

**THIS PRINT COVERS CALENDAR ITEM NO. : 10.3**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Finance and Information Technology

**BRIEF DESCRIPTION:**

Approving the programming of \$5.5 million of AB664 funds from the Metropolitan Transportation Commission, from the Light Rail Vehicle (LRV) Procurement project to the Hybrid Bus Procurement project, and programming \$5.5 million of Proposition B General Fund set-aside funding in FY2018-19 for the LRV Procurement project.

**SUMMARY:**

- On January 20th, 2015, the SFMTA Board of Directors approved programming of up to \$210 million to exercise Option 1 to Contract No. SFMTA-2013-19 for procurement of LRVs should the State not approve that amount from the Transit and Intercity Rail Capital Program (TIRC), a new State competitive program funded by cap-and-trade dollars.
- On December 15, 2015, the City finally approved Amendment No. 2 to Contract No. CPT 713 (Procurement of 40-Ft and 60-Ft Low Floor Diesel Hybrid Coaches) with New Flyer of America Inc., to purchase an additional 152 standard and 113 articulated low floor diesel-hybrid replacement buses, for an additional amount of \$244,630,752, and a total contract amount not to exceed \$412,270,421, subject to availability of funding.
- The SFMTA has identified \$137.5 million out of the \$284 million (including soft costs) in funding for the option buses to be procured under Amendment No. 2, which will allow SFMTA to procure 85 40-foot buses and 63 60-ft. buses until additional funding is secured.
- The \$137.5 million includes \$5.5 million from the LRV Project that must be replaced with other funds in order to make those funds available to the Hybrid Coach Procurement project.
- The SFMTA has identified \$5.5 million of Proposition B General Fund set aside funding that will be available in 2018-19 for the LRV Project.

**ENCLOSURES:**

1. SFMTAB Resolution

**APPROVALS:**

**DATE**

DIRECTOR \_\_\_\_\_

1/11/16

SECRETARY \_\_\_\_\_

1/11/16

**ASSIGNED SFMTAB CALENDAR DATE:** January 19, 2016

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### **PURPOSE**

The purpose of this resolution is to approve the programming of \$5.5 million of AB664 funds from the Metropolitan Transportation Commission (MTC), from the LRV Procurement project to the Hybrid Bus Procurement project, and programming \$5.5 million of Proposition B General Fund set-aside funding in FY2018-19 for the LRV Procurement project.

### **GOAL**

The Project will help the Agency meet the following Goal of the SFMTA Strategic Plan:

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

### **DESCRIPTION**

On September 3, 2014, the Board of Supervisors authorized the SFMTA to enter into LRV Contract No. 2013-19 with Siemens Industry, Inc., for a base order of 151 replacement LRVs and 24 expansion LRVs, in an amount not to exceed \$1.19 billion and options for up to 85 LRVs. The Board's approval was subject to the condition that the Contract provides for two separate options—Option 1 for 40 LRVs and Option 2 for 45 LRVs—and that the SFMTA obtain approval from the Board of Supervisors prior to exercising Option 2.

In January 2015, SFMTA requested \$210 million from MTC in the near term to allow SFMTA to exercise Option 1 of the LRV Contract immediately, in order to keep the SFMTA's place in the production queue and to achieve savings in escalation costs.

To meet this immediate need, MTC reprogrammed approximately \$25 million from SFMTA's fixed guideway infrastructure rehabilitation projects in the FY2014-15 Transit Capital Priorities (TCP) program to the LRV purchase, and additionally programmed \$44 million in AB664 bridge tolls and \$84 million in Bay Area Tolling Authority (BATA) project savings (total of \$153 million) that had been designated for SFMTA's replacement vehicles. SFMTA also committed to fund \$57 million of the costs of the option with local funds. All of these sources would otherwise have been directed to SFMTA's rehabilitation and replacement needs, rather than to fleet expansion.

In order to restore funding for rehabilitation and replacement projects in the future, the \$153 million in MTC funds were intended to serve as a backstop for the receipt of future cap-and-trade funds via the Transit and Intercity Rail Capital Program (TIRCP), administered by the California State Transportation Agency (CalSTA). MTC agreed to advance the regional funds under the following repayment conditions: 1) SFMTA would pursue cap-and-trade funds and be required to repay the regional investment from its own sources if these funds were not secured; 2) SFMTA would also be required to develop an agreement with MTC on the terms of the replacement funding if cap-and-trade funds were not secured; and 3) SFMTA is to provide up to

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\$57 million in local funds to complete the funding plan for the LRV Option 1 should cap-and-trade funds not be available to pay the full \$210 million cost of Option 1.

In June 2015, CalSTA selected SFMTA to receive \$41 million in TIRCP funds, the maximum amount available to any one applicant. As a result of the grant, MTC restored the \$25 million in TCP funds and \$16 million of the AB 664 funds to the fixed guideway rehabilitation and fleet replacement projects. A portion of the AB664 funds (\$28 million) and the \$84 million in BATA project savings remain on the LRV project until additional cap-and-trade funds are secured. Staff is planning to seek additional funding for the LRV option in upcoming rounds of the TIRCP.

On December 30, 2014, the City entered into Contract No. CPT 713 (Procurement of 40-Ft and 60-Ft Low Floor Diesel Hybrid Coaches) with New Flyer of America Inc. to purchase 61 articulated low floor buses. On June 29, 2015, the City issued Contract Amendment No. 1, to change the propulsion system in six of the previously ordered buses from parallel propulsion to series propulsion, and to exercise an option to purchase 48 standard and 50 articulated buses, for an additional amount of \$99,382,133.

On December 15, 2015, the City approved Amendment No. 2 to Contract No. CPT 713., to purchase an 152 standard and 113 articulated low floor diesel-hybrid buses, for an additional amount of \$244,630,752, and a total contract amount not to exceed \$412,270,421, subject to availability of funding.

The SFMTA has identified \$137.5 million of the \$284 million needed to fully fund the project (including Amendment No. 2) (see funding table below). The \$137.5 million will allow SFMTA to procure 85 standard buses and 63 articulated buses until additional funding is secured. The \$137.5 million includes \$5.5 million in AB664 funds currently programmed for LRV Option 1. SFMTA requests that this Board approve programming of \$5.5 million of AB664 funds for Amendment No.2 of the Hybrid Bus Procurement project. In exchange, the SFMTA requests authority to use \$5.5 million of Proposition B General Fund set-aside funding in FY2018-19 for Option 1 of the LRV Procurement project.

MTC requires that the reprogramming be documented through an action of the SFMTA Board of Directors.

**ALTERNATIVES CONSIDERED**

The SFMTA could not identify any sources other than Prop. B General Fund set-aside monies to fund Option 2 of the Hybrid Bus Procurement project in a timely fashion.

**FUNDING IMPACT**

The funding plan for the Hybrid Bus Procurement Project (including Contract and soft costs) is set forth below:

*Amounts in millions.*

<b>Source</b>	<b>Base Contract (60 artics) + Option 1 (48 standards, 50 artics)</b>	<b>Amendment 2 – (85 standards, 63 artics)</b>	<b>Amendment 2 - (67 standards, 50 artics)</b>	<b>TOTAL</b>
Transit Capital Priority funds	\$114.5	\$67.6	\$116.5 (TBD)	<b>\$298.6</b>
Prop K	45.6	48.0	30.0	<b>\$123.6</b>
Prop B General Fund set-aside	17.8			<b>\$17.8</b>
State I-Bond	3.1			<b>\$3.1</b>
FTA Ladders of Opportunity grant	9.0			<b>\$9.0</b>
AB664		16.4		<b>\$16.4</b>
AB664 funds from LRV project		5.5		<b>\$5.5</b>
<b>TOTAL</b>	<b>\$190.1</b>	<b>\$137.5</b>	<b>\$146.5 (TBD)</b>	<b>\$474.2</b>

Efforts are underway to secure the remaining \$146.5 million for the project, which includes soft costs as well as contract costs. The SFMTA has one year to certify additional funding before any price adjustments. Additionally, interim financing for cash flow purposes will be needed to support this project.

**OTHER APPROVALS RECEIVED OR STILL REQUIRED**

The City Attorney's Office has reviewed this calendar item. MTC and the Transportation Authority are taking actions to their respective authorizing bodies in January and February 2016 to commit the funds for Amendment No. 2 of the Hybrid Coach Procurement as shown in the table above.

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**ENVIRONMENTAL REVIEW**

On November 5, 2014, the Planning Department determined that the Hybrid Coach Procurement contract did not constitute a project under CEQA Guidelines Sections 15060(c) and 15378. A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference.

**PUBLIC OUTREACH**

Not applicable.

**RECOMMENDATION**

Staff recommends that the SFMTA Board of Directors approve the programming of \$5.5 million of AB664 funds from the Metropolitan Transportation Commission, from the LRV Procurement project to the Hybrid Bus Procurement project, and programming \$5.5 million of Proposition B General Fund set-aside funding in FY2018-19 for the LRV Procurement project.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

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

WHEREAS, On September 3, 2014, the Board of Supervisors authorized the SFMTA to enter into LRV Contract No. 2013-19 with Siemens Industry, Inc., for a base order of 151 replacement LRVs and 24 expansion LRVs, in an amount not to exceed \$1.19 billion and options for up to 85 LRVs; the Board's approval was subject to the condition that the Contract provide for two separate options—Option 1 for 40 LRVs and Option 2 for 45 LRVs—and that the SFMTA obtain approval from the Board of Supervisors prior to exercising Option 2; and

WHEREAS, On January 20, 2015, the SFMTA Board of Directors approved programming of up to \$210 million, including \$153 million from the Metropolitan Transportation Commission (MTC), to exercise Option 1 to Contract No. SFMTA-2013-19 should the State not approve that amount from the Transit and Intercity Rail Capital Program (TIRC), a new State competitive program funded by cap-and-trade dollars; and

WHEREAS, On December 30, 2015, the City entered into Contract No. CPT 713 (Procurement of 40-Ft and 60-Ft Low Floor Diesel Hybrid Coaches) with New Flyer of America Inc. to purchase 61 articulated low floor buses, in an amount not to exceed \$68,257,536; and

WHEREAS, On June 29, 2015, the City approved Amendment No. 1 to Contract No. CPT 713, to change the propulsion system in six of the previously ordered buses from parallel propulsion to series propulsion, and to exercise an option to purchase 48 standard and 50 articulated buses, for an additional amount of \$99,382,133; and

WHEREAS, On December 15, 2015, the City finally approved Amendment No. 2 to Contract No. CPT 713 to purchase 152 standard and 113 articulated buses, for a total contract amount not to exceed \$412,270,421, subject to availability of funding; and

WHEREAS, The SFMTA has identified \$137.5 million of the \$284 million needed to fully fund Amendment No. 2 to Contract No. CPT 713 (including soft costs), which will allow SFMTA to procure 85 standard buses and 63 articulated buses until additional funding is secured; and

WHEREAS, The \$137.5 million includes \$5.5 million in AB664 bridge toll funds currently programmed for Option 1 of the LRV Contract; and

WHEREAS, SFMTA proposes the \$5.5 million of AB664 funds be programmed instead for Amendment No. 2 of Contract No. CPT 713 and that \$5.5 million of Proposition B General Fund set-aside funding in FY2018-19 be used for Option 1 of the LRV Procurement project; and

WHEREAS, MTC and the Transportation Authority are taking actions to their respective authorizing bodies in January and February 2016, respectively, to commit a portion of the funds they are allocating for the Hybrid Coach Procurement project; and

WHEREAS, On November 5, 2014, the Planning Department determined that the Hybrid Coach Procurement contract did not constitute a project under CEQA Guidelines Sections 15060(c) and 15378. A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; now, therefore, be it.

RESOLVED, That the SFMTA Board of Directors approves the programming of \$5.5 million of AB664 funds from the Metropolitan Transportation Commission, from the Light Rail Vehicle (LRV) Procurement project to the Hybrid Bus Procurement project, and programming \$5.5 million of Proposition B General Fund set-aside funding in FY2018-19 for the LRV Procurement project.

I certify that the foregoing resolution was adopted by the Municipal Transportation Agency Board of Directors at its meeting of January 19, 2016.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency