

FY 2022-23
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FY 2025-26

CAPITAL IMPROVEMENT PLAN

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Overview

The Five-Year Capital Improvement Plan (CIP) is an effort to strategically plan and prioritize capital expenditures and activities over a five-year span from Fiscal Year (FY) 2021-22 to FY 2025-26. The District has a large backlog of capital asset rehabilitation and replacement that needs to be addressed, and limited funding and resources with which to accomplish it. A multi-year view of capital needs is essential to maximizing use of grant and District general fund investments. A multi-year plan for capital investments will also allow the District to properly plan for the needed non-financial resources (project managers, operations support, outreach, etc.) to accomplish the projects included in the CIP. The CIP also provides a reference for internal and external stakeholders to understand how the District is investing in capital assets.

The District must optimize how both Operating and Capital funds are spent to most efficiently achieve and maintain a state of good repair of capital assets. The Capital Budget funds the planning, design, acquisition, capital maintenance and rehabilitation of all District assets, subject to the capitalization threshold for expenses identified in Board Policy 314, Capital Plan and Projects. The Operating Budget funds the use and routine maintenance of those same assets, including the staff needed to perform those functions.

The CIP focuses on maintaining safe operating and usage conditions, environmental and regulatory compliance, and “state of good repair” for current assets, as well system enhancements and improvements. A combination of capital asset condition and priority information is used by staff to program projects in the CIP, within the constraints of the funding and resources available to the District. This document provides definition for proposed projects within the next five years and larger scale projects beyond the five-year window.

Per Board Policy 314, the CIP will be reviewed and updated at least every two years, with the first year aligned with the current adopted capital budget. The bi-annual review essentially verifies and updates the programming of the projects in the remaining three years of the CIP and adds two more years to renew the five-year horizon of the plan.

The Capital Programming Committee meets regularly to review project requests and make decisions on the projects in the CIP. The Committee is made up of the following staff members:

- Chief Operating Officer
- Chief Finance Officer
- Chief Information Officer
- Executive Director of Planning and Engineering
- Director of Maintenance
- Director of Capital Projects
- Director of Project Controls and Systems Analysis

- Director of Management and Budget
- Manager of Capital Planning and Grants

Guiding Documents

Capital projects included in the CIP are deemed by the Capital Programming Committee as consistent with AC Transit's Strategic Plan, Transit Asset Management Plan, Short Range Transit Plan, Public Transportation Agency Safety Plan and the Annual Operating and Capital Budgets, which are all subject to approval by the General Manager and Board of Directors.

Strategic Plan

AC Transit's Strategic Plan was approved in April 2019. The Strategic Plan directs the agency's focus for the next five to ten years and includes six key goals. While capital investments can support all of the District's goals, the four goals most applicable to the capital investments in the CIP are: Safe & Secure Operations; Convenient & Reliable Service; Financial Stability & Resiliency; and Environmental Improvement.

The Strategic Plan has five strategic initiatives supporting the six goals, including improving service quality, upgrading infrastructure, improving employee recruitment, training and retention, transitioning to a 100% zero emission vehicle fleet, and achieving financial efficiency including securing new revenue.

The CIP is fundamental to implementing most all of the Strategic Plan's initiatives that support the District's goals. The most directly applicable is the initiative for Infrastructure Modernization, as nearly all projects in the CIP relate to replacing and upgrading current infrastructure 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 & Revenue Maximization.

Transit Asset Management Plan (TAM)

The TAM Plan is the District's overall asset management approach in a manner consistent with current federal regulations and sets the direction for establishing and following through with TAM strategies that are achievable with available funds. The TAM plan is required by the Board adopted Transit Asset Management Policy – Board Policy No. 463.

The TAM Plan strives to improve coordination of all departments across all phases of an asset's lifecycle to manage assets and required resources more efficiently. The asset inventory and condition assessments are utilized by District staff to submit project requests and create capital projects.

The TAM Plan is mandated by the Federal Transit Administration (FTA) and one of the specific requirements is a "prioritized list of investments" to improve the state of good repair of capital assets. The CIP will fulfill the requirement for the "prioritized list of investments" for the District. Another requirement is for a "decision support tool", which can be an analytic process or tool that assists in the

prioritization of investments. This document will further detail the analytic process and tools that the District uses for the prioritization.

Public Transportation Agency Safety Plan (PTASP)

AC Transit's Public Transportation Agency Safety Plan (PTASP) serves as a guideline in the establishment of technical and managerial safety strategies for the identification, assessment, and control of safety risks to AC Transit customers, employees, contractors, and the general public who may come into contact with the system. The PTASP is required by the Board adopted Safety Management Systems (SMS) Policy – Board Policy No. 480.

A primary objective of the PTASP is to achieve a level of safety performance that meets or exceeds the operating experience of similar transit systems in the United States. This is accomplished through safety risk assessments that are performed on the District's assets guided by the TAM Plan to measure and mitigate safety risks. Rankings are used to categorize the safety risks, where condition ratings and useful life benchmarks prioritize the severity of safety risks on physical assets. Risks on physical assets are mitigated through the Capital Improvement Plan (CIP) with equipment procurements, system renovations, and upgrades based on the review and prioritization of safety projects to meet Federal Transit Administration requirements.

FTA effectively made state of good repair (SGR), safety, and security synonymous by enacting the TAM, SMS, and PTASP rulings. Each complementing and reliant of the other. Assets in state of good repair contributes to the safety of users (employees, passengers, contractors, and public); similarly, and just as critical is ensuring assets and operating systems are secure from internal and external threats which has a direct correlation to achieve safety. If one is not up to standard, it degrades the other.

Zero-Emission Bus Roll out Plan (ZEBROP)

The Innovative Clean Transit (ICT) regulation, adopted by the California Air Resources Board (CARB) in December of 2018, requires all public transit agencies to gradually transition their bus fleets to zero-emission technologies. AC Transit's ZEBROP was adopted by the Board of Directors in June 2020 and outlines the District's goal of full transition to zero-emission technologies by 2040.

Per ICT Regulation the ZEBROP includes a goal of full transition to zero-emission buses by 2040 with careful planning that avoids early retirement of conventional internal combustion engine buses. The plan identifies the types of zero-emission bus technologies the District is planning to deploy and a schedule for construction of facilities and infrastructure modifications or upgrades to deploy zero-emission buses, including charging, fueling, and maintenance facilities. The plan also includes a schedule for zero-emission and conventional internal combustion engine buses purchases and lease options, further identified by bus types, fuel types, and number of buses. The ZEBROP also describes the District's plans to deploy zero-emission buses in disadvantaged communities and a training plan and schedule for zero-emission bus operators and maintenance and repair staff as well as funding sources to deliver the plan.

Short Range Transit Plan (S RTP)

The S RTP includes an overview of the agency, an evaluation of our service (using our own standards), a service plan, a 10-year operating budget projection, and a 10-year capital needs projection. The S RTP is the broadest and longest term statement of AC Transit's service and activities to support the service. The CIP provides the basis for the capital needs projection included in the S RTP. The remaining five years of the 10-year capital needs projection is generalized based on the investment levels of the first five years, along with any significant new projects contemplated in the outer five years.

Annual Budgets

The Annual Operating and Capital Budgets are adopted prior to the start of each fiscal year. The Annual Operating Budget indicates the projected operating revenues and expenses for the fiscal year. The Annual Capital Budget takes the continuing capital projects along with the planned new projects identified in the CIP and projects the spending for the fiscal year. Most of the funding for capital projects comes from grant source, with annual programmatic expenses and grant matches funded by District capital.

The Facility Utilization Plan

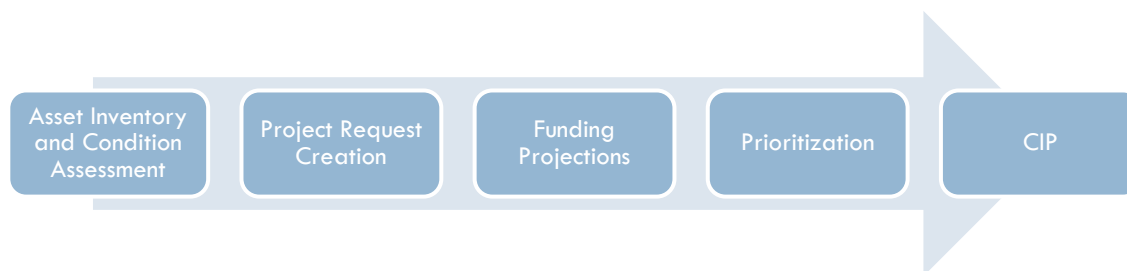
The Facility Utilization Plan was developed to accommodate projected operational needs, address current deficiencies, and continue to provide safe, reliable transit service. The plan identifies the District's operations and maintenance facility needs and outlines a road map to meet near- and long-term needs based on the funding and financing strategies.

To guide the facility programming, division size, adjacencies, parking, and maintenance criteria was developed to ensure adequate space met the functional requirements and operating characteristics of the facilities. One of the key approaches set in the plan was that the programming implementation had to be phased without interrupting service. The strategy for phasing the facility development considered factors that include availability of land, location of facilities in relation to existing and projected transit service, fleet growth projections, condition of current facilities, ease of development, and impact on operational flexibility.

Implementation of the plan is dependent on the District securing of funding for the redevelopment or acquisition of sites. Division 4 is the first site that the District is focusing on for major redevelopment. In following years, the Central Maintenance Facility and Division 3 needs will be assessed.

CIP Process

Putting together the CIP is a multi-step process as shown in the figure below. The start of the process is updating and analyzing the asset inventory and condition assessment so that programming can be based on an updated set of data. The next step is the creation of project requests based on the inventory and condition data. Then the capital funding projections for the span of the years to be programmed must be assembled.



Next is the prioritization process. Prioritization is an iterative process that works with the priority attributes of the project requests and the funding available, as well as the timing of both the requests and the funding, to arrive at a CIP. Within the entire CIP and specific years, the funding available limits the requests that can be programmed, and the scope of the various funding sources also limits what projects can be linked to what funds. This step is driven by the Capital Programming Committee, which has the charge to work through this iterative programming process and assemble the CIP. The outcome after this process is a year-by-year list of projects and matched funding that becomes the CIP. This preliminary CIP is approved by the General Manager and then ultimately the Board of Directors. The CIP is then used to estimate the spending levels in any given year for inclusion into the budget process.

Prioritization

A key requirement in programming the CIP is a method of prioritization to select which investments are made and when they are made. In addition, the FTA TAM regulations require an analytic process or tool that assists in the prioritization of capital investments.

Projects in the CIP are prioritized in tiers based on need and potential funding availability. For the rest of this section, “projects” refers to both existing projects and project requests. The priority tiers are:

1. Projects that are fully funded
2. Projects that are high priority but not fully funded
3. Projects that are medium priority and would be funded if opportunities arise
4. Projects that are low priority or planned for completion beyond 2024, contingent on availability of adequate revenue

The first set of projects considered and that exist primarily in tier 1 are ongoing projects. These projects are considered first to review their ongoing need, continued relevance, schedule, and funding status.

Project requests are looked at next after ongoing projects. The project requests are grouped into five different purposes which correspond roughly to their priority from highest to lowest: Safety, Compliance, Maintenance, Business Case and Enhancement, followed by priority levels (high, medium, low). The requests are then listed or ranked based on these priority factors.

Next the prioritized project requests are matched to available and planned funding. The District has many possible types of capital funding, each having its own eligibility requirements, matching requirements, and timelines, so the matching process is not simply assigning funds from top to bottom of the list until they're all used up. The available funds may require programming lower priority projects first due to eligibility requirements, for example. There are also many competitive funding sources, so priority projects that are not funded (or fully funded) may be candidates for a competitive funding application. That does not guarantee the funding will be available. Staff does its best to assign funding that preserves the project priorities generated through this process.

The funds matching process results in a draft CIP. This CIP is then reviewed for consistency by staff and the Capital Programming Committee. The review also then looks at staff and other internal resources such as outreach needed by the draft CIP. Adjustments can then further made to match up with expected resource availability if there are any issues identified.

Project Categories

Projects in the Plan are grouped into five areas:

Corridor

Corridor projects seek to improve efficiency of operations and connections, usually across a significant portion of arterial streets or bridges. Corridor projects are served by several routes that have high ridership and are directly or adjacent to areas with high commercial and dense residential land uses.

Safety/Environmental/Other

Safety and environmental projects relate to compliance with regulatory mandates and also address employee safety issues to proactively manage risk.

Facilities

Facilities projects are those pertaining to acquisition, development and rehabilitation of infrastructure and equipment required for the functions of the District, in particular the maintenance and storage of buses, training and general administration.

Information Technology (IT)

IT projects are meant to maintain, improve and enhance the technology that drives the operations and administration of our business, to provide a better experience for customers and employees. IT projects are guided by the IT Strategic Plan which aligns projects, initiatives, and resources with the District's Strategic Plan.

Vehicles

Vehicle projects are bus purchases as well as those of non-revenue fleet vehicles. Vehicle purchases are generally the largest category of ongoing projects in the CIP in terms of cost. The largest vehicle purchase project currently in the CIP is one that aims to purchase 45 zero emission buses and their associated fueling and charging infrastructure.

<p>Appendix A is a summary of projects in the CIP by Category.</p>

Funding Sources

AC Transit receives grant funds from Federal, State and Regional/Local organizations. The following are the most common and/or current grants that fund our capital projects.

Federal

Section 5307: These funds are distributed by formula to large and small urban areas for a variety of transit planning, capital and preventive maintenance needs.

Section 5309 Bus Discretionary: These funds are for bus purchases and bus support facility projects. These funds are specifically earmarked by Congress each year.

Section 5309 New Starts: These funds are for fixed guideway projects. New Start projects are recommended by the Federal Transit Administration based on rigorous criteria and selected for funding by Congress.

Section 5309 Small Starts: These funds are for fixed guideway projects requesting under \$75 million in Section 5309 Capital Investment Grant funding with a total cost of less than \$250 million.

Section 5337 State of Good Repair: grant program to maintain public transportation systems in a state of good repair. This program replaces the fixed guideway modernization program (Section 5309). Funding is limited to fixed guideway systems (including rail, bus rapid transit, and passenger ferries). Projects are limited to replacement and rehabilitation, or capital projects required to maintain public transportation systems in a state of good repair.

Section 5339 Bus and Bus Facility Program: formula grant program is established under Section 5339, replacing the previous Section 5309 discretionary Bus and Bus Facilities program. This capital program provides funding to replace, rehabilitate, and purchase buses and related equipment, and to construct bus-related facilities. Highway Discretionary Funds: These funds are distributed for a variety of transportation planning, construction, and equipment acquisition needs. Projects are approved for funding by local agencies and forwarded to appropriate state and federal agencies for funding authorization. Funds in this category include Regional Surface Transportation Program (STP) and Congestion Mitigation/Air Quality (CMAQ) Program.

State

Proposition 1B (PTMISEA) Funds: These are state funds for Public Transportation, Modernization, Improvement, and Service Enhancement Account (PTMISEA). These funds are for transit capital projects including 1) rehabilitation and safety improvements, 2) capital service enhancements or expansions, 3) new capital projects, 4) bus rapid transit improvements.

Proposition 1B (Transit Security) Funds: These are state funds for transit capital projects that 1) provide increased protection against a security threat, or 2) increase the capacity of transit operators to develop disaster response transportation systems.

Cap and Trade Programs

Affordable Housing and Sustainable Communities (AHSC): The AHSC Program funds land-use, housing, transportation, and land preservation projects to support infill and compact development that reduce greenhouse gas emissions.

Low Carbon Transit Operations Program (LCTOP): The LCTOP provides operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions.

Transit and Intercity Rail Capital Program (TIRCP): The TIRCP funds transformative capital improvements that modernize California's intercity, commuter, and urban rail systems, and bus and ferry transit systems to reduce emissions of greenhouse gases by reducing congestion and vehicle miles traveled throughout California.

SB1 Programs

Local Partnership Program (LPP): The LPP Program provides local and regional transportation agencies with funding to improve aging infrastructure, road conditions, active transportation, and health and safety benefits.

State Transit Assistance State of Good Repair (STA-SGR): STA-SGR is a program that provides revenues for transit infrastructure repair and service improvements.

Regional/Local

Alameda County Transportation Commission

Measure B/BB: Measure B and its extension, Measure BB, is a half-cent transportation sales tax administered by the Alameda County Transportation Commission to deliver essential transportation improvements and services. These include capital projects to expand transit and provide traffic relief by improving local streets and highway corridors.

Bay Area Air Quality Management District

Carl Moyer Program: The Carl Moyer Program provides funds for hybrid, zero- or near-zero-emissions equipment or vehicle replacements and charging or fueling infrastructure for such equipment or vehicles.

Transportation Fund for Clean Air (TFCA): TFCA funds come from vehicle registrations and are for projects that reduce on-road motor vehicle emissions, such as trip reduction programs, and clean air vehicles and infrastructure.

Metropolitan Transportation Commission

Regional Measure 2 (RM2) and Regional Measure 3 (RM3): RM2 and RM3 are voter-approved measure that raise the toll on the region's seven state-owned bridges. These funds are used to help finance highway, transit, bicycle and pedestrian projects in the bridge corridors and their approaches, and to provide operating funds for key transit services.

AB664: AB664 are toll revenue funds collected from the three southern bridges, San Francisco-Oakland Bay Bridge, Dumbarton Bridge and San Mateo Bridge that are used for capital projects that further the development of public transit in the vicinity of these three bridges.

State Transit Assistance (STA): STA funds derived from state sales tax on fuel and are used for transit and paratransit operating assistance as well as transit capital projects.

<p>Appendix B is a summary of the funding sources, approximate amounts and restrictiveness.</p>
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