STAFF REPORT

MEETING DATE: 10/22/2025 **Staff Report No.** 25-404

TO: AC Transit Board of Directors

FROM: Salvador Llamas, General Manager/Chief Executive Officer

SUBJECT: Board Policy 314 - Capital Plan and Projects Policy

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider approving minor amendments to Board Policy 314 - Capital Plan and Projects Policy.

Staff Contact:
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Financial Efficiency and Revenue Maximization

Having clear and concise financial policies helps District staff maximize the use of existing and new revenues.

BUDGETARY/FISCAL IMPACT:

There are no direct fiscal impacts from the amendments to this Policy.

BACKGROUND/RATIONALE:

Board Policy 314 establishes the process for submission and approval of capital projects and a Capital Improvement Plan (CIP) to the General Manager and then to the Board. This Policy was originally adopted in 1992 and is reviewed every two years to ensure continued alignment with other Board policies and District procedures.

Staff recommends several minor amendments to this Policy to ensure consistency with other Board policies, to clarify and streamline authorities, and update terms and definitions to align with current practice. The recommended amendments are summarized below.

Updating the definition of a “Capital Project” to be more specifically defined.
Prior versions of the Policy broadly attributed any expense over $7,500 with a lifespan of two years or more to be a capital project. As costs of many goods have increased, this threshold also included smaller one-time purchases more appropriately managed as operating expenses.

Adjusting the Capital Programming Committee Membership
Staff proposes to update Capital Committee membership to remove specific titles but maintain representation from each executive department. This enables greater flexibility when roles and titles change while still ensuring representation from all departments. Finally, staff proposes formalizing the Capital Planning and Grants Manager as the chair of this committee. This aligns with current practice and provides accountability for ensuring the Committee's functions comply with this Policy.

Updating Authority sections for clarity and to remove extraneous and outdated provisions.
Several of the authorities listed under Board Policy 314 (A.2, A.3, B.1, B.4, B.5) that address capital project budgets and funding sources are duplicative of other Board policies. Therefore, staff proposes to revise the authorities in Policy 314 to align directly with those policies dealing with capital budgets and grants, to ensure clarity and consistency across all of the Board Policies that govern capital projects and capital funding.

Additionally, staff noted that authorities described in sections B.2 and B.3 are no longer necessary. B.2 provides the General Manager authority to issue Board or Voter Approved bonds for capital projects. This language is not necessary as it is duplicative to Board Policy 316 - Debt Management, which covers the District's ability to issue debt, what types, and for what purposes. B.3 provides the General Manager authority to add small projects to the CIP. However, adding a project to the CIP does not provide approved funds to implement the project. If a project is urgent enough to need to be added mid-cycle, the current budget schedule provides opportunities to get a new project both approved and funded every six months, or even as a standalone item between budget changes.

ADVANTAGES/DISADVANTAGES:

The advantage of approving these amendments is to ensure the Policy reflects current information and practice and aligns with other related Board policies. No disadvantage has been identified.

ALTERNATIVES ANALYSIS:

The Board may choose not to amend the policy. This is not recommended for the reasons outlined above.

PRIOR RELEVANT BOARD ACTION/POLICIES:

None

ATTACHMENTS:

1. Board Policy 314 Capital Plan and Projects Policy with amendments - red lined
2. Board Policy 314 Capital Plan and Projects Policy with amendments - clean

Prepared by:
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Approved/Reviewed by:
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Ramakrishna Pochiraju, Executive Director of Planning & Engineering
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