

**STAFF REPORT FOR CALENDAR ITEM NO.: 9
FOR THE MEETING OF: May 12, 2022**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Presentation of and Public Hearing for draft budgets for Fiscal Year 2022-2023 (FY 22-23) Operating Budget in the amount of \$31,769,000 and FY 22-23 Capital Budget for Phase 1, Phase 2, and Tenant Improvements in an amount of \$116,507,000 and FY 22-23 Debt Service Budget in the amount of \$28,188,431.

SUMMARY:

The Joint Powers Agreement creating the Transbay Joint Powers Authority (TJPA), dated April 4, 2001, establishes that the fiscal year of the TJPA begins on July 1 and ends on June 30, and provides the TJPA Board with the authority to adopt a multi-year budget, or an annual budget before the beginning of each fiscal year. In accordance with TJPA's Policy No. 003: Budget Policy, adopted by the Board on June 23, 2004, staff has prepared the attached proposed budgets for review by the Board and the public.

Staff presented a budget outlook at the April 2022 Board meeting. Following this May Board presentation and public hearing on the proposed budgets, staff will seek Board approval of final FY 22-23 budgets at the June Board meeting. As noted in April, the TJPA Budget Policy allows for the submission of the budget outlook and the draft budget to a Finance Committee of the TJPA Board. For the past several budget years and continuing for this year, staff is presenting these items to the TJPA Board as a whole in lieu of holding a separate meeting of a Finance Committee of the Board.

The proposed draft operating budget totals \$31,769,000. The operating budget includes expenses and revenues for full operations at the Transit Center. The draft capital budget for Phase 1 totals \$17,875,000. The draft capital budget for Phase 2 totals \$92,184,000 and the draft capital budget for Tenant Improvements totals \$6,448,000. The capital budgets are consistent with the overall Program Budgets adopted by the Board. The debt service budget is \$28,188,431. All budgets are itemized in Attachments and are subject to further refinements and feedback from the Board and public before presentation of the final proposed budgets in June.

DRAFT FY 22-23 OPERATING BUDGET:

The FY 22-23 Operating Budget detailed below is an overall increase of about \$1.2 million (M) or 3.8 percent from the Preliminary Budget presented in January 2022. The increases take into consideration increased revenues and increased expenses from an anticipated recovery from the COVID-19 pandemic. The pending extension of additional Regional Measure 2 (RM-2) funding for each of the three forthcoming fiscal years provides the largest increase in budgeted operating revenues and reduces the Regional Operator contributions anticipated in the Preliminary Budget presented in January by 35 percent.

FY 22-23 Intergovernmental and Operating Revenues

The FY 22-23 operating budget includes revenues from Federal COVID relief funding per the American Rescue Plan Act of 2021 (ARPA), Regional Measure 2 (RM-2) and Regional Measure

3 (RM-3) bridge toll funds, Community Benefit District (CBD) assessments, contributions from various transit operators, naming rights, retail leases, advertising and sponsorship revenues from the Transit Center operations, cellular antennae fees, and small amounts of miscellaneous revenue. These are described further below along with the previously approved Transit Center Rental and Fee Schedule as Attachment 4.

Intergovernmental Revenue

- TJPA receives an annual allocation of RM-2 bridge toll funds, for operations, estimated at \$5.8M. The allocation request for FY 22-23 includes the annual allocation set forth in the RM-2 legislation, as well as \$2.7M from the anticipated continuation of additional RM-2 funds allocated by MTC to assist with funding operations prior to the full activation of the Transit Center. MTC staff will bring this proposal to the Commission in June, as part of MTC's annual operating assistance program item. The budget also includes \$3.25M in RM-3 funds. RM-3 funds will not be available until pending litigation is fully resolved. TJPA will seek authorization from MTC to receive future reimbursement for expenditures incurred in FY 22-23 if the litigation extends past FY 22-23.
- Regional Operator Contributions are derived from any differential between operating costs and operating revenues, per the Lease and Use Agreements, and are covered by the transit operators utilizing the Transit Center facilities, AC Transit and the San Francisco Municipal Transportation Agency (SFMTA). As Transit Center revenues have been severely affected by the pandemic, the burden on the transit operators to cover deficits is substantial. Due in large part to the expected continuation of additional RM-2 funding for the next three fiscal years, the draft budget includes \$4.6M in Regional Operator Contributions, which is a 35 percent reduction (approximately \$2.5M) from the January 2022 preliminary projection.
- The East Cut Community Benefit District (CBD) was formed in 2015 (as the Greater Rincon Hill CBD) as a special assessment district to fund specified services to improve quality of life in the neighborhood surrounding the Transit Center, including operation and maintenance of green spaces in the district. Under the CBD Management Plan, the CBD will provide up to 79.18% of the annual budget to operate and maintain the rooftop park. For FY 22-23, TJPA currently expects to be reimbursed for nearly \$1.7M, an increase of 9% from the FY 21-22 budget. This is based on the Memorandum of Understanding with the East Cut CBD and assumes the activities and programming on the park will continue to increase in the upcoming fiscal year.
- In 2021, MTC allocated \$3M of the Bay Area's \$1.8B Federal ARPA funds to the TJPA as part of the Bay Area's third COVID relief funding package. \$1.8M of these funds will be used in FY22-23 to support the Transit Center operations and maintenance.
- In 2022, the San Francisco County Transportation Authority awarded the TJPA \$300,000 in Proposition AA funds for improving digital wayfinding at the Transit Center. The budget also includes an additional \$3M in not yet identified funds as staff is actively seeking other funding sources.

Operating Revenue

- Salesforce payment for naming rights for this fiscal year is expected at \$3.4M.
- Retail revenue including leases is projected at \$2.5M. The amount is based on the current retail leases, rent abatement amendments to those leases, and delays to opening dates. The budget includes conservative rental income projections for retail spaces that are actively completing their tenant improvements and that are anticipated to open before the end of calendar year 2022.
- Advertising revenue, sponsorship, and events is anticipated at \$1.0M. This amount is based on the anticipated advertising revenue from the Transit Center.
- The Transit Center has a neutral host distributed antennae system (cellular DAS) installed throughout the Transit Center to support consistent wireless service, through which \$125,000 is included in the FY 22-23 budget.
- TJPA will continue to collect rent from Greyhound at the Transit Center for a total amount of \$239K.

FY 22-23 Operating Expenses

The TJPA FY 22-23 draft operating budget as proposed by staff totals \$31,769,000. The proposed operating budget includes various TJPA salary, benefits, and administrative costs, shared with Phase 2 and Tenant Improvements at an appropriate apportionment. As Phase 1 closes out and minimal activity remains, administrative expenses will be allocated to other areas unless work is directly related to Phase 1.

- TJPA staff salaries & benefits (\$2.6M)
- TJPA administration, including office expenses, IT, and the other administrative categories included in the operations budget (\$249K)
- CBD special tax assessments (\$121K, shared with Phase 2)
- Legal, financial, audit, public relations, and other specialized services (\$529K)

For costs that are allocated between operating and capital, the apportionment is generally 50% Operations, and 50% Capital. There are some personnel and costs that are 100% Operations or 100% Capital. The allocations are subject to change based on need, function, and available funding.

Table 1: TJPA Allocation of Full Time Equivalents by Job Classifications

Classification	Full Time Equivalent (FTE) Allocation			
	<i>Operating</i>	<i>Tenant Improvements</i>	<i>Phase 2</i>	<i>Total</i>
Executives/Senior Managers	1.50	1.00	2.50	5.00
Managers	4.25	0.20	5.55	10.00
Associates/ Administrative Staff	6.75	0	3.25	10.00
TOTAL	12.50	1.20	11.30	25.00

Salaries are based on position ranges in the pay schedule effective December 1, 2021, previously approved by the TJPA Board. California Code of Regulations requires all employers contracting with CalPERS to have a pay schedule that has been approved and adopted by its governing body. Funding for positions at particular salary levels is still subject to the Board's annual budget approval process. All TJPA employees receive a cost-of-living adjustment (COLA) each year based on the CPI under their employment agreements. In addition to employee benefits, the benefits line item includes amounts for workers compensation premiums, CalPERS liability payments, and an annual contribution to the OPEB trust. The proposed budget includes a 20 percent increase in employer contribution towards monthly health premiums, the first increase in the TJPA's history, from up to \$1,535 for employee and two or more dependents to up to \$1,842, as well as a modest increase in monthly transit benefits to be equivalent to a Muni plus BART within San Francisco monthly pass, currently equivalent to a Muni only monthly pass.

The administration category includes the expenditures associated with operating the TJPA on a day-to-day basis, such as insurance premiums; communications; office supplies, equipment and furniture; professional development; meeting expenses; and human resources/payroll administration.

Transit Center Operations

TJPA staff has worked with the asset manager, Lincoln Property Company (LPC), to refine the operating budget for the Transit Center, which accounts for increasing activity within and around the facility. Park-related operating expenses that are reimbursable by the East Cut CBD assessment are categorized separately, according to the Memorandum of Understanding between the East Cut CBD and TJPA. Additionally, this operating budget includes maintenance contracts for the physical security systems, landscaping maintenance, and several computer software and hardware maintenance agreements.

The draft Transit Center operating budget includes estimated operations and maintenance costs as follows:

- Transit Center O&M, including janitorial, building maintenance, and utilities (\$6.6M)
- Transit Center physical security and security systems (\$8.6M)
- Cybersecurity and IT (\$1.4M)
- Transit Center property management staffing, administrative costs, and fee (\$1.6M)
- Salesforce Park management fee, programming, maintenance, janitorial, and utilities (\$2M)
- Digital content / wayfinding systems development and maintenance (\$602K)
- Wayfinding Enhancements (\$3.3M)
- Bus Storage Facility (\$590K)
- Transit Center Major Maintenance/Repair/Replacement (\$510K)
- Park Major Maintenance / Repair / Replacements (\$200K)
- Transit Center Insurance (\$2M)
- Other Consulting Services (\$33K)

Total: **\$27.3 million**

Security at the Transit Center includes the San Francisco Police Department (SFPD) and private security guards under the contract with Allied Universal. Security levels will be sufficient to secure the building; implement the public safety and security concept of operations; deter, respond to, manage, and recover from all security or safety events and contingencies; and manage the Security Operations Center.

The draft budget includes \$590,000 for maintenance and security of the Bus Storage Facility, funded by AC Transit, and \$3.3M for Wayfinding Enhancements to implement the planned improvements throughout the Transit Center. Wayfinding improvements are subject to funding availability, and staff is actively seeking funding from local, regional, and Federal sources.

The estimate for Transit Center insurance coverage is for all-risk and terrorism coverage, and for basic insurance against damage and loss of use resulting from most insurable events, except for flood and earthquake.

The FY 22-23 operating budget includes a contingency of \$950K. If the RM-3 lawsuit is not resolved in MTC's favor, the TJPA may need to use reserves to cover expenditures planned to be funded with projected RM-3 funds.

Operating Reserves

The Emergency Reserve is set at \$500,000 by the policy and would be used in extraordinary events such as a natural disaster. It is currently funded in the Transit Center Operating Fund at the policy set amount of \$500,000.

The Board adopted Reserve Policy established the Operating and Maintenance (O&M) reserve at 25% of the annual budgeted operations and maintenance expenses. This approximates three months of operating expenses and is intended to be available in the event of unanticipated revenue shortfalls and/or unavoidable expenses. For FY 22-23, the O&M Reserve is estimated to be \$5.1M, or 19% of the annual operating cost, not including the set asides for wayfinding enhancements and contingency. This represents an increase of approximately \$2.5M from FY 21-22, due in part to the availability of Federal COVID relief funds and receipt of one-time incentive payments from SFPUC for energy efficient elements of the Transit Center's construction. Given continued uncertainty of several of the revenue sources, the FY22-23 budget does not include any transfers to the O&M reserve at this time. Should additional funds become available during the year, they would be transferred to the O&M reserve to the extent feasible. Staff will provide an outlook for the reserve status as part of the multi-year operating budget projection that is presented in June.

DRAFT FY 22-23 CAPITAL BUDGETS:

The FY 22-23 Capital budgets for Phase 1, Phase 2, and Tenant Improvements total \$116,507,000. Staff is developing a Capital Improvement Program (CIP) to incorporate the necessary capital repairs and replacements for the Transit Center and associated facilities. The asset management team is developing the lifecycle maintenance and repair schedule for the building systems, based on manufacturers' maintenance and warranty information. Staff will return to the Board with a proposed CIP policy to guide the development of the CIP budget. Until the CIP is prepared, replacement and repair items are included in the Capital Maintenance / Repair / Replacement line item of the operating budget.

Proposed FY 22-23 Capital Budget for Phase 1

The FY 22-23 Capital Budget for Phase 1 is proposed at \$17,875,000. The budget focuses on the close-out of construction claims, and includes legal and dispute resolution services and minimal administrative support for the close-out processes. This annual budget allocation falls within the overall Program budget of \$2.259B.

FY 22-23 Capital Funding Sources for Phase 1

The FY 22-23 Phase 1 budget will be funded primarily with TJPA's reimbursement from proceeds from the City's Community Facilities District (CFD) bond sales (\$15.4M), as well as remaining funds from several sources including land sales proceeds, bond proceeds from TIFIA refinance, and a small amount of interest income.

Proposed FY 22-23 Capital Expenditures for Phase 1

The TJPA's capital expenditure budget is organized into two categories:

- Professional, Specialized Services, and others: \$3.3M
- Construction Closeout: \$14.5M

Proposed FY 22-23 Capital Budget for Phase 2

The FY 22-23 Capital Budget for Phase 2 is proposed at \$92,184,000. This budget is consistent with the Board adopted work plan to complete Project Development, the first phase of the FTA New Starts process, and support the project's request to enter engineering, the next phase of the process. The proposed budget includes funding to advance coordination with other public agencies and commencement of right-of-way related activities. TJPA has been working closely with FTA Program Management Oversight Consultant review team since Fall 2021.

Proposed FY 22-23 Capital Funding Sources for Phase 2

Phase 2 has a variety of sources slated to fund the overall capital cost of approximately \$5B. The FY 22-23 budget includes funding sources programmed or already allocated to the project, as well as pending funding sources. Staff are actively working with funding partners to secure the necessary funding. The funding sources include:

- San Francisco Proposition K Sales Tax: \$10.2M
- Transit Center District CFD funds: \$53.9M
- State and Regional Grants such as RM-3 or TIRCP: \$21.6M
- Federal Grants: \$5.2M
- Parcel F Reimbursements: \$980K
- Miscellaneous and interest income: \$291K

The FY 22-23 Phase 2 Budget requires additional sources of funds to complete the work planned for the fiscal year, including expected reimbursement from proceeds from a Transit Center District CFD bond sale. Staff are working with San Francisco's Office of Public Finance to prepare for the next bond sale. Federal, State, regional grants from sources such as RM-3, FRA CRISI, and/or TIRCP are included as potential sources for the unfunded portion of the FY 22-23 Phase 2 Budget.

Proposed FY 22-23 Capital Expenses for Phase 2

Salaries and Benefits

The TJPA's proposed Phase 2 salaries, benefits, and administrative expenses for FY 22-23 are approximately \$3.0M. The staff costs are allocated between the Operating, Tenant Improvements, and Phase 2 budgets as shown in Table 1 on page 3 of this report.

Administrative expenses are the apportioned amounts of the expenditures associated with operating the TJPA on a day-to-day basis, such as professional development, meeting expenses, insurance premiums, communications, office supplies, equipment and furniture, and human resources/payroll administration.

Administrative Professional Services

The budget includes \$1.7M of expenditures for professional services required for the advancement of the Transbay Program, including legal services, financial advisors, economic and real estate analysis, legislative advocates, auditing, and other services as itemized in the attached budget request.

Professional and Specialized Services

The Professional and Specialized Services budget is categorized by engineering and design services, project management, environmental review, real estate services, and other specialized services. Approximately \$42.3M of the proposed FY 22-23 capital budget is devoted to Professional and Specialized Services, the majority of which is allocated to Engineering and Design. The major professional and specialized services that will be undertaken during FY 22-23 under each sub-category are described below.

Engineering and Design Services (\$42.3M)

- Program Management & Program Controls (PM/PC) (\$4.8M)
The PM/PC consultant provides Downtown Rail Extension (DTX) project management.
- DTX Preliminary Engineering and Design (\$35.3M)
The focus will be Project Development and continuing to advance engineering work for the DTX to a complete 30% preliminary engineering and drawings level.
- Interagency Coordination (\$1.2M)
- Operations Planning (\$500K)
- Economic and Related Analysis (\$210K)
- Other Engineering & Design Services (\$400K)

Right-of-Way Acquisition and Real Estate Services

The FY 22-23 budget includes \$40.4M for property acquisition and easements along the project's right-of-way. The budget also includes \$3.4M for related professional services such as relocation services, environmental assessments and surveys, real estate appraisals, and property management. As a portion of the funding for right-of-way acquisition is not yet identified, the project team is developing a strategy to prioritize right-of-way acquisition and proceed as funding becomes available.

Proposed FY 22-23 Capital Budget for Tenant Improvements

The FY 22-23 Capital Budget for Tenant Improvements is proposed at \$6,448,000. This budget

stands alone from the Phase 1 and Phase 2 budgets and provides more visibility on the overall value of the tenant improvement activities.

Proposed FY 22-23 Capital Funding Sources for Tenant Improvements Budget

The overall Tenant Improvement budget has been set at \$50.5M. The FY 22-23 Draft Tenant Improvements Budget is be funded with TJPA Bond proceeds and interest income.

- Bond Proceeds: \$6.4M
- Interest income: \$50K

Proposed FY 22-23 Capital Expenses for Tenant Improvements

The TJPA's proposed capital salaries and benefits expense for FY 22-23 is approximately \$388K. There are no administrative expenses allocated to the Tenant Improvements budget and the positions dedicated to Tenant Improvements are shown in Table 1 on page 3 of this report.

LPC, the asset manager for the Transit Center provides construction/project management oversight for tenant improvements and acts as a leasing manager. They also assist with analyzing the value of tenant allowances in combination with lease negotiations. TJPA staff coordinates with LPC to ensure proper integration with the overall design of the facility, and to stay on schedule and on budget. The expenses in the Tenant Improvement budget plans for the expense of the committed tenant construction allowances and the construction of the landlord's work.

- Marketing and Leasing Commissions: \$500K
- Project Management / Engineering and Design: \$1.4M
- Landlord's Work / Base Building Construction: \$1.2M
- Tenant Improvements Allowance \$3M

DRAFT FY 22-23 DEBT SERVICE BUDGET

The FY 22-23 Debt Service Budget of \$28.2M includes scheduled principal and interest payments to the tax allocation bonds issued in June 2020, due on October 1 and April 1, paid with net tax increment revenues. The net tax increment revenue generated by the former State-owned parcels is pledged to the tax allocation bonds, thus these funds cannot be used for operational costs. Under the structure of the 2020 tax allocation bonds, any excess net tax increment revenues that are collected will be used for the mandatory redemption of subordinate lien turbo bonds.

CAPITAL RESERVES

Fiscal Reserves

The Fiscal Reserve is a part of all the capital budgets and covers both Phase 1 and Phase 2 of the Transbay Program and Tenant Improvements. The Fiscal Reserve provides working capital and contingency. Use of the Fiscal Reserve requires Board action. Action on the FY 22-23 Capital Budgets may include transfers from the Fiscal Reserve to various aspects of the budgets. Upon finalizing the specific categories and determining the final amounts, staff will include a detailed request itemizing the costs and categories as part of the approval for the final adoption of the budgets in June.

Capital Replacement Reserve

The Capital Replacement Reserve is a reserve to address the lifecycle needs of the Transit Center. Following the completion of the 2020 bond sale, the Capital Replacement Reserve has been funded with \$27.5M.

BOARD RESOLUTION AUTHORIZATION:

The TJPA Board provides expenditure authorization to staff in several ways. For most expenditures, the Board approves a contract with a vendor that governs the duration and cost of the goods and services to be provided. However, not all expenditures are based on vendor contracts—generally administrative items such as salaries, benefits and other office expenses are not. By approving the budget request, the Board would provide expenditure authorization for those line items that are not based on contracts.

In some cases, the TJPA’s funding partners require that funding applications be approved by the TJPA Board. Others do not include this requirement. For clarification, and as in previous fiscal years, the FY 22-23 budget resolution will include language authorizing the TJPA’s Executive Director to apply for, accept, and expend funds for Board approved expenditures in the annual budget.

BOARD BUDGET REVIEW PROCESS:

Staff will return to the Board on a quarterly basis to report on the status of “budget vs. actual” expenditures and revenues. Staff may also return to the Board for review and approval of one or more budget amendments, if changes in circumstances warrant.

ENCLOSURES:

1. FY 22-23 Draft Operating Budget (Attachment 1)
2. FY 22-23 Draft Capital Budgets (Attachment 2)
3. FY 22-23 Draft Debt Service Budget (Attachment 3)
4. Rental and Fee Schedule (Attachment 4)

RECOMMENDATION:

Information only; Final Budget to be presented for approval at June Board meeting.

FY 2022-23 Draft Operating Budget	FY21-22 Budget Amendment 1	FY22-23 Preliminary Budget Projection (January 2022)	FY22-23 Draft Budget	Difference From Preliminary in \$'s	Difference From Preliminary in %
Beginning Reserves					
Emergency Reserve	500,000	500,000	500,000	0	0%
O&M Reserve	1,954,346	5,123,277	5,123,277	0	0%
Beginning Balance and Reserves	2,454,346	5,623,277	5,623,277	0	0%
Reimbursements					
Regional Measure 2	8,122,468	5,768,000	8,468,000	2,700,000	47%
Regional Measure 3	1,625,600	3,251,000	3,251,000	0	0%
Federal Grants - CARES, CRRSAA and ARPA	3,287,474	1,700,000	1,800,000	100,000	6%
San Francisco Proposition AA (Wayfinding)	0	0	300,000	300,000	N/A
Wayfinding Request	1,000,000	3,300,000	3,000,000	(300,000)	-9%
Community Benefit District Park Payments	1,588,067	1,636,000	1,728,000	92,000	6%
Subtotal Reimbursements	15,623,609	15,655,000	18,547,000	2,892,000	18%
Revenues					
Lease and Use Payments	4,473,637	7,093,000	4,580,000	(2,513,000)	-35%
AC Transit (74%)	3,310,491	5,248,820	3,389,200	(1,859,620)	-35%
SF Municipal Transportation Agency (26%)	1,163,146	1,844,180	1,190,800	(653,380)	-35%
AC Transit (Bus Storage Facility)	560,000	577,000	590,000	13,000	2%
AC Transit Capital Contributions	500,000	500,000	500,000	0	0%
General Fund Revenues	8,007,284	6,786,000	7,552,000	766,000	11%
Other Operator Rents	323,314	333,000	239,000	(94,000)	-28%
Naming Rights	3,278,181	3,377,000	3,377,000	0	0%
Transit Center Rental Retail Revenue	2,194,562	1,540,000	2,500,000	960,000	62%
Transit Center Advertising	1,000,000	1,000,000	1,000,000	0	0%
Transit Center Sponsorship / Events	220,000	250,000	150,000	(100,000)	-40%
Neutral Host DAS Licensing Fees	500,000	125,000	125,000	0	0%
Miscellaneous	365,000	35,000	35,000	0	0%
Interest Earnings	126,227	126,000	126,000	0	0%
Subtotal Revenues	13,540,921	14,956,000	13,222,000	(1,734,000)	-12%
Transfers From/(To)					
Transfer From Reserves/Fund Balance	0	0	0	0	N/A
Transfer (To) Reserves/Fund Balance	(630,040)	0	0	0	N/A
Subtotal Transfers	(630,040)	0	0	0	N/A
TOTAL RESOURCES	28,534,490	30,611,000	31,769,000	1,158,000	3.8%
Expenses					
Salesforce Transit Center	24,088,711	26,985,000	28,636,000	1,651,000	
TJPA Administration	2,876,224	2,963,000	3,507,000	544,000	18%
Asset Management Fee & Administration	1,591,556	1,639,000	1,582,000	(57,000)	-3%
Physical Security	7,298,670	7,353,000	7,731,000	378,000	5%
Security Systems	592,927	611,000	868,000	257,000	42%
Cybersecurity/IT	1,777,363	1,831,000	1,381,000	(450,000)	-25%
Transit Center General Maintenance	2,265,792	2,500,000	3,144,000	644,000	26%
Transit Center Janitorial	1,282,050	1,400,000	1,782,000	382,000	27%
Transit Center Utilities	1,580,128	1,700,000	1,621,000	(79,000)	-5%
Wayfinding Enhancements	1,300,000	3,300,000	3,300,000	0	0%
Digital Content Management & Wayfinding Systems	602,000	620,000	602,000	(18,000)	-3%
Capital Maintenance, Repair, Replacement	510,000	525,000	510,000	(15,000)	-3%
Insurance	1,842,000	1,916,000	1,985,000	69,000	4%
Bus Storage Facility	560,000	577,000	590,000	13,000	2%
Other Consulting Services	10,000	50,000	33,000	(17,000)	-34%
Salesforce Transit Center Park	2,820,179	2,676,000	2,183,000	(493,000)	-18%
Park Management & Administration	613,153	300,000	520,000	220,000	73%
Park Programming	284,250	293,000	317,000	24,000	8%
Park Capital Maintenance	200,000	206,000	200,000	(6,000)	-3%
Park General Maintenance	787,754	811,000	567,000	(244,000)	-30%
Park Janitorial	619,150	741,000	247,000	(494,000)	-67%
Park Utilities	315,872	325,000	332,000	7,000	2%
Contingency	1,625,600	950,000	950,000	0	0%
TOTAL EXPENSES	28,534,490	30,611,000	31,769,000	1,158,000	4%
DIFFERENCE	0	0	0	0	0%
Ending Reserve Amounts					
Emergency Reserve	500,000	500,000	500,000	0	0%
O&M Reserve	2,584,386	5,123,277	5,123,277	0	0%
Totals	3,084,386	5,623,277	5,623,277	0	0%
Reserve Percentage	11%	18%	19%		
Variable Expense Budget	28,534,490	30,611,000	27,519,000		

FY22-23 Draft Phase 1 Budget	FY22-23 Budget DRAFT
<u>Revenues</u>	
CFD Reimbursements	15,406,000
Land Sales Proceeds	1,027,000
Bond Proceeds from TIFIA Refinance	1,349,000
Miscellaneous & Interest Income	93,000
TOTAL RESOURCES	17,875,000
<u>Expenses</u>	
Legal Counsel	3,000,000
Financial and Grants Management	10,000
Construction Dispute Resolution Services	250,000
Program Management / Program Controls	10,000
Transit Center Engineering & Design	75,000
Transit Center Building & Ramps Construction	14,530,000
TOTAL EXPENSES	17,875,000

FY22-23 Draft Phase 2 Budget	FY22-23 Draft Budget
<u>Revenues</u>	
Proposition K San Francisco Sales Tax	10,245,000
Transit Center District CFD Funds	53,861,000
Transit Center District Impact Fees-IPIC	10,000
RM3 / TIRCP / Parcel F / Other Regional and State Grants	21,641,000
Federal Grants	5,156,000
Parcel F Reimbursements	980,000
Interest Income	291,000
TOTAL REVENUES	92,184,000
<u>Expenses</u>	
<i>Salaries, Fringe Benefits, & Admin</i>	
	3,004,000
<i>Engineering & Design Services</i>	
Program Management / Program Controls	4,790,000
Downtown Extension Preliminary Engineering & Design	35,235,000
Downtown Extension Interagency Coordination	1,185,000
Operations Planning	500,000
Economic and Related Analysis	210,000
Other Engineering & Design Services	400,000
<i>Professional Services</i>	
Financial and Grant Management	450,000
Legal Counsel (City Attorney, Outside Counsel)	415,000
Legislative Services	291,000
Cybersecurity/IT	238,000
Community & Public Relations	225,000
Audits	35,000
Other Intergovernmental Agreements / Professional Services	25,000
<i>Permits and Fees</i>	
Taxes / Other Plan Checks / Permit Fees	166,000
<i>Real Estate Services</i>	
Property Acquisition	40,400,000
Relocation Services	1,750,000
Environmental, Building & Soil / Hazardous Material Services	1,095,000
Real Estate Appraisal Services	500,000
Property Management	10,000
<i>Other Professional Services</i>	
Parcel F Reimburseables	980,000
Miscellaneous Consulting Services	280,000
TOTAL EXPENSES	92,184,000

FY22-23 Draft Tenant Improvements Budget	FY22-23 Draft Budget
Revenues	
2020 Tax Allocation Bond Proceeds	6,398,000
Interest Income	50,000
TOTAL REVENUES	6,448,000
Expenses	
Salaries & Benefits	388,000
Marketing and Leasing Commissions	500,000
Project Management / Engineering & Design	1,360,000
Landlord's Work/ Base Building Construction	1,200,000
Tenant Improvements Allowance	3,000,000
TOTAL EXPENSES	6,448,000

FY22-23 Draft Debt Service Budget	FY22-23 Draft Budget
<u>Debt Service Fund Beginning Balance</u>	9,277,964
<u>Revenues</u>	
Net Tax Increment Revenue	31,404,971
Interest Earned	69,087
TOTAL RESOURCES	40,752,021
<u>Expenses</u>	
2020 TAB Principal and Interest	28,038,431
Post Issuance Administration	150,000
TOTAL EXPENSES	28,188,431
Debt Service Fund Ending Balance	12,563,591
Debt Service Reserve	16,517,000
Ending Balance and Reserve	29,080,591

NON-PUBLIC RENTAL AND FEE SCHEDULE

I. Purpose

TJPA's transit center is a more than 1,250,000-square-foot public facility, spread over three city blocks, with four levels above ground and two levels below ground. The facility is designed to serve diverse purposes, including transit, recreation, commercial, and administrative purposes. More than 37,000 people are expected to visit and use the facility each week day when Phase 1 of the Transbay Program is fully operational. At completion, the Transbay Program is expected to connect eight Bay Area counties and the State of California through 11 transit systems.

The primary purpose of TJPA property is to provide a public transportation facility. TJPA expects that TJPA property will also provide an important service for passengers, neighbors, workers, and tourists, providing retail, professional services, commercial outlets, and dining; as well as leisure, recreational, and other amenities.

TJPA may choose to make limited, designated areas and limited uses of TJPA property available to individuals and entities for non-public rentals and uses.

In keeping with its proprietary function as a provider of a public transportation facility, TJPA does not intend, by accepting non-public uses, to convert TJPA property into an open public forum for public discourse, debate, or expressive activity. Rather, TJPA's fundamental purpose is to provide a public transportation facility, and TJPA accepts such non-public uses as a means of generating revenue to support its primary functions.

In furtherance of this discrete and limited objective, TJPA retains control over the nature of non-public uses of TJPA property. TJPA finds that certain restrictions on non-public uses will allow the TJPA property to fulfill its primary function as a public transportation facility; guard the health, safety, and security of the public; and promote revenue generation for the Transbay Program. Among other things, non-public uses shall be consistent with TJPA's goals to:

- (1) Prioritize the public transit purpose of TJPA property, TJPA programming designed to engage and serve the public, and public access to TJPA property over non-public uses.
- (2) In light of the public investment in TJPA property, and to minimize the need for public sources to pay for operations, ensure at least full cost-recovery from non-public uses of the facility and, where appropriate, maximize revenue from non-public uses of TJPA property.
- (3) Maintain a safe and welcoming environment for passengers using TJPA property and riding the public transportation systems that use TJPA property.
- (4) Maintain TJPA's position of neutrality on issues not directly related to the Transbay Program, and avoid the appearance of the TJPA's involvement in favoring or opposing political parties, issues, or candidates.

II. Non-Public Rentals

Non-public rentals include events sponsored by any entity other than TJPA, and which are closed to the public, invitation only, or open to the public only with purchase of a ticket or payment of an entrance fee, and where the renter has the temporary right to exclude the public from the rented space. Proposed events and activities sponsored by any entity other than TJPA but which are free and open to the public are separately regulated under TJPA's promotional platform. Spaces available for rent under TJPA's retail and pop-up leasing program are separately regulated by TJPA.

A. Spaces Available for Rent

TJPA has determined that the following areas of TJPA property may be available for non-public rent at the rental rates described herein, and subject to such other terms, conditions, and requirements as may be specified by and in the discretion of the Executive Director:

- (1) Amphitheater in Salesforce Park, and
- (2) Café Pad in Salesforce Park.

At this time, no other portions of TJPA property are available for non-public rental. TJPA may evaluate whether other portions of TJPA property are viable options for non-public rentals in the future, and TJPA reserves the right to change this determination in its sole discretion.

The specified TJPA property is generally available for non-public rental on a first-come, first-served basis, based on satisfaction/completion of all TJPA prerequisites (including contract signed and payment received). Notwithstanding the foregoing, TJPA expressly reserves the right to restrict or prohibit non-public rentals during such periods, on such days, or at such times that the Executive Director determines would conflict with TJPA's objectives to prioritize the public transit purpose of TJPA property, TJPA programming designed to engage and serve the public, and public access to TJPA property.

B. Rental Rates

TJPA has determined that the following rental rates apply to non-public rentals of TJPA property:

Amphitheater in Salesforce Park Rental Rate		
	Stage + Lawn Only*	Entire Amphitheater Area
1 – 250 attendees	\$1,200/hr	\$2,200/hr
251-500 attendees	\$2,600/hr	\$3,600/hr
501+ attendees	--	\$5,000/hr

* Enclosed with barricades/stanchions, leaving west elevator, gardens, and walking path open to public.

Café Pad in Salesforce Park Rental Rate
\$500/hr

Additional Rental Rates
1.5 times the applicable hourly rate for each hour or portion thereof outside the reserved period

TJPA reserves the right to revise the above rental rates in its sole discretion. TJPA anticipates that the TJPA Board will update the rental rates each fiscal year.

C. Fees and Expenses

The non-public rental rates specified above include basic building services but do not include labor, insurance, equipment, security, and other charges. In addition to the above rental rates, TJPA charges the following fees and expenses:

Fees and Expenses	
Processing fee to cover administrative costs per event (for events with 501+ attendees)	\$500
Connectivity fee to cover costs for standard use of building power (for events greater than 4 hours)	\$500
Late fee where either (a) materials submitted less than 2 weeks prior to event (as required) (for rental of entire amphitheater), or (b) electrical plans submitted less than 5 days prior to event (as required)	\$250
Deactivation fee to cover costs where renter causes activation of facility life system alarm	\$5,000
Waste services fee where renter does not comply with obligation to appropriately segregate waste produced by its event	\$1,000
Amplified sound fee to cover additional processing and evaluation (as requested by renter)	\$560
Branded/promotional/commercial display fee (such as corporate sponsor banners or giveaways)	\$1,500

TJPA may charge additional fees and expenses as necessary to ensure full cost recovery associated with any non-public rental as specified by and in the discretion of the Executive Director. Such fees and expenses may include, but are not limited to: damage deposit; actual time of TJPA labor at established hourly rates, which may include overtime, night, weekend, or holiday rates (e.g., facility and event managers, engineers, laborers, electricians, security staff, sound monitors, janitorial, landscaping/grounds, dock master); services provided by/incurred by TJPA associated with the event to the extent the usage exceeds standard amounts or amounts specified above (e.g., waste disposal, electricity, water, security, Wi-Fi); equipment provided by TJPA associated with the event; special requests such as specialty lighting; and repair of damages associated with event.

TJPA may also impose conditions and requirements on non-public rentals which may result in additional costs for the permittee (e.g., requirement to maintain insurance; requirement to contract with Emergency Medical Technician; requirement to secure necessary permits; requirement to hire private security).

III. Film & Photo

TJPA expressly reserves the right to restrict or prohibit film/photo shoots during such periods, on such days, or at such times that the Executive Director determines would conflict with TJPA’s objectives to prioritize the public transit purpose of TJPA property, TJPA programming designed to engage and serve the public, and public access to TJPA property.

A. Professional Photographers and Videographers

TJPA requires all professional photographers and videographers to secure a film/photo permit from TJPA and pay the following film/photo fee prior to shooting on TJPA property:

Film/Photo Fees	
Still photography -- no exclusive use of TJPA property (e.g., wedding photography, family portraits)	\$100/day
Still photography -- requesting exclusive use of TJPA property (e.g., print advertising)	negotiated based on market value and extent of interference with public use
Commercial, corporate media, videos (including music videos, web videos, and short subject), TV series, movie, pilot, web series, documentary	negotiated based on market value and extent of interference with public use

TJPA reserves the right to revise the film/photo fees in its sole discretion.

In addition to the above film/photo fees, TJPA may charge fees and expenses as necessary to ensure full cost recovery associated with any film/photo shoot as specified by and in the discretion of the Executive Director. Such fees and expenses may include, but are not limited to: actual time of TJPA labor at established hourly rates (e.g., facility manager, engineers, laborers, electricians, security staff, sound monitors, landscaping/grounds); services provided by/incurred by TJPA associated with the event (e.g., waste disposal, electricity, water, security, Wi-Fi); equipment provided by TJPA associated with the event; and repair of damages associated with event.

TJPA may also impose conditions and requirements on film/photo shoots which may result in additional costs for the permittee (e.g., requirement to maintain insurance; requirement to contract with Emergency Medical Technician; requirement to secure necessary permits; requirement to hire private security).

B. News Media, Student, Government, and Nonprofit Projects

TJPA requires all news media, student, government, and nonprofit projects to secure a film/photo permit from TJPA prior to shooting on TJPA property. As a courtesy to news media, students, government agencies, and nonprofits, TJPA will waive the film/photo fee; such entities will still be required to pay any fees/expenses as necessary to ensure TJPA's full cost recovery associated with the project and to meet TJPA's minimum conditions and requirements.

A "news media project" is defined as news reporting coverage conducted by credentialed media with issued press cards. A "student project" is defined as a class assignment that is covered under insurance coverage by a college/university; if the college/university is not able to provide the student project with the required insurance coverage, the standard film/photo fees apply. A "government project" is defined as a film/photo project created by or for a government entity and that advances specific government purposes. A "nonprofit project" is defined as a project created by or for a nonprofit corporation that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, and that is directed to the general public or a significant segment of the public. Proof of nonprofit status may be required.

IV. Prohibited Uses of TJPA Property

TJPA property is not available for non-public rentals or film/photo shoots for the following purposes:

- (1) Safety and Security. Rentals for events or film/photo shoots that TJPA determines are reasonably likely to result in material risk to safety and security of participants, or TJPA property.
- (2) Illegal Goods or Services, or Unlawful Behavior. Rentals for events or film/photo shoots that advocate or promote the use of illegal goods or services, or unlawful conduct, or otherwise conflicts with the requirements of TJPA's funding partners, including the U.S. Department of Transportation.
- (3) Tobacco, Firearms, or Cannabis. Rentals for events or film/photo shoots that advocate or promote tobacco, firearms, or cannabis products, businesses, or services.
- (4) Adverse to TJPA or Public Agency Partners. Rentals for events or film/photo shoots that are directly adverse to the commercial or administrative interests of TJPA or its public agency partners, or that tend to disparage the quality of service provided by TJPA or its public agency partners, or that tend to disparage public transportation generally.
- (5) Political Events. Rentals for events or film/photo shoots that either (a) promote or oppose a political party; a state or local ballot measure; or the election of any candidate or group of candidates for federal, state, judicial, or local government offices; or (b) solicit, accept, or reward donors for contributions of any funds that the person or organization soliciting or accepting the funds will use, directly or indirectly, to support or oppose any of the items specified in (a).

FY 22-23 Draft Operating and Capital Budgets

TJPA Board
May 12, 2022



Budget Timeline

- Preliminary Operating Budget: January Board meeting
- Budget Outlook: April Board meeting
- **Draft Budget: May Board meeting**
- Final Budget: June Board meeting

FY 22-23 Draft Operating Budget

Operating Budget Highlights

■ Covid-19 and Recovery

- Remaining federal relief funding: \$1.8 million
- Tenant Improvements underway, with several businesses working towards a 2022 opening
- Increasing activity throughout the Transit Center

■ Changes from Preliminary Budget

- Anticipated continuation of additional RM-2 funding
- 35% reduction in Transit Operator contribution
- Draft Budget based on current staffing plan and increased operations
- Park budget consistent with MOU with East Cut CBD

FY 22-23 Draft Operating Budget

	FY22-23 Preliminary Operating Budget (January)	FY22-23 Draft Operating Budget	\$ Change from FY22-23 Preliminary (January)	% Change from FY22-23 Preliminary (January)
<u>REVENUES</u>				
REIMBURSEMENTS	\$15,655,000	\$18,547,000	\$2,892,000	18%
OPERATING REVENUES	\$14,956,000	\$13,222,000	(\$1,734,000)	(12%)
TOTAL REVENUES	\$30,611,000	\$31,769,000	\$1,158,000	4%
<u>EXPENSES</u>				
ADMINISTRATION	\$2,963,000	\$3,507,000	\$544,000	18%
TRANSIT CENTER	\$24,022,000	\$25,129,000	\$1,107,000	5%
PARK	\$2,676,000	\$2,183,000	(\$493,000)	(18%)
CONTINGENCY	\$950,000	\$950,000	\$0	0%
TOTAL EXPENSES	\$30,611,000	\$31,769,000	\$1,158,000	4%

FY 22-23 Draft Budget Operating Revenues

FY 2022-23 Draft Operating Budget	FY22-23 Preliminary Budget	FY22-23 Draft Budget	Difference in \$'s	Difference in %
Reimbursements				
Regional Measure 2	5,768,000	8,468,000	2,700,000	47%
Regional Measure 3	3,251,000	3,251,000	0	0%
Federal Grants - CARES, CRRSAA and ARPA	1,700,000	1,800,000	100,000	6%
Wayfinding Requests	3,300,000	3,300,000	0	0%
Community Benefit District Park Payments	1,636,000	1,728,000	92,000	6%
Subtotal Reimbursements	15,655,000	18,547,000	2,892,000	18%
Operating Revenues				
Lease and Use Payments	7,093,000	4,580,000	(2,513,000)	-35%
<i>AC Transit (74%)</i>	5,248,820	3,389,200	(1,859,620)	-35%
<i>SF Municipal Transportation Agency (26%)</i>	1,844,180	1,190,800	(653,380)	-35%
AC Transit (Bus Storage Facility)	577,000	590,000	13,000	2%
AC Transit Capital Contributions	500,000	500,000	0	0%
Other Operator Rents	333,000	239,000	(94,000)	-28%
Naming, Advertising, Sponsorships, DAS Fees	4,752,000	4,652,000	(100,000)	-2%
Transit Center Rental Retail Revenue	1,540,000	2,500,000	960,000	62%
Other Revenue	161,000	161,000	0	0%
Subtotal Operating Revenues	14,956,000	13,222,000	(1,734,000)	-12%
Total Revenues	30,611,000	31,769,000	1,158,000	3.8%

FY 22-23 Draft Budget Operating Revenues

- Overall Increase of \$3.2 million from FY 21-22 Operating Budget
 - Federal Relief Funding -\$1.5 million
 - RM-2 Bridge Tolls +\$0.3 million
 - RM-3 Bridge Tolls +\$1.6 million
 - Retail Leases +\$1.0 million
 - Advertising, Sponsorships, DAS Fees +\$0.04 million
 - CBD Park Payments +\$0.1 million
 - **Wayfinding Requests +\$2.3 million**
 - Other Sources +\$0.5 million
 - *Operator Contributions +\$0.1 million*

FY 22-23 Draft Budget Operating Expenses

FY 2022-23 Draft Operating Budget	Preliminary Budget	Draft Budget	Difference in \$'s	Difference in %
<u>Administration</u>	2,963,000	3,507,000	544,000	18%
<u>Salesforce Transit Center</u>				
Asset Management Fee & Administration	1,639,000	1,582,000	(57,000)	-3%
Physical Security & Security Systems	7,964,000	8,599,000	635,000	8%
Cybersecurity/IT	1,831,000	1,381,000	(450,000)	-25%
STC General Maintenance, Janitorial & Utilities	5,600,000	6,547,000	947,000	17%
Digital Content Management & Wayfinding	620,000	602,000	(18,000)	-3%
Capital Maintenance, Repair, Replacement	525,000	510,000	(15,000)	-3%
Bus Storage Facility, Insurance, Other	2,543,000	2,608,000	65,000	3%
Wayfinding Enhancements	3,300,000	3,300,000	0	0%
Subtotal Salesforce Transit Center	24,022,000	25,129,000	1,107,000	5%
<u>Salesforce Transit Center Park</u>				
Park Management & Administration	300,000	520,000	220,000	73%
Park Programming	293,000	317,000	24,000	8%
Park Capital Maintenance	206,000	200,000	(6,000)	-3%
Park General Maintenance, Janitorial & Utilities	1,877,000	1,146,000	(731,000)	-39%
Subtotal Salesforce Transit Center Park	2,676,000	2,183,000	(493,000)	-18%
<u>Contingency</u>	950,000	950,000	0	0%
Total Expenditures	30,611,000	31,769,000	1,158,000	4%

FY 22-23 Draft Budget Operating Expenses

- Overall Increase of \$3.2 million from FY 21-22 Operating Budget
 - TJPA Administration: +\$0.6 million
 - Physical Security: +\$0.4 million
 - Security Systems: +\$0.3 million
 - Cybersecurity/IT: -\$0.4 million
 - Maintenance/Janitorial/Utilities increasing by 12%
 - **Wayfinding Enhancements: +\$2 million**
 - Contingency: -\$0.7 million

FY 22-23 Draft Budget Operating Reserves

- Emergency Reserve at \$500,000
- Operating & Maintenance (O&M) Reserve increased from \$2.6 million in FY21-22 to \$5.1 million
- O&M Reserve represents 19% of Operating Budget, excluding Wayfinding Enhancements and Contingency.
- RM-3 litigation will have a significant impact on the O&M Reserve

FY 22-23 Draft Capital Budgets

FY 22-23 Draft Capital Budget-Resources

FY22-23 Draft Capital Budgets	Total	Phase 1	Phase 2	Tenant Improvements
TJPA Bond Proceeds	6,398,000			6,398,000
Transit Center District CFD and Impact Fee Funds	69,277,000	15,406,000	53,871,000	
Proposition K San Francisco Sales Tax	10,245,000		10,245,000	
Federal Grants	5,156,000		5,156,000	
Other, Miscellaneous & Interest Income	3,790,000	2,469,000	1,271,000	50,000
RM3 / TIRCP / Parcel F/ Other Regional and State Grants	21,641,000		21,641,000	
TOTAL RESOURCES	\$116,507,000	\$17,875,000	\$92,184,000	\$6,448,000

FY 22-23 Draft Capital Budget-Expenses

FY22-23 Draft Capital Budgets	Totals	Phase 1	Phase 2	Tenant Improvements
Salaries, Fringe Benefits, & Admin	3,392,000		3,004,000	388,000
Professional Services and Oversight	6,875,000	3,270,000	3,105,000	500,000
Engineering & Design Services	42,555,000	75,000	42,320,000	160,000
Right-of-Way Acquisition and Real Estate Services	43,755,000		43,755,000	
Construction	19,930,000	14,530,000		5,400,000
TOTAL	116,507,000	\$17,875,000	\$92,184,000	\$6,448,000

FY 22-23 Draft Capital Budgets

Phase 1: \$17,875,000

- Capital expenses in two categories:
 - Professional, Specialized Services, and others: \$3.35M
 - Legal and Financial Services
 - Project Management/Project Controls
 - Claims Management
 - Dispute Resolution Assistance

- Construction Closeout: \$14.53M
 - 10 of 49 trade packages to be closed

FY 22-23 Draft Capital Budgets

Phase 2: \$92,184,000

- TJPA Administrative Expense \$3M
 - Includes Positions to Support Advancement of DTX
- Professional Services \$3.1M
 - Financial Management
 - Legal Counsel
 - Community & Public Relations
 - Parcel F Reimbursables
- Engineering and Design Services \$42.3M
 - FTA Project Development Activities
 - Program Management & Program Controls (PM/PC)
 - Downtown Rail Extension (DTX) Preliminary Engineering & Design
 - DTX Interagency Coordination
- Right-of-Way and Real Estate Services \$43.8M
 - Right-of-Way Acquisition
 - Real Estate Services

FY 22-23 Draft Capital Budgets

Tenant Improvements: \$6,448,000

- Expenses

- TJPA Admin: \$0.4M
- Project Management / Engineering & Design: \$1.4M
- Marketing & Leasing Commissions: \$0.5M
- Tenant Improvements Allowances: \$3.0M
- Landlord's Work / Base Building Construction: \$1.2M

FY 22-23 Draft Debt Service Budget

FY 22-23 Draft Debt Service Budget

FY23 Debt Service Expenses: \$28,188,431

- Net Tax Increment pledged to TJPA 2020 Tax Allocation Bonds
- Scheduled principal and interest payments due October 1 and April 1
- Excess Net Tax Increment used for mandatory redemption of subordinate lien turbo bonds



Questions?

TJPA
TRIANGLE JOINT POWER AUTHORITY

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