

**STAFF REPORT FOR CALENDAR ITEM NO.: 11
FOR THE MEETING OF: May 9, 2024**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Presentation of and Public Hearing for draft budgets for Fiscal Year (FY) 2024-25 Operating Budget in the amount of \$27,616,660 and FY 2024-25 Capital Budget for The Portal, Tenant Improvements, and Capital Maintenance, Repair, and Replacement in the amount of \$99,006,700 and FY 2024-25 Debt Service Budget in the amount of \$15,702,535.

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 and amended on November 9, 2017, staff has prepared the attached proposed budgets for review by the Board and the public.

Staff presented a budget outlook at the April 2024 Board meeting. Following this May Board presentation and public hearing on the proposed budgets, staff will seek Board approval of final FY 2024-25 budgets at the June Board meeting. As noted in April, the TJPA Budget Policy allows for the submission of the budget outlook and the draft budget to a Finance Committee of the TJPA Board, if established. For the past several budget years and continuing for this year, staff has been presenting these items to the TJPA Board as a whole in lieu of holding a separate meeting of a Finance Committee of the Board.

The proposed draft operating budget totals \$27,616,660 and includes expenses and revenues associated with operation of the Transit Center. The draft capital budget encompasses The Portal budget of \$89,279,200, the Tenant Improvements budget of \$3,353,600, and the Capital Maintenance, Repair, and Replacement budget of \$6,373,900. The debt service budget is \$15,702,535. All budgets are itemized in the Attachments and are subject to further refinements and feedback from the Board and public before presentation of the final proposed budgets in June.

DRAFT FY 2024-25 OPERATING BUDGET:

The FY 2024-25 Operating Budget detailed below shows an overall decrease of about \$458K or 2.0 percent from the Preliminary Budget presented in January 2024. This incorporates modest reductions in administrative, digital content management, and insurance costs, aligning the forecast with a more realistic expectation. The draft budget maintains the level of transit operators contributions anticipated in the Preliminary Budget presented in January. Due to a calculation error in FY 2023-24 budget, the O&M reserve beginning balance shown in the Preliminary Budget was overstated. As such there has been an adjustment of \$1.8M to the O&M reserve beginning balance for FY 2024-25.

FY 2024-25 Intergovernmental and Operating Revenues

The FY 2024-25 operating budget includes revenues from Regional Measure 2 (RM-2) and

Regional Measure 3 (RM-3) bridge toll funds, Community Benefit District (CBD) assessments, contributions from transit operators, naming rights, retail lease income, advertising and sponsorship revenues from the Transit Center operations, cellular antennae fees, and small amounts of miscellaneous revenue. These are described further below. In addition, the Non-Public Rental and Fee Schedule included as Attachment 4, was originally adopted by the Board in May 2018 and amended in June 2023.

Intergovernmental Revenue

- TJPA receives an annual allocation of RM-2 and RM-3 bridge toll funds for operations, estimated at \$12.31M. The allocation request for FY2024-25 includes \$6.18M the annual allocation of RM-2 funding escalated at 3.5% as set forth in the RM-2 legislation; \$2.4M from the anticipated continuation of additional RM-2 funds to assist with funding operations prior to the full activation of the Transit Center, which has been delayed by the Covid-19 pandemic and resulting economic impact to downtown San Francisco; and \$3.73M in RM-3 funds, which are allocated to TJPA based as a percentage of the actual bridge toll collections. The FY 2024-25 RM-3 projection assumes a \$1 bridge toll increase scheduled for January 2025. MTC's supplemental RM-2 funding is a temporary measure subject to MTC Commission approval. FY 2024-25 is the last year of the RM-2 supplemental funds, though MTC staff have indicated that the assistance could be continued following a staff review of the Transit Center's financial situation. TJPA staff will request a continuation of the supplemental assistance to reduce future transit operator contributions. Following TJPA's application submittal, MTC staff will bring the bridge toll allocation requests to the Commission for approval.
- Transit Operators Contributions are derived from any differential between operating costs and operating revenues per the Lease and Use Agreements with AC Transit and the San Francisco Municipal Transportation Agency (SFMTA). The continuation of supplemental RM-2 funding in FY 2024-25 offsets the contributions from the transit operators. The draft budget includes \$4.85M in Transit Operators Contributions, which maintains the amount from the January 2024 preliminary projection.
- The East Cut Community Benefit District (CBD) was formed in 2015 (as the Greater Rincon Hill CBD) as a special assessment district to fund specified services to improve the quality of life in the neighborhood surrounding the Transit Center, including operation and maintenance of green spaces in the district. Under the CBD Management Plan, the CBD will provide up to 79.18% of some portions of the annual budget to operate and maintain the Transit Center's rooftop park. For FY 2024-25, TJPA currently expects to be reimbursed \$1.6M.

Operating Revenue

- Salesforce payment for naming rights for this fiscal year is expected to be \$3.59M.
- Retail revenue, including leases, is projected at \$2.59M. The amount is based on the current retail leases, rent abatement amendments to those leases, and current estimated tenant opening dates.
- Advertising revenue, sponsorship, and events are anticipated at \$742K. This amount

includes the expected revenue from a new program in the Transit Center’s rooftop park for private events in the amount of \$127K for the first year of the program. The new program would maintain public access to the park while generating additional revenue.

- The Transit Center has a neutral host distributed antennae system (cellular DAS) installed throughout the Transit Center to support consistent wireless service, through which \$125K is included in the FY 2024-25 budget.
- TJPA will continue to collect rent from Greyhound at the Transit Center for a total amount of \$253K.

FY 2024-25 Operating Expenses

The TJPA FY 2024-25 draft operating budget as proposed by staff totals \$27,616,660. The proposed operating budget includes various TJPA salary, benefits, and administrative costs, shared with The Portal at an appropriate apportionment.

The \$3.6M administration category includes the expenditures associated with operating the TJPA on a day-to-day basis. The FY 2024-25 expenses include:

- TJPA staff salaries & benefits (\$2.9M)
- TJPA administration, including general office expenses, Worker’s compensation and employee liability insurance, professional development, travel and meeting expenses, and payroll services (210K)
- CBD special tax assessments (\$127K, shared with The Portal)
- Legal, financial, audit, public relations, and other specialized services (\$394K)

For costs that are allocated between operating and capital, the apportionment is generally 50% Operations and 50% Capital. There are some personnel and costs that are 100% Operations or 100% Capital. The allocations are subject to change based on need, function, and available funding.

Table 1: TJPA Allocation of Full-Time Equivalents by Job Classifications

Classification	Full Time Equivalent (FTE) Allocation		
	<i>Operating</i>	<i>The Portal</i>	<i>Total</i>
Executives/Senior Managers	1.50	2.50	4.00
Managers	5.00	5.00	10.00
Associates/Administrative Staff	6.00	3.00	9.00
TOTAL	12.50	10.50	23.00

Salaries and Benefits

Salaries are based on position ranges in the pay schedule effective July 1, 2023, previously approved by the TJPA Board. The California Code of Regulations requires all employers contracting with CalPERS to have a pay schedule that has been approved and adopted by its governing body. Funding for positions at particular salary levels is still subject to the Board’s

annual budget approval process. All TJPA employees receive a cost-of-living adjustment (COLA) each year based on the CPI under their employment agreements. 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.

Transit Center Operations

TJPA staff has worked with the asset manager, Lincoln Property Company (LPC), to refine the operating budget for the Transit Center to streamline activities for efficient operations. The operating budget also includes maintenance contracts for the physical security systems, general maintenance, and several computer software and hardware maintenance agreements.

The draft Transit Center operating budget includes estimated operations and maintenance costs as follows:

- Transit Center O&M, including janitorial, building maintenance, utilities (\$6.7M)
- Transit Center physical security and security systems (\$8.6M)
- Cybersecurity and IT (\$1.6M)
- Transit Center property management staffing, administrative costs, and fee (\$1.3M)
- Digital content development and maintenance (\$344K)
- Bus Storage Facility (\$633K)
- Transit Center Insurance (\$2.6M)

Security at the Transit Center includes the San Francisco Police Department (SFPD) and private security guards under the contract with Allied Universal. Security levels will be sufficient to secure the building; implement the public safety and security concept of operations; deter, respond to, manage, and recover from all security or safety events and contingencies; and manage the Security Operations Center.

The draft budget includes \$633K for maintenance and security of the Bus Storage Facility, funded by AC Transit.

The estimate for Transit Center insurance coverage is for all-risk and terrorism coverage, and for basic insurance against damage and loss of use resulting from most insurable events, except for flood and earthquake.

Park Operations

Park-related operating expenses that are reimbursable by the East Cut CBD assessment are categorized separately, according to the Memorandum of Understanding between the East Cut CBD and TJPA. The draft budget includes \$2M for park operating costs shared with the East Cut CBD as follows:

- Park Management and Administration: \$536K
- Park Programming: \$390K
- General Maintenance: \$564K
- Janitorial Services: \$226K
- Crowd Control: \$15K
- Utilities: \$319K

Based on an understanding with the East Cut CBD, the FY 2024-25 park budget includes \$15K for security services for crowd control at large events at the park. Day-to-day security services are not included as shared expenses in the park MOU.

Operating Reserves

The Emergency Reserve is set at \$500,000 by the policy and would be used in extraordinary events such as a natural disaster. It is currently funded in the Transit Center Operating Fund at the policy set amount of \$500,000.

The Board adopted Reserve Policy established the Operating and Maintenance (O&M) reserve at 25% of the annual budgeted operations and maintenance expenses. This approximates three months of operating expenses and is intended to be available in the event of unanticipated revenue shortfalls and/or unavoidable expenses. For FY 2024-25, the O&M Reserve is estimated to be funded at 22% of the annual operating budget in the amount of \$6.2M. Staff is evaluating the opportunities to bring the O&M reserve to 25% of the operating budget to adhere to the Board Reserve Policy.

DRAFT FY 2024-25 CAPITAL BUDGETS:

The FY 2024-25 Capital budgets for The Portal, Tenant Improvements, and Capital Maintenance, Repair and Replacement for a total of \$99,006,700.

Proposed FY 2024-25 Capital Budget for The Portal

The FY 2024-25 Capital Budget for The Portal is proposed at \$89,279,200. This budget is based on a work plan that assumes the anticipated availability of the local matching funds required under the Federal New Starts process and entering into a Full Funding Grant Agreement (FFGA) no sooner than July 2027.

The proposed budget provides program and construction management services, advances design and construction procurements, supports coordination with other public agencies and third parties, and continues right-of-way related activities. TJPA will continue working closely with the Federal Transit Administration and their Project Management Oversight Contractor review team to advance through the New Starts program.

The budget includes funds associated with activities necessary to issue the Civil and Tunnel Progressive Design Build (PDB) Request for Proposal (RFP), onboard the PDB contractor, advance design, manage risk, and develop the requisite trust and partnership prior to the start of general civil construction.

Revenue

The FY 2024-25 budget includes funding sources programmed or already allocated to the project, as well as pending funding sources. Staff are actively working with funding partners to secure the necessary funding. The funding sources include:

- Transit Center District CFD funds: \$12.0M
- State Transit and Intercity Rail Capital Program (TIRCP): \$14.3M
- RM-3 capital funds: \$50.1M

- San Francisco Proposition K and L Sales Tax: \$10.8M
- Caltrain contribution for engineering: \$1.6M
- Miscellaneous Revenue: \$346K

Staff continue to seek discretionary funding from various sources, including programs funded under the Federal Bipartisan Infrastructure Law (BIL). Should TJPA receive an award for these funds, the budget will be revised to incorporate any new grants.

Salaries and Benefits

The TJPA’s proposed FY 2024-25 salaries, benefits, and administrative expenses for The Portal is \$3.0M. The staff costs are allocated between the Operating and The Portal budgets, as shown in Table 1 on page 3 of this report.

Administrative expenses are the apportioned amounts of the expenditures associated with day-to-day operation of the TJPA.

Professional and Specialized Services

The budget includes \$2.4M of expenditures for professional services required for the advancement of the Transbay Program, including legal services, financial advisors, economic and real estate analysis, legislative advocacy, auditing, and public relations.

Engineering and Design Services

The Engineering and Design Services budget encompasses:

- Program Management & Construction Management (PM/CM) (\$15.7M). Provides staff supplementation to TJPA in support of The Portal project requirements, including project controls and reporting, grant application development, design management, agency and third-party coordination, environmental consultancy, value engineering, risk management, integration, procurement and preconstruction support, and community and industry outreach and engagement support.
- General Engineering and Design (\$12.5M). Includes design work for the following scopes:
 - Utility relocation, including slot trenching
 - Fourth and King Yard Preparation Package A
 - Fourth and King Yard Preparation Package B
 - Track and systems (alignment study to include update property line survey)
 - Continued technical support for coordination with the operators, utilities (public and private), and other Authorities Having Jurisdiction (AHJ)
- Interagency Coordination (\$4.9M). Includes continued work with Caltrain under Interim Agreement (IA) and on the development of the future Master Cooperative Agreement (MCA); and continued coordination with CCSF departments on design reviews for advancing final design from 10 Interagency Cooperative Agreement (ICA) departments.

Right-of-Way

The Right-of-Way acquisition and related professional services necessary for the implementation of The Portal. The TJPA Board would take actions separate from the adoption of the annual

budget to approve any Right-of-Way acquisitions. The proposed budget includes:

- Right-of-Way Acquisition (\$49.5M)
- Right-of-Way Professional and Specialized Services for Appraisal, Relocation, Environmental and Site Survey, and Archeological Services (\$580K)

Proposed FY 2024-25 Capital Budget for Tenant Improvements

The FY 2024-25 Capital Budget for Tenant Improvements is proposed at \$3,353,600.

Revenue

The FY 2024-25 Tenant Improvements Budget is to be funded with TJPA unrestricted funds. In addition, the FY 2024-25 budget incorporates the non-cash transactions for the Barebottle lease, which allows for the tenant to reduce its rent payments each month to offset the tenant improvement allowance due under the lease.

- TJPA Unrestricted Funds: \$3.3M
- Credit to Tenant Improvement Allowance In Lieu of Rent: \$46K

Construction and Project Management

LPC, the asset manager for the Transit Center, provides construction/project management oversight for tenant improvements and acts as a leasing manager. They also assist with analyzing the value of tenant allowances in combination with lease negotiations. TJPA staff coordinates with LPC to ensure proper integration with the overall design of the facility, and to stay on schedule and on budget.

The Tenant Improvement budget plans for expenses for the committed and potential tenant construction allowances and the construction of the landlord's work. The planned landlord's work includes the "warm up" of the rooftop restaurant space. The commitment of new tenant improvement allowances would be included in the leases presented to the Board for approval or approved by the Executive Director as permitted by TJPA Board policy.

- Marketing and Leasing Commissions: \$135K
- Project Management / Engineering and Design: \$296K
- Landlord's Work / Base Building Construction: \$900K
- Tenant Improvements Allowance \$2.0M

Proposed FY 2024-25 Budget for Capital Maintenance, Repair and Replacement

Staff continues to develop a Capital Improvement Plan (CIP) to ensure that TJPA's assets are maintained in a state of good repair, and to plan for future projects and facility enhancements as funding allows. In this effort, staff will likely recommend updates to the CIP Policy adopted in November 2022, to allow for a 5-Year financially constrained CIP and a 20-Year long-range capital plan. Staff are developing evaluation tools to ensure that the TJPA's limited financial resources are used efficiently and effectively.

Similar to FY 2023-24, the FY 2024-25 budget includes a one-year Capital Maintenance, Repair and Replacement Budget that incorporates the necessary capital repairs and replacements to ensure the Transit Center and associated facilities are kept in a state of good repair. Funding is

provided from several sources, including a Federal community projects award secured by Speaker Emerita Pelosi; Federal Transit Security Grant Program funds from a previous award and a new application; CBD funds for park improvements; developer contributions for work related to Parcel F; and the Capital Replacement Reserve.

Expenditures will primarily be related to Information Technology (IT), wayfinding improvements, security systems, and the transit center building and park. The FY 24-25 Capital Maintenance, Repair and Replacement budget totals \$6,373,900, and includes the following expenses:

- Facility Maintenance: \$235K
- Wayfinding Improvements: \$1M
- Security Maintenance: \$690K
- Park Maintenance: \$375K
- IT Infrastructure Maintenance: \$3.5M
- Parcel F: \$611K

Capital Replacement Reserve

The Capital Replacement Reserve addresses the lifecycle needs of the Transit Center. This reserve balance is approximately \$28 million from the 2020 bond sale and interest earnings.

Staff will continue to seek discretionary funding to maintain the Transit Center and facilities in a state of good repair and support the Capital Replacement Reserve balance.

DRAFT FY 2024-25 DEBT SERVICE BUDGET:

The FY 2024-25 Debt Service Budget expenses of \$15,702,535 includes scheduled principal and interest payments to the tax allocation bonds issued in June 2020, due on October 1 and April 1, paid with net tax increment revenues. The net tax increment revenue generated by the former State-owned parcels is pledged to the tax allocation bonds, thus these funds cannot be used for operational costs. Under the structure of the 2020 tax allocation bonds, any excess net tax increment revenues that are collected were used for the mandatory redemption of subordinate lien turbo bonds. The turbo bonds were repaid in full in October 2023. Any excess net tax increment revenues are distributed to the TJPA for the Transbay Program.

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 vendor contracts—generally administrative items such as salaries, benefits and other office expenses are not. 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 2024-25 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 quarterly to report on the status of “budget vs. actual” expenditures and revenues. If circumstances warrant, staff may also return to the Board for review and approval of budget amendments.

ENCLOSURES:

1. FY 2024-25 Draft Operating Budget (Attachment 1)
2. FY 2024-25 Draft Capital Budgets (Attachment 2)
3. FY 2024-25 Draft Debt Service Budget (Attachment 3)
4. Non-Public Rental and Fee Schedule (Attachment 4)

RECOMMENDATION:

Information only: The Final Budget will be presented for approval at the June Board meeting.

2024-25 Operating Budget	2023-24 Budget Amendment 1	2024-25 Preliminary Budget Projection (January 2024)	2024-25 Draft Budget (May 2024)	Difference From January Preliminary Budget Projection in \$'s	Difference From January Preliminary Budget Projection in %
Beginning Reserves					
Emergency Reserve	500,000	500,000	500,000	0	0%
O&M Reserve	5,123,277	6,907,436	5,123,277	(1,784,159)	-26%
Beginning Balance and Reserves	5,623,277	7,407,436	5,623,277	(1,784,159)	-24.1%
Reimbursements					
Regional Measure 2	8,404,025	8,578,000	8,578,000	0	0%
Regional Measure 3	2,700,000	3,738,000	3,738,000	0	0%
Community Benefit District Park Payments	1,566,952	1,570,000	1,622,129	52,129	3%
Subtotal Reimbursements	12,670,977	13,886,000	13,938,129	52,129	0.4%
Revenues					
Lease and Use Payments	5,050,699	4,851,000	4,851,000	0	0%
<i>AC Transit (74%)</i>	<i>3,737,517</i>	<i>3,589,700</i>	<i>3,589,700</i>	<i>0</i>	<i>0%</i>
<i>SF Municipal Transportation Agency (26%)</i>	<i>1,313,182</i>	<i>1,261,300</i>	<i>1,261,300</i>	<i>0</i>	<i>0%</i>
AC Transit (Bus Storage Facility)	619,500	625,000	633,000	8,000	1%
General Fund Revenues	7,775,187	7,324,000	7,427,000	103,000	1%
<i>Other Operator Rents</i>	<i>247,365</i>	<i>253,000</i>	<i>253,000</i>	<i>0</i>	<i>0%</i>
<i>Naming Rights</i>	<i>3,477,822</i>	<i>3,582,000</i>	<i>3,582,000</i>	<i>0</i>	<i>0%</i>
<i>Transit Center Rental Retail Revenue</i>	<i>2,500,000</i>	<i>2,575,000</i>	<i>2,589,000</i>	<i>14,000</i>	<i>1%</i>
<i>Transit Center Advertising</i>	<i>1,000,000</i>	<i>450,000</i>	<i>445,000</i>	<i>195,000</i>	<i>78%</i>
<i>Transit Center Sponsorship / Events</i>	<i>160,000</i>	<i>170,000</i>	<i>297,000</i>	<i>127,000</i>	<i>75%</i>
<i>Neutral Host DAS Licensing Fees</i>	<i>125,000</i>	<i>125,000</i>	<i>125,000</i>	<i>0</i>	<i>0%</i>
<i>Miscellaneous</i>	<i>35,000</i>	<i>36,000</i>	<i>36,000</i>	<i>0</i>	<i>0%</i>
<i>Interest Earnings</i>	<i>230,000</i>	<i>333,000</i>	<i>100,000</i>	<i>(233,000)</i>	<i>-70%</i>
Subtotal Revenues	13,445,386	12,800,000	12,911,000	111,000	0.9%
Transfers From/(To)					
Transfer From/(To) Fund Balance	1,513,381	1,500,000	1,845,000	345,000	
Transfer From/(To) Reserves	0	(111,000)	(1,077,469)	(966,469)	
Subtotal Transfers	1,513,381	1,389,000	767,531	(621,469)	-44.7%
Total Revenue	27,629,744	28,075,000	27,616,660	(458,340)	-1.6%
Expenses					
Salesforce Transit Center	25,650,770	26,092,000	25,568,000	(524,000)	-2%
<i>TJPA Administration</i>	<i>3,697,000</i>	<i>3,859,000</i>	<i>3,656,000</i>	<i>(203,000)</i>	<i>-5%</i>
<i>Asset Management Fee & Administration</i>	<i>1,582,000</i>	<i>1,328,000</i>	<i>1,284,000</i>	<i>(44,000)</i>	<i>-3%</i>
<i>Private Events Management (New Program)</i>	<i>0</i>	<i>0</i>	<i>118,000</i>	<i>118,000</i>	<i>100%</i>
<i>Physical Security</i>	<i>7,733,000</i>	<i>7,941,000</i>	<i>7,895,000</i>	<i>(46,000)</i>	<i>-1%</i>
<i>Security Systems</i>	<i>828,429</i>	<i>882,000</i>	<i>680,000</i>	<i>(202,000)</i>	<i>-23%</i>
<i>Cybersecurity/IT</i>	<i>1,546,565</i>	<i>1,574,000</i>	<i>1,566,000</i>	<i>(8,000)</i>	<i>-1%</i>
<i>Transit Center General Maintenance</i>	<i>3,173,746</i>	<i>3,388,000</i>	<i>3,590,000</i>	<i>202,000</i>	<i>6%</i>
<i>Transit Center Janitorial</i>	<i>1,789,260</i>	<i>1,570,000</i>	<i>1,570,000</i>	<i>0</i>	<i>0%</i>
<i>Transit Center Utilities</i>	<i>1,630,120</i>	<i>1,493,000</i>	<i>1,555,000</i>	<i>62,000</i>	<i>4%</i>
<i>Digital Content Management</i>	<i>602,000</i>	<i>640,000</i>	<i>344,000</i>	<i>(296,000)</i>	<i>-46%</i>
<i>Insurance</i>	<i>2,414,500</i>	<i>2,757,000</i>	<i>2,639,000</i>	<i>(118,000)</i>	<i>-4%</i>
<i>Bus Storage Facility</i>	<i>619,500</i>	<i>625,000</i>	<i>633,000</i>	<i>8,000</i>	<i>1%</i>
<i>Transit Center Building Occupancy Resumption Program</i>	<i>34,650</i>	<i>35,000</i>	<i>38,000</i>	<i>3,000</i>	<i>9%</i>
Salesforce Transit Center Park	1,978,974	1,983,000	2,048,660	65,660	3%
<i>Park Management & Administration</i>	<i>520,000</i>	<i>536,000</i>	<i>535,600</i>	<i>(400)</i>	<i>0%</i>
<i>Park Programming</i>	<i>330,000</i>	<i>340,000</i>	<i>389,600</i>	<i>49,600</i>	<i>15%</i>
<i>Park General Maintenance</i>	<i>547,354</i>	<i>575,000</i>	<i>563,500</i>	<i>(11,500)</i>	<i>-2%</i>
<i>Park Janitorial</i>	<i>247,740</i>	<i>226,000</i>	<i>226,430</i>	<i>430</i>	<i>0%</i>
<i>Park Crowd Control</i>	<i>0</i>	<i>0</i>	<i>15,000</i>	<i>15,000</i>	<i>100%</i>
<i>Park Utilities</i>	<i>333,880</i>	<i>306,000</i>	<i>318,530</i>	<i>12,530</i>	<i>4%</i>
Total Expenditure	27,629,744	28,075,000	27,616,660	(458,340)	-1.6%
Difference	0	0	0	0	
Ending Reserve Amounts					
Emergency Reserve	500,000	500,000	500,000		
O&M Reserve	5,123,277	7,018,436	6,200,746		
Totals	5,623,277	7,518,436	6,700,746		
Reserve Percentage	19%	25%	22%		

<p align="center">2024-25 Capital Budget The Portal</p>	<p align="center">2024-25 Draft Budget (May 2024)</p>
<p>Revenues</p> <p>Transit Center CFD Funds</p> <p>Propositions K and L San Francisco Sales Tax</p> <p>Transit and Intercity Rail Capital Program (TIRCP)</p> <p>Caltrain Contribution for Engineering</p> <p>Regional Measure 3 (RM3)</p> <p>Unrestricted</p>	<p align="right">11,989,100</p> <p align="right">10,840,400</p> <p align="right">14,348,700</p> <p align="right">1,655,000</p> <p align="right">50,100,000</p> <p align="right">346,000</p>
Total Revenue	89,279,200
<p>Expenses</p> <p>Right of Way</p> <p><i>Property Acquisition</i></p> <p><i>Professional Services (Appraisal, Property Mgmt., Environmental Conslt., Relocation Conslt., etc.)</i></p> <p>Engineering and Design Services</p> <p><i>Program Management / Construction Management</i></p> <p><i>E&D Interagency Coordination</i></p> <p><i>General Engineering and Design</i></p> <p>Permits and Fees</p> <p><i>Design & Construction Permits and Fees</i></p> <p>TJPA Admin</p> <p><i>Salaries, Fringe Benefits, Administration</i></p> <p><i>Professional and Specialized Services (Financial, Legislative, Legal, Communications, etc.)</i></p> <p>IT/Communication/Cybersecurity</p> <p><i>Program Management Information Services</i></p> <p><i>Information Technology and Communications</i></p>	<p align="right">50,110,000</p> <p align="right">49,530,000</p> <p align="right">580,000</p> <p align="right">33,234,900</p> <p align="right">15,748,400</p> <p align="right">4,970,500</p> <p align="right">12,516,000</p> <p align="right">150,000</p> <p align="right">150,000</p> <p align="right">5,416,300</p> <p align="right">3,013,200</p> <p align="right">2,403,100</p> <p align="right">368,000</p> <p align="right">100,000</p> <p align="right">268,000</p>
Total Expenditure	89,279,200

2024-25 Capital Budget Tenant Improvements	2024-25 Draft Budget (May 2024)
Revenues	
Unrestricted	3,307,300
In Lieu Rent for Tenant Improvements	46,300
Total Revenue	3,353,600
Expenses	
Leasing Commissions	135,000
Project Management / Engineering & Design	296,300
Landlord's Work/ Base Building Construction	900,000
Tenant Improvements Allowance	2,022,300
Total Expenditure	3,353,600

2024-25 Capital Budget Capital Maintenance, Repair and Replacement	2024-25 Draft Budget (May 2024)
<u>Revenues</u> San Francisco Prop AA Federal Community Projects Grant Federal Transit Security Grant Program CBD Park Payments Capital Replacement Reserve Developer Contributions	15,000 1,000,000 630,000 296,925 3,820,975 611,000
Total Revenue	6,373,900
<u>Expenses</u> Facility Maintenance Security Maintenance Park Maintenance IT Infrastructure Maintenance Wayfinding Improvements Parcel F	235,000 690,000 375,000 3,447,900 1,015,000 611,000
Total Expenditure	6,373,900

2024-25 Debt Service Budget	2024-25 Draft Budget (May 2024)
Debt Service Fund Beginning Balance	10,769,737
Revenues	
Net Tax Increment Revenue	27,208,507
Interest Earned	840,790
Total Revenue	28,049,297
Expenses	
2020 TAB Principal and Interest	15,502,535
Post Issuance Administration	200,000
Total Expenditure	15,702,535
Transfers Out	
Distribution of Excess Net Tax Increment from Debt Service Fund	14,458,309
Ending Fund/Reserve Amounts	
Debt Service Fund Ending Balance	8,658,190
Debt Service Reserve Ending Balance	16,453,250
Ending Balance and Reserve	25,111,440

NON-PUBLIC RENTAL AND FEE SCHEDULE

I. Purpose

TJPA's transit center is a more than 1,250,000-square-foot public facility, spread over three city blocks, with four levels above ground and two levels below ground. The facility is designed to serve diverse purposes, including transit, recreation, commercial, and administrative purposes. More than 37,000 people are expected to visit and use the facility each week day when Phase 1 of the Transbay Program is fully operational. At completion, the Transbay Program is expected to connect eight Bay Area counties and the State of California through 11 transit systems.

The primary purpose of TJPA property is to provide a public transportation facility. TJPA expects that TJPA property will also provide an important service for passengers, neighbors, workers, and tourists, providing retail, professional services, commercial outlets, and dining; as well as leisure, recreational, and other amenities.

TJPA may choose to make limited, designated areas and limited uses of TJPA property available to individuals and entities for non-public rentals and uses.

In keeping with its proprietary function as a provider of a public transportation facility, TJPA does not intend, by accepting non-public uses, to convert TJPA property into an open public forum for public discourse, debate, or expressive activity. Rather, TJPA's fundamental purpose is to provide a public transportation facility, and TJPA accepts such non-public uses as a means of generating revenue to support its primary functions.

In furtherance of this discrete and limited objective, TJPA retains control over the nature of nonpublic uses of TJPA property. TJPA finds that certain restrictions on non-public uses will allow the TJPA property to fulfill its primary function as a public transportation facility; guard the health, safety, and security of the public; and promote revenue generation for the Transbay Program. Among other things, non-public uses shall be consistent with TJPA's goals to:

- 1) Prioritize the public transit purpose of TJPA property, TJPA programming designed to engage and serve the public, and public access to TJPA property over non-public uses.
- 2) In light of the public investment in TJPA property, and to minimize the need for public sources to pay for operations, ensure at least full cost-recovery from nonpublic uses of the facility and, where appropriate, maximize revenue from nonpublic uses of TJPA property.
- 3) Maintain a safe and welcoming environment for passengers using TJPA property and riding the public transportation systems that use TJPA property.
- 4) Maintain TJPA's position of neutrality on issues not directly related to the Transbay Program, and avoid the appearance of the TJPA's involvement in favoring or opposing political parties, issues, or candidates.

II. Non-Public Rentals

Non-public rentals include events sponsored by any entity other than TJPA, and which are closed to the public, invitation only, or open to the public only with purchase of a ticket or payment of an entrance fee, and where the renter has the temporary right to exclude the public from the rented space. Proposed events and activities sponsored by any entity other than TJPA but which are free and open to the public

are separately regulated under TJPA’s promotional platform. Spaces available for rent under TJPA’s retail and pop-up leasing program are separately regulated by TJPA.

A. Spaces Available for Rent

TJPA has determined that the following areas of TJPA property may be available for non-public rent at the rental rates described herein, and subject to such other terms, conditions, and requirements as may be specified by and in the discretion of the Executive Director:

- 1) Central Lawn, and
- 2) Wetlands garden

At this time, no other portions of TJPA property are available for non-public rental. TJPA may evaluate whether other portions of TJPA property are viable options for non-public rentals in the future, and TJPA reserves the right to change this determination in its sole discretion.

The specified TJPA property is generally available for non-public rental on a first-come, first-served basis, based on satisfaction/completion of all TJPA prerequisites (including contract signed and payment received). Notwithstanding the foregoing, TJPA expressly reserves the right to restrict or prohibit non-public rentals during such periods, on such days, or at such times that the Executive Director determines would conflict with TJPA’s objectives to prioritize the public transit purpose of TJPA property, TJPA programming designed to engage and serve the public, and public access to TJPA property.

B. Rental Rates

TJPA has determined that the following rental rates apply to non-public rentals of TJPA property:

Location	Capacity	Pricing
Central Lawn	150	\$5,500 (non-peak); \$6,500 (peak*)
Wetland Garden	50	\$3,500 (non-peak); \$4,500 (peak*)

**Peak Pricing applies on Tuesday, Wednesday, and Thursday.*

Eligible California 501(c)(3)’s qualify for a \$500 discount per event. To be considered an eligible 501(c)(3), the non-profit must provide the organization’s Exemption Determination Letter from the IRS, be consistent with the TJPA’s Mission, and meet TJPA’s Code of Conduct, and Rules and Regulations.

TJPA reserves the right to revise the above rental rates in its sole discretion. TJPA anticipates that the TJPA Board will update the rental rates each fiscal year.

C. Fees and Expenses

The non-public rental rates specified above include all basic building services, such as labor, equipment, and security, but does not include insurance and other charges, like food and beverage. In addition to the above rental rates, TJPA may charge additional fees and expenses as necessary to ensure full cost recovery associated with any non-public rental as specified by and in the discretion of the Executive Director. Such fees and expenses may include, but are not limited to: damage deposit; actual time of

TJPA labor at established hourly rates, which may include overtime, night, weekend, or holiday rates (e.g., facility and event managers, engineers, laborers, electricians, security staff, sound monitors, janitorial, landscaping/grounds, dock master); services provided by/incurred by TJPA associated with the event to the extent the usage exceeds reasonable amounts or amounts specified above (e.g., waste disposal, electricity, water, security, Wi-Fi); equipment provided by TJPA associated with the event; special requests such as specialty lighting; and repair of damages associated with event.

TJPA may also impose conditions and requirements on non-public rentals which may result in additional costs for the permittee (e.g., requirement to maintain insurance; requirement to contract with Emergency Medical Technician; requirement to secure necessary permits; requirement to hire private security).

III. Film & Photo

TJPA expressly reserves the right to restrict or prohibit film/photo shoots during such periods, on such days, or at such times that the Executive Director determines would conflict with TJPA’s objectives to prioritize the public transit purpose of TJPA property, TJPA programming designed to engage and serve the public, and public access to TJPA property.

A. Professional Photographers and Videographers

TJPA requires all professional photographers and videographers to secure a film/photo permit from TJPA and pay the following film/photo fee prior to shooting on TJPA property:

Type	Pricing
Still photography – Personal (e.g., wedding photography, family portraits) *No exclusive use of TJPA property.	\$100 (1 hour)
Still photography – Business (e.g., corporate portraits, company photos) *No exclusive use of TJPA property.	\$250 (1 hour)
Still photography – Commercial use (e.g., print advertising) Exclusive use of TJPA property	Market Rate
Film – Commercial use (e.g., commercial, music video, television, or movie) Exclusive use of TJPA property	Market Rate

TJPA reserves the right to revise the film/photo fees in its sole discretion.

In addition to the above film/photo fees, TJPA may charge fees and expenses as necessary to ensure full cost recovery associated with any film/photo shoot as specified by and in the discretion of the Executive Director. Such fees and expenses may include, but are not limited to: actual time of TJPA labor at established hourly rates (e.g., facility manager, engineers, laborers, electricians, security staff, sound monitors, landscaping/grounds); services provided by/incurred by TJPA associated with the event (e.g.,

waste disposal, electricity, water, security, Wi-Fi); equipment provided by TJPA associated with the event; and repair of damages associated with event.

TJPA may also impose conditions and requirements on film/photo shoots which may result in additional costs for the permittee (e.g., requirement to maintain insurance; requirement to contract with Emergency Medical Technician; requirement to secure necessary permits; requirement to hire private security).

B. News Media, Student, Government, and Nonprofit Projects

TJPA requires all news media, student, government, and nonprofit projects to secure a film/photo permit from TJPA prior to shooting on TJPA property. As a courtesy to news media, students, government agencies, and nonprofits, TJPA will waive the film/photo fee; such entities will still be required to pay any fees/expenses as necessary to ensure TJPA's full cost recovery associated with the project and to meet TJPA's minimum conditions and requirements.

A "news media project" is defined as news reporting coverage conducted by credentialed media with issued press cards. A "student project" is defined as a class assignment that is covered under insurance coverage by a college/university; if the college/university is not able to provide the student project with the required insurance coverage, the standard film/photo fees apply. A "government project" is defined as a film/photo project created by or for a government entity and that advances specific government purposes. A "nonprofit project" is defined as a project created by or for a nonprofit corporation that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, and that is directed to the general public or a significant segment of the public. Proof of nonprofit status may be required.

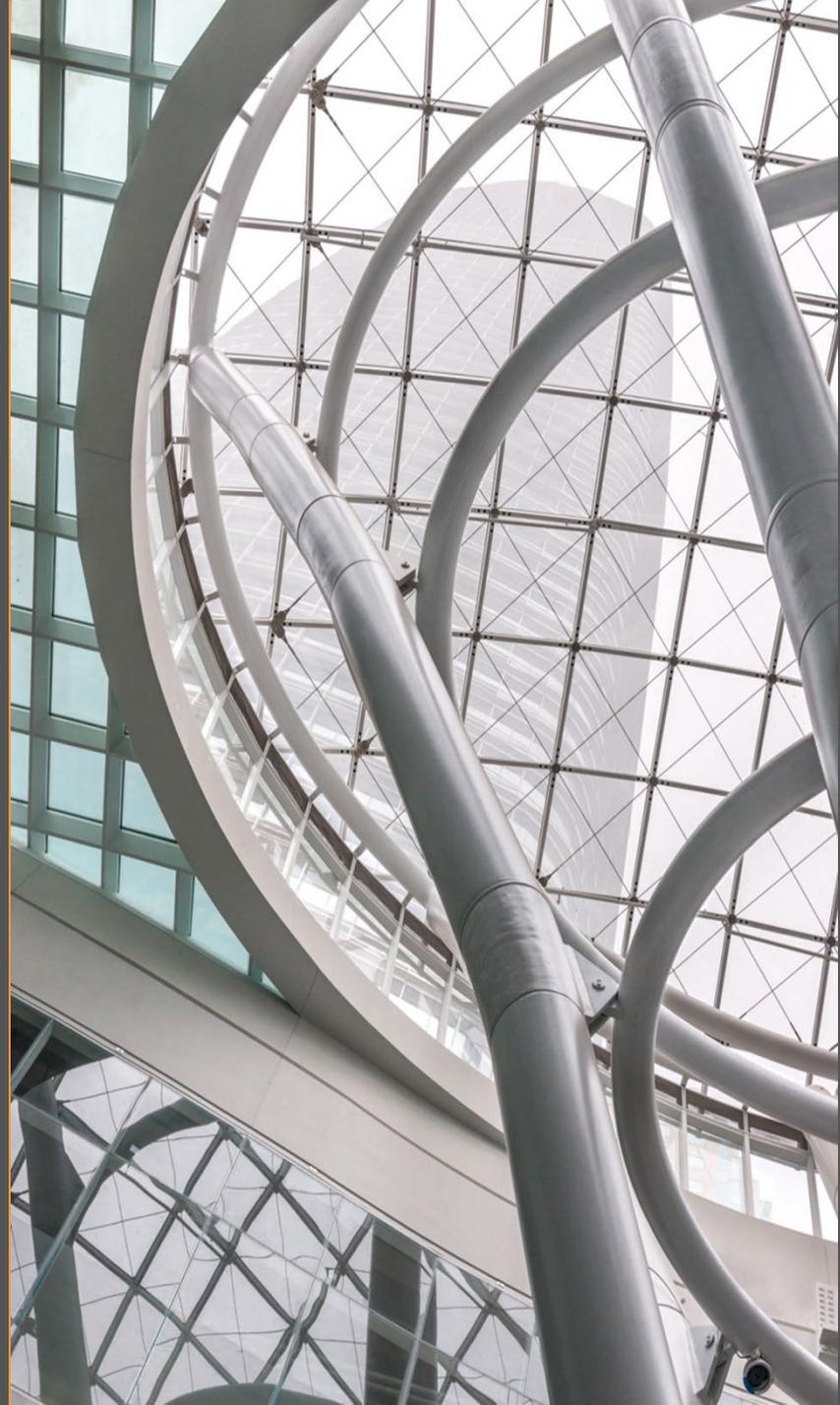
IV. Prohibited Uses of TJPA Property

TJPA property is not available for non-public rentals or film/photo shoots for the following purposes:

- 1) Safety and Security. Rentals for events or film/photo shoots that TJPA determines are reasonably likely to result in material risk to safety and security of participants, or TJPA property.
- 2) Illegal Goods or Services, or Unlawful Behavior. Rentals for events or film/photo shoots that advocate or promote the use of illegal goods or services, or unlawful conduct, or otherwise conflicts with the requirements of TJPA's funding partners, including the U.S. Department of Transportation.
- 3) Tobacco, Firearms, or Cannabis. Rentals for events or film/photo shoots that advocate or promote tobacco, firearms, or cannabis products, businesses, or services.
- 4) Adverse to TJPA or Public Agency Partners. Rentals for events or film/photo shoots that are directly adverse to the commercial or administrative interests of TJPA or its public agency partners, or that tend to disparage the quality of service provided by TJPA or its public agency partners, or that tend to disparage public transportation generally.
- 5) Political Events. Rentals for events or film/photo shoots that either (a) promote or oppose a political party; a state or local ballot measure; or the election of any candidate or group of candidates for federal, state, judicial, or local government offices; or (b) solicit, accept, or reward donors for contributions of any funds that the person or organization soliciting or accepting the funds will use, directly or indirectly, to support or oppose any of the items specified in (a).

FY 2024-25 Draft Operating and Capital Budgets

TJPA Board
May 9, 2024



Budget Timeline

- Preliminary Operating Budget: January Board meeting
- Budget Outlook: April Board meeting
- Draft Budget: May Board meeting
- Final Budget: June Board meeting

FY 2024-25 Draft Budget

- Operating Budget: \$27,616,660

- Capital Budget: \$99,066,700
 - ✓ The Portal: \$89,279,200
 - ✓ Tenant Improvements: \$3,353,600
 - ✓ Capital Maintenance, Repair, and Replacement: \$6,373,900

- Debt Service Budget: \$15,702,535

FY 2024-25
Draft Operating Budget

FY 2024-25 Draft Operating Budget

	2024-25 Preliminary Budget (January 2024)	2024-25 Draft Budget (May 2024)	\$ Change from 2024-25 Preliminary Budget	% Change from 2024-25 Preliminary Budget
Revenues:				
Reimbursements	\$13,886,000	\$13,938,129	\$52,129	0.4%
Operating Revenues	\$12,800,000	\$12,911,000	\$113,000	0.8%
Transfer from fund balance	\$1,389,000	\$767,531	(\$621,469)	(45%)
Total Resources:	\$28,075,000	\$27,616,660	(\$458,340)	(2%)
Expenses:				
Administration	\$3,859,000	\$3,656,000	(\$203,000)	(5%)
Transit Center	\$22,233,000	\$21,912,000	(\$321,000)	3%
Park	\$1,983,000	\$2,048,660	\$65,660	3%
Total Expenditure:	\$28,075,000	\$27,616,660	(\$458,340)	(2%)

FY 2024-25 Draft Operating Budget

Operating Reimbursement Highlights:

- FY 2024-25 is the last year of the RM-2 supplemental funds
- TJPA staff will request a continuation of the supplemental assistance to reduce future transit operator contributions.
- RM-3 projection assumes a \$1 bridge toll increase scheduled for January 2025
- The reimbursement from East Cut Community Benefit District (CBD) slightly increased

Reimbursement	2024-25 Preliminary Budget (January 2024)	2024-25 Draft Budget (May 2024)	\$ Change from 2024-25 Preliminary Budget	% Change from 2024-25 Preliminary Budget
Regional Measure 2 (RM-2)	\$8,578,000	\$8,578,000	\$0	0%
Regional Measure 3 (RM-3)	\$3,738,000	\$3,738,000	\$0	0%
East Cut CBD	\$1,570,000	\$1,622,129	\$52,129	3%
Total Reimbursement:	\$13,886,000	\$13,938,129	\$52,129	0.4%

FY 2024-25 Draft Operating Budget

Operating Revenue Highlights:

- Transit operators' contribution remained unchanged

Transit Operators Contribution	2024-25 Preliminary Budget (January 2024)	2024-25 Draft Budget (May 2024)	\$ Change from 2024-25 Preliminary Budget	% Change from 2024-25 Preliminary Budget
AC Transit (74%)	\$3,589,700	\$3,589,700	\$0	0%
SFMTA (26%)	\$1,261,300	\$1,261,300	\$0	0%
Total transit operators' contribution:	\$4,851,000	\$4,851,000	\$0	0%

- Retail revenue budget based on the current retail leases, rent abatement amendments, and estimated tenant opening dates
- Advertising revenue, sponsorship, and events are adjusted and include the expected revenue from a new program in the Transit Center for private events

FY 2024-25 Draft Operating Budget

Other Operating Revenues	2024-25 Preliminary Budget (January 2024)	2024-25 Draft Budget (May 2024)	\$ Change from 2024-25 Preliminary Budget	% Change from 2024-25 Preliminary Budget
AC Transit (Bus Storage)	\$625,000	\$633,000	\$8,000	1%
Other Operator Rents	\$253,000	\$253,000	\$0	0%
Naming Rights	\$3,582,000	\$3,582,000	\$0	0%
Rental Retail Revenue	\$2,575,000	\$2,589,000	\$14,000	1%
Advertising, Sponsorship and Events	\$420,000	\$742,000	\$322,000	76%
Neutral Host DAS Licensing Fees	\$125,000	\$125,000	\$0	0%
Miscellaneous	\$36,000	\$36,000	\$0	0%
Interest Earnings	\$333,000	\$100,000	(\$233,000)	(70%)
Total Revenue:	\$7,949,000	\$8,060,000	\$111,000	1%

FY 2024-25 Draft Operating Budget

Operating Expenses:

Salesforce Transit Center	2024-25 Preliminary Budget (January 2024)	2024-25 Draft Budget (May 2024)	\$ Change from 2024-25 Preliminary Budget	% Change from 2024-25 Preliminary Budget
TJPA Administration	\$3,859,000	\$3,656,000	(\$203,000)	(5%)
Asset Mgmt. Fee & Administration	\$1,328,000	\$1,284,000	(\$44,000)	(3%)
Private Events Management	\$0	\$118,000	\$118,000	100%
Security	\$8,823,000	\$8,575,000	(\$248,000)	(3%)
Cybersecurity/IT	\$1,574,000	\$1,566,000	(\$8,000)	(1%)
General Maint., Janitorial, Utilities	\$6,451,000	\$6,715,000	\$264,000	4%
Digital Content Management	\$640,000	\$344,000	(\$296,000)	(46%)
Insurance	\$2,757,000	\$2,639,000	(\$118,000)	(4%)
Bus Storage Facility	\$625,000	\$633,000	\$8,000	1%
Building Occupancy Resumption	\$35,000	\$38,000	\$3,000	9%
Total Expenditure:	\$26,092,000	\$25,568,000	\$111,000	1%

FY 2024-25 Draft Operating Budget

Operating Expenses:

Salesforce Park	2024-25 Preliminary Budget (January 2024)	2024-25 Draft Budget (May 2024)	\$ Change from 2024-25 Preliminary Budget	% Change from 2024-25 Preliminary Budget
Management and Administration	\$536,000	\$535,600	(\$400)	0%
Park Programming	\$340,000	\$389,600	\$49,600	15%
General Maintenance, Janitorial, Utilities	\$1,107,000	\$1,108,460	\$1,460	0%
Crowd Control	\$0	\$15,000	\$15,000	100%
Total Expenditure:	\$1,983,000	\$2,048,660	\$65,660	3%

FY 2024-25 Draft Operating Budget

Operating Reserves:

- Emergency Reserve: \$500,000
- Operating & Maintenance (O&M) Reserve: \$6.2M million
- Staff is evaluating the opportunities to bring the O&M reserve to 25% of the operating budget to adhere to the Board Reserve Policy.

FY 2024-25 Draft Capital Budgets

FY 2024-25 Draft Capital Budget – The Portal

2024-25 Capital Budget The Portal	2024-25 Draft Budget (May 2024)
Regional Measure 3 (RM3)	\$50,100,000
Transit and Intercity Rail Capital Program (TIRCP)	\$14,348,700
Transit Center CFD Funds	\$11,989,100
Propositions K and L San Francisco Sales Tax	\$10,840,400
Caltrain Contribution for Engineering	\$1,655,000
Other Unrestricted Revenue	\$346,000
Total Revenue:	\$89,279,200
Right of Way Acquisition, Relocation, Appraisal, and Consulting Services	\$50,110,000
Engineering and Design Services	\$33,234,900
Permits and Fees	\$150,000
TJPA Administration	\$5,416,300
IT/Communication/Cybersecurity	\$368,000
Total Expenditure:	\$89,279,200

FY 2024-25 Draft Capital Budgets – The Portal

- TJPA Administrative Expense \$5.4M
 - Staffing and administration cost for support of the Portal (\$3.0M)
 - Legal Counsel, Financial Management, Community & Public Relations, Legislative Advocacy (\$2.4M)

- Engineering and Design Services \$33.2M
 - Program Management/Construction Management (PM/CM) (\$15.7M)
 - General Engineering & Design (\$12.5M)
 - Interagency Coordination (\$4.9M)

- Right-of-Way \$50.1M
 - Right-of-Way Acquisition (\$49.5M)
 - Relocation, Appraisal and other Real Estate Services (\$0.6M)

- IT, Permits and Fees \$518K
 - Utilities and Environmental Fees (\$150K)
 - Program Management Information Services, IT and communications (\$368K)

FY 2024-25 Draft Capital Budget – TI

2024-25 Capital Budget Tenant Improvements	2024-25 Draft Budget (May 2024)
Unrestricted	\$3,307,300
In Lieu Rent for Tenant Improvements	\$46,300
Total Revenue:	\$3,353,600
Leasing Commissions	\$135,000
Project Management / Engineering & Design	\$296,000
Landlord's Work/ Base Building Construction	\$900,000
Tenant Improvements Allowance	\$2,022,300
Total Expenditure:	\$3,353,600

FY 2024-25 Draft Capital Budget – CMRR

2024-25 Capital Budget Capital Maintenance, Repair and Replacement	2024-25 Draft Budget (May 2024)
Capital Replacement Reserve	\$3,820,975
Federal Community Projects Grant	\$1,000,000
Federal Transit Security Grant Program	\$630,000
Developer Contributions	\$611,000
San Francisco Prop AA	\$15,000
CBD Park Payments	\$296,925
Total Revenue:	\$6,373,900
Facility Maintenance	\$235,000
Security Maintenance	\$690,000
IT Infrastructure Maintenance	\$3,447,900
Wayfinding Improvements	\$1,015,000
Park Maintenance	\$375,000
Parcel F	\$611,000
Total Expenditure:	\$6,373,900

FY 2024-25 Draft Debt Service Budget

FY 2024-25 Draft Debt Service Budget

Proposed Debt Service Budget: \$15,702,535

- Scheduled principal and interest payments due October 1 and April 1
- Paid with Net Tax Increment Revenue pledged to TJPA 2020 Tax Allocation Bonds
- Per the 2020 TAB indenture, the excess net tax increment revenues were used for the mandatory redemption of subordinate lien turbo bonds.
- The turbo bonds were repaid in full in October 2023.
- The excess net tax increment revenues are distributed to the TJPA for the Transbay Program.



Questions?

TJPA
TRIANGLE JOINT POWER AUTHORITY

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