

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 6/25/2025

Staff Report No. 25-282

TO: AC Transit Board of Directors
FROM: Salvador Llamas, General Manager/Chief Executive Officer
SUBJECT: Adoption of Five-Year Capital Improvement Plan

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider adopting the five-year Capital Improvement Plan (CIP) for Fiscal Years 2025-26 through FY2029-30.

Staff Contact:
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
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 to maintain our facilities, technologies, 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 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 2025-26 annual capital budget, and the second year, FY 2026-27, 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 project requests that are not fully funded.

Staff projects a total of \$1.3 billion in capital investment over the next five fiscal years, from FY 2025-26 to FY 2029-30. 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. 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 Capital Programming Committee, the General Manager and adopted by the Board. The adopted CIP will be updated at least every two years. The Board adopted the current F Y2023-24 through FY 2027-28 CIP in June 2023.

Process and prioritization

Putting together the CIP is a multistep process. In general, staff reviews all existing projects in the current Capital Budget to determine which projects will continue and if their scope and schedule remain the same. Next, staff evaluates all pending project requests and updates their scope, schedule and cost estimates. These requests are evaluated against priority criteria, including their alignment with the District's Transit Asset Management Plan (TAM), Strategic Plan, and Zero Emission Bus Transition Plan and other District plans.

Project requests are presented to the Capital Programming Committee for review and approval of the project requests and their priority, as directed in Board Policy 314. Finally, the full CIP goes to the General Manager and the Board for approval.

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. Included in the attachment are lists of all new project requests along with priority factors as well as a full list of all projects in the CIP and their estimates costs, including active projects in the Capital Budget.

Funding

Funding availability also plays a role in what projects will ultimately be able to proceed, as not all funds are equally able to fund all priorities. During CIP development staff prepare grant funding estimates for the five-year period that help contextualize the projects that represent the greatest unfunded need as well as help guide the focus for seeking external funds throughout the year. 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 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.

Each year during the Capital Budget development, funding availability for the upcoming year is re-evaluated, and projects are prioritized for inclusion in the budget by their CIP priority along with their funding eligibility.

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. This enables staff to

better strategize for both funding needs as well as staffing resources to implement the maximum amount of priority projects for the least amount of District funds. 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. The CIP is a living document and is required to be updated at least bi-annually and may be revised as often as needed to meet the evolving needs of the District. Given this flexible nature, staff recommend approving the proposed version and any adjustments needed can be incorporated in future versions.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Board Policy 314 Capital Plan and Projects Policy

Board Policy 463 Transit Asset Management

SR 19-305 Final FY 2020-2024 Capital Improvement Plan

SR 21-150 Overview of the Capital Improvement Plan

SR 21-254 Five-Year Capital Improvement Plan FY2021-22 to FY2025-26

SR 23-300 Five-Year Capital Improvement Plan FY2023-24 to FY2027-28

ATTACHMENTS:

1. Capital Improvement Plan FY2025-26 to FY2029-30
2. CIP Presentation

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