

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 5/26/2021

Staff Report No. 21-254

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: Five-Year Capital Improvement Plan

ACTION ITEM

RECOMMENDED ACTION(S):

Consider adopting the five-year Capital Improvement Plan (CIP) for Fiscal Years (FY) 2021-22 through 2025-26.

STRATEGIC IMPORTANCE:

Goal - Safe and Secure Operations

Initiative - Infrastructure Modernization

Capital investments can support all the District's goals, the four goals most applicable to the capital investments in the CIP are: Safe and Secure Operations; Convenient and Reliable Service; Financial Stability and Resiliency; and Environmental Improvement.

The initiative most directly applicable to the CIP is Infrastructure Modernization, as nearly all projects in the CIP relate to replacing and upgrading current infrastructure, including Information Technology (IT) systems, to maintain our facilities, and vehicles in a state of good repair. In addition, the CIP also supports the initiatives for Service Quality, Zero Emissions Programs, and Financial Efficiency and Revenue Maximization.

BUDGETARY/FISCAL IMPACT:

The Capital Improvement Plan (CIP) is a five-year view of anticipated capital needs and an effort to strategically plan and prioritize capital expenditures and activities. The CIP shows the District's planned capital needs for the next five years organized into broad categories. The first year of the CIP is the coming fiscal year FY 2021-22 capital budget, and the second year, FY 2022-23, is fiscally constrained with District capital and anticipated grant funds going to projects in this year. The final three years of the CIP are made up of prioritized projects that are not fully funded.

Staff projects a total of \$375 million in capital spending over the next five fiscal years, from FY 2021-22 to FY 2025-26. Most of these dollars will be grant funds, with District capital funds functioning either as match for grant funds or fully funding projects that are not eligible for grant funds but are priorities for the District. As the prioritization process continues staff may determine that additional District Capital spending is necessary to support priority projects.

It should be noted that the programming in the CIP does not guarantee implementation of a capital project.

Staff makes the best estimate of the projects that can be implemented given District resources and funding each year. Projects may be advanced or deferred as priorities or funding availability change.

BACKGROUND/RATIONALE:

Board Policy No. 314 Capital Plan and Projects, and No. 463 Transit Asset Management require staff to develop a five-year CIP which is then reviewed by the General Manager and adopted by the Board. The adopted CIP will be updated at least every two years. The Board adopted the current FY 2019-20 through FY 2023-24 CIP in October 2019. On March 31, 2021, staff presented an overview of the CIP to the Board, with details on the process of how the CIP is formed and details of its organization and content.

Process

In general, staff reviews all existing projects in the current CIP to determine which projects continue and if their scope and schedule remain the same. Staff also does a comprehensive analysis of the Transit Asset Management (TAM) system data to support prioritization and programming of new capital projects. The District's TAM Plan lays out the processes for assessing District assets age and condition, which are then used to determine what assets are eligible for rehabilitation or replacement.

In addition, a general call was made for staff to input capital project requests. As identified in Board Policy No. 314, a Capital Programming Committee meets regularly to assess existing projects and analyze and prioritize new project requests.

CIP Composition

Attachment 1 is the Capital Improvement Plan containing a list of projects that make up the five-year CIP. This includes several continuing projects, and several new ones in all categories. Attachment 2, Appendix A: is a summary of projects in the CIP by category, and Attachment 3, Appendix B: is a summary of funding sources, approximate amounts and restrictiveness.

Under the Corridor Category in Attachment 2, Appendix A, new projects include transit signal priority projects and improvements for the Tempo Bus Rapid Transit system. Several projects in the Safety and Environmental Category address environmental compliance needs such as stormwater drains and underground storage tanks. Security needs to control access to our divisions are also included in this category. The Facilities Category is the largest one, addressing all aspects of our assets from building components to equipment repair. The Information Technology (IT) Category has large ongoing expenses to maintain and upgrade our software systems as well as new improvements to address zero-emission operations data collection and management, and cybersecurity efforts.

The District's greatest capital expenditures are in the Vehicles Category. The CIP reflects the urgent need for replacement of several buses, according to the fleet plan schedule. The Zero-Emission Bus Rollout Plan, adopted by the Board in June 2020, indicates the schedule for the remaining diesel and gasoline replacement bus purchases will be until FY 2024-25. Starting in FY 2025-26, new buses procured will be zero-emission buses.

Funding

Staff also assesses available and expected capital funding over the CIP period which are listed on the two charts in Attachment 3, Appendix B. Much of the capital funding available to the District is intended for

specific projects or types of projects such as bus replacements or corridor enhancements. This may often mean that lower priority projects are able to be implemented before higher priority projects that are not eligible for the available funding. In addition, more flexible funding types like District Capital funds are generally first programmed to fulfill the matching requirements of other funding sources in order to leverage them as fully as possible.

Uncertainty in funding levels and sources may cause significant changes to the CIP. The COVID-19 pandemic has created uncertainty in funding levels, and FY2021-22 funding levels have been reduced. Some programs, such as the Transit Capital Priorities program, have published only one year of funding allocations as opposed to the regular four to five-year program. The region is also awaiting the outcome of legal challenges to Regional Measure 3, and it is currently unknown when a resolution will be reached. In addition, it is anticipated that grants that focus on zero-emission vehicles and infrastructure will be much more competitive in the near future as the State's Innovative Clean Transportation rule has been enacted and transit agencies are required to convert their fleets into zero-emission by 2040.

ADVANTAGES/DISADVANTAGES:

The advantage of having a five-year CIP is that it creates a road map to enable the District to plan funding needs, identify projects for funding opportunities, and establish priorities in capital needs. Having a defined capital planning and project prioritization process that uses TAM data is also a requirement of the Federal Transit Administration (FTA) formula funds and bridge toll funds that the Metropolitan Transportation Commission (MTC) has dedicated to the program.

The disadvantage of having a five-year CIP is that it requires significant resources, especially for the Capital Programming Committee, to review and make decisions regarding the status of existing and proposed projects.

ALTERNATIVES ANALYSIS:

The alternative to approving the attached CIP is primarily to revise it and approve the revised version. Staff recommends adopting this version as a baseline from which future revisions can be made.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Board Policy 314 Capital Plan and Projects Policy
SR 19-305 Final FY 2020-2024 Capital Improvement Plan
SR 21-150 Overview of the Capital Improvement Plan

ATTACHMENTS:

1. Capital Improvement Plan
2. Appendix A CIP Project List
3. Appendix B Funding Sources

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