



**SFMTA**  
Municipal  
Transportation  
Agency

# Revenue Bond Program

## Capital Planning Committee

May 9, 2016

San Francisco, California

# Background

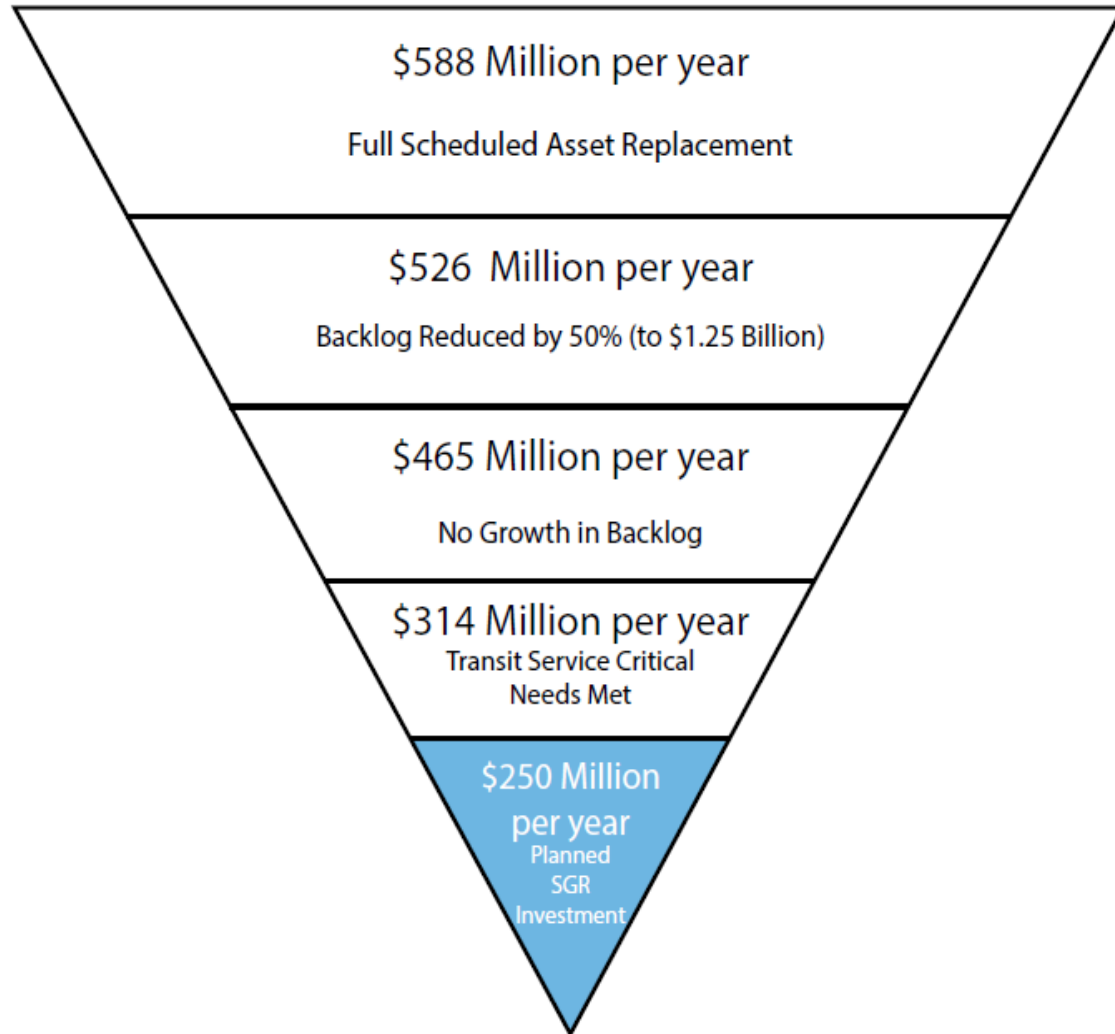
- In 2012, the SFMTA issued a first set of revenue bonds for new projects and refinanced existing debt. Additional bonds were issued in 2013 and 2014.
- The SFMTA credit ratings from Moody's and S&P – the highest in the nation for revenue bonds:
  - Aa2 from Moody's
  - AA from S&P
- SFMTA Revenue Bonds are to be used where other funding sources have traditionally not been able to fill final funding gaps for priority projects (State of Good Repair, Muni Forward, Vision Zero)
- The Bond Oversight Committee (BOC), chaired by Rudy Nothenberg, oversees the SFMTA debt portfolio

# SFMTA Revenue Bond Program

SFMTA has issued \$210 million of bonds to refinance debt and finance transportation improvement projects in San Francisco

Series	2012A	2012B	2013	2014
Par Amount	\$38 Million	\$26 Million	\$75 Million	\$71 Million
Purpose	Refinance outstanding parking bonds for \$6.68 million in present value savings	Finance transit and parking garage projects	Finance transit and parking garage projects	Finance transit and parking garage projects

# SFMTA State of Good Repair (SOGR) Needs



Current projections are that the **Asset Renewal Backlog will double in 20-years to \$5.16 billion.**

- Impacts Transit Reliability
- Impacts Maintenance/Ops Costs
- Limits expansion due to growth

# SFMTA State of Good Repair (SOGR) Needs

### Transportation System State of Good Repair

Total value of assets =	\$13.5 billion
Asset Replacement Backlog =	\$2.47 billion (18% of assets)
Requires annual investment of =	\$588 million per year

Over 30 years:

- Estimated Available Annual Revenue = \$250 million per year
- On Going Structural SOGR Deficit = **(\$338 million)** per year

# Revenue Bonds are one part of the financing strategy for capital needs

SFMTA Revenue Bonds

Transportation Sustainability Fee

General Obligation Bonds

Development Impact Fees

Population Based General Fund Baseline

Grants

Vehicle License Fee

Future Revenue Measures

Prop K – Sales Tax

Fund Balance

Operating Budget

## Series 2012B Project Status Update

Program/Project	Project Status	Series 2012B Bond Amount	Expenditures/ Encumbrances	Remaining Balance
Systemwide Transit Access and Reliability Program	Reallocate funds	\$1,876,974	\$1,836,300	\$40,674
Muni Metro Sunset Tunnel Rail Rehabilitation	Spent down	\$2,210,474	\$2,210,474	\$0
Muni Metro Turnback Rehabilitation	Spent down	\$2,097,478	\$2,097,478	\$0
Muni Green Light Rail Facility Rehabilitation	Reallocate funds	\$8,339,574	\$8,322,970	\$16,604
Muni Metro System Public Announcement and Public Display System Replacement	Spent down	\$6,175,500	\$6,175,500	\$0
Parking Garage Projects	On track	\$5,000,000	\$4,886,182	\$113,818
<b>TOTAL</b>		<b>\$25,700,000</b>	<b>\$25,528,904</b>	<b>\$171,096</b>

Expenditures as of 2/29/16

- Remaining funds in Systemwide Transit Access and Reliability Program and Muni Green Light Rail Facility Rehab to be transferred to Radio Replacement Project
- Parking Garage Projects have spent down all but \$7,000 as of April

## Series 2013 Project Status Update

Program/Project	Project Status	Series 2013 Bond Amount	Expenditures/ Encumbrances	Remaining Balance
Pedestrian Safety & Traffic Signal Improvements	On Track	\$5,437,587	\$3,129,190	\$2,308,397
Transit System Safety & Other Transit Improvements	On Track	\$11,000,000	\$7,048,273	\$3,951,727
Street Capital Improvements	Behind Schedule*	\$9,000,000	\$2,680,722	\$6,319,278
Facility Improvements	On Track	\$8,500,000	\$6,045,413	\$2,454,587
Transit Fixed Guideway Improvements	Behind Schedule**	\$28,562,413	\$10,478,066	\$18,084,347
MUNI Fleet	On Track	\$12,500,000	\$6,955,029	\$5,544,971
<b>TOTAL</b>		<b>\$75,000,000</b>	<b>\$36,336,693</b>	<b>\$38,663,307</b>

\*Broadway Chinatown Phase IV (\$1.9M) is behind schedule and funds will need to be deallocated and reprogrammed to another complete streets project

\*\*Transit Fixed Guideway Improvement funds unable to be spent down (\$13.5M) will be redirected to Islais Creek Phase II within Facilities.



# Series 2014 Projects Status Update

Program/Project	Project Status	Series 2014 Bond Amount	Expenditures/ Encumbrances	Remaining Balance
Pedestrian Safety & Traffic Signal Improvements	On Track	\$11,000,000	\$284,843	\$10,715,157
Transit System Safety & Other Transit Improvements	On Track	\$16,500,000	\$309,000	\$16,191,000
Street Capital Improvements	On Track	\$15,227,540	\$76,176	\$15,151,364
Facility Improvements	On Track	\$30,000,000	\$12,962,677	\$17,037,323
MUNI Fleet	On Track	\$2,272,460	\$2,272,460	-
<b>TOTAL</b>		<b>\$75,000,000</b>	<b>\$15,905,156</b>	<b>\$59,094,844</b>

### **Pedestrian Safety & Streets Projects**

- Polk Street, Columbus Ave, Geary Phase I, Lombard St, Masonic Ave

### **Transit Projects**

- Blue Light Phone, Radio Replacement, LRV Procurement, transit bulbs

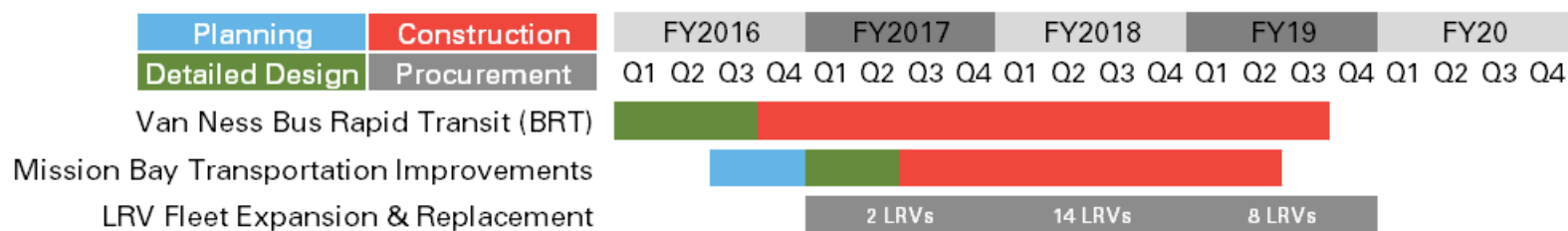
### **Facilities Projects**

- Islais Creek Phase II & Operator Convenience Stations
- Parking Garage Ventilation & Elevator Rehabilitations

## Proposed Series Projects (figures rounded)

Project	Total Budget	Bond Amount	Impact/Outcome
Light Rail Vehicle (LRV) Procurement	\$1.37 billion	\$100 - \$110 million	* Purchase LRVs to expand fleet
Van Ness Bus Rapid Transit Project	\$125 million	\$30 - \$60 million	* Deliver transit reliability and safety improvements along 2-mile corridor
Mission Bay Transportation Improvements	\$61.9 million	\$30 - \$40 million	* Build new transit platform with crossover tracks, transit and traffic signals, and related improvements
Total	\$1.56 billion	\$190 million	Request to have 10% flexibility between categories for BOS Supplemental Appropriation

## Project Delivery Schedule and Impacts



### Impacts

- Implementation of Van Ness BRT, increasing transit reliability and pedestrian safety along the 2-mile corridor
- Expansion of the LRV fleet by 24 vehicles to better meet current and future ridership demand
- New light-rail center boarding platform, with crossover tracks, that will “increase T-Third transit capacity and reduce walking distance to the Warriors arena and hospital

### PLEDGED REVENUES

The Bonds will be structured as Revenue Bonds with Pledged Revenues outlined in the table below (similar to the prior bonds):

REVENUE SOURCE (amounts in thousands)	FY2015
Passenger Fares (fixed route & Paratransit)	214,677
Traffic Fines, Fees, Permits & Taxi	128,437
Parking Meters	56,958
Parking Garages (net)	68,766
Other (includes rent, advertising & interest)	33,056
State Sales Tax (AB 1107)	38,811
State Transit Assistance (STA)	40,508
TDA Sales Tax	45,099
<b>TOTAL PLEDGED REVENUES:</b>	<b>\$626,312</b>

Does not include General Fund Baseline Transfer or General Fund Transfer in Lieu of Parking Tax

## SOURCES AND USES

**Not to Exceed Amount = \$207,000,000**

Sources	Total
Par Amount	207,000,000
<b>Total Sources</b>	<b>\$207,000,000</b>

Uses	Total
Project Fund Deposit	190,000,000
Debt Service Reserve Fund	15,000,000
Costs of Issuance	2,000,000
<b>Total Uses</b>	<b>\$207,000,000</b>

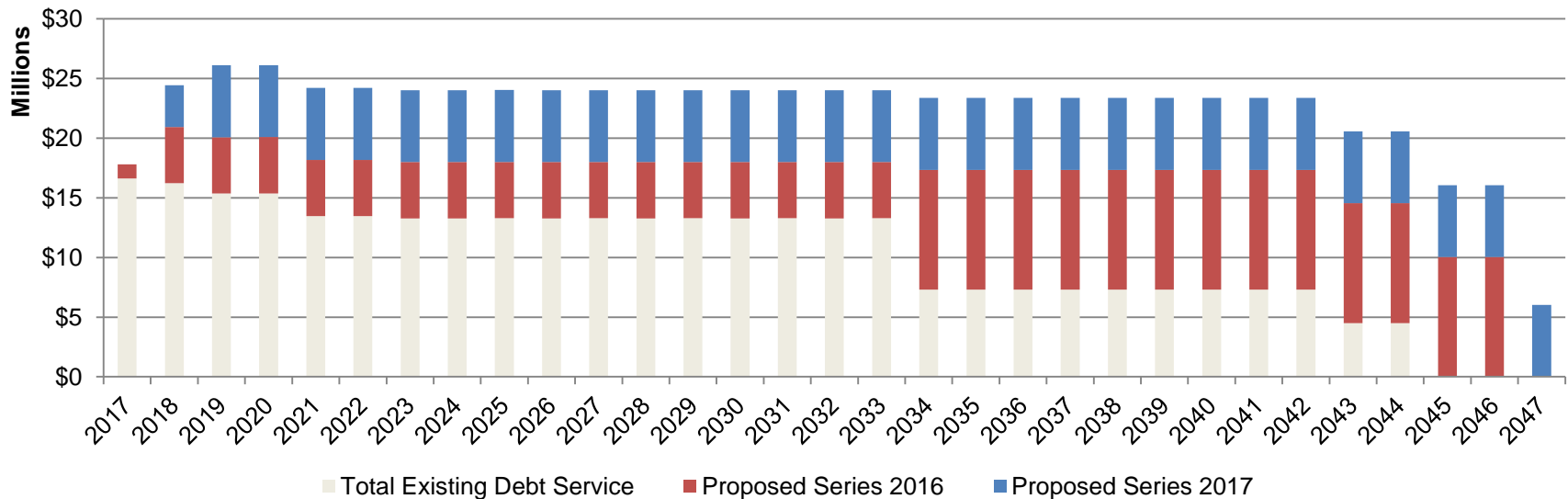
- 30-Year fixed-rate deferred debt service
- Two issuances
- Fully-funded Stand-Alone Debt Service Reserve
- Existing indenture

# SFMTA Revenue Bond Program – Proposed Series

## DEBT SERVICE STRUCTURE

- **The Bonds will not be issued until the funds are needed but approval is required as a source of Commercial Paper repayment**
- Assuming two separate issuances, the Bonds will add between \$11-16 million in additional annual debt payments through 2047
- Maximum aggregate annual debt service is projected at approximately \$26.1 million in FY2020
- Total average annual debt service is projected at approximately \$14.0 million
- Total debt service is less than 2.80% of the SFMTA's operating budget (below the 5% limit in the Debt Policy)

### Projected Debt Service



Preliminary estimate based on \$187.9 million par amount

# SFMTA Revenue Bond Program – Proposed Series

## DEBT SERVICE COVERAGE

- After the issuance of the Bonds, debt service coverage levels are projected to remain strong
- After 2020 when the prior debt amortizes, coverage levels improve

	FY2015
Total Revenues	1,010,607,447
Total Expenses <sup>1</sup>	(958,248,303)
<b>Net Revenues</b>	<b>\$52,359,144</b>
<b>Gross Pledged Revenues <sup>2</sup></b>	<b>\$626,312,000</b>
Debt Service Coverage – Net Basis	2.00x
Debt Service Coverage – Gross Basis	23.98x

Fiscal Year	Total Debt Service	Debt Service Coverage - FY2015 Net Revenues	Debt Service Coverage - FY2015 Gross Revenues
2017	17,807,744	2.94x	35.17x
2018	24,446,494	2.14x	25.62x
2019	26,098,844	2.01x	24.00x
2020	26,119,144	2.00x	23.98x
2021	24,206,094	2.16x	25.87x
2022	24,206,744	2.16x	25.87x
2023	24,024,744	2.18x	26.07x
2024	24,023,244	2.18x	26.07x
2025	24,031,994	2.18x	26.06x
2026	24,022,294	2.18x	26.07x
2027	24,026,294	2.18x	26.07x
2028	24,022,306	2.18x	26.07x
2029	24,024,544	2.18x	26.07x
2030	24,025,156	2.18x	26.07x
2031	24,026,806	2.18x	26.07x
2032	24,020,725	2.18x	26.07x
2033	24,026,350	2.18x	26.07x
2034	23,374,600	2.24x	26.79x
2035	23,368,500	2.24x	26.80x
2036	23,371,250	2.24x	26.80x
2037	23,375,250	2.24x	26.79x
2038	23,368,750	2.24x	26.80x
2039	23,370,500	2.24x	26.80x
2040	23,368,250	2.24x	26.80x
2041	23,365,250	2.24x	26.81x
2042	23,374,500	2.24x	26.79x
2043	20,573,250	2.55x	30.44x
2044	20,569,750	2.55x	30.45x
2045	16,063,750	3.26x	38.99x
2046	16,063,250	3.26x	38.99x
2047	6,027,000	8.69x	103.92x

<sup>1</sup> Excludes debt service and transfer to reserves

<sup>2</sup> Rounded to the nearest thousand

Preliminary estimate based on \$187.9 million par amount