
TRANSBAY JOINT POWERS AUTHORITY

Board Policy No. 021

Category: Financial Matters

CAPITAL IMPROVEMENT PLAN POLICY

I. Introduction

The purpose of TJPA Board Policy 021: Capital Improvement Plan (CIP) Policy is to establish a process for development and approval of a CIP.

TJPA has an important responsibility to the users of its facilities and the people of the San Francisco Bay Area to facilitate safe and reliable transit service by maintaining TJPA's assets in a State of Good Repair (SGR) and enhancing regional mobility. The CIP Policy and subsequent CIPs allow TJPA to thoughtfully plan for maintaining assets in a SGR, identify projects that would enhance TJPA's assets, and allocate scarce resources based on objective and transparent criteria. The CIP is not approval of any particular Capital Project and is not a guarantee that listed projects will be funded and completed.

This Policy is intended to be consistent with TJPA's Vision, Mission, and Goals; TJPA Board Policy No. 03 – Budget Policy; TJPA Board Policy No. 12 – Reserve Policy; the Federal Transit Administration's Transit Asset Management (TAM) Plan law, regulations, and guidelines; and agreements entered into by TJPA and its partner agencies, such as the Lease and Use Agreements with the Transit Center operators. This Policy does not preclude the agency's ability to address emergency repairs, consistent with the use of the Emergency Reserve per the Reserve Policy.

The Chief Financial Officer (CFO) is responsible for implementing the requirements of this policy. The CFO is authorized to develop procedures that implement the policies approved by the Board of Directors. TJPA staff must follow those procedures to ensure compliance with Board Policy No. 021 – Capital Improvement Plan Policy.

II. Objectives

The objectives of the CIP Policy are to ensure that TJPA's assets are maintained in a SGR, enhance short-term and long-term financial planning, identify projects that would enhance TJPA's assets, and promote long-term financial stability by establishing clear and consistent policy guidelines.

III. Definitions

For the purposes of this Policy, the following definitions are applicable:

“Capital Plan” – A 20-year list of unconstrained capital needs informed by TJPA asset management strategy. The Capital Plan is a living document that is revised as needed and guides future funding and implementation planning discussions.

“Capital Improvement Plan (CIP)” – A five-year list of fiscally constrained capital projects and equipment expected to maintain and enhance TJPA’s assets. A capital project must be included in the Capital Plan and have 100% of its funding identified to be included in the CIP. The CIP will be updated annually. The capital projects in the first year of the CIP will be included in the capital budget to be approved by the TJPA Board through the TJPA annual budget process.

“Capital Project” – A one-time effort to construct, acquire, replace, improve, expand, or rehabilitate (beyond routine maintenance) TJPA assets with a projected value of \$5,000 or more and a useful life of one year or more.

“CIP Program” – A series of projects typically related by their goals, purpose, or scope and ensures that the selected projects within the CIP align with the organization’s overall strategic goals and objectives. TJPA’s CIP programs are defined as below:

- **Information Technology and Communications (ITC)**—Maintain, acquire, and replace ITC equipment. Plan, design, and implement projects that sustain or improve the TJPA's technology and cybersecurity infrastructure, increasing efficiency and enhancing the user experience for stakeholders and employees.
- **Security**—Plan, design, and construct or implement systems to sustain or improve the security of the transit center, including physical security capabilities and emergency preparedness.
- **Facilities**—Acquire, maintain, replace, and rehabilitate TJPA physical assets. Plan, design, and implement projects that improve, maintain, or expand existing transit center facilities to ensure functionality, accessibility, and a positive user experience.
- **Sustainability**—Plan, design, and implement projects that promote environmental responsibility, water savings, and energy efficiency within the transit center.
- **Park**—Plan, design, and implement projects that ensure the safety, functionality, and aesthetics of park areas within the transit center.
- **Wayfinding**—Plan, design, and implement projects that improve users' ease of navigation within the transit center.
- **Real Estate and Parcels**—Maintenance, repair, capital improvements, design, and enhancement of TJPA real estate and coordination with adjacent parcels.
- **Deferred Capital Projects**—Plan, design, construction, repair, maintenance, and rehabilitation of TJPA deferred capital projects once they are ready for further advancement.

“CIP Program Manager (CPM)” – A person responsible for managing a group of related projects under a CIP program and refining and prioritizing capital needs in the Capital Plan.

“Preventive Maintenance (PM)” – Systematic inspection and maintenance that is regularly performed on assets to lessen the likelihood of failure.

“State of Good Repair (SGR)” – SGR is a condition in which assets are fit for the purpose for which they were intended and operate at a full level of performance.

“Transit Asset Management (TAM) Plan” – All transit agencies that own, operate, or manage capital assets used in the provision of public transportation and receive federal financial assistance under 49 U.S.C. Chapter 53 either as recipients or subrecipients must develop a TAM plan. A TAM plan includes an inventory of capital assets, a condition assessment of inventoried assets, a decision support tool, and a prioritization of investments.

IV. Development of Capital Plan

The TJPA finance staff develops the Capital Plan in coordination with CPMs. Each CPM provides a 20-year list of capital projects based on the requirements to maintain SGR, the capital asset inventory, major capital project plans, TJPA Board direction, and emerging needs. The TJPA finance team consolidates this information and develops a 20-year unconstrained capital plan based on the useful life of the assets and the urgency of the project. Capital Plan is a live document and will be updated as needed. The projects included in the Capital Plan are not evaluated against CIP goals and criteria. The Capital Plan and CIP may differ in list and priority of the projects.

V. CIP Development Process

The CIP is developed by TJPA finance staff in coordination with CPMs and other subject matter experts with expertise in various fields relevant to capital projects, reviewed and recommended by the CFO, and adopted by the Board of Directors. The CIP has a five-year planning horizon and is planned to be updated and adopted annually.

For each update, TJPA finance staff conducts a call for projects by asking CPMs for a list of proposed Capital Projects with information necessary for evaluation. Under the direction of the CFO, the CPMs and other subject matter experts with expertise in various fields relevant to capital projects reviews, evaluates, and prioritizes proposed Capital Project requests, based on the CIP Goals and Capital Projects Evaluation Criteria (discussed below) outlined in this Policy and provides the evaluation forms to TJPA finance staff.

TJPA finance staff review and rank projects based on the evaluation. The CFO reviews and recommends the list of projects to be included in the draft CIP. The draft CIP is then presented to the Board of Directors for approval.

The CIP provides direction to TJPA staff to seek innovative new funding sources to complete the fiscally unconstrained projects in the Capital Plan. TJPA staff shall prioritize efforts to secure funding for projects designated as the highest priority in the CIP. Depending on the cost and type of funding, however, lower-priority projects may be able to move forward faster than higher-priority projects for which funding may not be secured or take more time to obtain.

Capital replacement and repair requests submitted by transit operators will be incorporated into the TJPA CIP as a Capital Project and evaluated according to the criteria established for

the CIP and funding availability. In instances where funding is provided by the transit operators to cover the cost of the request, TJPA staff will prioritize the associated capital project within the CIP.

VI. CIP Amendment

The CFO may approve the realignment of the project budgets within one Capital Program so long as the total budget for that Capital Program does not change. The realignment of the budget between Capital Programs will follow the Board Budget Policy. The Executive Director may approve the addition of an emergency capital project to the adopted CIP so long as the total adopted budget for the five-year CIP is not changed. The Executive Director must report the change to the Board in the upcoming Board meeting.

VII. CIP Goals and Evaluation Criteria

TJPA's Vision is "A transportation gateway that inspires civic pride and progress through world-class architecture, superb functionality and timeless appeal." TJPA's Mission is "To design, build, operate and maintain an intermodal terminal and rail extension and to collaborate with [the Successor to] the San Francisco Redevelopment Agency and City departments to create an adjacent new transit-oriented neighborhood." TJPA's program Goals include transparency, fiduciary responsibility, quality control, return on investment, and collaboration.

To further TJPA's Vision, Mission, and program Goals, and to guide the agency in prioritizing Capital Projects in the CIP, the following CIP Goals are adopted:

CIP Goals

- Safety and Security
- Compliance with Regulatory or Mandated Requirements
- Maintain State of Good Repair (SGR)
- Attract and Retain Ridership
- Enhance Regional Mobility
- Respond to Emerging Needs
- Fiscal Sustainability
- Environmental Sustainability
- Social Equity
- Reduce Operating and/or Capital Costs
- Risk Mitigation
- Innovation & Technology
- Workforce Development

Capital Project Evaluation Criteria

In the preparation of the CIP, proposed Capital Projects will be evaluated based on criteria that assess project alignment with CIP goals. The projects will be evaluated against these criteria using measurable scales and assigned scores accordingly. The evaluation criteria and scales will be reviewed annually by the CPMs, with recommendations for amendments or

additions submitted to the CFO. The CFO has the authority to approve any changes to the evaluation criteria and measurable scales for inclusion in the evaluation process, so long as the changes are consistent with this policy. The following list outlines the key areas of focus for evaluating each project:

- Risk to health, safety, and security
- Response to emergencies and exigencies, regulatory or mandated requirements
- Asset management and preventive maintenance requirements
- Accessibility and quality of service
- Environmental impacts and responsible resource use
- Project readiness, cost and schedule
- Consequences of not funding the projects

VIII. Reporting

The CFO shall provide the Board of Directors with quarterly updates on the status of CIP projects.