



SFMTA

San Francisco Municipal Transportation Agency

Fiscal and Management Update

FY 2021 – 2025 Capital Improvement Program

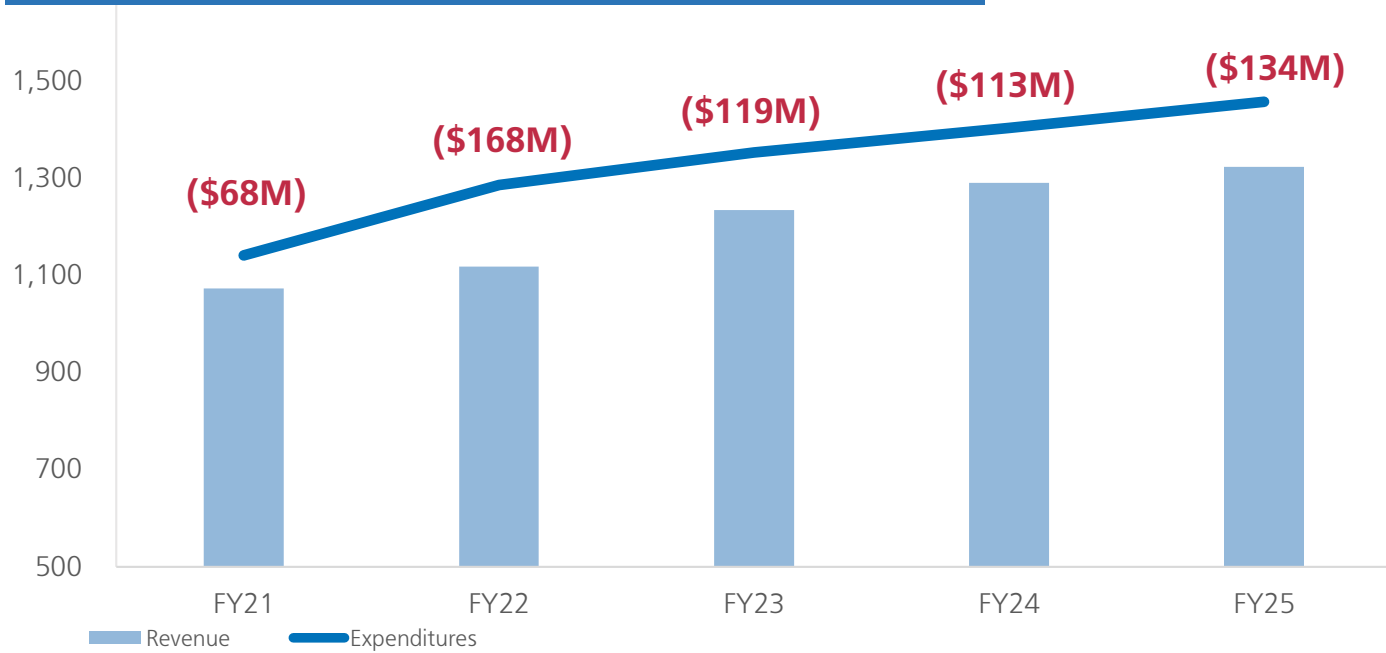
SFMTA Board of Directors
January 5, 2021

Introduction/Overview

- In December 2020, the SFMTA Board asked for a review of the Capital Improvement Program (CIP) and Capital budget to potentially reduce projected operating deficits.
- SFMTA State of Good Repair needs are currently \$632 million/year, however capital resources and priorities only allow for a \$269 million/year investment.
- As part of the adoption of the FY 2021 and FY 2022 Operating Budget significant one-time revenues were shifted from capital, \$33 million in FY202-21 and \$48 million. Revenues from the new TNC tax \$7 million to \$19 million was also shifted to operating.
- After review, FY 2021-25 CIP revenues losses are projected \$202.2 million from the baseline adopted in April 2020.
- The CIP also subsidizes the operating budget through project support funds and overhead contributions. In FY 2019-20 the CIP contributed \$49.2 million.
- About 23% or \$536 million of funding in the CIP is also used to leverage funding from other agencies as a local match contribution.
- Given reductions to the CIP and the need to sustain current capital investments staff **caution against shifting CIP funds to operating** and suggest no more than \$25 million be shifted.

Current and On-Going Structural Deficit

12/1/20 – SFMTA 5-Year Forecast



Operating Budget, \$M	FY21	FY22	FY23	FY24	FY25
Revenue Ongoing	1,073	1,118	1,234	1,290	1,323
Expenditures	1,141	1,286	1,353	1,403	1,457
Revenue Less Expenditures	(68)	(168)	(119)	(113)	(134)

Deficit Reduction Plan

On December 1, 2020, the SFMTA Board of Directors was presented an update on the SFMTA's current projected deficits for fiscal years 2021 and 2022 at \$68 million and \$168 million respectively. Planned follow-ups include:

- Refinancing of SFMTA revenue bonds (presented on 12/15/2020).
- Federal Relief from H.R. 133 Consolidated Appropriations, 2021 (presented today).
- Shifting additional capital funds to operations (presented today)
- Implementation of Parking Policy Changes (Board Workshop, 2/4/2021)
- Pre-purchase of Muni Fares @ Discount (Board Workshop, 2/4/2021)
- Amending Labor Agreements (Board Workshop, 2/4/2021)
- Revenue Generation from SFMTA Properties (Board Workshop, 2/4/2021)
- Use of reserves and other one-time funds (Board Workshop, 2/4/2021)

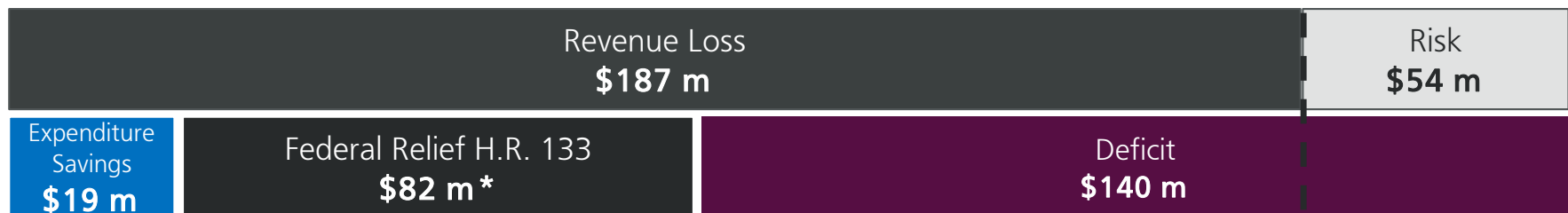
Risk Management – Update Scenarios FY 2021 and FY 2022

The deficit for the next 18-months is \$236 million to \$370 million with current projections likely trending at the higher range. H.R. 133 will close the FY 2021 budget deficit making layoffs unnecessary in FY 2021. A deficit of up to \$140 million will remain for FY 2022, and the SFMTA will have to consider various actions to close this gap including capital contributions.

Fiscal Year 2021 – Deficit likely closed; no layoffs necessary



Fiscal Year 2022 – Deficit reduction plan necessary



*Estimated pending allocation by Metropolitan Transportation Commission

SFMTA 5-Year Capital Improvement Program (CIP) – Adopted on April 21, 2020

The SFMTA 5-Year Capital Improvement Program is a **fiscally constrained 5-year program of capital improvement and operational projects.**

- *An implementation plan* for regional, citywide, and agency-wide strategies and policy goals
- *Maintains credibility* with external funding agencies (eg. MTC, FTA)
- **Certain CIP revenues can be shifted to the operating budget.**



SFMTA 5-Year CIP – CIP Programs and Descriptions



Fleet

Purchase and rehabilitate transit vehicles including motor coaches, trolley coaches, light rail vehicles and paratransit vans



Signals

Plan, design, engineer and construct traffic signals and associated infrastructure to improve mobility and safety on San Francisco streets and decrease transit travel time



Parking

Plan, design, rehabilitate and construct public parking facilities or street infrastructure related to public parking



Taxi

Implement systems to optimize and support the taxi system in San Francisco to provide a better rider experience and promote low-emissions taxi vehicle use



Comm & IT

Plan, design and implement technology infrastructure upgrades to improve the efficiency and efficacy of the SFMTA and provide a better experience for customers and Employees.



Transit Optimization

Plan, design, engineer and construct infrastructure improvements to improve travel time and increase the capacity and reliability of the transit system



Fixed Guideway

Plan, design, engineer and construct improvements to critical infrastructure including rail track, overhead wires, and train control technology



Security

Plan, design and construct or implement systems to improve the security of the transit system



Facilities

Acquire, develop and/or rehabilitate transit station areas and maintenance facilities used for transit, traffic, and parking operations.



Streets

Plan, design, engineer and construct improvements to street safety that promote walking, bicycling, and taking transit

SFMTA 5-Year CIP Updates

COVID-19 has created unprecedented impacts to the economy including transportation funding for the SFMTA's Capital Budget and CIP.

- Magnitude of the impact depends on depth and length of COVID impacts to the economy as a whole.
- All anticipated capital revenues are in decline *except for* federal funds and bridge toll receipts, which we anticipate to be largely flat or increasing.
- Proposition K Transportation Sales Taxes are expected to be flat, assuming historic spenddown trends.

Projects across the entire breadth of the agency's business lines are likely to be impacted.

2-Year Capital Budget

Potential Revenue Loss

Range 6 – 8%

Up to \$92 million loss

Remaining 3-Years

Potential Revenue Loss

Range 3 – 8 %

Up to \$112 million loss

5-Year CIP

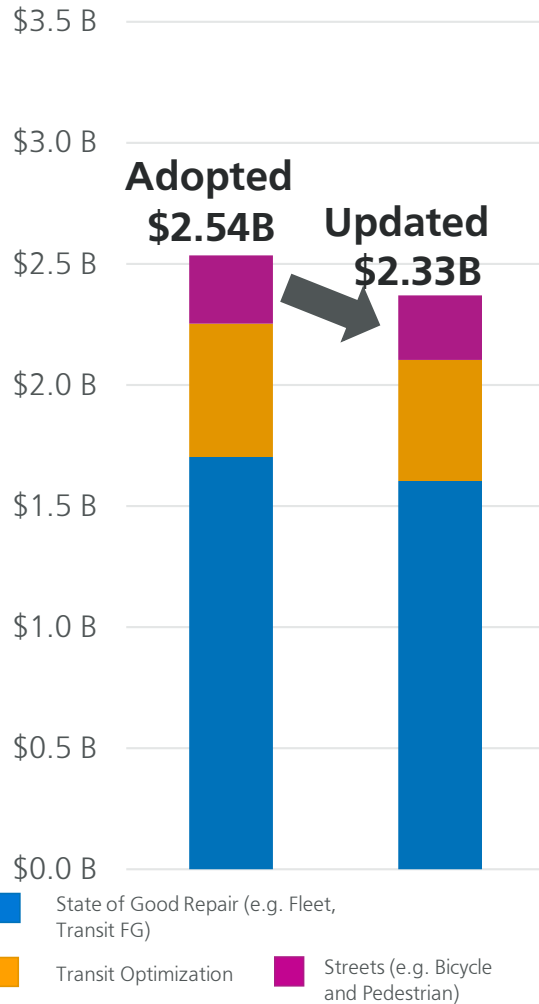
Potential Revenue Loss

Range 4 – 8%

Up to \$204 million loss

SFMTA 5-Year CIP – Capital Funds Declined \$202.2 million

FY 2021-25 CIP Adopted vs. Updated



Funding Agency	Adopted 4/21/20	Updated 1/5/21	Delta	Adjustment
Local Funds (e.g. GO Bonds, Impact Fees, Population Baseline)	1,063.8	846.9	(216.9)	TSF, IPIC and population baseline down
Federal Transit Administration	903.4	821.3	(82.2)	TCP adjusted down
Metropolitan Transportation Commission	208.8	228.3	19.5	Higher due to cost savings
SF County Transportation Authority	137.7	225.5	87.8	Sales tax flat, includes FY20 carryforward and cost savings
Caltrans	187.6	179.5	(8.1)	Cap & Trade and ATP adjusted down
Strategic Growth Council	23.1	23.0	(0.1)	
Homeland Security	10.2	8.0	(2.2)	
California Office of Emergency Services	0.0	0.5	0.5	
California Office of Traffic Safety	0.6	0.4	(0.2)	
Total	2,535.3	2,333.1	(202.2)	

SFMTA 5-Year CIP – updated on January 5, 2021, \$M

Program	Capital Budget					5-Year CIP
	FY21	FY22	FY23	FY24	FY25	Total (Current)
Fleet	89.7	206.9	137.6	146.8	215.3	796.4
Transit Optimization	170.5	133.7	26.2	59.8	109.1	499.3
Transit Fixed Guideway	98.4	58.7	64.9	119.1	85.1	426.2
Streets	57.9	69.6	39.5	49.8	26.4	243.2
Facility	85.1	52.3	38.4	31.9	26.5	234.3
Signals	25.9	5.4	15.0	12.9	17.2	76.3
Communication & IT	9.5	2.1	0.7	7.4	5.0	24.7
Parking	22.0	0.3	-	-	-	22.3
Security	-	3.0	-	2.0	3.0	8.0
Taxi	0.6	0.1	0.1	1.4	0.2	2.5
Total	559.7	532.2	322.5	431.1	487.8	2,333.1

SFMTA 5-Year CIP – Adopted on April 21, 2020

SFMTA needs to invest \$632M annually to bring the transit system in a state of good repair. On average there is only \$467M annually available in the CIP.



\$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

5-year Amount
\$2.37B

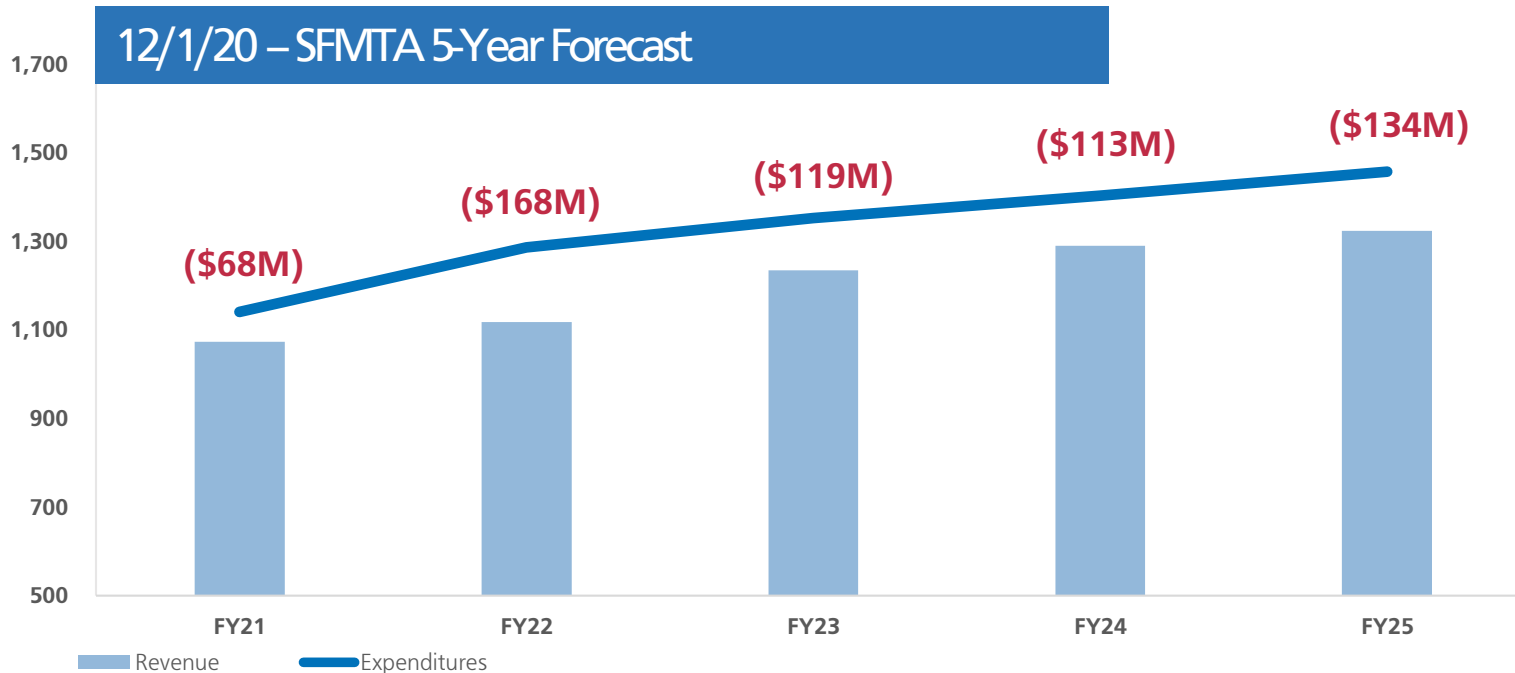
Average Annual
CIP Revenue
\$467M

Annual State of
Good Repair
Need
\$632M

Average SGR
Annual
Investment
\$269M

CIP Revenues Previously Shifted to Operating

Breaking down the SFMTA structural deficit, one-time and ongoing CIP revenues have already been shifted to the operating budget in FY21 and FY22.



Operating Budget, \$M	FY21	FY22	FY23	FY24	FY25
Revenue Ongoing (Base)	786	983	1,176	1,232	1,264
Revenue Ongoing (Shift from Capital)	47	49	58	58	59
Expenditures, \$M	1,141	1,286	1,353	1,403	1,457
Revenue Less Expenditures	(308)	(255)	(119)	(113)	(134)
Revenue One-Time	240	87	-	-	-

CIP Revenues Previously Shifted to Operating

\$33M in FY21 and \$48M in FY22 one-time CIP revenues already shifted to Operating. \$7M to \$19M in ongoing TNC tax revenue were also shifted to operating.

\$30M Population Baseline

\$10M Developer Fees

\$7M to \$19M TNC Tax

Revenue Ongoing Shifted from Capital

\$47M to \$59M

\$207M CARES/Fund Balance

\$17M ERAF

\$16M Developer Fees

\$39M Fund Balance

\$13M ERAF

\$35M Developer Fees

One-Time FY21 Revenues

\$240M

One-Time FY22 Revenues

\$87M

CIP Subsidizing Overhead and PSF Positions

The CIP funds a portion of the operating budget and PSF positions. In FY 2019-20, \$49.2 million in division and department overhead and paid-time off was recovered against the CIP. This is the equivalent to 364 positions in FY 2020-21.

The CIP subsidized \$49.2 million in PSF and operating positions in FY 2019-20.



+364 FTE



CIP Local Match and Leveraging

About \$536 million in local funding is needed in the FY 2021-25 CIP either as local match or as leveraging to secure other outside grant funding.

Funds Match or Leveraging



FTA Grants

Transit Capital Priorities, Capital Investment Grants, FTA 5337, etc.



MTC

Lifeline, Transit Performance Initiative, etc.



Caltrans

Active Transportation Program, Highway Safety Improvement Program, Caltrans Planning etc.



Other

Strategic Growth Council, Homeland Security, California Office of Traffic Safety, etc.



Funding that can Shift to Operating

In FY 2020-21 and FY 2021-22 there are several funds that can be flexed to the operating budget. There is an additional subset of funds that we can work with our funding partners with to potentially flex from capital to operating.

Can Shift to Operating

Transit Capital Priorities
(Largely FTA Formula)

TSF Maintenance

Operating/Fund
Balance

State SB1 SGR

Proposition B Transit

LCFS

Partner Discretion

Proposition K

Regional Measure 3

TNC Tax

Funding that can Shift to Operating

Staff recommend shifting **no more than \$25 million** of FY 2020-21 and FY 2021-22 CIP funds to the operating budget.

Range of options to shift CIP funds to the operating budget

\$25 Million

Staff Recommendation

2.2% of FY 21 and FY22
CIP Revenues

\$50 Million

Project Impacts

4.4% of FY21 and FY22
CIP Revenues

\$100 Million

Not Recommended

8.8% of FY21 and FY22
CIP Revenues



FY 2020-21
CIP Revenue

\$559.7M

FY 2021-22
CIP Revenue

\$532.2M

CIP revenues

down \$202.2 million

One-Time Revenue Already Shifted

\$81 million

Current yearly SGR Investment

\$269 million

CIP OH/PSF Subsidy in FY20

\$49.2 million

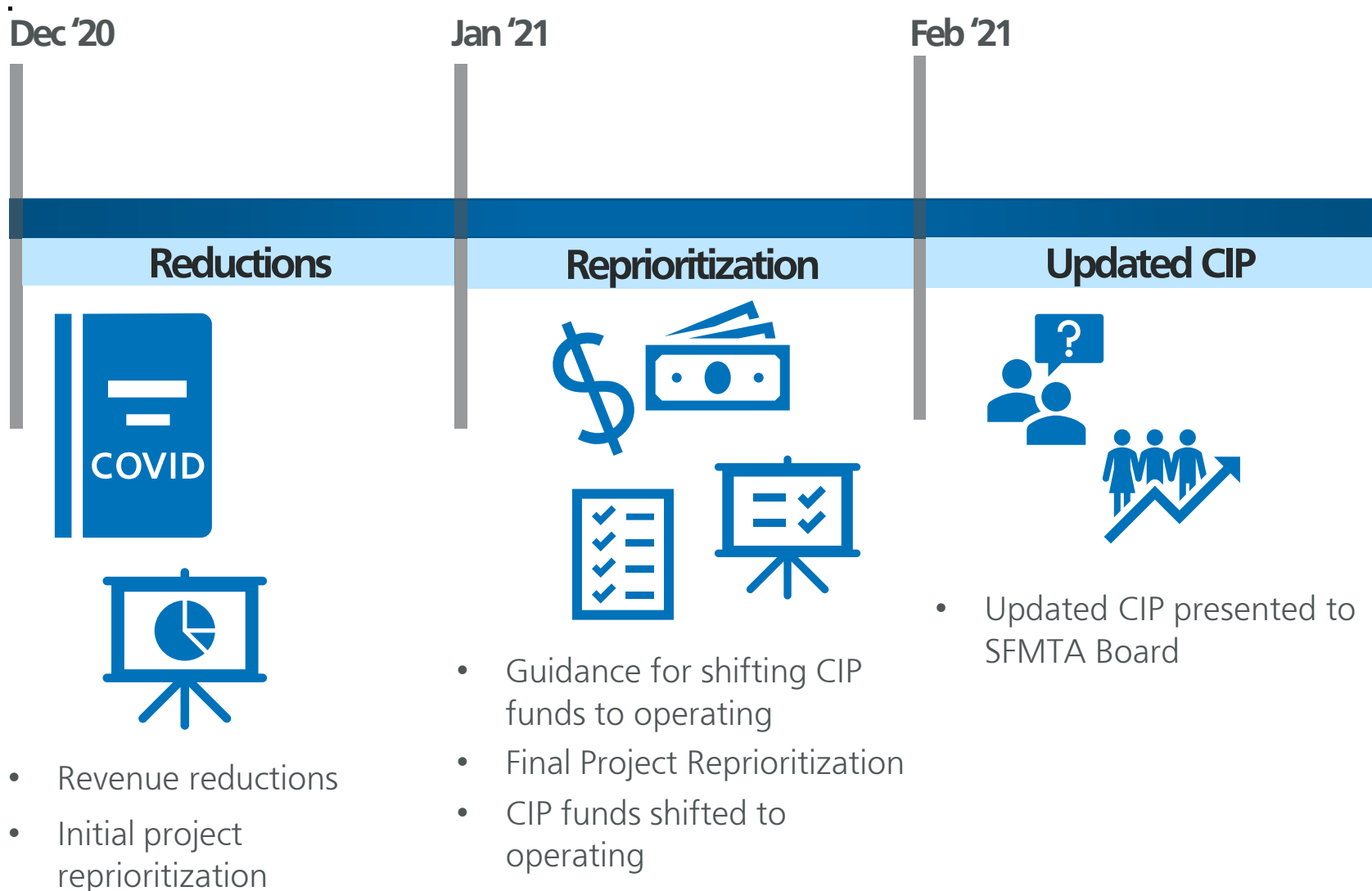
SGR yearly investment to eliminate backlog

\$632 million

Leveraging/Local Match

\$536 million

Next Steps





Thank you.



Appendix

Projects with significant funding

The list represents projects with significant funding programmed in FY 2020-21 and FY 2021-22.

Project	Program	Current Phase	FY21/22 Revenue, \$M
Light Rail Vehicle Fleet Replacement & Expansion	FT	CON	140.2
Better Market Street	TO	PE	94.3
New Flyer Midlife Overhaul Phase I	FT	DD	72.7
Train Control System Upgrade	TF	PLN	64.9
L Taraval Improvement Project	TO	CON	48.3
BART Canopies/Market Street Entrance Modernization	FC	CON	42.0
Muni Metro East Expansion Phase II – Paving	FC	PE	36.5
30' Motor Coach Replacement Procurement	FT	DD	34.0
22 Fillmore: 16th Street Transit Priority Project	TO	CON	27.1
Customer Information Systems	CI	CON	23.1
Subway Reliability Taskforce SGR Improvements	TF	CON	22.8

Projects with significant funding

The list represents projects with significant funding programmed in FY 2020-21 and FY 2021-22.

Project	Program	Current Phase	FY21/22 Revenue, \$M
Western Addition Area - Traffic Signal Upgrades	SG	DD	22.3
Parking Meter Replacement	PK	CON	22.0
28 19th Avenue Rapid Project (South of Golden Gate Park)	TO	CON	21.1
Potrero Facility Reconstruction	FC	CIP	20.6
Taylor Street Streetscape	ST	PE	20.6
Folsom-Howard Streetscape	ST	DD	20.4
M-Line Park Merced Surface Realignment	TO	CIP	19.9
Electric Bus Procurement	FT	DD	18.1
6th Street Streetscape	ST	DD	16.8
New Castro Station Elevator	FC	DD	15.7
Facilities Capital Projects	FC	CIP	7.0

Projects for Stimulus

The BFP team maintains a list of projects for federal stimulus with the Government Affairs division. The below are candidate projects which can have a potential funding offset.

Project	Budget, \$M
LRV Procurement and Expansion	1,127
Van Ness Bus Rapid Transit	316
Muni Train Control Program	297
New Flyer Bus Midlife Overhaul Phase I and II	249
MME Maintenance Facility Expansion	120
L-Taraval Improvement Project	106
28-Rapid 19 th Avenue Improvement Project	33
Western Addition Area – Traffic Signal Upgrades	26
Taylor Street	25
6 th Street Pedestrian Improvement Project	25
40' Battery-Electric Bus (EV) Pilot Project	23
Vision Zero Pedestrian and Bicycle Quick Build Program	16