

**STAFF REPORT FOR CALENDAR ITEM NO.: 12
FOR THE MEETING OF: June 14, 2018**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Adoption of Fiscal Year 2018-19 (FY 2018-19) Capital Budget in an Amount Not To Exceed \$169,832,720 and FY 2018-19 Operating Budget in an Amount Not To Exceed \$33,157,050.

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 with the authority to adopt a multi-year budget, or an annual budget before the beginning of each fiscal year. In accordance with TJPA's Policy No. 003: Budget Policy, adopted by the Board on June 23, 2004, staff has prepared the attached proposed fiscal year budgets for review and approval by the Board.

At the May 2018 Board meeting, the draft budgets for FY 2018-19 were presented. No public comments on the budget line items or amounts were received. However, staff has incorporated Board feedback into the operating budget, and other revisions have been made to both budgets as explained below, to account for further refinement as additional information became available.

The proposed capital budget for FY 2018-19 totals \$169,832,720 (versus the \$165,522,920 presented in May). The capital budget includes work for both Phase 1 (\$148 million, unchanged from draft) and Phase 2 (\$21.6 million, versus \$17.2 million in Draft Budget) of the Transbay Program and is based on overall Program budgets. The proposed operating budget for FY 2018-19 totals \$33,157,050 (versus the \$35-40 million scenarios presented in May). The operating budget includes expenses and revenues for the short remaining duration of operations at the temporary terminal, and commencement of full operations at the transit center.

FY 2018-19 CAPITAL BUDGET:

Proposed FY 2018-19 Capital Expenditures

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

- Salaries and Benefits for TJPA staff (1.2% of budgeted expenditures)
- Administration (0.8% of budgeted expenditures)
- Professional & Specialized Services, including construction (98% of budgeted expenditures)

Salaries and Benefits

No changes from Draft Budget. The TJPA's proposed salaries and benefits expense for FY 2018-19 is approximately \$1.9 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 capital budget includes staff time for Phase 1 and 2; there is also staff time in the operating budget. The

positions are allocated between the budgets as follows:

<u>Capital</u>	<u>Split Capital/Operating</u>
Senior Construction Manager	Executive Director
Senior Engineering & Design Manager	Chief of Staff / Board Secretary
	Chief Financial Officer
	Financial & Systems Accountant / HR Analyst
<u>Operating</u>	Financial Reporting Accountant
Chief Security Officer	Accountant
Deputy Chief Security Officer	Engineering Manager
Facility Manager	Executive Assistant
IT Manager (currently vacant)	Administrative Analyst (currently a temp)

Salaries are based on position ranges in the pay schedule last approved by the TJPA Board in June 2017. In addition to employee benefits, the Benefits line item includes amounts for workers compensation premiums, CalPERS liability payments, and an annual contribution to the OPEB trust.

Administrative Expenditures

No changes from Draft Budget. This category includes the expenditures associated with operating the TJPA on a day-to-day basis, such as office rent; insurance premiums not attributable to operations; communications; office supplies, equipment and furniture; professional development; meeting expenses; and human resources/payroll administration. Information technology consulting costs are also included here but would be expected to go down when a network administrator is hired. For FY 2018-19, staff proposes to budget approximately \$1.4 million for Administrative expenditures, mainly for Phase 1 with a relatively low amount allocated to Phase 2. This slight increase from FY 2017-18 includes the estimated cost to move from current leased office space to the new transit center. A portion of Administrative expenditures is also included in the operating budget.

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 \$162 million of the proposed FY 2018-19 capital budget is devoted to Professional and Specialized Services, the majority of which is allocated to Phase 1 construction—Phase 1 construction activities total approximately 81 percent of the Professional and Specialized Services budget. The \$21.6 million budgeted for Phase 2 is also primarily in the Professional and Specialized Services section of the 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 activities in these sub-categories were described in the staff report for the Draft Budget presented at the May Board meeting.

A breakdown of Phase 1 and Phase 2 is shown below as well as in the attached proposed budget.

FY 2018-19 Capital Budget	Phase 1	Phase 2	Total
<i>Salaries/Benefits/Administration</i>	\$2,510,560	\$801,060	\$3,311,620
<i>Engineering and Design Services</i>	5,523,000	16,430,800	21,953,800
<i>Permits and Fees</i>	225,000	-	225,000
<i>Construction Management</i>	4,050,000	-	4,050,000
<i>Construction</i>	131,000,000	-	131,000,000
<i>Real Estate Services</i>	9,000	120,000	129,000
<i>Planning and Environmental Analysis</i>	13,100	3,800,000	3,813,100
<i>Administrative Services</i>	4,948,950	401,250	5,350,200
Total	\$148,279,610	\$21,553,110	\$169,832,720

Proposed FY 2018-19 Capital Funding Sources

For the purposes of the annual budget, the TJPA’s funding sources are divided into two categories:

- Committed Funding Sources, which have already been allocated to the Transbay Project by one of the TJPA’s funding partner agencies or represent available debt proceeds
- Planned Funding Sources, which are anticipated to be made available during FY 2018-19, but have not yet been received by the TJPA

Committed Funding Sources

This section of the budget is largely unchanged from the Draft Budget presented in May. Committed funding sources consist of existing sources that have already been allocated or are otherwise available. These include existing allocation balances from Federal Transit Administration (FTA), Regional Measure 2 (RM-2), AB 1171 Bridge Tolls, and San Francisco Proposition K (Prop K) sales tax; land sales proceeds from sales of state parcels; proceeds from the 2015 Bridge Loan financing, the TIFIA loan, and the City Financing; reimbursement from others including utilities and adjacent properties; and lease and interest/investment income.

The largest committed funding source in the FY 2018-19 budget is proceeds from the City’s 2017 Community Facilities District (CFD) bond sale, at \$62.8 million for the fiscal year. Approximately \$57.9 million of the FY 2018-19 budget will be funded through TJPA debt proceeds—the TIFIA Loan, the City Financing, and remaining residual from the Bridge Loan. Debt service for the City Financing will be paid from net tax increment revenues. Approximately \$3.9 million in committed grant funds are included in the FY 2018-19 budget, and \$5.2 million in land sales proceeds. Minor amounts of lease revenue from a property not yet required for construction, and interest/investment income are also included in the committed section.

Planned Funding Sources

Additional funding sources are planned for allocation or receipt during the fiscal year. These sources include Transit Center District Impact Fees for the rooftop park and Phase 2. In a change since the presentation of the Draft Budget, this section also now includes a Prop K allocation for Phase 2 engineering work, anticipated to be acted on by the San Francisco County Transportation Authority next month, allowing Phase 2 work to move forward until the availability of the impact fees and, potentially, Regional Measure 3 (RM-3). TJPA staff has had preliminary discussions with MTC staff regarding an allocation of RM-3 funds in the next calendar year to allow for

completion of Phase 2 preliminary engineering to the 30% level.

FY 2018-19 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 transit center is completely open for bus service, which is anticipated in August 2018.

FY 2018-19 Operating Expenses

The TJPA’s FY 2018-19 operating budget totals \$33,157,050. For budgeting purposes, staff has assumed two months of operations at the temporary terminal, and a full year of operations at the transit center. TJPA staff has been working with the asset manager, Lincoln Property Company (LPC), to refine the transit center operating budget since the draft was presented in May and various changes have been made that result in a net reduction of transit center operating expenses of \$1.69 million.

The final operating budget for the temporary terminal is the same as presented in the Draft Budget and includes the following estimated expenses for two months at the temporary terminal:

- Temporary terminal facility management, including utilities (\$176,600)
- Parking Control Officers to manage bus traffic operations in the vicinity (\$22,000)
- Temporary terminal Insurance (\$10,400)

Total: \$209,000

The final transit center operating budget includes estimated costs for security, operations and maintenance, and insurance as follows, shown with a comparison to the draft budget presented in May:

<i>(\$millions)</i>	Draft Budget	Final Budget
O&M, including janitorial, maintenance, utilities	\$8.2	\$7.7
Security	\$7.6	\$8.0
Marketing and leasing	\$3.5	\$2.8
Property management staffing, admin, fee	\$3.1	\$2.7
Rooftop park maintenance, programming, mgmt	\$1.5	\$1.5
Digital content / wayfinding systems	\$1.0	\$0.7
Insurance	\$0.9	\$0.8
Total	\$25.9	\$24.2

Most line items saw a slight reduction; the increase in the security line item accounts for radio purchasing/leasing. Service levels and expectations that the transit center budget is based upon are described in the in the staff report for the Draft Budget presented at the May Board meeting.

For the first time since program inception, the proposed operating budget also includes various TJPA administrative costs, as Phase 1 closes out. These costs were all previously capitalized as part of the cost to construct the transit center; however, they are now more appropriately included in the operating budget. As Phase 1 closeout may stretch several months and because work on Phase 2 will continue to be capitalized, the operating budget includes just a portion of TJPA salaries, benefits, and administrative expenses for next fiscal year. These amounts are unchanged since presentation of the Draft Budget:

- TJPA staff salaries & benefits (\$1.3 million)
 - TJPA administration, including office expenses and the other administrative categories included in the capital budget (\$0.6 million)
 - CBD special tax assessments (\$67,000)
 - Other professional services such as auditing and legal (\$0.5 million)
 - Debt service costs for the second half of the fiscal year, the first half being carried in the Phase 1 capital budget (\$2.1 million, covered by net tax increment revenue)
- Total: \$4.6 million

For costs that are allocated between capital and operating, the apportionment is shown below:

Budget Category	Phase 1	%	Phase 2	%	Ops	%	Total
<i>Salaries/Benefits</i>	\$1,247,465	39%	\$677,035	21%	\$1,313,750	41%	\$3,238,250
<i>Administration</i>	\$1,263,095	64%	\$124,025	6%	\$577,600	29%	\$1,964,720
<i>Audit</i>	\$24,000	50%	-	-	\$24,000	50%	\$48,000
<i>Legal Counsel</i>	\$3,283,600	87%	-	-	\$500,000	13%	\$3,783,600
<i>Debt Service</i>	\$1,287,400	38%	-	-	\$2,090,700	62%	\$3,378,100

FY 2018-19 Emergency Reserve and Operating Contingency

The TJPA Reserve Policy establishes three types of reserves: Emergency Reserve, Fiscal Reserve, and an O&M Reserve. The Emergency Reserve is set at \$500,000 by the policy and would be used in extraordinary events such as a natural disaster. If needed, it would be funded with existing unrestricted fund balance. The O&M Reserve and the Fiscal Reserve have similar purposes—ensuring that sufficient funds are available in the event of unanticipated funding shortfalls and/or unavoidable expenditures; thus just one line item for operating expense contingency has been included in the operating budget. It has been set at 15% of the transit center operating budget line items, or \$3.6 million.

FY 2018-19 Non-operating and Operating Revenues

The FY 2018-19 operating budget includes revenues from RM-2 bridge toll funds, Community Benefits District assessments, transit center revenues, cellular antennae licensing fees, and small amounts of revenue from the temporary terminal as follows, shown with a comparison to the draft budget presented in May:

<i>(\$millions)</i>	Draft Budget	Final Budget
Non-operating Revenue		
Regional Measure 2 bridge tolls	\$8.0	\$8.0
Net tax increment	\$2.1	\$2.1
East Cut CBD assessments	\$1.2	\$1.16
201 Mission office sublease	\$0.3	\$0.3
Operating Revenue		
Transit center retail	\$1.4	\$1.4
Transit center sponsorship/events	\$0.9	\$0.9
Transit center advertising	\$2.4	\$0.9
Neutral host DAS licensing fees	\$1.4	\$1.4
Naming rights	\$5.2	\$5.2
Temporary terminal lease	\$0.3	\$0.3

Other operator rents	\$0.3	\$0.3
Subtotal	\$23.6	\$22.0

The reduction in the transit center advertising line item is due to a calculation error in the Draft Budget, not due to any change in expectations for the advertising platform.

The balance necessary to fully cover the operating budget will come from a combination of reserve and contributions from the transit center Primary Tenants, AC Transit and San Francisco Municipal Transportation Agency (SFMTA). Under the lease agreements with each of the Primary Tenants, they will be required to cover any differential between operating costs and operating revenues. Following feedback from the Board regarding the Draft Budget, the Final Budget being presented minimizes operator contributions as much as TJPA staff believes is financially prudent, utilizing more than 75% of the existing O&M Reserve balance.

The Lease and Use Agreement between TJPA and AC Transit calls for an operating reserve to be established. The TJPA Board-approved Reserve Policy includes a goal of holding an amount equal to 25% of the operating budget in the O&M Reserve. This budget does not comply with that policy. Staff reported on other agencies' reserve targets at the time the Board considered the update to the Reserve Policy, in November 2017. For comparative purposes, below are the operating and maintenance reserve goals for regional transit operators:

- AC Transit: 20% of annual operating budget
- SFMTA: 10% of annual operating expenditures
- Marin Transit: 4 months of operations (25%)
- Caltrain JPB: 15% of annual operating budget
- VTA: 15% of operating budget in the VTA Transit Enterprise Fund
- Golden Gate Bridge, Highway & Transportation District: 7.5% of annual operating budget

The TJPA's operating budget is concentrated on keeping this single facility operational, versus other transit agencies' budgets. In addition, half of operating revenue (at stabilization) is anticipated to come from retail rents, sponsorship, and advertising. These revenues may be more sensitive to economic disruptions than other revenue sources in TJPA's operating budget. However, TJPA staff understands the financial difficulties each Primary Tenant faces in making operator contributions and thus has considered various target levels for O&M Reserve funding. Yet without making a contribution to the O&M Reserve during the fiscal year as was proposed in the Draft Budget, operator contributions are still potentially significant at any level:

O&M Reserve Goal	25%	20%	18%	15%
FY19 Operating Budget	\$ 26,930,450	\$ 26,930,450	\$ 26,930,450	\$ 26,930,450
O&M Reserve Target	\$ 6,732,613	\$ 5,386,090	\$ 4,847,481	\$ 4,039,568
O&M Reserve Balance	\$ 8,886,459	\$ 8,886,459	\$ 8,886,459	\$ 8,886,459
Naming Rights Addition	-	-	-	-
Subtotal	\$ 8,886,459	\$ 8,886,459	\$ 8,886,459	\$ 8,886,459
Less Target Balance	\$ (6,732,613)	\$ (5,386,090)	\$ (4,847,481)	\$ (4,039,568)
Amount to Spend	\$ 2,153,846	\$ 3,500,369	\$ 4,038,978	\$ 4,846,891
Operator Gap	\$ 8,501,779	\$ 7,155,256	\$ 6,616,647	\$ 5,808,734
<i>AC Transit</i>	\$ 6,291,316	\$ 5,294,889	\$ 4,896,319	\$ 4,298,463

O&M Reserve Goal	25%	20%	18%	15%
<i>SFMTA</i>	\$ 2,210,462	\$ 1,860,367	\$ 1,720,328	\$ 1,510,271
O&M Reserve Goal	12%	10%	7.5%	5%
FY19 Operating Budget	\$ 26,930,450	\$ 26,930,450	\$ 26,930,450	\$ 26,930,450
O&M Reserve Target	\$ 3,231,654	\$ 2,693,045	\$ 2,019,784	\$ 1,346,523
O&M Reserve Balance	\$ 8,886,459	\$ 8,886,459	\$ 8,886,459	\$ 8,886,459
Naming Rights Addition	-	-	-	-
Subtotal	\$ 8,886,459	\$ 8,886,459	\$ 8,886,459	\$ 8,886,459
Less Target Balance	\$ (3,231,654)	\$ (2,693,045)	\$ (2,019,784)	\$ (1,346,523)
Amount to Spend	\$ 5,654,805	\$ 6,193,414	\$ 6,866,675	\$ 7,539,936
Operator Gap	\$ 5,000,820	\$ 4,462,211	\$ 3,788,950	\$ 3,115,689
<i>AC Transit</i>	\$ 3,700,607	\$ 3,302,036	\$ 2,803,823	\$ 2,305,610
<i>SFMTA</i>	\$ 1,300,213	\$ 1,160,175	\$ 985,127	\$ 810,079

Establishing a target balance of 7.5% of the operating budget—the lowest percentage amongst the agencies listed above—results in operator contributions totaling \$3.8 million, a little more than half of what was presented in the Draft Budget. It is anticipated that AC Transit would cover 74%, or approximately \$2.8 million, and SFMTA 26%, or approximately \$1 million. A portion of AC Transit’s cost will presumably be passed on to the bus deck subtenants—Greyhound, Amtrak, WestCat LYNX, and SFMTA. One bus bay is equivalent to 2.1% of expenses, and current plans are for seven bus bays to be subleased.

Staff has included projections for fiscal years through FY 2021-22 as Attachment 3, so that the Board can consider the effect on future fiscal years of using reserve. It should be noted that operator contributions necessary to full fund the projected operating budget in FY 2019-20 and FY 2020-21 increase significantly. If TJPA is required to fund \$10 million in additional tenant improvements from a source other than City Financing, this issue will be exacerbated. The Cost Review Committee associated with the City Financing will not make a decision on the remainder of tenant improvement funding at least until later in this calendar year.

RM-3 was included on the June ballot and passed; it includes funding for transit center operations, up to a maximum of \$5 million. Since presentation of the Draft Budget, Metropolitan Transportation Commission (MTC) staff has provided an update on the timing of these funds. Unlike the RM-2 operating allocation, which is a set amount that escalates annually, the RM-3 legislation limits the total percentage of RM-3 bridge toll revenue that can be allocated to operations—16% for the total operating program and 8% within that for the transit center. The calculations below, from MTC, are based on the total revenue expected with each of the sequential \$1 increases, the first of which begins on January 1, 2019. The actual toll implementation schedule has to be approved by MTC and the Bay Area Toll Authority, so MTC staff advises not to use the numbers below for budgeting purposes at this time. The numbers from FY 2019-20 onwards are assumed in the Attachment 3 projections.

FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY34-24	FY24-25	FY25-26
\$812,800	\$1,625,600	\$1,625,600	\$2,438,400	\$3,251,200	\$3,251,200	\$4,064,000	\$4,876,800

If approximately \$800,000 is available from RM-3 in the coming fiscal year, that amount can be used to further reduce operator contributions:

O&M Reserve Goal	12%	10%	7.5%	5%
O&M Reserve Balance	\$ 8,886,459	\$ 8,886,459	\$ 8,886,459	\$ 8,886,459
Less Target Balance	<i>\$ (3,231,654)</i>	<i>\$ (2,693,045)</i>	<i>\$ (2,019,784)</i>	<i>\$ (1,346,523)</i>
Amount to Spend	\$ 5,654,805	\$ 6,193,414	\$ 6,866,675	\$ 7,539,936
Operator Gap after RM-3	\$ 4,188,020	\$ 3,649,411	\$ 2,976,150	\$ 2,302,889
<i>AC Transit</i>	<i>\$ 3,099,135</i>	<i>\$ 2,700,564</i>	<i>\$ 2,202,351</i>	<i>\$ 1,704,138</i>
<i>SFMTA</i>	<i>\$ 1,088,885</i>	<i>\$ 948,847</i>	<i>\$ 773,799</i>	<i>\$ 598,751</i>

Or additional funds may be used to offset use of O&M Reserve:

O&M Reserve Goal	12%	10%	7.5%	5%
Year End Reserve Balance	\$ 3,231,654	\$ 2,693,045	\$ 2,019,784	\$ 1,346,523
Addition Equal to RM-3	\$ 812,800	\$ 812,800	\$ 812,800	\$ 812,800
Revised End Balance	\$ 4,044,454	\$ 3,505,845	\$ 2,832,584	\$ 2,159,323

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 budgets are designated as the several line items in italics. By approving the budget request, the Board would provide authorization for those line items that are not based on contracts.

Some of the TJPA’s funding partners require that funding applications be approved by the TJPA Board, such as MTC. Others do not include this requirement. For clarification, and as in previous fiscal years, the FY 2018-19 budget resolution includes 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.

RECOMMENDATION:

Approve the FY 2018-19 Capital and Operating Budgets.

ENCLOSURES:

1. FY 2018-19 Budget Resolution
2. FY 2018-19 Proposed Capital Budget (Attachment 1)
3. FY 2018-19 Proposed Operating Budget (Attachment 2)
4. Operating Budget Projections Through FY 2021-22 (Attachment 3)

**TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS**

Resolution No. _____

WHEREAS, The Transbay Joint Powers Authority (TJPA) is a joint powers agency responsible for the planning, design, construction, operation and management of the new Transbay Transit Center Program; and

WHEREAS, Pursuant to the Joint Powers Agreement creating the TJPA, dated April 4, 2001, the TJPA Board of Directors has the authority to adopt an annual or multi-year budget; and

WHEREAS, The TJPA Board of Directors has reviewed and considered the annual capital and operating budgets for FY 2018-19 shown in Attachment No. 1 and Attachment No. 2 incorporated herein by reference; now, therefore, be it

RESOLVED, That the TJPA Board of Directors hereby approves the annual capital budget and related appropriations for FY 2018-19 in an amount not to exceed \$169,832,720; and, be it further

RESOLVED, That the TJPA Board of Directors hereby sets a funding target for the O&M Reserve for FY 2018-19 of 7.5% of the total operating budget, utilizing the remainder of the O&M Reserve to minimize transit operator contributions to cover the annual operating budget; and, be it further

RESOLVED, That the TJPA Board of Directors hereby approves the annual operating budget and related appropriations for FY 2018-19 in an amount not to exceed \$33,157,050; and, be it further

RESOLVED, That the TJPA Board of Directors hereby authorizes the Executive Director to apply for, accept, and expend revenues in accordance with the annual capital and operating budgets for FY 2018-19 and the implementation of the Transbay Program.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of June 14, 2018.

Secretary, Transbay Joint Powers Authority

Transbay Joint Powers Authority
Fiscal Year 2018-19 Capital Budget Request

	FY 2017-18 Budget Amendment 2	FY 2018-19 Final Budget	\$ Change	% Change	Phase 1	Phase 2
CAPITAL EXPENDITURES ¹						
Salaries & Benefits						
Salaries	2,543,300	1,436,100	(1,107,200)	-43.5%	930,150	505,950
Benefits	873,600	488,400	(385,200)	-44.1%	317,315	171,085
Subtotal, Salaries & Benefits	\$ 3,416,900	\$ 1,924,500	\$ (1,492,400)	-43.7%	\$ 1,247,465	\$ 677,035
Administration						
Rent	730,000	313,320	(416,680)	-57.1%	313,320	-
Insurance	82,500	77,700	(4,800)	-5.8%	77,700	-
Office Expenses	86,000	142,700	56,700	65.9%	107,025	35,675
Office Moving Expenses & Other One-Time Costs	-	500,000	500,000	n/a	500,000	-
Communications	69,000	47,700	(21,300)	-30.9%	35,775	11,925
Information Technology Support	130,000	201,100	71,100	54.7%	150,825	50,275
Travel/Conferences	38,000	22,700	(15,300)	-40.3%	17,025	5,675
Professional Development	28,000	11,800	(16,200)	-57.9%	8,850	2,950
Board Expenses	16,000	12,000	(4,000)	-25.0%	9,000	3,000
Meeting Expenses	8,000	2,700	(5,300)	-66.3%	2,025	675
Benefits Administration / Payroll Services	20,000	15,000	(5,000)	-25.0%	11,250	3,750
Miscellaneous	35,000	40,400	5,400	15.4%	30,300	10,100
Subtotal, Administration	\$ 1,242,500	\$ 1,387,120	\$ 144,620	11.6%	\$ 1,263,095	\$ 124,025
Professional & Specialized Services						
Engineering & Design Services						
Program Management / Program Controls (incl. Risk Assessments)	6,440,400	5,260,000	(1,180,400)	-18.3%	1,500,000	3,760,000
Downtown Extension Preliminary Engineering & Design	3,839,400	11,600,000	7,760,600	202.1%	-	11,600,000
Downtown Extension Interagency Coordination	19,100	300,000	280,900	1470.7%	-	300,000
Transit Center & Ramps Engineering & Design	3,450,300	2,370,000	(1,080,300)	-31.3%	2,000,000	370,000
Transit Center Traffic Signals	178,100	100,000	(78,100)	-43.9%	100,000	-
Transit Center Overhead Lines	530,000	200,000	(330,000)	-62.3%	200,000	-
Transit Center Commissioning Agent	260,000	347,300	87,300	33.6%	347,300	-
Bus Storage Engineering & Design	699,200	240,000	(459,200)	-65.7%	240,000	-
Environmental Consultant / Building and Soil Haz. Mat.	50,000	1,000	(49,000)	-98.0%	1,000	-
Public Art Program	279,600	1,000,000	720,400	257.7%	1,000,000	-
Other Engineering & Design Services	393,700	535,500	141,800	36.0%	134,700	400,800
Permits and Fees						
Transit Center Building & Ramps Permits & Fees (incl. DBI)	295,200	200,000	(95,200)	-32.2%	200,000	-
Bus Storage Permits & Fees	170,000	25,000	(145,000)	-85.3%	25,000	-
DTX Permits & Fees	2,000	-	(2,000)	-100.0%	-	-
Construction Management						
Construction Management Oversight for Transit Center	10,139,700	3,800,000	(6,339,700)	-62.5%	3,800,000	-
Construction Management for Bus Storage	1,200,500	150,000	(1,050,500)	-87.5%	150,000	-
Construction Dispute Resolution Services (not incl. attorneys)	100,000	100,000	-	0.0%	100,000	-
Construction						
Transit Center Building & Bus Ramp Construction	335,567,300	102,081,700	(233,485,600)	-69.6%	102,081,700	-
Base Building Improvements / Tenant Improvements	625,000	27,918,300	27,293,300	n/a	27,918,300	-
Bus Storage Construction	23,200,200	1,000,000	(22,200,200)	-95.7%	1,000,000	-
Real Estate Services						
Property Management	9,000	9,000	-	0.0%	9,000	-
ALTA / Design Surveys	30,000	-	(30,000)	-100.0%	-	-
Miscellaneous Real Estate Services	120,000	120,000	-	0.0%	-	120,000
Planning & Environmental Analysis						
Economic and Real Estate Analysis	39,700	13,100	(26,600)	-67.0%	13,100	-
Environmental Review	-	3,800,000	3,800,000	n/a	-	3,800,000

Transbay Joint Powers Authority
Fiscal Year 2018-19 Capital Budget Request

	FY 2017-18 Budget Amendment 2	FY 2018-19 Final Budget	\$ Change	% Change	Phase 1	Phase 2
Administrative Services						
Outside Legal Counsel	8,032,000	3,283,600	(4,748,400)	-59.1%	3,283,600	-
Financial & Grant Management	254,800	310,000	55,200	21.7%	190,000	120,000
Accounting Software, Installation, and Maintenance	40,000	30,350	(9,650)	-24.1%	30,350	-
Audit Services	48,000	24,000	(24,000)	-50.0%	24,000	-
Credit Rating Analysis	27,500	27,500	-	0.0%	27,500	-
Loan Servicing Fees and Interest	3,271,800	1,287,400	(1,984,400)	-60.7%	1,287,400	-
CBD Special Tax Assessment	73,000	-	(73,000)	-100.0%	-	-
Trustee Account Services	2,000	1,100	(900)	-45.0%	1,100	-
Community & Public Relations	100,000	75,000	(25,000)	-25.0%	75,000	-
Legislative Services	268,000	261,250	(6,750)	-2.5%	-	261,250
Disadvantaged and Small Business Program	25,000	-	(25,000)	-100.0%	-	-
Other Intergovernmental Agreements / Other Consulting Assistance	50,000	50,000	-	0.0%	30,000	20,000
Subtotal, Professional & Specialized Services	\$ 399,830,500	\$ 166,521,100	\$ (233,309,400)	-58.4%	\$ 145,769,050	\$ 20,752,050
TOTAL EXPENDITURES	\$ 404,489,900	\$ 169,832,720	\$ (234,657,180)	-58.0%	\$ 148,279,610	\$ 21,553,110

CAPITAL FUNDING SOURCES ²**Committed Funding Sources**

FTA Bus Facility, Alternatives Analysis, OBAG, PNRS Grants	5,247,500	1,135,510	(4,111,990)		1,135,510	-
Regional Measure 2	1,558,600	556,960	(1,001,640)		556,960	-
AB 1171 Bridge Tolls	2,458,500	214,000	(2,244,500)		214,000	-
Proposition K San Francisco Sales Tax	11,969,300	1,801,300	(10,168,000)		1,463,700	337,600
AC Transit Capital Contribution	-	143,090	143,090		143,090	-
Land Sales Proceeds	14,338,400	5,150,000	(9,188,400)		5,150,000	-
Bridge Loan Proceeds	3,316,700	524,380	(2,792,320)		524,380	-
TIFIA Proceeds	101,550,700	17,414,960	(84,135,740)		17,414,960	-
City Financing Proceeds	141,057,500	39,923,000	(101,134,500)		39,923,000	-
Transit Center District Impact Fees	2,000	774,950	772,950		-	774,950
Mello-Roos Community Facilities District Bond Proceeds	119,023,400	62,725,980	(56,297,420)		62,725,980	-
Early Naming Rights Payment	-	3,918,300	3,918,300		3,918,300	-
Net Tax Increment Revenue	3,288,800	1,288,230	(2,000,570)		1,288,230	-
Lease Income	95,000	95,000	-		-	95,000
Interest Income	258,500	443,750	185,250		277,500	166,250
Reimbursements by Others (Utilities, Adjacent Properties)	325,000	1,500,000	1,175,000		1,500,000	-
Subtotal, Committed Funding Sources	\$ 404,489,900	\$ 137,609,410	\$ (266,880,490)		\$ 136,235,610	\$ 1,373,800

Planned Funding Sources

Proposition K San Francisco Sales Tax	-	9,678,630	9,678,630		-	9,678,630
Transit Center District Impact Fees	-	22,544,680	22,544,680		12,044,000	10,500,680
Subtotal, Planned Funding Sources	\$ -	\$ 32,223,310	\$ 32,223,310		\$ 12,044,000	\$ 20,179,310

TOTAL FUNDING SOURCES \$ 404,489,900 \$ 169,832,720 \$ (234,657,180) \$ 148,279,610 \$ 21,553,110

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 capital 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.

Transbay Joint Powers Authority
Fiscal Year 2018-19 Operating Budget Request

	FY 2017-18 Operating Budget Amendment 2	FY 2018-19 DRAFT Operating Budget (no O&M Reserve Contribution)	FY 2018-19 FINAL Operating Budget Proposal	\$ Change from FY 2017-18	% Change
OPERATING EXPENSES					
<i>Temporary Terminal</i>					
Temp Terminal Facility Management, Security & Utilities	1,075,300	176,600	176,600	(898,700)	-83.6%
AC Transit Additional Operating Support	1,950,000	-	-	(1,950,000)	-100.0%
Parking Control Officers	130,000	22,000	22,000	(108,000)	-83.1%
Insurance	59,300	10,400	10,400	(48,900)	-82.5%
Subtotal, Temporary Terminal	3,214,600	209,000	209,000	(3,005,600)	-93.5%
<i>Transit Center</i>					
Transit Center Maintenance	1,250,000	3,451,300	3,014,500	1,764,500	141.2%
Transit Center Janitorial	745,000	2,598,000	2,568,000	1,823,000	244.7%
Transit Center Utilities	2,500	2,160,800	2,160,800	2,158,300	86332.0%
Park Maintenance & Programming	100,000	747,100	663,700	563,700	563.7%
Park Management Fee & Administration	200,000	798,000	798,000	598,000	299.0%
Digital Content Management & Wayfinding Systems	774,400	1,040,500	729,700	(44,700)	-5.8%
Marketing & Leasing Commissions	615,000	3,518,400	2,794,500	2,179,500	354.4%
Asset Management Fee & Administration	645,000	3,119,200	2,675,600	2,030,600	314.8%
Community & Public Relations for Transition	40,000	-	-	-	
Security	1,000,000	7,644,300	7,994,300	6,994,300	699.4%
Insurance	180,000	850,000	840,000	660,000	366.7%
Subtotal, Transit Center	5,551,900	25,927,600	24,239,100	18,687,200	336.6%
<i>Program</i>					
TJPA Staff Salaries & Benefits	-	1,313,750	1,313,750	1,313,750	n/a
TJPA Administration	-	577,600	577,600	577,600	n/a
Community Benefits District Special Tax Assessments	-	67,000	67,000	67,000	n/a
Audit Services	-	24,000	24,000	24,000	n/a
Legal Services	-	500,000	500,000	500,000	n/a
Legislative Advocacy Services	-	130,750	-	-	n/a
Loan Servicing Fees & Interest	-	2,090,700	2,090,700	2,090,700	n/a
Subtotal, Program	-	4,703,800	4,573,050	4,573,050	n/a
RESERVES & CONTINGENCY					
Emergency Reserve	500,000	500,000	500,000	-	0.0%
Operating Contingency	-	3,889,100	3,635,900	3,635,900	n/a
O&M Reserve Contributions	2,628,900	-	-	(2,628,900)	0.0%
Subtotal, Reserves & Contingency	3,128,900	4,389,100	4,135,900	1,007,000	32.2%
TOTAL OPERATING EXPENSES + CONTINGENCY	\$ 11,895,400	\$ 35,229,500	\$ 33,157,050	\$ 21,261,650	178.7%
NON-OPERATING REVENUES					
Regional Measure 2	7,856,100	8,026,000	8,026,000	169,900	
Net Tax Increment Revenue	-	2,090,700	2,090,700	2,090,700	
Community Benefit District Park Payments	640,000	1,223,400	1,157,400	517,400	
201 Mission Office Sublease	-	324,525	324,525	324,525	
Subtotal, Non-Operating Revenue	8,496,100	11,664,625	11,598,625	3,102,525	
OPERATING REVENUES					
Other Regional Contributions	-	7,132,825	3,788,950	3,788,950	
AC Transit	-	5,278,291	2,803,823	2,803,823	
SF Municipal Transportation Agency	-	1,854,535	985,127	985,127	
Transit Center Retail Revenue	-	1,351,400	1,351,400	1,351,400	
Transit Center Sponsorship / Event Revenue	-	947,400	947,400	947,400	
Transit Center Advertising & Miscellaneous Revenue	-	2,417,200	907,800	907,800	
Neutral Host DAS Licensing Fees	1,250,000	1,375,000	1,375,000	125,000	
Naming Rights	1,010,000	5,194,400	5,194,400	4,184,400	
Temporary Terminal Rents	330,500	347,200	347,200	16,700	
Other Operator Rents	-	279,600	279,600	279,600	
Temp Terminal Advertising	38,400	-	-	(38,400)	
Subtotal, Operating Revenue	\$ 2,628,900	\$ 19,045,025	\$ 14,191,750	\$ 11,562,850	
OTHER SOURCES					
Use of Fund Balance	500,000	630,750	500,000	-	
Use of Operating & Maintenance Reserve	270,400	3,889,100	6,866,675	6,596,275	
Subtotal, Other Sources	\$ 770,400	\$ 4,519,850	\$ 7,366,675	\$ 6,596,275	
TOTAL OPERATING SOURCES	\$ 11,895,400	\$ 35,229,500	\$ 33,157,050	\$ 21,261,650	

Forward Operating Projections

	FY18-19	FY19-20	FY20-21	FY21-22	
OPERATING EXPENSES					
Temporary Terminal Operations	209,000	-	-	-	
Transit Center Maintenance	3,014,500	3,104,900	3,691,000	3,794,900	elevator/escalator prepaid maintenance ends FY20
Transit Center Janitorial	2,568,000	2,645,000	2,724,400	2,806,100	
Transit Center Utilities	2,160,800	2,225,600	2,292,400	2,361,200	
Park Maintenance & Programming	663,700	683,600	1,079,100	1,111,450	prepaid warranty/maintenance ends FY20
Park Management Fee & Administration	798,000	798,000	798,000	798,000	
Digital Content Management & Wayfinding Systems	729,700	751,600	774,100	797,300	
Marketing & Commissions	2,794,500	331,600	-	-	commissions paid upfront at lease signings
Asset Management Fee & Administration	2,675,600	2,849,868	2,935,364	3,323,400	
Security	7,994,300	7,868,500	8,079,200	8,372,500	
Insurance	840,000	865,200	891,200	917,900	
TJPA Staff & Administration (not including debt service)	2,482,350	3,889,745	3,826,884	3,307,924	more costs shifted to operations after Phase 1 closeout
Subtotal	26,930,450	26,013,613	27,091,648	27,590,674	
RESERVES & CONTINGENCY					
Emergency Reserve	500,000	500,000	500,000	500,000	
Operating Contingency	3,635,900	3,318,600	3,489,700	3,642,400	
Contribution to O&M Reserve	-	-	-	-	
Subtotal, Reserves & Contingency	4,135,900	3,818,600	3,989,700	4,142,400	
TOTAL OPERATING EXPENSES + CONTINGENCY	\$ 31,066,350	\$ 29,832,213	\$ 31,081,348	\$ 31,733,074	
NON-OPERATING REVENUES					
Regional Measure 2	8,026,000	8,202,000	8,384,000	8,572,500	reduces to \$5,767,500 in FY23 if additional \$3M not continued by MTC
Regional Measure 3	-	1,625,600	1,625,600	2,438,400	if received in FY19, can directly offset operator contributions or use of reserve
Community Benefit District Park Payments	1,157,400	1,173,100	1,486,300	1,511,900	
201 Mission Office Sublease	324,525	578,300	461,500	-	
Subtotal, Non-Operating Revenue	9,507,925	11,579,000	11,957,400	12,522,800	
OPERATING REVENUES					
Other Regional Contributions	3,788,950	8,105,713	7,938,348	2,957,374	
Transit Center Retail Revenue	1,351,400	5,036,600	5,695,100	5,862,300	
Transit Center Sponsorship / Event Revenue	947,400	1,034,000	1,119,700	1,153,100	
Transit Center Advertising & Miscellaneous Revenue	907,800	2,672,800	3,404,300	4,985,100	
Neutral Host DAS Licensing Fees	1,375,000	125,000	125,000	125,000	
Naming Rights	5,194,400	-	-	3,278,200	
Other Operator & Temp Terminal Rents	626,800	329,100	339,000	349,200	
Subtotal, Operating Revenue	\$ 14,191,750	\$ 17,303,213	\$ 18,621,448	\$ 18,710,274	
OTHER SOURCES					
Use of Fund Balance	500,000	500,000	500,000	500,000	
Use of Operating & Maintenance Reserve	6,866,675	450,000	2,500	-	maintains 7.5% target level, not 25% target
Subtotal, Other Sources	\$ 7,366,675	\$ 950,000	\$ 502,500	\$ 500,000	
TOTAL OPERATING SOURCES	\$ 31,066,350	\$ 29,832,213	\$ 31,081,348	\$ 31,733,074	
O&M RESERVE					
	\$ 2,019,784	\$ 2,382,584	\$ 2,380,084	\$ 2,380,084	
Additions	\$ 812,800	\$ -	\$ -	\$ -	
O&M Reserve Balance	\$ 2,832,584	\$ 2,382,584	\$ 2,380,084	\$ 2,380,084	