

STAFF REPORT FOR CALENDAR ITEM NO.: 10
FOR THE MEETING OF: May 8, 2025

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Presentation of and Public Hearing for draft budgets for Fiscal Year (FY) 2025-26 Operating Budget in the amount of \$27,853,000 and FY 2025-26 Capital Budget for The Portal, Tenant Improvements, and the Capital Improvement Plan in the amount of \$143,449,861 and FY 2025-26 Debt Service Budget in the amount of \$27,682,594.

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 last amended on June 13, 2024, staff has prepared the attached proposed budgets for review by the Board and the public.

Without an April 2025 Board meeting, staff did not present a budget outlook during this budget cycle. This staff report provides information that would be covered in the budget outlook. Following this May Board presentation and public hearing on the proposed budgets, staff will seek Board approval of final FY 2025-26 budgets at the June Board meeting. 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 presented 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 \$27,853,000 and includes expenses and revenues associated with operation of the Transit Center. The draft capital budget encompasses The Portal budget of \$139,628,300, the Tenant Improvements budget of \$1,660,000, and the Capital Improvement Plan budget of \$2,161,561. The debt service budget is \$27,682,594. All budgets are itemized in the Attachments and are subject to further refinement and feedback from the Board and public before presentation of the final proposed budgets in June.

DRAFT FY 2025-26 OPERATING BUDGET:

Given TJPA's slow retail and advertising recovery, ongoing fiscal constraints and in consideration of transit operators also confronting significant financial challenges, TJPA staff conducted a thorough review of existing contractual obligations and carefully evaluated the minimum service levels required to maintain uninterrupted operations at the Transit Center. This effort achieved meaningful cost reductions while preserving safety and security of the center.

The FY 2025-26 Operating Budget detailed below shows an overall decrease of about \$491K or 2.0 percent from the Preliminary Budget presented in January 2025. This incorporates reductions in the Transit Center asset management and administration costs, security, information technology (IT), general maintenance, and utilities, to align the budget with current management

plans and forecasts. The draft budget reduces the transit operators' contributions by 10 percent from the Preliminary Budget presented in January.

FY 2025-26 Reimbursement and Operating Revenues

The FY 2025-26 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 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. The operating revenues are summarized in table 1.

Table 1 - FY 2025-26 Draft Operating Budget Resources

| | |
|-------------------------------------------------|-------------------|
| <u>Reimbursements</u> | |
| Regional Measure 2 | 8,927,000 |
| Regional Measure 3 | 4,036,000 |
| Event Services Reimbursement | 89,000 |
| AC Transit (Bus Storage Facility and Security) | 651,000 |
| Community Benefit District Park Payments | 1,691,000 |
| Subtotal Reimbursements | 15,394,000 |
| <u>Revenues</u> | |
| Lease and Use Payments | 4,872,000 |
| <i>AC Transit (74%)</i> | <i>3,605,280</i> |
| <i>SF Municipal Transportation Agency (26%)</i> | <i>1,266,720</i> |
| Naming Rights | 3,690,000 |
| Transit Center Rental Retail Revenue | 2,673,000 |
| Transit Center Advertising | 295,000 |
| Transit Center Sponsorship / Events | 208,000 |
| Neutral Host DAS Licensing Fees | 125,000 |
| Miscellaneous | 36,000 |
| Interest Earnings | 300,000 |
| Subtotal Revenues | 12,459,000 |
| Total Operating Resources | 27,853,000 |

Reimbursements

- TJPA receives an annual allocation of RM-2 and RM-3 bridge toll funds for operations, estimated at \$12.96M. The allocation request for FY2025-26 includes \$6.39M the annual allocation of RM-2 funding escalated at 3.5% as set forth in the RM-2 legislation; \$2.53M 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 \$4.04M in RM-3 funds, which are allocated to TJPA based as a percentage of the actual

bridge toll collections. Metropolitan Transportation Commission (MTC)'s supplemental RM-2 funding is a temporary measure subject to MTC Commission approval. FY 2024-25 was the last year of the previously-authorized RM-2 supplemental funds. MTC staff conducted a thorough review of the TJPA's 5-year operating budget outlook, evaluating the financial necessity of continued supplemental RM-2 funding. MTC staff determined that extending the supplemental funds for an additional three years would effectively mitigate the fiscal burden on transit operators. This recommendation will be presented to the MTC Programming and Allocations Committee in Spring 2025, aiming to alleviate transit operators' financial contributions. Following TJPA's application submittal, MTC staff will bring the bridge toll allocation requests to the Commission for approval.

- TJPA incurs additional costs such as security and administration for large, sponsored events. This year's budget includes a separate line item for Event Services Reimbursements to clarify that these costs are reimbursable by the event sponsors. Previous budgets had included these reimbursements within the Sponsorship / Events revenue line item.
- 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 2025-26, TJPA currently expects to be reimbursed \$1.69M.
- AC Transit funds the anticipated expenses for maintenance and security of the Bus Storage Facility on a pass-through basis.

Operating Revenue

- Transit Operator 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 2025-26 offsets the contributions from the transit operators. The draft budget includes \$4.87M in Transit Operators Contributions, which is a ten percent reduction from the January 2025 preliminary projection.
- Salesforce payment for naming rights for this fiscal year is expected to be \$3.69M.
- Retail revenue, including leases, is projected at \$2.67M. The amount is based on current retail leases, rent abatement amendments to those leases, and current estimated tenant opening dates.
- Advertising revenue, sponsorship, and events are anticipated at \$503K.
- 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 2025-26 budget.

- Interest income and miscellaneous sources total \$336K.

FY 2025-26 Operating Expenses

The TJPA's proposed FY 2025-26 operating budget totals \$27,853,000, reflecting an increase of less than one percent compared to the FY 2024-25 budget. The projected cost increases driven by contractual obligations and inflation have been offset through targeted reductions, including streamlining required maintenance to the minimum level necessary to ensure uninterrupted services. Table 2 below provides a breakdown of operating expenses.

Table 2 - FY 2025-26 Draft Operating Expenses

| <u>Expenses</u> | |
|-------------------------------------------------------------|-------------------|
| Salesforce Transit Center | 25,717,000 |
| <i>TJPA Administration</i> | <i>3,875,000</i> |
| <i>Asset Management & Administration</i> | <i>318,000</i> |
| <i>Private Events Management</i> | <i>122,000</i> |
| <i>Physical Security</i> | <i>7,787,000</i> |
| <i>Security Systems</i> | <i>730,000</i> |
| <i>Cybersecurity/IT</i> | <i>1,425,000</i> |
| <i>Transit Center General Maintenance</i> | <i>3,949,000</i> |
| <i>Transit Center Janitorial</i> | <i>1,823,000</i> |
| <i>Transit Center Utilities</i> | <i>1,452,000</i> |
| <i>Digital Content Management & Wayfinding Systems</i> | <i>360,000</i> |
| <i>Insurance</i> | <i>3,191,000</i> |
| <i>Bus Storage Facility</i> | <i>651,000</i> |
| <i>Transit Center Building Occupancy Resumption Program</i> | <i>34,000</i> |
| Salesforce Transit Center Park | 2,136,000 |
| <i>Park Management & Administration</i> | <i>560,000</i> |
| <i>Park Programming</i> | <i>366,000</i> |
| <i>Park Janitorial</i> | <i>314,000</i> |
| <i>Park Utilities</i> | <i>298,000</i> |
| <i>Park Crowd Control</i> | <i>16,000</i> |
| Total Operating Expenses | 27,853,000 |

Transit Center Operations

TJPA Administration includes approximately \$3.9M in expenditures associated with operating the TJPA on a day-to-day basis, including:

- TJPA staff salaries & benefits
- TJPA administration, including general office expenses, professional development, travel and meeting expenses, and payroll services
- CBD special tax assessments
- Legal, financial, audit, public relations, and other specialized services

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 3 - TJPA Allocation of Full-Time Equivalents (FTE) by Job Classifications

| Classification | FTE Allocation | | |
|---------------------------------|------------------|-------------------|--------------|
| | <i>Operating</i> | <i>The Portal</i> | <i>Total</i> |
| Executives/Senior Managers | 1.50 | 2.50 | 4.00 |
| Managers | 6.00 | 5.00 | 11.00 |
| Associates/Administrative Staff | 5.00 | 3.00 | 8.00 |
| Total | 12.50 | 10.50 | 23.00 |

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. Staff have researched salary schedules of other transportation-related agencies and local Bay Area governments and taken into consideration current employees' compensation levels and historic consumer price index (CPI) fluctuations.

All TJPA employees receive a cost-of-living adjustment (COLA) each year based on the CPI under their employment agreements. To ensure the agency has adequate capacity in its pay schedule ranges, staff has revised TJPA's pay schedule to conform with a potential increase due to the upcoming CPI. A resolution approving the proposed pay schedule will be presented in June, separate from the resolution approving the proposed fiscal year budget, as required by CalPERS. The proposed Pay Schedule is provided as Attachment 5. In addition to employee benefits, the benefits line item includes amounts for CalPERS liability payments, and an annual contribution to the Other Postemployment Benefit trust.

Asset Management & Administration: In FY 2024-25, TJPA terminated its asset management agreement with Lincoln Property Company (LPC) and assumed direct oversight of Transit Center assets. Since September 2024, TJPA staff have worked closely with LPC to transition all key contracts, now managed in-house. These include stationary engineering, custodial services, advertising and digital platform management, park and event management, pest control, and other essential functions. This transition was completed without disruption, maintaining high standards of safety, cleanliness, and service for transit center users, riders, operators, and retail tenants. TJPA also hired a Property Manager to oversee leasing, tenant relations, and revenue optimization. The FY 2025-26 budget includes funds for as-needed service agreements to provide property management administrative and advertising support.

Physical Security and Security Systems: Includes local law enforcement provided by the San Francisco Police Department and private security guards through a contract with Allied Universal. Staffing levels will continue to be sufficient to implement the safety and security concept of operations; deter, respond to, manage and recover from all security or safety events and incidents – natural or human-caused; and manage the Security Operations Center in the

Transit Center. Security Systems includes funding for various contracts such as radio systems and software systems used to maintain the Security Operations Center.

Cybersecurity / IT: IT services include maintenance and management of the IT infrastructure at the Transit Center and cybersecurity services.

Transit Center Maintenance, Janitorial, and Utilities: The Transit Center will be diligently serviced and attentively cleaned. Systematic preventive maintenance, programmed janitorial, and groundskeeping activities will continue at a reduced level based on anticipated traffic through the Transit Center. Repairs and upkeep will be performed as needed to preserve safety and operability, while adhering as closely as possible to industry best practices.

Digital Content Management & Wayfinding Systems: This budget item includes licenses and content development for the digital and physical signage that is integrated into the Transit Center.

Insurance: 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. Using the FY 2024-25 costs for insurance are projected to increase using market adjustments recommended by the TJPA's insurance broker.

Bus Storage Facility: The draft budget includes anticipated expenses for maintenance and security of the Bus Storage Facility, funded by AC Transit.

Park Operations

Park-related expenses reimbursed by the East Cut CBD are categorized separately per the Memorandum of Understanding between the East Cut CBD and TJPA. These include a prorated share of the utilities, janitorial, maintenance, park programmed activities free to the public, and park management fee. Based on an agreement with the East Cut CBD, the FY 2025-26 park budget includes reimbursement 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.

FY 2025-26 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 2025-26, the O&M Reserve is estimated to be fully funded at 25% of the annual operating budget of approximately \$7.46M.

DRAFT FY 2025-26 CAPITAL BUDGETS:

The proposed FY 2025-26 Capital budgets for The Portal, Tenant Improvements, and Capital Improvement Plan total \$143,449,861.

Proposed FY 2025-26 Capital Budget for The Portal

The proposed FY 2025-26 Capital Budget for The Portal is \$139,628,300. The proposed budget includes some changes from the priorities outlined to the Board at the January 30, 2025 meeting.

The Portal remains in the pre-construction phase of project delivery, with ongoing program activities that include development of Federal Transit Administration (FTA)-required documentation for the Capital Investment Grants (CIG) Program, coordination with third parties, advancement of design, and preparation of procurement documents. The updated schedule reflects shifts in the timing of both the Civil and Tunnel Progressive Design Build (40-CT PDB) contract and key enabling activities such as right-of-way (ROW) acquisition and utility relocation. Staff now anticipate awarding the 40-CT contract by the end of FY 2025-26, with the first Notice to Proceed expected in early FY 2026-27. ROW acquisition has been delayed several months due to the time required to complete prerequisite surveys to mapping. As noted in the January 30, 2025 Board presentation, utility relocation construction will not begin in FY 2025-26 due to current funding limitations.

TJPA's grants and funding allocations are both scope- and time-specific. As schedule changes affect the planned work program, the alignment of funding within the fiscal year is impacted. As the timing for the 40-CT contract award and utility relocation construction becomes more certain, staff will work with the finance team to align funding accordingly. In coordination with the relevant grant agencies, TJPA will seek any necessary adjustments to match the updated work program.

Should additional funding sources become available and the delivery schedule become more defined during the fiscal year, staff may return to the Board with a request for a supplemental budget to support additional activities aligned with the updated program schedule.

The proposed budget supports key program elements, including program management, continued design advancement, future construction procurement preparation, right-of-way activities, and coordination with partner agencies and third parties. TJPA will also continue close coordination with the FTA and its Project Management Oversight Contractor (PMOC) to progress through the New Starts process.

The Portal Revenue

The proposed FY 2025-26 budget includes funding sources programmed or already allocated to the project, as well as pending funding sources. Revenues have been assigned to anticipated expenses based on the eligibility criteria of each funding source. Staff continue to actively work with funding partners to secure the necessary funding to advance The Portal. The funding sources are summarized below in Table 4:

Table 4 - FY 2025-26 Draft Revenue for The Portal

| <u>Revenues</u> | |
|----------------------------------------------------|------------|
| Transit Center CFD Funds | 15,192,300 |
| Propositions K and L San Francisco Sales Tax | 14,339,000 |
| Transit and Intercity Rail Capital Program (TIRCP) | 5,583,500 |
| Caltrain Contribution for Engineering | 1,500,000 |

| | |
|------------------------------------------------------------------|--------------------|
| Regional Measure 3 (RM3) | 100,425,000 |
| Consolidated Rail Infrastructure and Safety Improvements (CRISI) | 2,588,500 |
| Total Revenue | 139,628,300 |

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.

The Portal Expense

The proposed FY 2025-26 budget includes expenses necessary to advance The Portal, as summarized in Table 5 below:

Table 5 - FY 2025-26 Draft Expenses for The Portal

| | |
|----------------------------------------------------------------------------------------------|--------------------|
| <u>Expenses</u> | |
| Right of Way | 100,425,000 |
| <i>Property Acquisition</i> | <i>100,000,000</i> |
| <i>Professional Services (Appraisal, Environmental Conslt., Relocation Conslt., etc.)</i> | <i>425,000</i> |
| Engineering and Design Services | 37,527,000 |
| <i>Program Management / Construction Management</i> | <i>14,800,000</i> |
| <i>E&D Interagency Coordination</i> | <i>6,666,000</i> |
| <i>General Engineering and Design</i> | <i>12,061,000</i> |
| Permits and Fees | 150,000 |
| <i>Design & Construction Permits and Fees</i> | <i>150,000</i> |
| TJPA Admin | 5,287,800 |
| <i>Salaries, Fringe Benefits, Administration</i> | <i>3,211,800</i> |
| <i>Professional and Specialized Services (Financial, Legislative, Legal, Communications)</i> | <i>2,076,000</i> |
| IT/Communication/Cybersecurity | 238,500 |
| <i>Program Management Information Services</i> | <i>4,500</i> |
| <i>Information Technology and Communications</i> | <i>234,000</i> |
| Total Expenditure | 139,628,300 |

Right-of-Way

The Right-of-Way budget includes 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.

Engineering and Design Services

The Engineering and Design Services budget encompasses:

- Program Management & Construction Management (PM/CM) provides staff supplementation to TJPA in support of The Portal project requirements, including project controls and reporting, design management, agency and third-party coordination,

environmental consultancy, value engineering, risk management, integration, procurement and preconstruction support, grant application development, and community and industry outreach and engagement support.

- General Engineering and Design includes design work for the following scopes:
 - Utility relocation (10-UR)
 - Caltrain Yard Site Clearing (20-YA) and Track & Systems (55-YB)
 - Building Demolition (30-BD)
 - Track and systems (50-TS)
 - Continued technical support for coordination with the operators, utilities (public and private), and other Authorities Having Jurisdiction (AHJ)
- Interagency Coordination includes continued work with Caltrain under the Interim Agreement (IA) and on the development of the future Master Cooperative Agreement (MCA); and continued coordination with City and County of San Francisco departments on design reviews for advancing final design from 10 Interagency Cooperative Agreement (ICA) departments.

Permits and Fees

The Portal budget proposal includes permit and fee expenses associated with Pacific Gas & Electric permits necessary for utility relocation.

TJPA Administration: Salaries and Benefits

The TJPA's proposed FY 2025-26 salaries, benefits, and administrative expenses for The Portal total \$3.2M. The staff costs are allocated between the Operating and The Portal budgets, as shown in Table 3 on page 5 of this report.

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

TJPA Administration: Professional and Specialized Services

The budget includes expenditures for professional services required for the advancement of The Portal, including legal services, financial advisors, economic and real estate analysis, legislative advocacy, auditing, and public relations.

IT/Communication/Cybersecurity

The Portal budget proposal includes expenses for IT, communications, and cybersecurity for the TJPA office and trailer, as well as Program Management and Information Services (PMIS).

Proposed FY 2025-26 Capital Budget for Tenant Improvements

The FY 2025-26 Capital Budget for Tenant Improvements is proposed at \$1,660,000.

Revenue

The FY 2025-26 Tenant Improvements Budget is to be funded with TJPA unrestricted funds and is within the total multi-year Tenant Improvements Budget established by the Board.

Tenant Improvement Expenses

In prior years, LPC, the former asset manager for the Transit Center, provided construction/project management oversight for tenant improvements and acted as a leasing

manager. They also assisted with analyzing the value of tenant allowances in combination with lease negotiations. TJPA staff will now conduct these activities with assistance from the leasing manager and other specialized consultants as needed.

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. The tenant improvement allowances tend to be smaller for previously occupied spaces.

- Marketing and Leasing Commissions: \$350K
- Project Management / Engineering and Design: \$125K
- Landlord's Work / Base Building Construction: \$950K
- Tenant Improvements Allowance \$235K

Proposed FY 2025-26 Budget for the Capital Improvement Plan

Staff have developed a 5-Year 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. Following the CIP Policy amended in January 2025, the first year of the 5-year financially constrained CIP is included as the draft FY 2025-26 CIP budget. The draft 5-Year CIP is presented in a separate staff report for the May 2025 Board meeting.

The one-year Capital Maintenance, Repair and Replacement Budget FY 2025-26 budget totals \$2.16 million and 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 (\$1M); CBD funds for park improvements (\$96K); developer contributions for work related to adjacent properties (\$41K); agency partners (\$150K); lease income from parcels (\$25K); and the Capital Replacement Reserve (\$850K). The FY 2025-26 Capital Improvement Plan budget includes the following programs:

- Facilities: \$320K
- Fire Life Safety: \$29K
- Information Technology and Communications: \$325K
- Security: \$ 28K
- Sustainability: \$50K
- Wayfinding: \$1.13M
- Park: \$114K
- Real Estate and Parcels: \$166K

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 2025-26 DEBT SERVICE BUDGET:

The FY 2025-26 Debt Service Budget of \$27,682,594 includes both expenses and transfers. Expenses include scheduled principal and interest payments to the senior and subordinate Tax Allocation Bonds (TABs), issued in June 2020, that are due on October 1 and April 1, and administration costs paid with net tax increment revenues generated from gross tax increment on certain taxable property within the former State-owned parcels, net of 20% of gross tax increment set aside for affordable housing, pass-through payments, and tax administration fees.

The senior TABs are secured by a first lien on net tax increment revenue, and subordinate TABs have a subordinate lien on net tax increment after payment of senior bonds. Under the bond indenture, a portion of the Subordinate TABs were structured with a turbo redemption provision whereby excess pledged revenues were used to redeem subordinate turbo bonds at par annually, each October 1. As the subordinate turbo bonds have been repaid in full on October 1, 2023, any excess net tax increment revenues are distributed to the TJPA for the Transbay Program. This distribution is shown as a transfer in this year's Debt Service budget.

In addition to pledged revenues, the bonds are also backed by cash-funded debt service reserve funds sized at Maximum Annual Debt Service (MADS), currently \$16.5 million (for both senior and subordinate bonds). Senior bondholders benefit from an Additional Bonds Test (ABT) requiring pledged revenues to be equal to at least 1.5x MADS. Subordinate bonds carry ABT of 1.25x MADS.

On April 16, 2025, Fitch Ratings affirmed TJPA's Senior TABs at 'A-' and Subordinate TABs at 'BBB+' and revised the Rating Outlook to Stable. The ratings reflect the TJPA TABs' solid cushion for unanticipated declines in pledged tax increment revenue. The ratings also reflect the continued strength of the Class A properties in the project area and largely stable Assessed Value (AV) that provides a cushion to potential future volatility.

The absence of cross-default and acceleration clauses justifies the rating differentiation between senior and subordinate TABs.

BOARD RESOLUTION AUTHORIZATION:

In some cases, the TJPA's funding partners require that funding applications be approved by the TJPA Board. For clarification, and consistent with previous fiscal years, the FY 2025-26 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 provides quarterly reports 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 2025-26 Draft Operating Budget (Attachment 1)
2. FY 2025-26 Draft Capital Budgets (Attachment 2)

3. FY 2025-26 Draft Debt Service Budget (Attachment 3)
4. Non-Public Rental and Fee Schedule (Attachment 4)
5. Proposed Pay Schedule (Attachment 5)

RECOMMENDATION:

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

| 2025-26 Operating Budget | 2024-25 Amended Budget | 2025-26 Preliminary Budget Projection (January) | 2025-26 Draft Budget (May) | 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 | 6,904,000 | 6,904,000 | 0 | 0% |
| Beginning Balance and Reserves | 5,623,277 | 7,404,000 | 7,404,000 | 0 | 0% |
| Reimbursements | | | | | |
| Regional Measure 2 | 8,711,000 | 8,927,000 | 8,927,000 | 0 | 0% |
| Regional Measure 3 | 3,549,000 | 4,036,000 | 4,036,000 | 0 | 0% |
| Event Services Reimbursement | 40,000 | - | 89,000 | 89,000 | 100% |
| AC Transit (Bus Storage Facility and Security) | 633,000 | 655,000 | 651,000 | (4,000) | -1% |
| Community Benefit District Park Payments | 1,622,129 | 1,640,000 | 1,691,000 | 51,000 | 3% |
| Subtotal Reimbursements | 14,555,129 | 15,258,000 | 15,394,000 | 136,000 | 1% |
| Revenues | | | | | |
| Lease and Use Payments | 4,851,000 | 5,410,000 | 4,872,000 | (538,000) | -10% |
| <i>AC Transit (74%)</i> | <i>3,589,700</i> | <i>4,003,400</i> | <i>3,605,280</i> | <i>(398,120)</i> | <i>-10%</i> |
| <i>SF Municipal Transportation Agency (26%)</i> | <i>1,261,300</i> | <i>1,406,600</i> | <i>1,266,720</i> | <i>(139,880)</i> | <i>-10%</i> |
| Other Operator Rents | 253,000 | 260,000 | 260,000 | 0 | 0% |
| Naming Rights | 3,582,000 | 3,690,000 | 3,690,000 | 0 | 0% |
| Transit Center Rental Retail Revenue | 2,595,000 | 2,673,000 | 2,673,000 | 0 | 0% |
| Transit Center Advertising | 445,000 | 295,000 | 295,000 | 0 | 0% |
| Transit Center Sponsorship / Events | 257,000 | 297,000 | 208,000 | (89,000) | -30% |
| Neutral Host DAS Licensing Fees | 125,000 | 125,000 | 125,000 | 0 | 0% |
| Miscellaneous | 36,000 | 36,000 | 36,000 | 0 | 0% |
| Interest Earnings | 100,000 | 300,000 | 300,000 | 0 | 0% |
| Subtotal Revenues | 12,244,000 | 13,086,000 | 12,459,000 | (627,000) | -5% |
| Transfers From/(To) | | | | | |
| Transfer From/(To) Fund Balance | 2,598,000 | 183,000 | 59,000 | (124,000) | -68% |
| Transfer From/(To) Reserve | (1,780,469) | (183,000) | (59,000) | 124,000 | -68% |
| Subtotal Transfers | 817,531 | 0 | 0 | 0 | 0 |
| TOTAL RESOURCES | 27,616,660 | 28,344,000 | 27,853,000 | (491,000) | -2% |
| Expenses | | | | | |
| Salesforce Transit Center | 25,568,000 | 26,273,000 | 25,717,000 | (556,000) | -2% |
| <i>TJPA Administration</i> | <i>3,656,000</i> | <i>3,875,000</i> | <i>3,875,000</i> | <i>0</i> | <i>0%</i> |
| <i>Asset Management & Administration</i> | <i>1,284,000</i> | <i>742,000</i> | <i>318,000</i> | <i>(424,000)</i> | <i>-57%</i> |
| <i>Private Events Management</i> | <i>118,000</i> | <i>122,000</i> | <i>122,000</i> | <i>-</i> | <i>0%</i> |
| <i>Physical Security</i> | <i>7,895,000</i> | <i>7,900,000</i> | <i>7,787,000</i> | <i>(113,000)</i> | <i>-1%</i> |
| <i>Security Systems</i> | <i>680,000</i> | <i>756,000</i> | <i>730,000</i> | <i>(26,000)</i> | <i>-3%</i> |
| <i>Cybersecurity/IT</i> | <i>1,566,000</i> | <i>1,536,000</i> | <i>1,425,000</i> | <i>(111,000)</i> | <i>-7%</i> |
| <i>Transit Center General Maintenance</i> | <i>3,590,000</i> | <i>4,013,000</i> | <i>3,949,000</i> | <i>(64,000)</i> | <i>-2%</i> |
| <i>Transit Center Janitorial</i> | <i>1,570,000</i> | <i>1,774,000</i> | <i>1,823,000</i> | <i>49,000</i> | <i>3%</i> |
| <i>Transit Center Utilities</i> | <i>1,555,000</i> | <i>1,602,000</i> | <i>1,452,000</i> | <i>(150,000)</i> | <i>-9%</i> |
| <i>Digital Content Management & Wayfinding Systems</i> | <i>344,000</i> | <i>361,000</i> | <i>360,000</i> | <i>(1,000)</i> | <i>0%</i> |
| <i>Insurance</i> | <i>2,639,000</i> | <i>2,903,000</i> | <i>3,191,000</i> | <i>288,000</i> | <i>10%</i> |
| <i>Bus Storage Facility</i> | <i>633,000</i> | <i>655,000</i> | <i>651,000</i> | <i>(4,000)</i> | <i>-1%</i> |
| <i>Transit Center Building Occupancy Resumption Program</i> | <i>38,000</i> | <i>34,000</i> | <i>34,000</i> | <i>0</i> | <i>0%</i> |
| Salesforce Transit Center Park | 2,048,660 | 2,071,000 | 2,136,000 | 65,000 | 3% |
| <i>Park Management & Administration</i> | <i>535,600</i> | <i>552,000</i> | <i>560,000</i> | <i>8,000</i> | <i>1%</i> |
| <i>Park Programming</i> | <i>389,600</i> | <i>375,000</i> | <i>366,000</i> | <i>(9,000)</i> | <i>-2%</i> |
| <i>Park General Maintenance</i> | <i>563,500</i> | <i>550,000</i> | <i>582,000</i> | <i>32,000</i> | <i>6%</i> |
| <i>Park Janitorial</i> | <i>226,430</i> | <i>250,000</i> | <i>314,000</i> | <i>64,000</i> | <i>26%</i> |
| <i>Park Utilities</i> | <i>318,530</i> | <i>328,000</i> | <i>298,000</i> | <i>(30,000)</i> | <i>-9%</i> |
| <i>Park Crowd Control</i> | <i>15,000</i> | <i>16,000</i> | <i>16,000</i> | <i>0</i> | <i>0%</i> |
| TOTAL EXPENSES | 27,616,660 | 28,344,000 | 27,853,000 | (491,000) | -2% |
| Ending Reserve Amounts | | | | | |
| Emergency Reserve | 500,000 | 500,000 | 500,000 | 0 | 0% |
| O&M Reserve | 6,903,746 | 7,087,000 | 6,963,000 | (124,000) | -2% |
| TOTAL RESERVE | 7,403,746 | 7,587,000 | 7,463,000 | (124,000) | |
| Reserve Percentage | 25.00% | 25.00% | 25.00% | | |

| 2025-26 Capital Budget The Portal | | 2025-26 Draft Budget (May 2025) |
|----------------------------------------------------------------------------------------------------|--|------------------------------------------------|
| Revenues | | |
| Transit Center CFD Funds | | 15,192,300 |
| Propositions K and L San Francisco Sales Tax | | 14,339,000 |
| Transit and Intercity Rail Capital Program (TIRCP) | | 5,583,500 |
| Caltrain Contribution for Engineering | | 1,500,000 |
| Regional Measure 3 (RM3) | | 100,425,000 |
| Consolidated Rail Infrastructure and Safety Improvements (CRISI) | | 2,588,500 |
| Total Revenue | | 139,628,300 |
| Expenses | | |
| Right of Way | | 100,425,000 |
| <i>Property Acquisition</i> | | <i>100,000,000</i> |
| <i>Professional Services (Appraisal, Environmental Constt., Relocation Constt., etc.)</i> | | <i>425,000</i> |
| Engineering and Design Services | | 33,527,000 |
| <i>Program Management / Construction Management</i> | | <i>14,800,000</i> |
| <i>E&D Interagency Coordination</i> | | <i>6,666,000</i> |
| <i>General Engineering and Design</i> | | <i>12,061,000</i> |
| Permits and Fees | | 150,000 |
| <i>Design & Construction Permits and Fees</i> | | <i>150,000</i> |
| TJPA Admin | | 5,287,800 |
| <i>Salaries, Fringe Benefits, Administration</i> | | <i>3,211,800</i> |
| <i>Professional and Specialized Services (Financial, Legislative, Legal, Communications, etc.)</i> | | <i>2,076,000</i> |
| IT/Communication/Cybersecurity | | 238,500 |
| <i>Program Management Information Services</i> | | <i>4,500</i> |
| <i>Information Technology and Communications</i> | | <i>234,000</i> |
| Total Expenditure | | 139,628,300 |

| 2025-26 Capital Budget Tenant Improvements | | 2025-26 Draft Budget (May 2025) |
|-------------------------------------------------------|--|------------------------------------------------|
| Revenues | | |
| Unrestricted | | 1,660,000 |
| Total Revenue | | 1,660,000 |
| Expenses | | |
| Leasing Commissions | | 350,000 |
| Project Management / Engineering & Design | | 125,000 |
| Landlord's Work/ Base Building Construction | | 950,000 |
| Tenant Improvements Allowance | | 235,000 |
| Total Expenditure | | 1,660,000 |

| 2025-26 Capital Budget Capital Improvement Plan | 2025-26 Draft Budget (May 2025) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Revenues Capital Replacement Reserve CBD Park Payments FTA Community Projects Developer Contributions Agency Partners Lease Revenue From Parcels | 849,561 96,000 1,000,000 41,000 150,000 25,000 |
| Total Revenue | 2,161,561 |
| Expenses by CIP Program Facilities Fire Life Safety Security Information Technology and Communications (ITC) Park Real Estate and Parcels Sustainability Wayfinding | 320,000 29,000 28,000 325,000 114,000 166,000 50,000 1,129,561 |
| Total Expenditure | 2,161,561 |

| 2025-26 Debt Service Budget | 2025-26 Draft Budget (May 2025) |
|------------------------------------------------------------------|------------------------------------------------|
| Debt Service Fund Beginning Balance | 10,709,821 |
| <u>Revenues</u> | |
| Net Tax Increment Revenue | 23,781,511 |
| Interest Earned | 813,508 |
| <u>Transfer In</u> | |
| Distribution of Excess Debt Service Reserve to Debt Service Fund | 441,168 |
| Total Resources | 35,746,008 |
| <u>Expenses</u> | |
| 2020 TAB Principal and Interest | 16,321,994 |
| Post Issuance Administration | 200,000 |
| <u>Transfer Out</u> | |
| Distribution of Excess Net Tax Increment from Debt Service Fund | 11,160,600 |
| Total Uses | 27,682,594 |
| Debt Service Fund Ending Balance | 8,063,414 |
| Debt Service Reserve Ending Balance | 16,453,250 |
| Ending Balance and Reserve | 24,516,664 |

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).

Transbay Joint Powers Authority
Pay Schedule
Effective July 1, 2025

| Class | Hourly Pay Range (Low) | Hourly Pay Range (High) |
|----------------|---------------------------|----------------------------|
| Executive | 109.00 | 184.00 |
| Manager III | 101.00 | 149.00 |
| Manager II | 78.00 | 124.00 |
| Manager I | 65.00 | 102.00 |
| Associate IV | 59.00 | 95.00 |
| Associate III | 49.00 | 77.00 |
| Associate II | 43.00 | 65.00 |
| Associate I | 36.00 | 60.00 |
| Administrative | 29.00 | 46.00 |

FY 2025-26 Draft Operating and Capital Budgets

TJPA Board
May 8, 2025



Budget Timeline

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

FY 2025-26 Draft Budget

- Operating Budget: \$27,853,000
- Capital Budget: \$143,449,861
 - ✓ The Portal: \$139,628,300
 - ✓ Tenant Improvements: \$1,660,000
 - ✓ Capital Improvement Plan: \$2,161,561
- Debt Service Budget: \$27,682,594

FY 2025-26 Draft Operating Budget



FY 2025-26 Draft Operating Budget

| 2025-26 Budget | 2025-26 Preliminary Projection (September 2024) ¹ | 2025-26 Preliminary Budget (January 2025) ¹ | 2025-26 Draft Budget (May 2025) | \$ Change from 2025-26 Preliminary Budget | % Change from 2025-26 Preliminary Budget |
|---------------------------|--------------------------------------------------------------|--------------------------------------------------------|---------------------------------|-------------------------------------------|------------------------------------------|
| Revenues: | | | | | |
| Reimbursements | \$12,740,573 | \$15,258,000 | \$15,394,000 | \$136,000 | 1% |
| Operating Revenues | \$16,221,169 | \$13,086,000 | \$12,459,000 | (\$627,000) | (5%) |
| Total Resources: | \$28,961,742 | \$28,344,000 | \$27,853,000 | (\$491,000) | (2%) |
| Expenses: | | | | | |
| Transit Center | \$26,868,486 | \$26,273,000 | \$25,717,000 | (\$556,000) | (2%) |
| Park | \$2,093,256 | \$2,071,000 | \$2,136,000 | \$65,000 | 3% |
| Total Expenditure: | \$28,961,742 | \$28,344,000 | \$27,853,000 | (\$491,000) | (2%) |

¹ The variance in Reimbursement and Operating Revenue compared to the previously presented September and January budgets reflects the reclassification of the AC Transit Bus Facility from Operating Revenue to Reimbursements. This adjustment was made for consistency in reporting and to facilitate accurate comparison.

FY 2025-26 Draft Operating Budget

Operating Reimbursement:

- Bridge toll funds include the annual allocation of RM2, supplemental RM2, and RM3.
- Supplemental RM-2 funding is a temporary measure subject to MTC Commission approval in Spring 2025.
- RM-3 projection includes full year of \$1 bridge toll increase as of January 2025
- The reimbursement from East Cut Community Benefit District (CBD) slightly increased

| Reimbursement | 2025-26 Preliminary Budget (January 2025) | 2025-26 Draft Budget (May 2025) | \$ Change from 2025-26 Preliminary Budget | % Change from 2025-26 Preliminary Budget |
|---------------------------------------|-------------------------------------------------|---------------------------------------|-------------------------------------------------|------------------------------------------------|
| Regional Measure 2 (RM-2) | \$8,927,000 | \$8,927,000 | \$0 | 0% |
| Regional Measure 3 (RM-3) | \$4,036,000 | \$4,036,000 | \$0 | 0% |
| Event Services ¹ | \$0 | \$89,000 | \$89,000 | 100% |
| AC Transit (Bus Storage) ² | \$655,000 | \$651,000 | (\$4,000) | (1%) |
| East Cut CBD | \$1,640,000 | \$1,691,000 | \$51,000 | 3% |
| Total Reimbursement: | \$15,258,000 | \$15,394,000 | \$136,000 | 1% |

¹ Event Services reimbursements are now reported separately from Transit Center Sponsorships / Events revenue.

² The reimbursement from AC Transit for the Bus Storage Facility has been reclassified from Operating Revenue to Reimbursements.

FY 2025-26 Draft Operating Budget

Operating Revenue:

Transit operators' contribution reduced by 10%

| Operating Revenue | 2025-26 Preliminary Budget (January 2025) | 2025-26 Draft Budget (May 2025) | \$ Change from 2025-26 Preliminary Budget | % Change from 2025-26 Preliminary Budget |
|---------------------------------|----------------------------------------------------|---------------------------------------|----------------------------------------------------|---------------------------------------------------|
| AC Transit (74%) | \$4,003,400 | \$3,605,280 | (\$398,120) | (10%) |
| SFMTA (26%) | \$1,406,600 | \$1,266,720 | (\$139,880) | (10%) |
| Other Operator Rents | \$260,000 | \$260,000 | \$0 | 0% |
| Naming Rights | \$3,690,000 | \$3,690,000 | \$0 | 0% |
| Rental Retail Revenue | \$2,673,000 | \$2,673,000 | \$0 | 0% |
| Advertising | \$295,000 | \$295,000 | \$0 | 0% |
| Sponsorship and Events | \$297,000 | \$208,000 | (\$89,000) | (30%) |
| Neutral Host DAS Licensing Fees | \$125,000 | \$125,000 | \$0 | 0% |
| Miscellaneous | \$36,000 | \$36,000 | \$0 | 0% |
| Interest Earnings | \$300,000 | \$300,000 | \$0 | 0% |
| Total Operating Revenue | 13,086,000 | 12,459,000 | (\$627,000) | (5%) |

FY 2025-26 Draft Operating Budget

Operating Expenses:

| Salesforce Transit Center | 2025-26 Preliminary Budget (January 2025) | 2025-26 Draft Budget (May 2025) | \$ Change from 2025-26 Preliminary Budget | % Change from 2025-26 Preliminary Budget |
|------------------------------------------|----------------------------------------------------|---------------------------------------|----------------------------------------------------|---------------------------------------------------|
| TJPA Administration | \$3,875,000 | \$3,875,000 | \$0 | 0% |
| Asset Mgmt. & Administration | \$742,000 | \$318,000 | (\$424,000) | (57%) |
| Private Events Management | \$122,000 | \$122,000 | \$0 | 0% |
| Security | \$8,656,000 | \$8,517,000 | (\$139,000) | (2%) |
| Cybersecurity/IT | \$1,536,000 | \$1,425,000 | (\$111,000) | (7%) |
| General Maint., Janitorial, Utilities | \$7,389,000 | \$7,224,000 | (\$165,000) | (2%) |
| Digital Content Management | \$361,000 | \$360,000 | (\$1,000) | (0.3%) |
| Insurance | \$2,903,000 | \$3,191,000 | \$288,000 | 10% |
| Bus Storage Facility | \$655,000 | \$651,000 | (\$4,000) | (1%) |
| Building Occupancy Resumption | \$34,000 | \$34,000 | \$0 | 0% |
| Total Transit Center Expenditure: | \$26,273,000 | \$25,717,000 | (\$556,000) | 2% |

FY 2025-26 Draft Operating Budget

Operating Expenses:

| Salesforce Park | 2025-26 Preliminary Budget (January 2025) | 2025-26 Draft Budget (May 2025) | \$ Change from 2025-26 Preliminary Budget | % Change from 2025-26 Preliminary Budget |
|--------------------------------------------|-------------------------------------------------------|---------------------------------------|----------------------------------------------------|---------------------------------------------------|
| Management and Administration | \$552,000 | \$560,000 | \$8,000 | 1% |
| Park Programming | \$375,000 | \$366,000 | (\$9,000) | (2%) |
| General Maintenance, Janitorial, Utilities | \$1,128,000 | \$1,194,000 | \$66,000 | 6% |
| Crowd Control | \$16,000 | \$16,000 | \$0 | 0% |
| Total Park Expenditure: | \$2,071,000 | \$2,136,000 | \$65,000 | 3% |

FY 2025-26 Draft Operating Budget

Operating Reserves:

- Emergency Reserve: \$500,000
- Operating & Maintenance (O&M) Reserve: \$6.96M million
- The O&M reserve is fully funded at 25% of the operating budget, consistent with the Board Reserve Policy.

FY 2025-26 Draft Capital Budgets



FY 2025-26 Draft Capital Budget – The Portal

| 2025-26 Capital Budget The Portal | 2025-26 Draft Budget (May 2025) |
|-------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Transit Center CFD Funds | \$15,192,300 |
| Propositions K and L San Francisco Sales Tax | \$14,339,000 |
| Transit and Intercity Rail Capital Program (TIRCP) | \$5,583,500 |
| Caltrain Contribution for Engineering | \$1,500,000 |
| Regional Measure 3 (RM3) | \$100,425,000 |
| Consolidated Rail Infrastructure and Safety Improvements (CRISI) | \$2,588,500 |
| Total Revenue: | \$139,628,300 |
| Right of Way Acquisition and Professional Services (Appraisals, Environmental and Relocation Consulting Services) | \$100,425,000 |
| Engineering and Design Services | \$33,527,000 |
| Permits and Fees | \$150,000 |
| TJPA Administration | \$5,287,800 |
| IT/Communication/Cybersecurity | \$238,500 |
| Total Expenditure: | \$139,628,300 |

FY 2025-26 Draft Capital Budgets – The Portal

- TJPA Administrative Expense \$5.3M
 - Staffing and administration cost for support of the Portal (\$3.2M)
 - Legal Counsel, Financial Management, Community & Public Relations, Legislative Advocacy (\$2.1M)
- Engineering and Design Services \$33.5M
 - Program Management/Construction Management (PM/CM) (\$14.8M)
 - General Engineering & Design (\$12.1M)
 - Interagency Coordination (\$6.7M)
- Right-of-Way \$100.4M
 - Right-of-Way Acquisition (\$100M)
 - Relocation, Appraisal and other Real Estate Services (\$0.4M)
- IT, Permits and Fees \$389K
 - Utilities Design & Construction Fees (\$150K)
 - Program Management Information Services, IT and communications (\$239K)

FY 2025-26 Draft Capital Budget – Tenant Improvement

| 2025-26 Capital Budget Tenant Improvements | 2025-26 Draft Budget (May 2025) |
|-----------------------------------------------|---------------------------------------|
| Unrestricted | \$1,660,000 |
| Total Revenue: | \$1,660,000 |
| Leasing Commissions | \$350,000 |
| Project Management / Engineering & Design | \$125,000 |
| Landlord's Work/ Base Building Construction | \$950,000 |
| Tenant Improvements Allowance | \$235,000 |
| Total Expenditure: | \$1,660,000 |

FY 2025-26 Draft Capital Budget – CIP

| 2025-26 Capital Budget Capital Improvement Plan | 2025-26 Draft Budget (May 2025) |
|----------------------------------------------------|---------------------------------------|
| Capital Replacement Reserve | \$849,561 |
| CBD Park Payments | \$96,000 |
| FTA Community Projects Grant | \$1,000,000 |
| Developer Contributions | \$41,000 |
| Agency Partners | \$150,000 |
| Lease Revenue from Parcels | \$25,000 |
| Total Revenue: | \$2,161,561 |
| Facilities | \$320,000 |
| Fire Life Safety | \$29,000 |
| Security | \$28,000 |
| Information Technology and Communications (ITC) | \$325,000 |
| Park | \$114,000 |
| Real Estate and Parcels | \$166,000 |
| Sustainability | \$50,000 |
| Wayfinding | \$1,129,561 |
| Total Expenditure: | \$2,161,561 |

FY 2025-26 Draft Debt Service Budget



FY 2025-26 Draft Debt Service Budget

Proposed Debt Service Budget: \$27,682,594

- Scheduled principal and interest payments due October 1 and April 1
- Paid with Net Tax Increment Revenue pledged to TJPA 2020 Tax Allocation Bonds (TAB)
- 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
- \$16.4 M cash reserve required for senior and subordinate bonds
- Fund balance at the end of FY 2025-26 is estimated at \$8.0 M

FY 2025-26 Draft Debt Service Budget

TJPA TABs Rating:

- Fitch Ratings affirmed TJPA's Senior TABs at 'A-' and Subordinate TABs at 'BBB+' and revised the Rating Outlook to Stable.
- Rating reflects a solid cushion for unanticipated declines in pledged tax increment revenue, and
- Continued strength of the Class A properties in the project area and largely stable Assessed Value
- Senior bonds are secured by a first lien on tax increment revenue and are subject to a higher Additional Bonds Test (ABT) threshold than subordinate bonds.

Thank You

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