

**STAFF REPORT FOR CALENDAR ITEM NO. : 7
FOR THE MEETING OF: May 20, 2013**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Presentation of and Public Hearing for draft Fiscal Year 2013-14 (FY 2013-14) Capital Budget in an Amount Not To Exceed \$282,814,000 and draft FY 2013-14 Operating Budget in an Amount Not To Exceed \$5,612,895.

SUMMARY:

The Joint Powers Agreement creating the Transbay Joint Powers Authority (TJPA), dated April 4, 2001, establishes that the fiscal year of the TJPA begins on July 1 and ends on June 30, and provides the TJPA Board of Directors with the authority to adopt a multi-year budget, or an annual budget before the beginning of each fiscal year.

In accordance with the Budget Policy adopted by the Board of Directors on June 23, 2004, staff has prepared the attached proposed budget for review by the Board of Directors.

During the April 2013 Board meeting, staff presented the Budget Outlook for FY 2013-14. Following the May Board presentation and public hearing on the proposed budget, staff will seek Board approval of the FY 2013-14 budgets at the June Board meeting.

The proposed capital budget for FY 2013-14 totals \$282,814,000. The capital budget includes work for both Phase 1 (Transit Center) and Phase 2 (DTX) of the Transbay Program and is based on the currently approved Program baseline budget of \$1,589,000,000. Certain line items in the proposed fiscal year capital budget may be amended in the future based upon changes to the baseline budget that the Board will be considering at future meetings. The proposed operating budget for FY 2013-14 totals \$5,612,895. The operating budget includes operational expenses and revenues for the Temporary Terminal.

DRAFT FY 2013-14 CAPITAL BUDGET:

Proposed FY 2013-14 Capital Expenditures

The TJPA's capital expenditure budget is organized into six categories and itemized in Attachment 1:

- Salaries and Benefits for TJPA staff (1% of budgeted expenditures);
- Administration (0.4% of budgeted expenditures);
- Professional and Specialized Services, including construction (93.7% of budgeted expenditures);
- Right of Way Acquisition (3.7% of budgeted expenditures);
- Other (0.04% of budgeted expenditures); and
- Reserves (1.1% of budgeted expenditures).

Salaries and Benefits

The TJPA's proposed salaries and benefits expense for FY 2013-14 is approximately \$2.9 million. The TJPA's strategy has been to keep its in-house staffing level small, and to use its

staff to manage contractors who undertake a variety of tasks on behalf of the TJPA. The TJPA's proposed budget is consistent with this approach. The TJPA currently employs twelve staff members: Executive Director, Principal Engineer, Senior Program Manager, Engineering Manager, Information Technology Manager, Chief of Staff / Board Secretary, Chief Financial Officer (CFO), Legislative Affairs and Community Outreach Manager, Contract Compliance Officer, Finance Coordinator, Financial and Systems Accountant, and Accountant, with a Construction Manager starting just prior to the beginning of FY 2013-14. During the course of FY 2013-14, staff may add an additional position, bringing the total staff positions to fourteen. The budget assumes that the new position is filled at the start of the fiscal year, for conservative budgeting purposes.

Administrative Expenses

This category includes the expenses associated with operating the TJPA on a day-to-day basis, such as office rent; insurance premiums; interest expense (if required); communications; office supplies, equipment and furniture; professional development; and meeting expenses. Meeting expenses for the Citizens Advisory Committee, public outreach, procurements, DBE/SBE outreach, and other public meetings related to construction activities include room rentals, additional insurance as required, audio-visual assistance, and other incidental expenses. For FY 2013-14, staff proposes to budget approximately \$1.2 million for Administrative expenses.

Professional and Specialized Services

As noted above, rather than hire a large in-house staff during design and construction, the TJPA utilizes contractors to provide services in support of the Transbay program. As a result, approximately \$265 million of the proposed FY 2013-14 capital budget is devoted to Professional and Specialized Services, the majority of which is allocated to construction, engineering, design and program management/program control activities. Construction activities total approximately 83 percent of the Professional and Specialized Services budget.

The Professional and Specialized Services budget can be categorized by: engineering and design services, permits and fees, real estate services, construction management, construction, planning and environmental analysis, and administration. The major professional and specialized services that will be undertaken during FY 2013-14 under each sub-category are described below.

Engineering and Design Services (\$40 million)

- Program Management & Program Control (PM/PC) (\$9.3 million)
PM/PC work in FY 2013-14 will focus on the following tasks:
 - Ongoing program management activities, including updating and implementing Program Implementation and Management Plans;
 - Program coordination activities, including stakeholder and labor liaison, coordination with external agencies, permit coordination activities, tracking and resolution of issues;
 - Quarterly Mitigation Monitoring reports;
 - State Historic Preservation Office and archaeological support and planning;
 - Traffic and utility coordination;
 - Oversight of construction activities;
 - Transit Center and Bus Storage project management;

- Security and O&M planning and other specialty consultation such as risk mitigation, seismic reviews, etc.
 - Supplemental environmental review management and support;
 - DTX project management; and
 - Program cost and schedule controls, including cost estimating, and cost and schedule reporting and forecasting.
- Transit Center & Ramps Engineering and Design (\$11.8 million)
Engineering and design work will continue for the Transbay Transit Center building and ramps as the architect addresses comments on the 100% Construction Documents and shifts into the Construction Administration phase of the contract.
 - Bus Storage Engineering and Design (\$1.1 million)
Continuation of work on the Bus Storage facility in FY 2013-14 will include completion of the construction documents.

Permits and Fees (\$1.1 million)

- The FY 2013-14 budget includes the cost of permits and fees required for the design and construction of the Transit Center and ramps.

Real Estate Services (\$1 million)

- The primary professional and specialized services related to right of way in the FY 2013-14 budget include surveys and work by the staff from the Office of Community Investment and Infrastructure (successor agency to the San Francisco Redevelopment Agency) related to preparing the formerly State-owned parcels for development.

Construction Management (\$8.6 million)

- Construction management services for the construction of the new Transit Center and completion of Utility Relocation are included in the FY 2013-14 budget. Responsibilities include design and submittal review; monitoring, inspection, and interface with the construction contractors; administrative tasks; claims management; and dispute resolution assistance.

Construction (\$222.2 million)

- Transit Center and Ramps Construction Manager/General Contractor (CM/GC) Pre-Construction Services (\$2.2 million)
This work includes construction logistics planning, development of detailed construction sequencing, pre-qualification of subcontractors, and preparation of subcontractor bid packages.
- Transbay Transit Center & Ramps (\$217.5 million)
Construction of the Transbay Transit Center will continue in FY 2013-14. Excavation of the train box will be completed and below grade package work will be ongoing. The FY 2013-14 budget includes funding for the continuation of this work, as well as for commencement of the steel structure package.

- Utility Relocation (\$2.5 million)
Physical relocation of utilities, specifically the City auxiliary water supply system, is planned for completion during FY 2013-14.

Planning and Environmental Analysis (\$1.4 million)

- The FY 2013-14 budget includes the cost of the supplemental environmental analyses of several changes required by the California High Speed Rail Authority (CHSRA).

Administration (\$4.9 million)

- The budget includes expenditures for other professional and specialized services required for the continued operation of the TJPA and the advancement of the Transbay Transit Center Program, including legal services, financial management, community and public relations, legislative and other services as itemized in the attached budget request.

Right of Way Acquisition

Approximately \$10.4 million in Right of Way acquisition expenses are included in the FY 2013-14 budget. In addition to acquisition costs, the Right of Way category includes expenditures associated with property acquisition including title and closing costs, relocation consultation and assistance payments, goodwill loss assistance, and other miscellaneous costs. The FY 2013-14 budget assumes that the eminent domain process will conclude during the fiscal year.

Other

The FY 2013-14 budget includes \$100,000 for Caltrans attorneys' parking formerly provided in the Transbay Terminal as required by the Cooperative Agreement with the State.

Reserves

In accordance with the TJPA's Reserve Policy, the FY 2013-14 capital budget includes a fiscal reserve and an emergency reserve funded with unrestricted revenues such as lease and interest income. By policy, the emergency reserve is set at \$500,000 unless modified by the Board. Emergency reserves would be used in extraordinary events such as natural disasters.

The proposed fiscal reserve for FY 2013-14 is approximately \$2.7 million. The fiscal reserve, to be used as a working capital fund, is capped at fifteen percent of the annual budget less right of way acquisition costs. For FY 2013-14, the amount of the fiscal reserve is constrained by the availability of unrestricted revenues. These reserves are not the reserves included in the Program baseline budget, such as Program Reserve or design, construction or schedule contingencies.

Proposed FY 2013-14 Capital Revenues

For the purposes of the annual budget, the TJPA's revenues are divided into four categories:

- Committed Revenues, which have already been allocated to the Transbay Project by one of the TJPA's funding partner agencies;
- Planned Revenues, which are anticipated to be made available during FY 2013-14, but have not yet been allocated to the Project;

- Other, which includes the portion of the fund balance from the previous year that is available for expenditure in FY 2013-14; and
- New Revenues to be Identified, which are not included in the overall Transbay Transit Center Program financial plans.

Committed Revenues

Since its inception, the TJPA has received more than \$960 million in funding allocations from the following sources:

- Federal High Speed and Intercity Passenger Rail / American Recovery and Reinvestment Act (ARRA) grant (\$400.0 million)
- Federal Transit Administration grants (\$62.4 million);
- Federal Railroad Administration Rail Line Relocation grant (\$2.7 million);
- In-kind contributions (\$0.8 million);
- Regional Measure 1 (RM-1) toll revenues (\$54.4 million);
- Regional Measure 2 (RM-2) toll revenues (\$150.0 million);
- AB 1171 bridge toll revenues (\$147.7 million);
- Proposition K Sales Tax revenues (\$125.7 million);
- San Mateo County Measure A Sales Tax (\$23.3 million);
- AC Transit Capital Contributions (\$9.8 million); and
- California Regional Transportation Improvement Program (RTIP) revenues (\$10.2 million).

Of the total allocations to date, approximately \$274.7 million in committed grant revenues are included in the FY 2013-14 budget. Additionally, land sales proceeds, lease revenues and interest income are included in the committed budget revenues.

Planned Revenues

At the end of FY 2012-13, a grant request of approximately \$2.1 million will be pending with AC Transit for California Transit Security Grant Program funds. In addition, a second request for the same amount is anticipated later in the fiscal year. The applications for these funds are being submitted by AC Transit on behalf of the TJPA as part of AC Transit’s capital funding commitment under the Lease and Use Agreement.

Additional revenues are planned for allocation or receipt during the fiscal year, but are not currently planned for expenditure and thus are not included in the proposed fiscal year budget. These additional revenues include land sales proceeds of \$30 million generated by the sale of Block 6 on Folsom Street, expected to close in October 2013. The land sales proceeds will be held in a trustee account per the terms of the Cooperative Agreement with the State, invested per the TJPA Investment Policy, and spent for eligible construction expenditures as needed.

New Revenues to be Identified

The proposed FY 2013-14 budget does not include any revenues in this category. TJPA will be working with its funding partners MTC, SFCTA and USDOT’s TIFIA office to identify and allocate additional revenues that are required for certification of contracts in order to keep the project on schedule, but are not planned for expenditure during FY 2013-14. One revenue source

that has already been identified is additional Proposition K funds now available to TJPA due to lower than expected financing costs for the Proposition K program. The exact amount will be dependent upon the timeframe in which the funds are actually required (spent), but initial model runs have yielded approximately \$49 million depending upon the fiscal year in which the funds are allocated.

FY 2013-14 OPERATING BUDGET:

With the opening of the temporary terminal, the TJPA began incurring operating costs in FY 2010-11. Operations at the temporary terminal will continue until the new Transbay Transit Center is open for bus transit service.

FY 2013-14 Operating Expenditures

The TJPA’s FY 2013-14 operating budget totals \$5,612,895. The operating budget includes the following expenditures:

- Temporary terminal facility management and security (\$1.2 million);
- Police Services as necessary (\$10,000);
- Additional Operating Support for AC Transit’s increased operating costs at the temporary terminal (\$2.2 million);
- Parking Control Officers (\$146,000) to manage traffic operations in the vicinity of the temporary terminal;
- Utilities (\$41,000);
- Insurance (\$48,000);
- Operating Contingency of approximately 15 percent (\$611,000); and
- Operating reserve fund (\$1.4 million).

The AC Transit operating costs are reimbursed and the operating reserve is funded in accordance with the Lease and Use Agreement with AC Transit. TJPA staff and administrative costs are included under the capital budget, not the operating budget.

FY 2013-14 Operating Revenues

The FY 2013-14 Operating Budget includes revenues from Regional Measure 2 bridge toll funds (\$4.2 million), rent from Greyhound (\$305,000), advertising income (\$51,000), and a contribution to the operating reserve from AC Transit (\$1 million).

BOARD RESOLUTION AUTHORIZATION:

The TJPA Board provides expenditure authorization to staff in several ways. For most expenditures, the Board approves a contract with a vendor that governs the duration and cost of the goods and services to be provided. However, not all expenditures are based on contracts. In general, these expenditures pay for administrative items such as salaries, benefits, office supplies, professional memberships, and meeting expenses. These items in the proposed capital budget are designated as the several line items in italics. By approving the budget request, the Board would provide expenditure authorization for those line items that are not based on contracts.

In some cases, the TJPA's funding partners require that funding applications be approved by the TJPA Board. Others do not include this requirement. For clarification, and as in previous fiscal years, the FY 2013-14 budget resolution will include language authorizing the TJPA's Executive Director to apply for, accept, and expend funds for Board approved expenditures in the annual budget.

BOARD BUDGET REVIEW PROCESS:

Staff will return to the Board on a quarterly basis to report on the status of "budget vs. actual" expenditures and revenues. Staff may also return to the Board for review and approval of one or more budget amendments, if changes in circumstances warrant a change in budgeted expenditures and revenues.

ENCLOSURES:

1. FY 2013-14 Proposed Capital Budget (Attachment 1)
2. FY 2013-14 Proposed Operations Budget (Attachment 2)

RECOMMENDATION:

Information only; Final Budget to be presented for approval at June Board meeting.

Transbay Joint Powers Authority
Proposed Fiscal Year 2013-14 Capital Budget Request

	FY 2012-13 Budget	FY 2013-14 Budget Request	Change
CAPITAL EXPENDITURES ¹			
Salaries & Benefits			
Salaries	2,096,000	2,166,000	70,000
Benefits	705,000	751,000	46,000
Subtotal, Salaries & Benefits	\$ 2,801,000	\$ 2,917,000	\$ 116,000
Administration			
Rent	690,000	710,000	20,000
Insurance	94,000	88,000	(6,000)
Interest Expense	25,000	25,000	-
Office Expenses	83,000	92,000	9,000
Communications	77,000	77,000	-
Information Technology Support	36,000	46,000	10,000
Travel/Conferences	40,000	40,000	-
Professional Development	27,000	29,000	2,000
Board Expenses	10,000	10,000	-
Meeting Expenses	7,000	15,000	8,000
Benefits Administration / Payroll Services	19,000	19,000	-
Miscellaneous	33,000	33,000	-
Subtotal, Administration	\$ 1,141,000	\$ 1,184,000	\$ 43,000
Professional & Specialized Services			
Engineering & Design Services			
Program Management / Program Controls	9,200,000	9,279,000	79,000
Downtown Extension Preliminary Engineering & Design	6,400,000	400,000	(6,000,000)
Downtown Extension Interagency Coordination	277,000	277,000	-
Transit Center & Ramps Engineering & Design	18,221,000	11,804,000	(6,417,000)
Transit Center Traffic Signals	381,000	50,000	(331,000)
Transit Center Overhead Lines	876,000	250,000	(626,000)
Transit Center Commissioning Agent	140,000	200,000	60,000
Bus Ramps Design Reviews	350,000	30,000	(320,000)
Bus Storage Engineering & Design	1,205,000	1,166,000	(39,000)
Utility Relocation Engineering & Design	316,000	230,000	(86,000)
Environmental Consultant / Building and Soil Haz. Mat.	386,000	173,000	(213,000)
Archaeological Support Services	100,000	100,000	-
Public Art Program	790,000	500,000	(290,000)
Other Engineering & Design Services	1,407,000	1,223,000	(184,000)
Permits and Fees			
Transit Center Building & Ramps Permits & Fees	2,446,000	1,018,000	(1,428,000)
Bus Storage Permits & Fees	200,000	-	(200,000)
Utility Relocation Permits & Fees	30,000	-	(30,000)
DTX Permits & Fees	10,000	10,000	-
Other Plan Checks / Permit Fees	134,000	51,000	(83,000)
Real Estate Services			
Property Management	14,000	14,000	-
Appraisal Services	100,000	41,000	(59,000)
ALTA / Design Surveys	260,000	221,000	(39,000)
SF Redevelopment Successor Agency Administrative Fee	431,000	722,000	291,000
Miscellaneous Real Estate Services	40,000	50,000	10,000
Construction Management			
Construction Management Oversight for Transit Center	8,490,000	8,416,000	(74,000)
Construction Management for Bus Storage	625,000	200,000	(425,000)

Transbay Joint Powers Authority
Proposed Fiscal Year 2013-14 Capital Budget Request

	FY 2012-13 Budget	FY 2013-14 Budget Request	Change
Construction			
Transit Center & Ramps CM/GC Pre-Construction Services	4,460,000	2,158,000	(2,302,000)
Transit Center Building & Ramps Construction	141,565,000	217,500,000	75,935,000
Utility Relocation Construction	4,889,000	2,522,000	(2,367,000)
Planning & Environmental Analysis			
Community Benefits District Formation	-	50,000	50,000
Transit Center District Plan	75,000	-	(75,000)
Economic and Real Estate Analysis	350,000	287,000	(63,000)
Environmental Review	1,500,000	1,000,000	(500,000)
Other Planning Studies	96,000	67,000	(29,000)
Administration			
Outside Legal Counsel & City Attorney	2,947,000	3,129,000	182,000
Financial & Grant Management	600,000	694,000	94,000
New Revenue Consultation	25,000	25,000	-
Accounting Software, Installation, and Maintenance	20,000	20,000	-
Audit Services	50,000	50,000	-
Credit Rating Analysis	35,000	100,000	65,000
Loan Servicing Fees	13,000	14,000	1,000
TIFIA Project Monitoring	75,000	75,000	-
Trustee Account Services	2,000	2,000	-
Community & Public Relations	180,000	180,000	-
Legislative Services	513,000	506,000	(7,000)
Disadvantaged and Small Business Program	100,000	50,000	(50,000)
Other Intergovernmental Agreements	30,000	30,000	-
Other Consulting Assistance	50,000	50,000	-
Subtotal, Professional & Specialized Services	\$ 210,404,000	\$ 264,934,000	\$ 54,530,000
Right of Way Acquisition			
Property Acquisition	4,441,000	9,536,000	5,095,000
Title/Closing Costs	70,000	34,000	(36,000)
Relocation Services Consultation	136,000	32,000	(104,000)
Relocation Assistance	335,000	579,000	244,000
Goodwill Loss Assistance	290,000	205,000	(85,000)
Other Right of Way Expenses	42,000	43,000	1,000
Subtotal, Right of Way Acquisition	\$ 5,314,000	\$ 10,429,000	\$ 5,115,000
Other			
Caltrans Attorney Parking per Cooperative Agreement	100,000	100,000	-
Subtotal, Other	\$ 100,000	\$ 100,000	-
Reserves			
Fiscal Reserve	3,411,000	2,750,000	(661,000)
Emergency Reserve	500,000	500,000	-
Subtotal, Other	\$ 3,911,000	\$ 3,250,000	\$ (661,000)
TOTAL EXPENDITURES + OTHER	\$ 223,671,000	\$ 282,814,000	\$ 59,143,000

Transbay Joint Powers Authority
Proposed Fiscal Year 2013-14 Capital Budget Request

CAPITAL REVENUE ²	FY 2012-13 Budget	FY 2013-14 Budget Request	Change
Committed Revenue			
Federal Bus Facility, Alternatives Analysis and PNRS Grants (FTA)	8,946,000	10,478,000	1,532,000
Federal High Speed and Intercity Passenger Rail Program (FRA)	152,943,000	85,520,000	(67,423,000)
Regional Measure 2	2,730,000	1,831,000	(899,000)
AB 1171 Bridge Tolls	7,678,000	18,665,000	10,987,000
Proposition K San Francisco Sales Tax	6,926,000	13,452,000	6,526,000
San Mateo County Sales Tax	769,000	129,000	(640,000)
AC Transit Capital Contribution	2,898,000	4,000,000	1,102,000
Regional Transportation Improvement Program (RTIP)	500,000	-	(500,000)
Land Sales	-	140,561,000	140,561,000
Lease Income	62,000	62,000	-
Interest Income	44,000	38,000	(6,000)
Subtotal, Committed Revenue	\$ 183,496,000	\$ 274,736,000	\$ 91,240,000
Planned Revenue			
Federal Alternatives Analysis Grant	1,240,000	-	(1,240,000)
AC Transit Capital Contribution	4,748,000	4,297,000	(451,000)
Bridge Tolls	9,959,000	-	(9,959,000)
Land Sales Proceeds	12,332,000	-	(12,332,000)
Subtotal, Planned Revenue	\$ 28,279,000	\$ 4,297,000	\$ (23,982,000)
Other			
Fund Balance from Previous Year	4,396,000	3,781,000	(615,000)
Subtotal, Other	\$ 4,396,000	\$ 3,781,000	\$ (615,000)
New Revenues to be Identified			
Revenue Source to be Determined	7,500,000	-	(7,500,000)
Subtotal, Revenue Source to be Determined	\$ 7,500,000	\$ -	\$ (7,500,000)
TOTAL REVENUE + OTHER	\$ 223,671,000	\$ 282,814,000	\$ 59,143,000

1: Italics indicate those line items for which the approval of the expenditure amount provides expenditure authorization from the Board. Other line items are generally authorized through contract approvals.

2: TJPA's grant revenues are multi-year, and do not lapse at the end of a fiscal year. Revenues that are budgeted in one fiscal year, but not utilized, will carry forward into the following year.

Transbay Joint Powers Authority
Proposed Fiscal Year 2013-14 Operating Budget Request

OPERATING EXPENDITURES	FY 2012-13 Annual Operating Budget	FY 2013-14 Annual Operating Budget Request	Change
Professional & Specialized Services			
Temporary Terminal Facility Management & Security	1,134,000	1,169,000	35,000
Police Services as Needed	50,000	10,000	(40,000)
AC Transit Additional Operating Support	2,658,000	2,207,000	(451,000)
Parking Control Officers	142,000	146,000	4,000
Utilities	45,000	41,000	(4,000)
Insurance	45,600	47,900	2,300
Operating Contingency	14,400	610,895	596,495
Subtotal, Professional & Specialized Services	\$ 4,089,000	\$ 4,231,795	\$ 142,795
Reserves			
Operating Reserve	1,333,500	1,381,100	47,600
Subtotal, Reserves	\$ 1,333,500	\$ 1,381,100	\$ 47,600
TOTAL OPERATING EXPENDITURES	\$ 5,422,500	\$ 5,612,895	\$ 190,395
OPERATING REVENUE			
Regional Measure 2	4,089,000	4,231,795	142,795
AC Transit Reserve Contribution	995,500	1,025,000	29,500
Rents	288,000	305,000	17,000
Advertising	50,000	51,100	1,100
Subtotal, Operating Revenue	\$ 5,422,500	\$ 5,612,895	\$ 190,395
TOTAL OPERATING REVENUE	\$ 5,422,500	\$ 5,612,895	\$ 190,395