



**SFMTA**

# **SFMTA Fiscal and Management Update**

*FY 2019 State of Good Repair Report  
COVID-19 Impacts to Capital Revenues*

SFMTA Board of Directors  
September 1, 2020





# FY 2019 State of Good Repair Report

# Asset Replacement Value

## \$14.98 Billion

Total Asset Replacement Value

Facilities  
\$2,157 M

Light Rail Vehicles  
\$977 M

Parking and Traffic  
\$1,706 M

Stations  
\$3,642 M

Motor Coach Vehicles  
\$541 M

Track  
\$1,261 M

Overhead System  
\$2,896 M

Other Systems & Vehicles  
\$555 M

Train Control & Comms  
\$904 M

Trolley Coach Vehicles  
\$339 M

# Age Based Condition Scores

Asset Class	Age Based Condition Score				
	2015	2016	2017	2018	2019
Facilities	3.2	3.2	3.3	3.3	3.2
Light Rail Vehicles	3.8	3.8	3.7	3.8	3.8
Motor Coach Vehicles	3.7	3.5	3.7	3.6	3.4
Other Systems & Vehicles	3.0	3.1	3.1	2.6	2.6
Overhead Traction Power System	3.7	3.7	3.6	3.5	3.4
Parking & Traffic	2.8	3.0	2.9	2.4	2.4
Stations	3.1	3.1	3.1	3.0	3.0
Track	3.3	3.2	3.2	3.1	3.2
Train Control & Communications	3.7	3.6	3.5	3.4	3.8
Trolley Coach Vehicles	3.4	3.3	3.2	3.6	4.2
<b>Total Condition Score</b>	<b>3.33</b>	<b>3.32</b>	<b>3.30</b>	<b>3.19</b>	<b>3.18</b>

# Understanding the Approach



## Motor Coach

In-Service  
2012

Useful Life  
12 years

Replacement Value  
\$1.5 million

Asset decay curve  
estimates asset  
condition over  
time

## Analysis

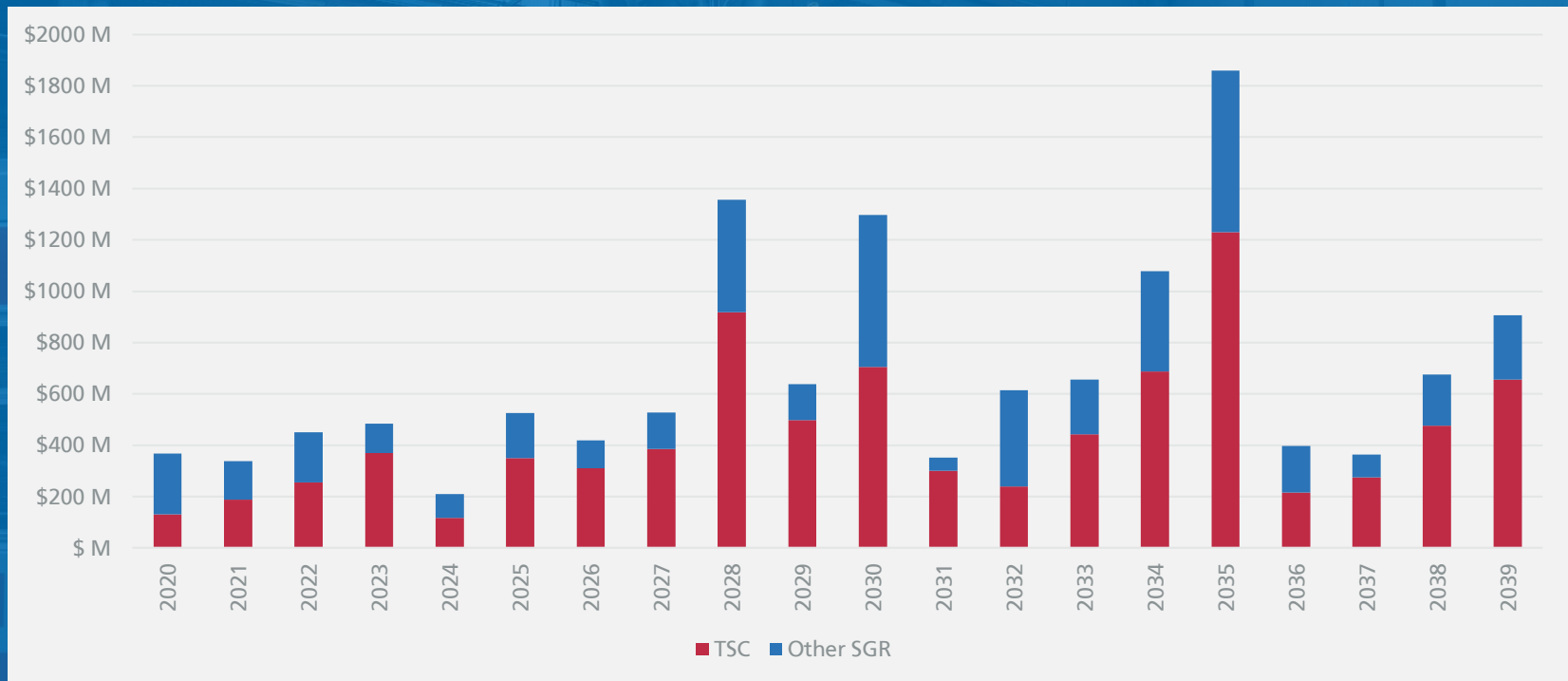
Expected out of Service  
2024

2024 Capital Need  
\$1.5 million per vehicle replaced

## Business Decisions:

- Impacts of deferred replacement
- Time actions with projected revenues
- Analysis alignment with real-world performance and condition scores

# Assessing Needs



**\$3.2 Billion**  
Asset Replacement Backlog

**\$632 Million**  
Annual State of Good Repair Need

# 20 Year Investment Needs

**\$632M** Full Scheduled Asset Replacement & Eliminate the Backlog

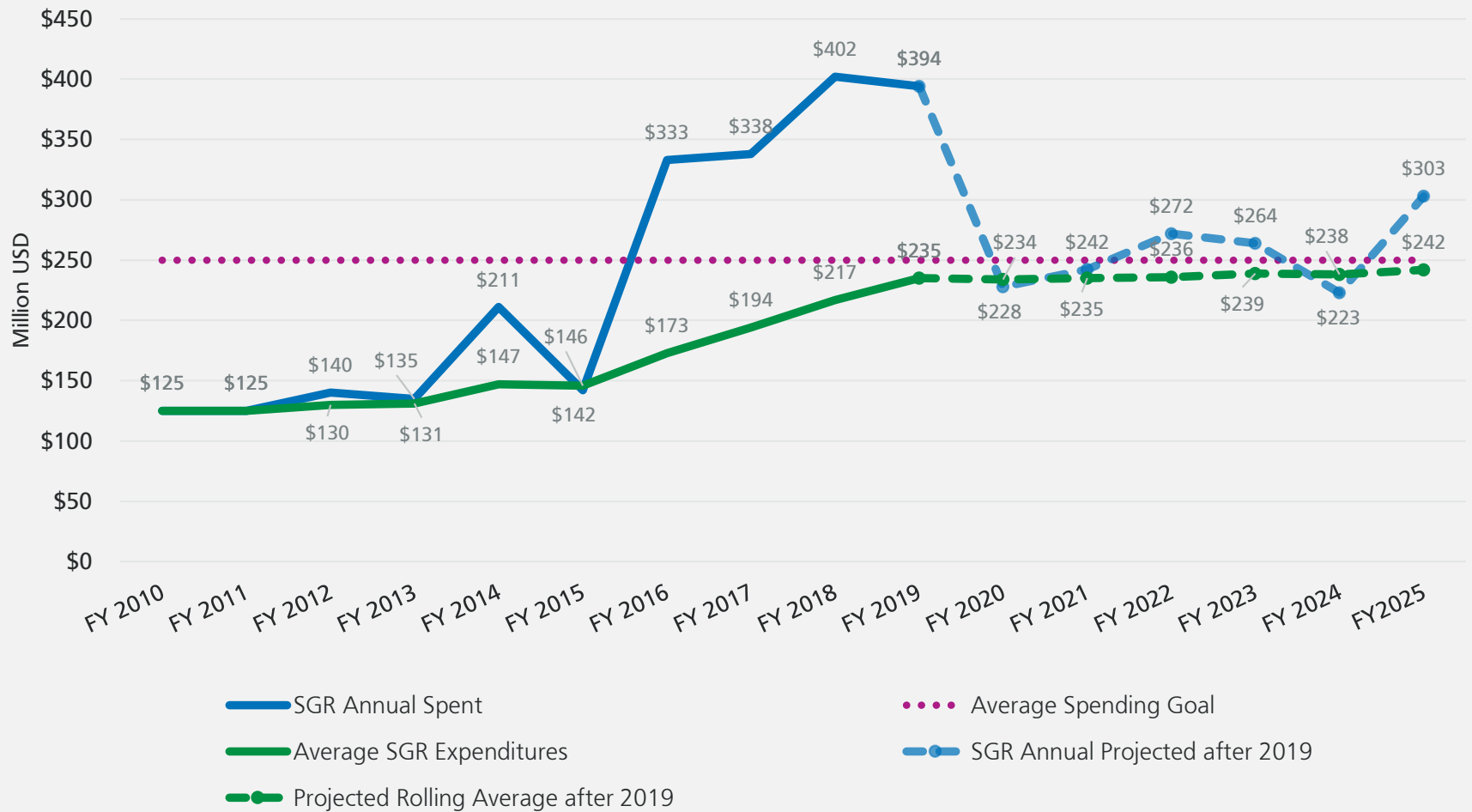
**\$552M** Full Scheduled Asset Replacement & Reduce the Backlog by 50%

**\$472M** Full Scheduled Asset Replacement & No Growth in Backlog

**\$304M** Transit Service Critical Scheduled Asset Replacement

**\$250M** Annual State of Good Repair Investment Target

# Investment Trend





# Conclusions

The current level of State of Good Repair investment is insufficient to meet minimum replacement needs.

Future Capital Revenue sources are at risk because of COVID-19 further restricting ability to invest in State of Good Repair.

Invest a higher proportion of capital resources in projects that address State of Good Repair.

Planning for new capital expansion projects need to account for additional operating costs associated with maintaining these new assets in a State of Good Repair.

Any capital investment should clearly link the project with an existing need; improved asset condition, improved asset performance, reduction in operating cost, reduction in the backlog, progress toward Agency strategic goals.



# COVID-19 Impacts to Capital Revenues

# COVID-19 Impacts to Capital Revenues

- COVID-19 has created unprecedented impact on funding for the SFMTA's Capital Budget and CIP. **Projects across the breadth of the agency's business lines are likely to be impacted.**
- The scale of the impact depends on depth and length of COVID impacts to the economy as a whole, which is unknown at this time. **Six months into the pandemic, determining COVID risk factors for capital revenues is still more of an art than a science.**
- All anticipated capital revenues are in decline except for federal funds which we anticipate to be largely flat.

## 2-Year Capital Budget

*Potential Revenue Loss*

Range 21 – 27%

**Up to \$295 million loss**

## Remaining 3-Years

*Potential Revenue Loss*

Range 4 – 18%

**Up to \$260 million loss**

## 5-Year CIP

*Potential Revenue Loss*

Range 11 – 22%

**Up to \$555 million loss**

# Initial Two-Year Capital Fund Scenarios

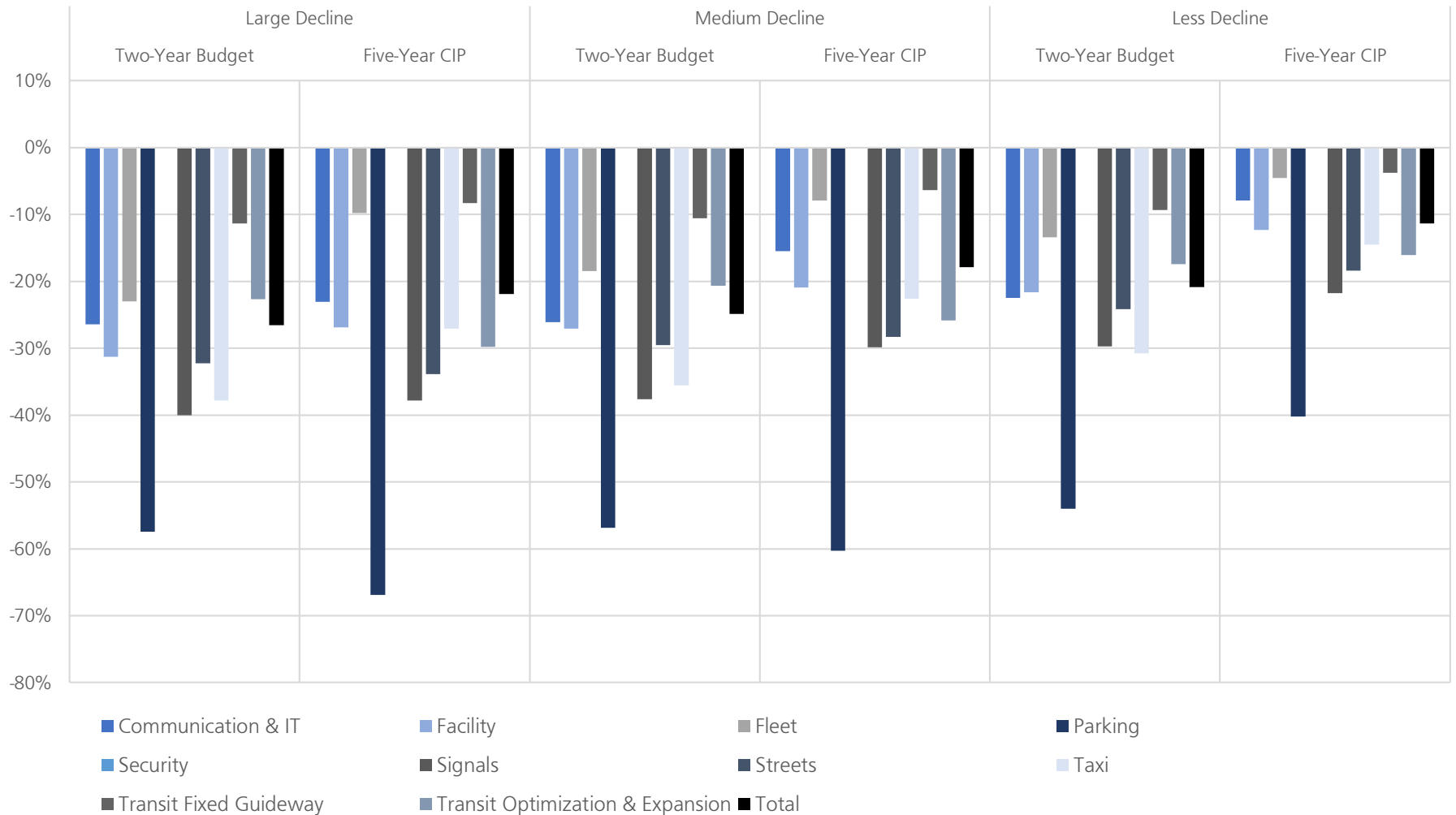
Source of Funds	Current	Pessimistic	Medium	Optimistic
Bond	\$193,085,465	-4%	-4%	-4%
Cap & Trade	\$24,157,440	-56%	-45%	-32%
Developer Fees	\$221,140,000	-41%	-40%	-40%
FEMA	\$4,096,582	0%	0%	0%
FHWA	\$0	0%	0%	0%
FTA	\$217,075,938	0%	0%	0%
General Fund	\$86,849,079	-22%	-21%	-17%
Operating	\$40,319,861	-59%	-58%	-55%
Sales Tax	\$73,311,079	-42%	-34%	-20%
SB1 (State)	\$20,090,454	-21%	-19%	-14%
Other	\$72,116,876	-61%	-60%	-57%
TNC Fees	\$30,472,685	-53%	-34%	-14%
Tolls	\$110,202,053	-34%	-32%	-19%
Vehicle Registration	\$3,064,919	-6%	-5%	-3%
<b>Total</b>	<b>\$1,112,898,935</b>	<b>-27%</b>	<b>-25%</b>	<b>-21%</b>

# Initial Five-Year (CIP) Capital Fund Scenarios

Source of Funds	Current	Pessimistic	Medium	Optimistic
Bond	\$193,085,465	-4%	-4%	-4%
Cap & Trade	\$105,312,143	-13%	-10%	-7%
Developer Fees	\$395,422,452	-61%	-56%	-35%
FEMA	\$10,241,455	0%	0%	0%
FHWA	\$2,650,560	0%	0%	0%
FTA	\$903,478,564	0%	0%	0%
General Fund	\$300,781,069	-19%	-11%	-5%
Operating	\$61,819,861	-68%	-61%	-41%
Sales Tax	\$132,449,901	-27%	-19%	-11%
SB1 (State)	\$56,781,318	-10%	-7%	-5%
Other	\$94,755,997	-66%	-56%	-46%
TNC Fees	\$62,967,629	-26%	-16%	-7%
Tolls	\$193,869,120	-34%	-20%	-11%
Vehicle Registration	\$4,689,919	-4%	-3%	-2%
<b>Total</b>	<b>\$2,537,831,959</b>	<b>-22%</b>	<b>-18%</b>	<b>-11%</b>

# Potential Impact by Capital Program

## Initial Results



# Capital Revenue: Next Steps

- Refine revenue assumptions as data becomes available, now and every six months.
- Assess the ability of capital reserves to offset revenue losses.
- Assess liquidity of funding commitments to projects (e.g. projects under contract vs projects not begun).
- Update the CIP, by program, with adjusted revenues.
  - Within programs, reprioritize projects for any remaining funds
  - Defer projects where 90% funding by phase is now not achievable

# Thank You.

