

**THIS PRINT COVERS CALENDAR ITEM NO. : 15**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Finance and Information Technology

**BRIEF DESCRIPTION:**

Approving the SFMTA's FY 2017 Capital Budget in the amount of \$1,084 million and the FY 2018 Capital Budget in the amount of \$860 million, funding projects within 12 capital programs, addressing infrastructure needs related to transit reliability, street safety, state of good repair, facilities, communications/IT, taxi, system safety and accessibility.


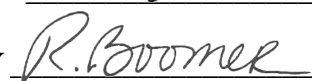
**SUMMARY:**

- Charter Section 8A.106 provides that the SFMTA must submit a two-year budget by May 1 of each even-numbered year to the Mayor and Board of Supervisors.
- On September 15, 2015, the SFMTA Board of Directors approved the Agency's 20-Year Capital Plan for FY 2015 through FY 2034. The Capital Plan represents the Agency's fiscally unconstrained capital needs for the upcoming 20 years. The 20-Year Capital Plan serves as the basis for developing the fiscally constrained five-year Capital Improvement Program (CIP) and the two-year Capital Budget.
- On January 26, 2016, the SFMTA Board of Director reviewed the key priorities and strategies to both develop and implement the proposed FY 2017 and FY2018 Capital Budget.
- The SFMTA held public hearings and Town Hall meetings to hear public comment on the budget. The Citizens Advisory Council also held meetings to consider the FY 2017 and FY 2018 Capital Budget.
- The two-year Capital Budget balances all anticipated revenue and expenditures totaling \$1,944M for capital improvement projects.

**ENCLOSURES:**

1. SFMTAB Resolution
2. Capital Budget Book

**APPROVALS:**

	<b>DATE</b>
DIRECTOR 	<u>3/31/16</u>
SECRETARY 	<u>3/31/16</u>

**ASSIGNED SFMTAB CALENDAR DATE:** April 5, 2016

## **PURPOSE**

The proposed SFMTA FY 2017 and FY 2018 Capital Budget is the agency's two-year capital financial plan and consolidated capital program. It represents the first two years of the Municipal Transportation Agency's five year Capital Improvement Program (CIP).

The proposed SFMTA FY 2017 and FY 2018 Capital Budget includes expenditure authority of \$1,084 million in FY 2017 and \$860 million in FY 2018, which includes additional revenue of \$45 million in FY 2018 contingent upon voter approval of a possible November 2016 ballot initiative. Projects funded through this two-year budget include infrastructure investments as well as various procurements and other one-time initiatives (plans, educational programs, etc.) throughout the city.

The projects in the Proposed SFMTA FY 2017 and FY 2018 Capital Budget continue to reflect the SFMTA Board of Directors' adopted policies and plans including Vision Zero, Transit First, the San Francisco Pedestrian Strategy, the SFMTA Bicycle Strategy, the City and County of San Francisco Adopted Area Plans, the SFMTA FY 2013-2018 Strategic Plan, and the San Francisco County Transportation Plan.

The two-year Capital Budget funds a variety of capital projects addressing infrastructure needs related to transit reliability, street safety, state of good repair, facilities, communications/IT, taxi, system safety and accessibility. Complete project scope and funding plans will be reflected in the SFMTA FY 2017-2021 CIP currently under development. The level of funding within the FY 2017 and FY 2018 Capital Budget only reflects parameters of the proposed effort of work at that point in time.

Each project proposal included in the five-year CIP is scrutinized from a variety of perspectives before it is included in the CIP. Projects included are identified by various staff within the SFMTA based upon the following: (1) input from the community received at various meetings during the year; (2) input from the SFMTA Board of Directors, San Francisco Board of Supervisors (or the BOS sitting as the Transportation Authority Board) and other commissions and advisory committees; (3) the SFMTA Board or other City and County of San Francisco approved plans for growth, improvements, and rehabilitation; (4) the SFMTA Board adopted a 20-Year Capital Plan and prioritization criteria for selecting priority needs to advance policy goals; and (5) staff-identified projects based on critical need due to safety issues or to comply with new mandates.

## **GOAL**

The two-year Capital Budget is designed to be a tool to advance elements of the SFMTA Strategic Plan that require capital investment. Adoption of the two-year Capital Budget will therefore advance many of the goals and objectives within the Strategic Plan including:

- Goal 1: Create a safer transportation experience for everyone
  - Objective 1.1 – Improve security for transportation system users.
  - Objective 1.2 – Improve workplace safety and security.
  - Objective 1.3 – Improve the safety of the transportation system.

Goal 2: Make transit, walking, bicycling, taxi, ridesharing, and carsharing the preferred means of travel

- Objective 2.1: Improve customer service and communications.
- Objective 2.2 – Improve transit performance.
- Objective 2.3 – Increase use of all non-private auto modes.
- Objective 2.4 – Improve parking utilization and manage parking demand

Goal 3: Improve the environment and quality of life in San Francisco

- Objective 3.1 – Reduce the Agency’s and the transportation system’s resource consumption, emissions, waste, and noise.
- Objective 3.3 – Allocate capital resources effectively.
- Objective 3.4 – Deliver services efficiently.
- Objective 3.5 – Reduce capital and operating structural deficits.

Goal 4: Create a workplace that delivers outstanding service.

- Objective 4.1 – Improve internal communications.
- Objective 4.2 – Create a collaborative and innovative work environment.
- Objective 4.3 – Improve employee accountability.
- Objective 4.4 – Improve relationships and partnerships with our stakeholders.

**DESCRIPTION**

The SFMTA has prepared a two-year balanced Operating Budget and Capital Budget for FY 2017 and FY 2018 for submittal by May 1, 2016, to the Mayor and Board of Supervisors as required by Charter Section 8A.106.

On September 15, 2015, the SFMTA Board of Directors approved the Agency’s 20-Year Capital Plan for FY 2015 through FY 2034. The Capital Plan represents the Agency’s *fiscally unconstrained capital needs* for the upcoming 20 years. The 20-year Capital Plan serves as the basis for developing the fiscally constrained Five-Year Capital Improvement Program, the first two years of which comprise the two-year Capital Budget. Given limited funding availability, the SFMTA prioritizes the capital projects that can be advanced during each two-year Capital Budget.

The proposed two-year Capital Budget will provide \$1,084 million and \$860 million respectively for capital projects that fall within 12 Capital Program areas. The table below presents proposed budget figures by program.

**Capital Budget by Program**

Capital Program	FY 2017 (\$M)	FY 2018 (\$M)	2-Year Total (\$M)
Central Subway	154.0	150.0	304.0
Communications/IT	8.8	0.4	9.1
Facility	105.9	29.6	135.5
Fleet	504.6	352.2	856.8
Parking	1.2	5.0	6.2
Security	5.6	10.1	15.7
Streets	36.4	46.8	83.2

<b>Capital Program</b>	<b>FY 2017 (\$M)</b>	<b>FY 2018 (\$M)</b>	<b>2-Year Total (\$M)</b>
Taxi	0.4	0.4	0.8
Traffic/Signals	23.1	13.6	36.7
Transit Fixed Guideway	43.7	62.9	106.6
Transit Optimization/Expansion	196.5	184.4	380.9
Other	3.7	4.7	8.4
<b>Total</b>	<b>1,083.9</b>	<b>860.0</b>	<b>1,943.8</b>

Please refer to the attached capital budget book for a complete list of proposed capital projects and associated funding.

## **PUBLIC OUTREACH**

The SFMTA held public hearings and Town Hall meetings to hear public comment on the budget. The Citizens' Advisory Council also held meetings to consider the FY 2017 and FY 2018 Capital Budget. And SFMTA staff met with numerous stakeholder groups to brief them and solicit their feedback. Feedback from all of those meetings has helped shape this proposed Capital Budget.

## **ALTERNATIVES CONSIDERED**

Various alternatives were considered during the development of the five year CIP, which was based on extensive input over time from the SFMTA Board, Board of Supervisors, staff, and community stakeholders on desirable project priorities. Staff also received technical guidance on expected funding from local and regional experts.

## **FUNDING IMPACT**

The Proposed FY 2017 and FY 2018 Budget will provide \$1,084 million and \$860 million respectively for capital projects which includes additional revenue of \$45 million in FY 2018 contingent upon voter approval of possible November 2016 ballot initiative.

## **ENVIRONMENTAL REVIEW**

The approval of the two-year Capital Budget is not a project as defined under Section 15378 of the California Environmental Quality Act (CEQA), nor is it an approval of any particular project. Some projects identified in the two year budget may have already undergone environmental review and approval and, with the necessary funding, may proceed. For projects that have not already undergone environmental review and that are subject to CEQA, the SFMTA will not seek approval for any capital project until compliance with CEQA and Chapter 31 of the San Francisco Administrative Code (the City's Environmental Review procedures) is completed and all necessary approvals obtained. The SFMTA will identify the actions and activities that would be necessary to complete the projects and thereby facilitate meaningful environmental review. If any of the projects are found to cause significant adverse environmental impacts, the SFMTA retains absolute discretion to implement one or more of the following actions to mitigate significant adverse environmental impacts: (1) modify the project,

(2) select feasible alternatives which avoid significant impacts of the project, (3) require the implementation of specific measures in compliance with CEQA to mitigate significant environmental impacts of the project, (4) reject the project as proposed if the economic and social benefits of the project do not outweigh unavoidable significant adverse impacts of the project, or (5) approve the project upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse environmental impacts.

#### **OTHER APPROVALS RECEIVED OR STILL REQUIRED**

No other approvals are needed. The SFMTA Board and Board of Supervisors will approve contracts as necessary required for completion of capital projects.

The City Attorney has reviewed this report.

#### **RECOMMENDATION**

Staff recommends that the SFMTA Board of Directors approve the SFMTA's FY 2017 Capital Budget in the amount of \$1,084 million and the FY 2018 Capital Budget in the amount of \$860 million, funding projects within 12 capital programs, addressing infrastructure needs related to transit reliability, street safety, state of good repair, facilities, communications/IT, taxi, system safety and accessibility.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, On September 15, 2015, the SFMTA Board of Directors approved the Agency's 20-Year Capital Plan for FY 2015 through FY 2034, which represents the Agency's unconstrained capital needs for the upcoming 20 years and serves as the basis for developing the fiscally constrained five-year Capital Improvement Program (CIP) and the two-year Capital Budget; and

WHEREAS, The FY 2017-2021 CIP represents a five-year projection of the planned expenditures and anticipated revenues for the SFMTA's capital program; and

WHEREAS, The CIP includes the Capital Budget for FY 2017 and FY 2018, which consists of expenditure authority of \$1,084 million in FY 2017 and \$860 million in FY 2018, funding projects within 11 capital programs, addressing infrastructure needs related to transit reliability, street safety, state of good repair, facilities, communications/IT, taxi, system safety and accessibility; and

WHEREAS, The SFMTA held Public hearings and Town Halls to hear public comment on the budget. The Citizens Advisory Committee also held meetings to consider the FY 2017 and FY 2018 Capital Budget; and

WHEREAS, The FY 2017 and FY 2018 Capital Budget is being prepared in accordance with City Charter Section 8A.106; and

WHEREAS, Charter Section 8A.106 (b) requires the SFMTA to certify that the Capital Budget is adequate in all respects to make substantial progress towards meeting the goals, objectives, and performance standards established pursuant to Section 8A.103 for the fiscal years covered by the budget; and

WHEREAS, On March 22, 2016, the SFMTA, under authority delegated by the Planning Department, determined that the proposed FY 2017 and FY 2018 Capital Budget, is not a project under the California Environmental Quality Act (CEQA) as defined in the CEQA Guidelines, Cal. Code Regs., Title 14, Section 15378(b) because the action would not result in a direct physical change in the environment, or a reasonably foreseeable indirect physical change environment; and the proposed action is the Approval Action as defined by the S. F. Administrative Code Chapter 31; and

WHEREAS, The SFMTA will not proceed with any Project in the programs identified associated with the Capital Budget that have not already undergone environmental review and any necessary approvals until there has been complete compliance with the California Environmental Quality Act (CEQA) and the City's Environmental Quality Regulations (San Francisco Administrative Code Section 31). If any of the Projects are found to cause significant adverse impacts, the SFMTA retains absolute discretion to: (1) modify the Project to mitigate significant adverse environmental impacts, (2) select feasible alternatives which avoid significant adverse impacts of the Project, (3) require the implementation of specific measures to mitigate

the significant adverse environmental impacts of the Project, as identified upon environments evaluation in compliance with CEQA and the City's Environmental Quality Regulations, (4) reject the Project as proposed if the economic and social benefits of the Project do not outweigh otherwise unavoidable significant adverse impacts of the project, or (5) approve the Project upon a finding that the economic and social benefits of the Project outweigh otherwise unavoidable significant adverse impacts; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors approve the SFMTA's FY 2017 Capital Budget in the amount of \$1,084 million and the FY 2018 Capital Budget in the amount of \$860 million, funding projects within 12 capital programs, addressing infrastructure needs related to transit reliability, street safety, state of good repair, facilities, communications/IT, taxi, system safety and accessibility, and be it further

RESOLVED, That in accordance with the requirements of Charter Section 8A.106(b), the SFMTA certifies that the FY 2017 and FY 2018 SFMTA Capital Budget is adequate in all respects to make substantial progress towards meeting the goals, objectives, and performance standards established pursuant to Charter Section 8A.103; and be it further

RESOLVED, That the Director of Transportation is authorized to make any necessary technical and clerical corrections to the approved Capital Budget of the SFMTA and to allocate additional revenues and/or City and County discretionary revenues in order to fund additional adjustments to the capital budget, provided that the Director of Transportation shall return to the SFMTA Board of Directors for approval of technical or clerical corrections that, in aggregate, exceed a five percent increase of the total SFMTA's FY 2017 and FY 2018 Capital Budget.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of April 5, 2016.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency