



Capital Planning Committee

Naomi M. Kelly, City Administrator, Chair

MEETING MINUTES

Monday, March 28, 2016 12:00-2:00 PM

City Hall, Room 305

1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102

Regular Meeting

Members Present: Ken Bukowski, City Administrator's Office
Ben Rosenfield, Controller
Melissa Whitehouse, Mayor's Budget Office
Dawn Kamalanathan, Recreation and Parks Department
Mohammed Nuru, Director, Public Works
Ivar Satero, San Francisco International Airport
Ed Reiskin, Director, San Francisco Municipal Transportation Agency
Kathy How, Public Utilities Commission
Thomas DiSanto, Planning Department
Elaine Forbes, Interim Director, Port of San Francisco
Conor Johnston, Board President's Office

Agenda Item 1: Call to Order

Ken Bukowski called the meeting to order.

Agenda Item 2: Introductions and Agenda Review

All Capital Planning Committee (CPC) members introduced themselves and identified their respective agencies.

Agenda Item 3: General Public Comment

Mr. Bukowski called for general public comment regarding items not on the agenda. Seeing none, general public comment was closed.

Agenda Item 4: Approval of the San Francisco International Airport Capital Budget for FY2016-17 and FY2017-18, totaling \$44.7 million in FY2016-17 and \$40.4 million in FY 2017-18 (Action Item)

Agenda Item 5: San Francisco International Airport Capital Plan Update (Discussion Item)

Mr. Bukowski called Items 4 and 5 together.

Ivar Satero provided an introductory overview of key capital projects and recent accomplishments in the Airport's capital program. Kevin Kone led the presentation of SFO's Capital Budget and Capital Plan. Mr. Kone discussed SFO's Capital Plan and Budget development process and provided an overview of its plan of finance. He reviewed the capital appropriation sources and uses for the proposed fixed Two-Year Capital Budget, highlighting the categories of asset preservation covered in the facilities maintenance line. In discussion it was clarified that all budgeted interest income reflects interest earned to date and in hand. Mr. Kone explained that the Airport was currently in the midst of updating its Capital Plan and would have a fully updated version to bring back to CPC in late spring or early summer. He provided context for what is expected to be a significant increase to that Plan, describing SFO's growth and accelerated project timelines. Mr. Kone mentioned that the Airport is also working on an Airport Development Plan, a long-range planning document intended to serve as a roadmap for SFO for the next 20-30 years. He also raised the possibility of SFO implementing a rental car "customer facility charge," and there was some discussion of how that would relate to other fees. Mr. Kone said that the Airport would return to CPC with details of that charge once they were worked out.

Mr. Bukowski called for public comment on Items 4 and 5. Ace Washington spoke about the need to devote resources to address the outmigration of San Francisco's African-American population.

Mr. Bukowski asked for a motion to approve Item 4. Mr. Reiskin so moved. Mr. Rosenfield seconded. The motion carried unanimously 11-0.

Agenda Item 6: San Francisco Municipal Transportation Agency Capital Plan Update (Discussion Item)

Agenda Item 7: Approval of the San Francisco Municipal Transportation Agency Capital Budget for FY2016-17 and FY 2017-18, totaling \$1.0893 billion for FY 2016-17 and \$860 million for FY 2017-18 (Action Item)

Agenda Item 8: Transportation and Road Improvements Bond (2014) Update (Discussion Item)

Mr. Bukowski called Items 6 through 8 together.

Mr. Reiskin introduced the presentation team: Jerad Weiner, Ariel Espiritu Santo, and Carolyn Clevenger.

Mr. Weiner provided an overview of the SFMTA's 20-Year Capital Plan, an unconstrained needs assessment produced biannually off-cycle from the development of the City's 10-Year Capital Plan. Mr. Weiner juxtaposed the current and previous Plan's capital needs, showing a \$6 billion overall increase in identified need attributed to the SFMTA's increasingly robust needs assessments. Mr. Weiner also reviewed the SFMTA's State of Good Repair report, which showed that the agency has been prioritizing deferred needs in its Transit Service Critical category. It was clarified in discussion that the scoring used to produce the condition report is based on an age-based calculation, not on any manual inspection.

Ms. Espiritu Santo presented on the fiscally constrained 5-Year Capital Improvement Program (CIP) and the fixed Two-Year Capital Budget, which is the first two years of the CIP. She provided an overview of the CIP and Budget development process and related prioritizations including the Muni Equity Strategy. Ms. Espiritu Santo then reviewed the CIP program, highlighting that the entire rubber tire fleet is slated for replacement in the coming

five-year timeframe and that local funding represents a larger proportion of funding than years past. She provided a programmatic breakdown of the proposed CIP budget, noting that it includes expected revenue from potential 2016 and 2018 ballot measures beginning in FY18. There was some discussion about the budgeting of funds not yet in hand, and it was explained that the anticipated funds could be placed on reserve contingent on the ballot measures passing. The presentation concluded with highlights of key capital projects underway and upcoming.

Ms. Clevenger provided a spending and programmatic update on the Transportation and Road Improvement bond program. She detailed the appropriations from the first issuance for both of the major programs, Improved Transit and Safer Streets, as well as the first issuance projects, including Muni Forward, Better Market Street, and WalkFirst improvements. With significant balances still remaining from the first issuance, Ms. Clevenger explained that the main lesson learned so far has been the need to set more realistic expenditure schedules given the administrative complexity of many of the bond projects. She also said that she expected the expenditures to ramp up quickly in the months ahead.

Mr. Bukowski called for public comment on Items 6 through 8. Ace Washington spoke about the need to devote resources to address the outmigration of San Francisco's African-American population, in particular the transportation needs of families and long-term residents.

Mr. Bukowski asked for a motion to approve Item 7. Mr. Nuru so moved. Ms. Forbes seconded. Mr. Rosenfield and Ms. Whitehouse both exited prior to the vote on Item 7. Nadia Sesay, designee of the Controller's Office, and Chris Simi, designee of the Mayor's Budget Office, were both present for the presentations and vote on this item. The motion carried unanimously 11-0.

Agenda Item 9: Capital Budget Requests and Overview (Discussion Item)

Heather Green presented an overview of capital budget requests received for the current budget cycle. Dr. Green reviewed historical budget allocations and noted that current requests have increased significantly over the previous two-year cycle. She discussed requests by expenditure type and in juxtaposition with the City's Ten-Year Capital Plan recommended funding levels. She reviewed the funding scenarios developed in consultation with the Mayor's Budget Office and the Capital Plan's funding principles, as well as the schedule of upcoming Capital Budget-related CPC agenda items.

Mr. Bukowski called for public comment on Item 9. Ace Washington spoke about the need to devote resources to address the outmigration of San Francisco's African-American population.

There being no further business, CPC adjourned at the hour of 1:44 PM.