

SFMTA Bond Oversight Committee

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SFMTA Board of Directors

Tom Nolan, Chairman
Cheryl Brinkman, Vice-Chairman
Gwyneth Borden, Director
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Dear SFMTA Board of Directors:

On behalf of the San Francisco Municipal Transportation Agency Bond Oversight Committee (BOC), I am pleased to present the Fiscal Year 2015-2016 Annual Report.

The BOC was created by the Board of Directors of the SFMTA by Resolution #11-154 on December 6, 2011 to provide independent oversight with respect to the expenditure of San Francisco Municipal Transportation Agency (SFMTA) bond proceeds. Pursuant to the BOC's Bylaws, the BOC is required to provide its annual report to the SFMTA Board of Directors by January 31 of each year. The attached report describes BOC activities during Fiscal Year 2015-2016 and includes a review completed by external auditors, together with a description of any notable events since the end of fiscal year.

We would be pleased to respond to any questions that you may have.

Sincerely,

Rudy Nothenberg
Chairman

cc: Edward D. Reiskin, Director of Transportation
Benjamin Rosenfield, Controller

Attachment: Fiscal Year 2015-2016 Annual Report

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SFMTA Bond Oversight Committee FY 2015-2016 Annual Report

December 2, 2016

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SECTION 1. INTRODUCTION

The San Francisco Municipal Transportation Agency (SFMTA or Agency) Bond Oversight Committee (BOC) was created by the SFMTA Board of Directors. Under its Bylaws, the BOC is required to provide an annual report to the SFMTA Board of Directors by January 31st of each year. This report covers activities for Fiscal Year 2015-2016, and includes a review by external auditors as well as a brief description of events occurring since the end of the fiscal year.

SECTION 2. BACKGROUND

The Board of Directors of the SFMTA created the BOC on December 6, 2011 by Resolution #11-154. The Resolution creating the BOC is available on the SFMTA website under Policies at the following link: <http://sfmta.com/sfmta-resolution-no-11-154>.

The BOC was established to provide independent public oversight regarding the expenditure of bond proceeds for projects funded by the SFMTA's revenue bonds and other forms of indebtedness to ensure that bond proceeds are being spent for authorized purposes in accordance with law. The purpose of the BOC is to ensure accountability and transparency for SFMTA debt financed projects, and to ensure that prudent internal controls and practices are established and implemented by the SFMTA. The BOC also informs the SFMTA Board of Directors and the public on status of the projects funded by debt.

The BOC's authority does not include the approval of projects included in any financing, or the selection process of any vendor hired by the SFMTA to execute bond-funded projects or issue debt.

The BOC consists of seven members as follows: (1) three members recommended by the SFMTA Board Chairman and approved by the SFMTA Board of Directors; (2) two members of the Citizens' Advisory Council; (3) one member appointed by the SFMTA's Director of Transportation; and (4) one member appointed by the Controller. The three current members appointed by the SFMTA Board are Rudy Nothenberg, Leona Bridges (former SFMTA Board member) and Pauline Marx (Chief Assistant Treasurer) who replaced Jose Cisneros on January 1, 2016. The two current members appointed by the Citizens' Advisory Council are Daniel Murphy and Stephen Taber. The current member appointed by the Director of Transportation is Kathryn How (Interim Assistant General Manager, San Francisco Public Utilities Commission) who replaced Emilio Cruz on July 22, 2015. The current member appointed by the Controller is Nadia Sesay (Director of the Office of Public Finance). The BOC elected Rudy Nothenberg as Chair and Daniel Murphy as Vice Chair at its meeting on June 1, 2016. BOC members do not receive compensation for their service on the committee.

In Fiscal Year 2015-2016, the BOC convened six times: on July 22, 2015, October 9, 2015, December, 9, 2015, February 3, 2016, April 6, 2016, and June 1, 2016.

All Committee proceedings are subject to the California Public Records Act (Section 6254, et seq., of the Government Code of the State of California) and the City's Sunshine Ordinance (Chapter 67 of the Government Code of the State of California). Minutes of the proceedings of the Committee and all documents received and reports issued are a matter of public record and are available on the SFMTA's website at:

<http://sfmta.com/about-sfmta/organization/committees/bond-oversight-committee-boc>.

In May 2015, the SFMTA BOC met with members of the GOBOC to discuss opportunities for coordination and reporting and process strategies. The summary of the meeting can be found here: <http://sfmta.com/about-sfmta/organization/committees/bond-oversight-committee-boc>. The group agreed that while it would be useful for GOBOC to use standard reporting templates, the BOC would continue to receive reports that are helpful to its needs.

SECTION 3. AUDITOR REVIEW

The final report from the auditor review is included as Appendix 2 to this report. For more information, see subsequent events (Section 10).

SECTION 4. BOND OVERSIGHT COMMITTEE BYLAWS

BOC meetings are conducted in accordance with its Bylaws. A copy of the current BOC Bylaws is available on the SFMTA website [here](#). The BOC approved an amendment to its Bylaws on January 7, 2015. The amendment changed the scheduled meetings of the BOC to every other month instead of quarterly.

SECTION 5. REVENUE BONDS

As of April 5, 2016 the SFMTA Board of Directors has authorized the issuance of a total of \$365.8M in Revenue Bonds. As of June 30, 2016 the SFMTA has issued \$175.8M of its 2012, 2013 and 2014 Revenue Bonds. Revenue Bond proceeds are invested in the City Treasury and interest earned on these funds is credited to the bond account to be available for bond funded projects. Information related to SFMTA indebtedness is available at the following link: <http://www.sfmta.com/about-sfmta/investor-relations>.

A. Series 2012A and 2012B Revenue Bonds

In July 2012, SFMTA issued \$63.8 million of its Revenue Bonds, comprised of Series 2012A (\$38.0 million) (Series 2012A Bonds), and Series 2012B (\$25.8 million) (Series 2012B Bonds, and together the 2012 Bonds). The SFMTA Board of Directors and the Parking Authority Commission approved the issuance of these bonds on December 6, 2011 and May 1, 2012 (Resolution Numbers 11-150, 11-151, 12-065) and the Board of Supervisors concurred with the issuance on April 10, 2012 (Resolution Number 120-12). The Series 2012A Bonds were issued to refund prior bonds issued for garage and other parking improvements. The refunding transaction resulted in net present value savings of \$6.7 million, representing 15.8% debt service savings. The Series 2012B Bonds were issued to finance a portion of the costs of various capital projects for the SFMTA. Detailed information on this issuance is available at the following link: <http://www.sfmta.com/about-sfmta/investor-relations>.

B. Series 2013 Revenue Bonds

In December 2013, the SFMTA issued \$75 million of its Revenue Bonds, Series 2013 (2013 Bonds). The SFMTA Board of Directors approved the issuance of the 2013 Bonds on September 3, 2013 and October 15, 2013 (Resolution Numbers 13-206, 13-234) and the Board of Supervisors concurred with the issuance on September 24, 2013 (Resolution Number 337-13). The 2013 Bonds were issued to finance various transportation capital projects. Detailed information on the 2013 Bonds is available at the following link: <http://sfmta.com/about-sfmta/investor-relations/investor-relations-overview>.

C. Series 2014 Revenue Bonds

In December 2014, the SFMTA issued \$75 million of its Revenue Bonds, Series 2014 (2014 Bonds), to finance various transportation capital projects. The SFMTA Board of Directors approved issuing the 2014 Bonds on September 3, 2013 and October 21, 2014 (Resolution Numbers 13-206, 14-154) and the Board of Supervisors concurred with the issuance on September 24, 2013 (Resolution Number 337-13). Detailed information about this issuance is available at the following link: <http://www.sfmta.com/about-sfmta/investor-relations>.

D. Series 2017 Revenue Bonds

On April 5, 2016 the SFMTA Board of Directors approved (Resolution Number 16-044) to authorize the issuance of the Series 2017 Bonds in an amount not to exceed \$207 million including \$190 million of proceeds. The Board of Supervisors concurred with the issuance on June 7, 2016 (Resolution 231-16). The bond includes up to \$45 million for the Mission Bay Component, and up to \$162 million for other projects, such as the light rail vehicle procurement, the Van Ness Transit Improvement Project and for various financing costs. To date, these bonds have not been issued.

SECTION 6. COMMERCIAL PAPER PROGRAM

The SFMTA established a \$100 million commercial paper (CP) program on September 10, 2013. The CP program was approved by the SFMTA Board of Directors on June 4, 2013 (Resolution Number 13-071) and the Board of Supervisors concurred on June 10, 2013 (Resolution Number 246-13). The CP program will be used to finance on a short-term basis the costs of transportation capital projects in advance of the issuance revenue bonds. In certain instances commercial paper will be issued in anticipation of the receipt of grants. It is expected that the CP program will lower the cost of funds for SFMTA capital projects as debt when and as needed by the project managers.

At its November 6, 2013 meeting, the BOC reviewed the SFMTA's Commercial Paper Policies and Procedures to guide the use of CP. The procedures were jointly developed by the SFMTA and the Controller's Office of Public Finance. The Policies and Procedures were intended to define the steps to issue commercial paper and the related procedures and accounting to ensure appropriate internal controls and accountability. Detailed information is available at the following link: <http://www.sfmta.com/about-sfmta/investor-relations>.

SECTION 7. PROJECT DELIVERY

A. Series 2012B Bond Funded Programs

The Series 2012B Bonds were authorized in July 2012 for a total of \$25.7 million to fund seven transportation program areas. Of the \$25.7 million, \$5.0 million was designated for parking garage projects and \$20.7 million for state-of-good-repair improvements to existing assets as well as accessibility and reliability of the transportation system including transit, bicycle, pedestrian and signal improvements. As of June 30, 2016, the Series 2012B bond funds were spent for a total of 15 projects across the seven program areas. A total of \$25.6 million bond funds were expended leaving \$62,197 in unspent proceeds.

The following section summarizes the programs included in the 2012B Revenue Bonds.

Program Title

Program Description

Systemwide Transit Access and Reliability Program

The Systemwide Transit Access and Reliability (Transit Signal Priority) Program is intended to increase transit ridership and improve the path of travel to transit stops and stations while minimizing delays associated with customer boarding and alighting from Muni vehicles and reducing delays associated with traffic signals. It includes projects supporting development of

Muni Metro Sunset Tunnel Rail Rehabilitation

pedestrian and bicycle amenities that expand the ridership area and increase the utility of public transit access points. Projects also include small signal upgrades and modification of signal phases at intersections, adding bus or pedestrian bulbs, and street design changes to reduce delays for transit vehicles at busy intersections.

The Muni Metro Sunset Tunnel Rail Rehabilitation upgrades and reconstructs aging N-Line railway infrastructure in the Sunset Tunnel, which includes replacing track work, overhead catenary system components, feeder cables, the curve signal system, and firefighting standpipe components; cleaning drain lines; and adding conduit for a future emergency bluelight telephone system.

Muni Metro Turnback Rehabilitation

The Muni Metro Turnback (“MMT”) extends the Muni Metro Light Rail Transit Line underground approximately one mile from Embarcadero Station to a tunnel portal connecting to the Mission Bay surface line. The MMT includes 800 feet of bored tunnel, cut-and-cover structure, and an extensive underground turnback complex with two pocket tracks. The MMT was designed to improve turnback operations, reduce headways, and provide underground train storage to increase system capacity. The turnback and pocket track just east of Embarcadero Station have been damaged over time by water intrusion from the San Francisco Bay. The worn track has in the past caused service delays. The MMT Rehabilitation is designed to improve service reliability by reducing train and control failures and to improve safety. It is also expected to reduce on-going maintenance costs.

Muni Green Light Rail Facility Rehabilitation

The Muni Green Light Rail Facility Rehabilitation project will enhance system reliability while reducing the need for excess maintenance. The project calls for the replacement of approximately 11,200 track-feet of worn rails and track switches at the SFMTA’s Green Light Rail Facility, where in excess of 89 Breda LRVs are regularly stored, and possibly improvements to the facility.

Muni System Radio Replacement Project

This project will replace and modernize SFMTA's radio communication system using 700 MHz voice and 800 MHz data channels as the basis for the communication network. The new system will utilize four base station sites and will meet the regional Intelligent Transportation Standard and the P25 interoperability criteria.

Muni Metro System Public Announcement and Public Display System Replacement

The Muni Metro System Public Announcement and Public Display System Replacement project would improve customer experience within the Muni Metro system by replacing existing 28-year-old subway Public Address System & Platform Display systems with new devices. Specific improvements include the installation of LED passenger information displays at nine stations, for a total of 108 signs. Station improvements will also include speakers, microphones, ambient noise sensors and a digital voice announcement system.

Parking Garage Projects

This program includes funds for assessing the condition of 18 garages and provides partial funding for waterproofing and ventilation projects.

Fiscal Year 2015-2016 project delivery milestones for the 2012B Revenue Bonds include:

1. Muni Metro Sunset Tunnel Rail Rehabilitation: The 3rd Contract Modification for the revised feeder cable was developed, approved by the SFMTA Board, and executed. Installation of the feeder cable conduit along the tunnel ceiling is complete. Installation of the lightweight backfill at the West Portal retaining wall has been completed.
2. Muni Green Center Roof Rehabilitation: This project was completed this fiscal year.
3. Muni System Radio Replacement: Substantial completion was achieved at the following sites: Bayview Park, One Market Plaza (OMP) base station, Forest Hill, 1455 Market Street, Muni Metro East Yard, Islais Creek Yard, and Cameron Beach Yard. The Central Radio Site at Twin Peaks construction was 99% completed. Also conducted were Land Mobile Radio field performance testing, Minifleet phase I testing, coverage including signal strength and delivery audio quality testing, network performance testing, network failure mode testing, and yard wireless bulk data testing.

4. C3 Integrated Systems Replacement: This project was completed this fiscal year. Completed installation and cutover of the Platform Display Signs (PDS) at all stations in the subway. Developed the Passenger Audio-Video (PAV) system.
5. Parking Garage Projects: Air intake wells were cleaned. Power and controls conduit installation are near completion. Fans were ordered and prepared for installation. Fan and carbon dioxide monitoring systems were completed. All water proofing projects were completed in October 2015.

B. Series 2013 Revenue Bond Funded Programs

On December 4, 2013, the SFMTA issued \$75 million in Revenue Bonds, Series 2013 (2013 Bonds). Of the \$75 million, \$1.7 million was programmed for garage projects and \$73.3 million for asset renewals, accessibility and reliability of the transit system (safe routes to transit including bicycle, pedestrian and signal improvements). As of June 30, 2016, the 2013 bond funds were spent for a total of 36 projects. A total of \$44.9 million bond funds were expended and \$20.8 million was encumbered in construction contracts leaving \$9.3 million unspent.

The following section summarizes the programs included in the Series 2013 Bonds.

Program Title

Program Description

Pedestrian Safety & Traffic Signal Improvements

This program is meant to promote walking and improve the safety and usability of City streets by providing the funds required to plan, design and construct pedestrian and traffic signal infrastructure. The program includes the installation of red light photo enforcement equipment; pedestrian islands in the medians of major thoroughfares; sidewalk bulb-outs and sidewalk widening; installation of traffic and pedestrian signals which include countdown and accessible pedestrian signal equipment; and targeted traffic calming projects.

Transit System Safety and Other Improvements

The Transit System Safety and Other Transit Improvements program is designed to improve the safety of the Muni transit system. It includes project development and capital costs for: (i) the replacement of the communication and dispatching system to provide interoperable digital voice communications for SFMTA staff and the Public Works Emergency Radio System; (ii) new vehicle on-board and fixed route components that will provide information for core operational capabilities including Computer Aided Dispatch and Automatic Vehicle Location, vehicle health monitoring, on-board ADA-compliant traveler information, transit signal priority, and automated fare collection; (iii) training equipment and simulators for Muni operators; (iv) replacement of fire-safety mandated emergency telephones including phone switches, phone stations, blue-light units, raceways, communication cables, uninterrupted power supply units, networking system, operator consoles and management servers; and (v) transit improvements including signal changes, bus bulbs, striping changes and other localized uses of the transit priority toolkit.

Street Capital Improvements

The Street Capital Improvements program focuses on the development of safe and complete streets through integrated major corridor capital projects. It includes project development and capital costs for: the construction of bicycle facilities and improvements to the existing bicycle network; bicycle sharing, new bicycle lanes and paths, bicycle parking facilities, bicycle boxes, bicycle boulevards, buffered bicycle lanes, cycle tracks, bicycle signals, and “green wave” traffic signal coordination; curb extensions, storm water management features, traffic signal timing changes, signs, installation of pedestrian signals, including countdown and accessible pedestrian signal equipment, sidewalk extensions, medians, refuge islands, and bulb outs.

Facility Improvements

The Facility Improvements program includes safety and seismic upgrades to SFMTA parking garages and expansion of Muni operations and maintenance facilities, including projects intended to maintain the state of good repair of certain existing garages and SFMTA operations facilities, to improve working conditions for staff and to otherwise expand existing facilities.

Transit Fixed Guideway Improvements

Transit Fixed Guideway Improvements is a capital program intended to address certain transit operational issues and maintenance needs, and to increase system reliability. It includes project development and costs relating to: replacement of overhead wires and related poles and traction power systems serving light rail and trolley coach lines; improvement to the transportation central control facility and systems; replacement of the trackway and related systems serving the light rail and cable car lines to mitigate excessive noise and/or vibration.

Muni Fleet

Under the Light Rail Vehicle Procurement program, SFMTA will purchase replacement light rail vehicles along with new vehicles to provide for growth in transit service.

Fiscal Year 2015-2016 project delivery milestones for the Series 2013 Revenue Bonds include:

1. Transit Spot Improvement – Muni Forward – 5 Fulton Mid Route: Completed the installation of underground utilities and constructed several transit bulbs.
2. Blue Light Emergency Phone Replacement: Processed product submittals and requests for information from the contractor and continued final cable terminations. Initiated staff operations and maintenance training for the new Bluelight system. Installed equipment/conduit and terminated cables at Justin Herman Vent Structure, Montgomery, Civic Center, Church, Castro, Forest Hill, Lenox/West Portal, Powell, Van Ness, and Carl Street Substation. Initiated witnessed system acceptance testing.
3. Radio Replacement: Substantial completion was achieved at the following sites: Bayview Park, One Market Plaza base station, Forest Hill, 1455 Market Street, Muni Metro East Yard, Islais Creek Yard and Cameron Beach yard. Central Radio Site at Twin Peaks construction was 99% completed.

4. Islais Creek Phase II Improvements: For the south building the contractor installed a pile extension, excavated and reinforced pile caps, graded beams and pits. In addition, the contractor installed underground utilities and began erecting a steel structure in mid-June. For the north building, continued to drive piles and excavate, form, place, and backfill for a pile extension. Continued to excavate, form, reinforce and pour concrete pile caps, grade beams and pits and waterproofed the equipment pit floor.
5. Operator Restrooms: Phase I: Contract was completed for the Potrero and 25th Ave. restroom in April 2015. The contract has been closed and the facility was accepted and is open for use. Using the SFPW Job Order Contracting (JOC), the fourth restroom unit was installed at 48th and Ortega Ave. in June 2015, and the contract has been closed. The facility was accepted and is open for use.
6. Operator Restrooms: Phase II: 20th & Buckingham: Site has been approved for major encroachment by the SF Board of Supervisors. BART Daly City: Completed underground utilities at the project site. Sunnysdale/McLaren: Site was approved for major encroachment by the SF Board of Supervisors. Parkridge & Buckingham: Site was approved for major encroachment by the SF Board of Supervisors. 48th & Rivera: The San Francisco Arts Commission reviewed and approved the project site plan. Fulton & 6th: The SF Planning Department approved the General Referral Plan. Townsend & Fourth: Project team identified a new location at 4th & Townsend. Van Ness & North Point: Environmental review was approved. Top of the Hill, Daly City: The restroom unit was installed and commissioned for service.
7. 33 Stanyan Overhead Replacement - Phase I: Contract awarded and the notice to proceed was issued on October 13, 2015. Construction was active on Potrero Avenue between 21st and 25th Streets.
8. L-Taraval Track Rail and Overhead Rehabilitation: The project team submitted 30% scope of work, estimates, and design plans. Production rates for each discipline to determine construction duration based on work days, hours, and headings allowed were also submitted. Estimated construction duration is approximately 3 years and bus substitution for the L-Taraval will be approximately 18 months. The project electrical engineer worked with SFPUC to identify any additional lighting needed within the project limits. The team finalized additional traction power scope of work due to field investigation results. The team completed draft utility occupancy drawings.

9. M-Ocean View Track Replacement: The project received Caltrans comments for 19th Avenue and Junipero Serra Blvd. The team developed responses for all the comments and a response letter was sent back to Caltrans in early April 2016 with revised drawings. Caltrans responded to our response and provided additional comments. The team completed a 95% detailed design.

10. Muni Metro Twin Peaks Tunnel Rail Replacement: Prepared track gauge tolerance specifications and distributed them to the project team. Responded to 32 requests for information inquiries. Initiated review of proposed and current schedule options to permit longer consecutive shutdowns. Reviewed approval of project sign and issued notice to residents and businesses for usage of the designated staging area to start storing construction material.

C. Series 2014 Revenue Bond Funded Programs

On December 10, 2014, \$75 million of Revenue Bonds, Series 2014 (2014 Bonds) were issued to fund various transportation system, safety, traffic signal, and street and facility improvements. As of June 30, 2016, the 2014 Bonds were spent on a total of 5 programs. A total of \$24.3 million bond funds were expended and \$13.8 million were encumbered in construction contracts leaving \$36.9 million unspent.

The following section summarizes the programs included in the Series 2014 Revenue Bonds.

<u>Program Title</u>	<u>Program Description</u>
Pedestrian Safety & Traffic Signal Improvements	This program is meant to promote walking and improve the safety and usability of City streets by providing the funds required to plan, design and construct pedestrian and traffic signal infrastructure. The program includes the installation of red light photo enforcement equipment; pedestrian islands in the medians of major thoroughfares; sidewalk bulb-outs and sidewalk widening; installation of traffic and pedestrian signals which include countdown and accessible pedestrian signal equipment; and targeted traffic calming projects.

**Transit System
Safety and Other
Improvements**

The Transit System Safety and Other Transit Improvements program is designed to improve the safety of the Muni transit system. It includes: project development and capital costs for: (i) the replacement of the communication and dispatching system to provide interoperable digital voice communications for SFMTA staff and the Public Works Emergency Radio System; (ii) new vehicle on-board and fixed route components that will provide information for core operational capabilities including Computer Aided Dispatch and Automatic Vehicle Location, vehicle health monitoring, on-board ADA-compliant traveler information, transit signal priority, and automated fare collection; (iii) training equipment and simulators for Muni operators; (iv) replacement of the fire-safety mandated emergency telephones including phone switches, phone stations, blue-light units, raceways, communication cables, uninterrupted power supply units, networking system, operator consoles and management servers; and (v) transit improvements including signal changes, bus bulbs, striping changes and other localized uses of the transit priority toolkit.

**Complete Street
Capital
Improvements**

The Street Capital Improvements program focuses on the development of safe and complete streets through integrated major corridor capital projects. It includes project development and capital costs for: the construction of bicycle facilities and improvements to the existing bicycle network; bicycle sharing, new bicycle lanes and paths, bicycle parking facilities, bicycle boxes, bicycle boulevards, buffered bicycle lanes, cycle tracks, bicycle signals, and “green wave” traffic signal coordination; curb extensions, storm water management features, traffic signal timing changes, signs, installation of pedestrian signals, including countdown and accessible pedestrian signal equipment, sidewalk extensions, medians, refuge islands, and bulb outs.

**Facility
Improvements**

SFMTA’s Facility Improvements program includes safety and seismic upgrades to SFMTA parking garages and expansion of Muni operations and maintenance facilities, including projects intended to maintain the state of good repair of certain existing garages and SFMTA operations facilities, to improve working conditions for staff and to otherwise expand existing facilities.

Muni Fleet

Under the Light Rail Vehicle Procurement program, SFMTA will purchase replacement light rail vehicles along with new vehicles to provide for growth in transit service.

Fiscal Year 2015-2016 project delivery milestones for the 2014 Revenue Bonds include:

1. Geary Bus Rapid Transit (BRT) Phase I: Completed early implementation of traffic signal construction work at the southwest corner of Geary and Baker Streets through a change order to another SFMTA contract. Coordinated with the pedestrian bulb-out that Kaiser Hospital is preparing to construct.
2. Polk Streetscape: The contractor was selected and the contract was awarded by SFPW.
3. 19 Polk: Polk Street Transit Priority Project: The project was advertised and three bus bulbs will be delivered via the Polk Complete Street project (SFPW Contract 2126J).
4. Pedestrian Countdown Signals: Bids were received March 30, 2016 and the contract was awarded on May 5, 2016.
5. 1 California Laurel Village Transit Priority Project: The team continued working with the community to address concerns. Project scope was expanded to include the repaving of California Street between Cherry and Laurel Streets. The project was presented at the May 20, 2016 Sustainable Streets Division Engineering Public Hearing. The project was also environmentally cleared in June 2016 by SFPW and Planning.
6. Masonic Avenue Complete Streetscape: Shaw Pipelines was awarded the contract. Muni support funds from PUC Sewer were transferred to SFMTA. Outreach was done on upcoming construction and potential parking add-backs. Sidewalk legislation was approved with the addition of one new and one relocated fire hydrant.
7. Elevator Safety Reliability Project: The project scope was expanded to include the Church, Castro and Forest Hill Stations in addition to the Van Ness Station, given the need to upgrade these additional facilities. Staff identified \$2.2 million more in funding for this additional scope.

SECTION 8. REALLOCATION OF PROCEEDS

The SFMTA Board of Directors and BOC are both notified when reallocations are made between authorized programs and/or projects. In Fiscal Year 2015-16 there were five bond reallocations described below. Reallocations are numbered sequentially by bond issue irrespective of timing.

Series 2012B bonds

Reallocation 5: In a Memorandum dated October 5, 2015, the SFMTA Board was advised that \$35,439 in cost savings from the following completed projects within the Systemwide Transit Access and Reliability Program were redirected to Muni Metro Sunset Tunnel Rail Rehabilitation: 1) \$8 from Balboa Streetscape, 2) \$28,458 from Bicycle Strategy Capital Projects – Polk Street Northbound Separated Bikeway, 3) \$6,714 from Church and Duboce Project, and 4) \$259 from Franklin Street Bulbouts.

Reallocation 6: In a Memorandum dated May 16, 2016, the SFMTA Board was advised that \$21,523 in project savings from the Muni Green Light Rail Facility Rehabilitation and \$40,674 from the Systemwide Transit Access and Reliability Program’s Geary-Gough Peter Yorke Bulbout project were redirected to the Muni System Radio Replacement Project.

Series 2013 bonds

Reallocation 2: In a Memorandum dated October 5, 2015, the SFMTA Board was advised that \$750,000 from the Transit Fixed Guideway Improvements Program were directed to the Facilities Program to fund the Elevator Safety and Reliability project. The Van Ness Elevator Modernization project will be coordinated with additional elevator upgrades at Forest Hill, Church, and Castro Muni Metro stations. Bond funds redirected from Fixed Guideway Program will be replenished with another funding source once there is demonstrated project need to maintain the same level of funding for the program. In addition, \$722,431 from Parking Garage Projects was directed within the Facilities Program to Islais Creek Phase II. It was determined that the seismic upgrades assessment and conceptual design work included within the Parking Garage Projects scope would not result in the construction of a fully funded seismic upgrade project within the three-year bond window, and as a consequence, this will be funded with an alternative funding source. This reallocation had no net impact on the funding programmed within the Facilities program.

Reallocation 3: In a Memorandum dated June 1, 2016 the SFMTA Board was advised that \$13,542,781 from the Transit Fixed Guideway Improvements Program were redirected to the Facilities Program to fund the Islais Creek Phase II Improvements project.

Reallocation 4: In a Memorandum dated June 22, 2014, the SFMTA Board was advised that \$1,765,091 within the Complete Street Capital Improvements program was redirected to fund the complete streets scope elements of the Van Ness Bus Rapid Transit (BRT) project from the following: 1) \$712,548 in unallocated funds within the Complete Street Capital Improvements Program; 2) \$998,275 from the Broadway Chinatown Streetscape project; and 3) \$54,268 from cost savings in the Oak and Fell Bikeways Resurfacing project.

Series 2014 bonds

Reallocation 1: In memorandum dated October 5, 2015, the SFMTA Board was advised that \$10,227,540 from the Muni Fleet program was directed for the Procurement of Light Rail Vehicles to the Complete Streets Capital Improvements program for the Masonic Streetscape Project. To meet the schedule for the Masonic Streetscape Project, a swap of funding was required using \$10.2 million in One Bay Area Grant (OBAG) funds for the light rail vehicle base procurement and \$10.2 million in revenue bonds for the Masonic Streetscape Project. This had no net impact on the total funding allocated to either project.

SECTION 9. POLICIES & PROCEDURES

In October 2015 the BOC requested a detailed summary clarifying the reasons for transfers of funds (reallocations) between line items that was subsequently added to the monthly reports. At the December 9, 2015 meeting the BOC requested that staff provide written close out and interest allocation procedures which were presented at the February 3, 2016, June 1, 2016 and August 17, 2016 meetings (see “Subsequent Events” section). At the June 1, 2016 meeting the BOC directed staff to revise the monthly reports to add a comment on the status of remaining bond funds for completed projects that was added to subsequent reports.

SECTION 10. SUBSEQUENT EVENTS

A. Policies and Precodures

At the August 17, 2016 meeting, BOC members requested that monthly reports be annotated with notes for projects when funding for such projects may be reallocated to other bond eligible projects. BOC members also raised the concern that the Quarterly Report information does not align with the monthly reports due to different reporting periods presented in the respective reports. BOC members suggested to eliminate the financial information on the quarterly report and to provide financial information only on the monthly reports. Members requested that SFMTA staff continue to provide these monthly reports on a timely basis, the 21st of each month.

Also at the August 17, 2016 meeting, BOC members approved the Procedures to Issue, Transfer, and Close- out Revenue Bond funds the procedures and commented that any schedule changes should be communicated to the BOC members.

B. Audit Procedures and Findings

On August 17, 2016, SFMTA staff reported to the BOC that bond funded projects for the fiscal year includes approximately 16,000 transactions, 50 interdepartmental work authorizations, and approximately \$55.3 million in total expenditures. KPMG presented the draft Fiscal Year 2015-2016 Agreed Upon Procedures at the same meeting. The BOC members agreed to a sample size of sixty-five transactions, to include representative coverage of large and small dollar amounts, interdepartmental charges, and other miscellaneous items. The final report from the auditor review is included as Appendix 2 to this report.

Also at the BOC meeting of August 17, 2016, KPMG presented the draft Fiscal Year 2015-2016 Agreed–Upon Audit Procedures to evaluate sources and uses of SFMTA’s series 2012, 2013 and 2014 bonds in compliance with the provisions of the MTA Board’s Authorizing Resolution and SFMTA’s internal procedures for the bonds. The auditor findings were as follows:

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APPENDIX 1: FISCAL YEAR 2015-2016 MEETING SCHEDULE

Meetings occurred on the following dates beginning at 2:00 PM at the SFMTA administration building at 1 South Van Ness Avenue, San Francisco. Meeting Agenda and Minutes of the SFMTA BOC meetings are posted at the following link: <http://sfmta.com/about-sfmta/organization/committees/bond-oversight-committee-boc>. Audio recordings are on file with the Committee Coordinator and can be made available upon request. Scheduled meetings are open to the public and the BOC encourages the participation of the public.

Fiscal Year 2015-2016 BOC Meeting Dates

- July 22, 2015
- October 9, 2015
- December 9, 2015
- February 3, 2016
- April 6, 2016
- June 1, 2016

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APPENDIX 2: FISCAL YEAR 2015-2016 AUDIT

See attached report.

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Report holding place.

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Prepared By:
San Francisco Municipal Transportation Agency



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