition, investments are encouraged in entities that offer banking products to serve all members of the local community, and investments are discouraged in entities that finance high-cost check-cashing, deferred deposit (payday lending) businesses and organizations involved in financing, either directly or indirectly, the Dakota Access Pipeline or, as determined by the Transportation Authority, similar pipeline projects. Prior to making investments, the Transportation Authority will verify an entity's support of the socially responsible goals listed above through direct contact or through the use of a third party such as the Investors Responsibility Research Center, or a similar ratings service. The entity will be evaluated at the time of purchase of the securities.

2. Investments are encouraged in entities that promote community economic development. Investments are encouraged in entities that have a demonstrated involvement in the development or rehabilitation of low income affordable housing and have a demonstrated commitment to reducing predatory mortgage lending and increasing the responsible servicing of mortgage loans. Securities investments are encouraged in financial institutions that have a Community Reinvestment Act (CRA) rating of either Satisfactory or

Outstanding, as well as financial institutions that are designated as a Community Development Financial Institution (CDFI) by the United States Treasury Department, or otherwise demonstrate commitment to community economic development.

~~1.~~3. All depository institutions are to be advised of applicable Transportation Authority contracting ordinances, and shall certify their compliance therewith, if required.

VII. ETHICS AND CONFLICT OF INTEREST

Officers, employees and agents of the Transportation Authority involved in the investment process will not engage in any personal business activities that could conflict with proper and lawful execution of the investment program, or which could impair their ability to make impartial decisions.

VIII. INTERNAL CONTROLS

The Transportation Authority's ~~will establish~~ internal controls ~~to~~ ensures compliance with the Investment Policy and with the applicable requirements of the California Government Code. The Deputy Director for Finance and Administration is responsible for developing and managing internal control procedures. The monitoring of ongoing compliance shall be reviewed quarterly.

IX~~VIII~~. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Executive Director will establish and maintain a list of financial institutions and other financial services providers authorized to provide investment services. In addition, the Transportation Authority will establish and maintain a list of approved security broker/dealers, selected on the basis of credit worthiness, that are authorized to provide investment services in the State of California. These include primary dealers or regional dealers that meet the net capital and other requirements under Securities and Exchange Commission Rule 15c3-1. No public deposit will be made except in a qualified public depository as established by state law.

~~I~~X. PERMITTED INVESTMENT INSTRUMENTS

California Government Code Section 53601 governs and limits the investments permitted for purchase by the Transportation Authority. Within those investment limitations, the Transportation Authority seeks to further restrict eligible investment to the investments listed below. The portfolio will be diversified by security type and institution, to avoid incurring unreasonable and avoidable concentration risks regarding specific security types or individual financial institutions.

Percentage limitations, where indicated, apply at the time of purchase. Rating requirements where indicated, apply at the time of purchase. In the event a security held by the Transportation Authority is subject to a rating change that brings it below the minimum specified rating requirement, the Executive Director will notify the Board of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rating reduction, prognosis for recovery or further rating reductions and the current market price of the security.

1. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation as to the percentage of the portfolio that may be invested in this category.

2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio that may be invested in this category.

3. Repurchase Agreements not to exceed one year duration. There is no limitation as to the percentage of the portfolio that may be invested in this category. The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities are acceptable collateral. All securities underlying repurchase agreements must be delivered to the Transportation Authority's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The market value of securities that underlay a repurchase agreement will be valued at 102 percent or greater of the funds borrowed against those securities and the value will be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements will be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

4. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency; provided that the obligations are rated in one of the two highest categories by a nationally recognized statistical-rating organization (NRSRO). There is no limitation as to the percentage of the portfolio that may be invested in this category.

5. Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California, provided that the obligations are rated in one of the two highest categories by a NRSRO. There is no limitation as to the percentage of the portfolio that may be invested in this category.

6. Bankers' Acceptances issued by domestic or domestic branches of foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by a NRSRO. Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of the Transportation Authority's portfolio. No more than 30 percent of the Transportation Authority's portfolio may be invested in the Banker's Acceptances of any one commercial bank.

7. Commercial paper of "prime" quality rated the highest ranking or of the highest letter or number rating as provided by a NRSRO. The entity that issues the commercial paper will meet all of the criteria in either (1) or (2) as follows: (1) the corporation will be organized and operating within the United States as a general corporation, will have assets in excess of five hundred million dollars ($500,000,000), and will issue debt, other than commercial paper, if any, that is rated "A" or higher by a NRSRO; or (2) the corporation will be organized within the United States as a special purpose corporation, trust, or limited liability company, has program wide credit enhancements including, but not limited to, over collateralizations, letters of credit, or surety bond; has commercial paper that is rated "A-1" or higher, or equivalent by a NRSRO. Eligible commercial paper may not exceed

270 days' maturity nor represent more than 10% of the outstanding paper of an issuing corporation, or 25% of the Transportation Authority's portfolio.

8. Medium-term corporate notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term corporate notes will be rated in a rating category "A" or better by a NRSRO. Purchases of medium-term notes will not exceed 30 percent of the Transportation Authority's portfolio.

9. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California. Purchases of time certificates of deposit may not exceed 1 year in maturity or 10 percent of the Transportation Authority's portfolio.

   To be eligible to receive local agency money, a bank, savings association, federal association, or federally insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. The FFIEC provides an overall assessment of the insured depositories' ability to meet the credit needs of their communities, consistent with safe and sound operations.

10. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the Transportation Authority's portfolio.

11. State of California's Local Agency Investment Fund (LAIF). The LAIF portfolio should be reviewed periodically. There is no limitation as to the percentage of the portfolio that may be invested in this category. However, the amount invested may not exceed the maximum allowed by LAIF.

12. The California Asset Management Program, as authorized by Section 53601 (p) of the California Government Code. The Program constitutes shares in a California common law trust established pursuant to Section 6509.7 of Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by subdivisions (a) to ~~(o) and~~ (q) of Section 53601 of the Government Code of California, as it may be amended.

13. Insured savings account or money market account. To be eligible to receive local agency deposits, a financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California communities in its most recent evaluation. There is no limitation as to the percentage of the portfolio that may be invested in this category. Bank deposits are required to be collateralized as specified under Government Code Section 53630 et. seq. The collateralization requirements may be waived for any portion that is covered by federal deposit insurance. The Transportation Authority shall have a signed agreement with any depository accepting Transportation Authority funds per Government Code Section 53649.

14. Placement Service Certificates of Deposit (CDs). Certificates of deposit placed with a private sector entity that assists in the placement of certificates of deposit with eligible financial institutions located in the United States (Government Code Section 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance. The combined maximum portfolio exposure to Placement Service CDs and Negotiable CDs is limited to 30%. The maximum investment maturity will be restricted to five years.

15. The San Francisco City and County Treasury Pool. There is no limitation as to the percentage of the portfolio that may be invested in this category. Any loans or investments of Transportation Authority funds invested in the San Francisco City and County Treasury Pool to agencies of the City and County of San Francisco will specifically require the approval of the Board prior to purchase or acceptance.

16. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment pursuant to this subdivision these companies shall meet either of the following criteria:

    - Attain the highest ranking or highest letter and numerical rating provided by not less than two NRSROs.
    - Have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

    The purchase price of shares of beneficial interest purchased will not include any commission that these companies may charge and will not exceed 20 percent of the Transportation Authority's portfolio.

XI. INELIGIBLE INVESTMENTS

The Transportation Authority will not invest any funds in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity.

XII. MAXIMUM MATURITY

Investment maturities will be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the Transportation Authority to meet all projected obligations.

Where this Policy does not specify a maximum remaining maturity at the time of the investment, no investment will be made in any security, other than a security underlying a repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

XIII. REPORTING REQUIREMENTS

The Executive Director will submit a quarterly list of transactions to the Board. In addition, the Executive Director will submit to the Board an investment report each quarter, which will include, at a minimum, the following information for each individual investment:

- Type of investment instrument
- Issuer name
- Purchase date
- Maturity date
- Purchase price
- Par value
- Amortized cost
- Current market value and the source of the valuation
- Credit rating
- Overall portfolio yield based on cost
- Sale Date of any investment sold prior to maturity

The quarterly report also will (i) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance, (ii) include a description of any of the Transportation Authority's funds, investments or programs that are under the management of contracted parties, and (iii) include a statement denoting the ability of the Transportation Authority to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money may, or may, not be available. For all of the Transportation Authority's investments held in the City and County of San Francisco's Treasury Pool the Executive Director will provide the Board with the most recent investment report furnished by the Office of the Treasurer and Tax Collector.

~~XIII~~XIV. SAFEKEEPING AND CUSTODY

All security transactions entered into by the Transportation Authority will be conducted on a delivery-versus-payment basis. Securities will be held by an independent third-party custodian selected by the Transportation Authority. The securities will be held directly in the name of the Transportation Authority as beneficiary.

~~XIV~~XV. INVESTMENT POLICY REVIEW

The Executive Director will annually render to the Board a statement of investment policy, which the Board will consider at a public meeting. Any changes to the policy will also be considered by the Board at a public meeting.

GLOSSARY

AGENCIES. Federal agency securities and/or Government-sponsored enterprises.

ASKED. The price at which securities are offered.

BANKERS' ACCEPTANCE (BA). A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK. A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID. The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER. A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

COLLATERAL. Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COUPON. (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE. A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT. There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES. (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT. The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES. Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, *e.g.,* U.S. Treasury Bills.

DIVERSIFICATION. Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES. Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, *e.g.*, S&Ls, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC). A federal agency that insures bank deposits, currently up to $100,000 per deposit.

FEDERAL FUNDS RATE. The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB). Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA). FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation’s purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA’s securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC). Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM. The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

FINANCIAL STATEMENTS. Financial statements are an overview of the agency’s finances and shall be prepared in accordance with generally accepted accounting principles and shall be accompanied by a report, certificate, or opinion of an independent certified public accountant or independent public accountant.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae). Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term “pass-throughs” is often used to describe Ginnie Maes.

LIQUIDITY. A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

~~*LOCAL GOVERNMENT INVESTMENT POOL (LGIP).* The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.~~

MARKET VALUE. The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT. A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY. The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

NATIONALLY RECOGNIZED STATISCAL-RATING ORGANIZATION (NRSRO). A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes.

OFFER. The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS. Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO. Collection of securities held by an investor.

PRIMARY DEALER. A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE. An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORY. A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN. The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (RP OR REPO). A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

SAFEKEEPING. A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET. A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION (SEC). Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1. See Uniform Net Capital Rule.

STRUCTURED NOTES. Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS. A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS. Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES. Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE. Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD. The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.