
TRANSBAY JOINT POWERS AUTHORITY

Board Policy No. 003

Category: Financial Matters

BUDGET POLICY

The Transbay Joint Powers Authority (the "TJPA" or "Authority") is a joint powers agency organized and existing under the laws of the State of California. Pursuant to the Joint Powers Agreement creating the TJPA, dated April 4, 2001 (the "Agreement"), the TJPA has the authority to exercise all powers necessary and proper to carry out the provisions of the Agreement. The Agreement establishes the fiscal year of the Authority as beginning on July 1 and ends on June 30, and provides the TJPA Board of Directors with the authority to adopt, at its sole discretion, an annual or multi-year budget before the beginning of each fiscal year.

The Joint Powers Agreement designates the City and County of San Francisco ("City") as Administrator, charged with executing the provisions of the Joint Powers Agreement and implementing programs undertaken by the Authority. With respect to the manner of exercising its powers, the Authority is subject to the policies and procedures of the City.

The policies and procedures governing procurements of the Authority derive from the laws of the City, as limited by applicable provisions of state and federal law. The Authority intends to be guided by the budgetary policies and procedures set forth in Title IX of the City Charter (Budget Process), and relevant provisions of Chapter 3 of the San Francisco Administrative Code (Budget Process Ordinances), to the extent they are applicable.

By accepting federal funding, the Authority is obligated to comply with various federal regulations regarding financial management. In the event of any conflict between federal law and the laws of the City or this Budget Policy, federal law shall supersede the City law and this Budget Policy.

I. City Charter and Administrative Code Budget Guidance

With respect to budgetary procedures, Title IX of the City Charter requires:

- o The development of a schedule and procedures for the orderly preparation and submission of an annual budget;
- o A description of the form of the annual proposed budget consistent with the financial records required by Section 3.105 of the Charter (outlining the duties of the City Controller); and
- o A procedure to include public participation in the budgetary process, including public hearings.

The TJPA Budget Policy has been developed consistent with these City Charter budget requirements.

In addition, the TJPA recognizes the importance of clearly articulating the agency's vision, its mission, and its long-term goals for stakeholders and members of the public. The Authority also understands the value of strategic planning in creating a framework for day-to-day decision-making. These documents will guide the TJPA in a broad range of activities, including the development of its annual budget.

II. Development of Vision, Mission, Goals and Strategic Plan

Prior to commencing the FY2005-06 budget development process, the TJPA shall adopt a vision and mission statement and long-term organizational goals. The Executive Director shall present the Finance Committee of the Board of Directors with a proposed mission statement and set of organizational goals. The Finance Committee shall then recommend a proposed mission statement and set of organizational goals to the Board of Directors, which shall be made available for public review and comment prior to their adoption by the TJPA Board of Directors.

Based on the TJPA's vision and mission statement and organizational goals, the Executive Director shall prepare a proposed Authority Strategic Plan for the review by the Finance Committee of the Board of Directors, and then adoption by the TJPA Board of Directors. The Strategic Plan will be developed with opportunities for input from the Authority's stakeholders and members of the public. The Strategic Plan shall present the Authority's adopted mission statement and goals, as well as specific policies, action plans and managements strategies that are designed to achieve the Authority's long-term goals. The Authority's strategic plan is expected to evolve over time, and should be designed to enable the TJPA to respond flexibly and effectively to changes in its circumstances and operating environment.

The development of the TJPA's annual budget shall promote the Authority's goals and allocate resources to implement specific policies, plans, and management strategies set forth in the TJPA's Strategic Plan, within the constraint of available resources.

III. TJPA Budget Procedures

A. Budget Preparation

Following the completion of the mission, goals and strategic planning process, the Executive Director or her designee shall prepare a proposed Annual Budget for submission to the TJPA Board of Directors. The annual budget shall be:

1. Presented in line-item form;
2. Balanced with proposed revenues equal (or exceeding) to proposed expenditures; and
3. Sufficiently detailed to provide Board members and stakeholders with a clear understanding of the Authority's near term financial plan.

For reference, the proposed budget shall include a comparison to the prior year's approved budget.

B. Annual Budget Schedule

To the extent possible, beginning with the development of the FY2005-06 budget, the TJPA shall adhere to the following schedule for the preparation of its annual budget:

1. Briefing to Finance Committee of the Board of Directors concerning budget outlook for upcoming fiscal year – March preceding the beginning of the upcoming fiscal year (for the FY2005-06 budget process, this briefing shall occur in March 2005).
2. Submission of proposed annual budget to the Finance Committee of the Board of Directors for upcoming fiscal year – April preceding the beginning of the upcoming fiscal year.
3. Public hearing on proposed annual budget – May preceding the beginning of the upcoming fiscal year.
4. Adoption of annual budget by the TJPA Board of Directors for upcoming fiscal year – June preceding the beginning of the upcoming fiscal year.
5. In the event that an annual budget is not adopted by July 1, the first day of the new fiscal year, the Board of Directors shall be required to adopt a monthly interim budget equal to one-twelfth of the prior year's annual budget. The adoption of the monthly interim budget should occur prior to July 1st, and shall continue on a monthly basis until a new annual budget has been approved.
6. Following the adoption of an annual budget, the Executive Director or her designee shall provide the Board of Directors with reports summarizing the status of budget versus actual expenditures for that fiscal year on a quarterly basis.

C. Mid-Year Adjustments

1. Mid-Year Reallocations

Once an annual budget has been adopted, the Executive Director may augment an existing line-item appropriation by reallocating funding within and among expenditure categories (i.e. salaries and fringe benefits, non-personal services, administration and overhead) without further Board action, so long as the aggregate amount reallocated during the fiscal year does not exceed 10 percent of the original appropriation for that category, and the total amount of spending does not vary from the total amount of the approved annual budget. The Finance Committee of the Board of Directors may approve a proposed reallocation of greater than 10 percent of the original appropriation for a budget category, without further approval by the Board of Directors. .

2. Mid-Year Budget Reductions

Due to the nature of the Transbay Program's numerous funding sources, contingency planning may play a significant role in management of the Authority's budget. During the course of a fiscal year, if the Authority's staff determines that annual revenues shall not meet or exceed budgeted expenditures, then the Executive Director shall be prepared to implement measures to reduce expenditures to the level of expected revenues. The Executive Director shall report to the Finance Committee of the Board of Directors regarding the measures taken, and the affect on the TJPA's program, and at the discretion of the Finance Committee, to the full TJPA Board.

3. Mid-Year Supplemental Budget Requests

During the course of the fiscal year, the Executive Director shall return to the Board of Directors with a proposed supplemental budget, in the event that total revenues are projected to exceed the original annual budget, or if the Executive Director proposes to reallocate more than 10 percent of the original appropriation for a budget category to another budget category. All supplemental budget requests shall be reviewed by the Finance Committee of the Board of Directors prior to their submittal to the full TJPA Board. In the event that total revenues are projected to exceed the original annual budget, the proposed supplemental budget shall identify how the additional funds would be utilized in the current fiscal year, or if some or all of the additional funds would be carried forward to a future fiscal year.

D. Multi-Year Financial Plans

The TJPA's current role is to execute a large-scale, multi-year construction program, which will require significant levels of capital funding from multiple sources over several years. Upon completion of the construction program, the TJPA will transition into the role of operator of a major multi-modal transportation facility. In both of these roles, long-term financial planning will play a significant part in the Authority's success.

In addition to the Annual Budget process described in this Policy, the Authority shall maintain a long-term financial plan, describing how the Authority intends to fund the construction of the Transbay Program over the life of the Program's construction, and through the term of any loan or debt repayment undertaken in connection with the Program. This long-term financial plan shall be updated periodically, as circumstances change, and shall be presented to the Finance Committee of the Board of Directors on a regular basis for review, and to the full Board of Directors at the direction of the Finance Committee.

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