

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 6/12/2019

Staff Report No. 19-231

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: Draft FY 2020-2024 Capital Improvement Plan

BRIEFING ITEM

RECOMMENDED ACTION(S):

Consider receiving an update on the draft FY 2019-20 through FY 2023-24 Capital Improvement Plan (CIP).

BUDGETARY/FISCAL IMPACT:

The CIP shows the District's planned capital needs for the next five years organized into broad categories. The CIP will ultimately have a fiscally constrained section, where the funding for projects is committed or expected, and an unconstrained section made up of prioritized projects that are not funded.

Staff projects \$8.9 million in District Capital spending and \$62 million in grant funded spending in FY 2019-20 to support ongoing projects in the first year of the CIP. An additional \$1.8 million in new District Capital spending from new projects proposed to be added to the CIP brings the total to \$10.7 million. An additional \$15 million in financing proceeds are planned to be spent on the East Bay Bus Rapid Transit (EBBRT) project. The District Capital funds either function as match for grant funds or fully fund 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 a best estimate of the projects that can be implemented given District resources and funding available. If a project is not able to be implemented in the year it is programmed, it will be deferred until it can be implemented.

BACKGROUND/RATIONALE:

Board Policy 314 requires 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.

Process:

Staff began by reviewing all existing projects on the current three-year CIP determining which projects will continue past the end of the current CIP in FY 2018-19. These continuing projects were evaluated to determine if they had adequate budget to complete the intended scope.

Staff also began a comprehensive analysis of the Transit Asset Management (TAM) system data to support the

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. The TAM Plan also requires prioritization of assets based on category (safety, compliance, maintain, business case, and enhancement) and a secondary priority (high, medium, low).

Facilities assets are the largest group and require the most work to develop and maintain condition ratings. Maintenance staff has been able to assess the condition of most all the assets identified by the Federal Transit Administration (FTA) in its asset management guidelines and also considered by staff to be critical for day-to-day operations and service. Staff also hired an engineering consulting firm to assess the building structures, shells, and other major building components that require more specialized engineering knowledge. This process was recently completed providing essential asset condition data.

IT infrastructure systems have become a critical component to keep the District business up and running. Since the launch of a new CAD/AVL system, the District's around the clock bus service is dependent on critical IT infrastructure and software, which includes the Operations Control Center, Bus Operators, Maintenance Staff, and Riders, all are connected using the various IT systems. The IT infrastructure components and equipment do not fall in the general categories of the FTA's Transit Asset Management definition. However, there is an ongoing effort to incorporate the critical IT infrastructure into the District's TAM planning and condition rating process for adequate and timely funding. As with any other critical operating equipment, delaying or differing investment on critical IT equipment maintenance, replacement and technology refresh may have major operability and security risks consequence associated with it.

The asset data assessment is being analyzed by staff to group into projects based on similar components and/or contracting efficiencies. These grouped projects will be entered as capital project requests and given a category and secondary rating as with other requests.

In addition, a general call was made for staff to input capital project requests. Further analysis may determine that these requests overlap with ones developed from asset management data. They are also more likely to identify projects, leveraging innovative technology, that have an economic or efficiency benefit that is not apparent in the asset management data. And finally, the requests include system or corridor enhancements that staff has identified through various plans.

As identified in Board Policy 314, a Capital Programming Committee has met and continues to meet to assess existing projects and analyze and prioritize new project requests. Staff has also conducted an assessment of available and expected capital funding over the CIP period. 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 - in particular District Capital funds - are generally first programmed to fulfill the matching requirements of other funding sources.

Draft CIP Composition

The Draft CIP shown in Attachment 1 is made up of continuing projects. Staff has also included some recommended new programming:

- Projects that cover continuing capitally-eligible needs such as Emergency Facilities Repairs, Non-Revenue Vehicle Replacements, Maintenance Equipment, Finance and Materials Equipment, and IT

Equipment.

- Bus replacement projects already programmed through the Metropolitan Transportation Commission's Transit Capital Priorities process or planned based on the District's fleet replacement plans.
- Payments against the District's remaining capital contribution for the Salesforce Transit Center.

Attachment 2 shows the current set of unprogrammed project requests. Staff is continuing to assess these projects both for priority and funding opportunities. Staff does not anticipate being able to include much more project programming in the initial FY 2019-20 year of the CIP due to funding and staffing/resource constraints.

An initial target of \$9 million in District Capital funding per fiscal year is being used to help staff figure out programming. This amount will be adjusted as each fiscal year's operating budget is assembled to determine what level of District Capital spending the District can prudently manage.

Staff plans to return with a final CIP for approval in July. The final plan will incorporate new projects requested by various departments as well as a list of critical projects as cataloged and categorized by the Transit Asset Management Plan, IT Strategic Plan, and the recent facilities assessment and utilization plans.

Capital Funding

Attachment 3 shows the District's common capital funding sources. They are divided into formula or pre-determined distribution sources and competitive sources. The first set are funding sources that the District receives by default and generally only has to request programming for an eligible project. The estimated amounts available in each fiscal year over the five-year CIP period are shown.

The Metropolitan Transportation Commission's (MTC) Transit Capital Priorities (TCP) program is the most significant regular source and is composed of FTA formula funds and bridge toll funds that MTC has dedicated to the program. TCP funds are generally restricted to bus purchases and paratransit operating support, but other projects may be eligible depending on funding levels and other considerations.

For all the funding sources staff has indicated how restrictive the funding source is based on the eligibility requirements. These vary among the sources, but the Cap & Trade funds are in general the most restrictive due to the requirements developed by the Air Resources Board that projects must reduce greenhouse gas (GHG) emissions through increasing transit ridership, with some minor exceptions.

ADVANTAGES/DISADVANTAGES:

The advantages 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 FTA formula funds and bridge toll funds that 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:

This report presents a draft CIP for informational purposes. Alternatives to the draft could identify different projects for programming within the requirements of the District's TAM Plan and funding/resource constraints.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Board Policy 314

ATTACHMENTS:

1. Draft FY 2019-20 through 2023-24 CIP
2. List of unprogrammed project requests
3. Capital Funding Sources

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