SFMTA

FY27-FY31 Capital Improvement Program

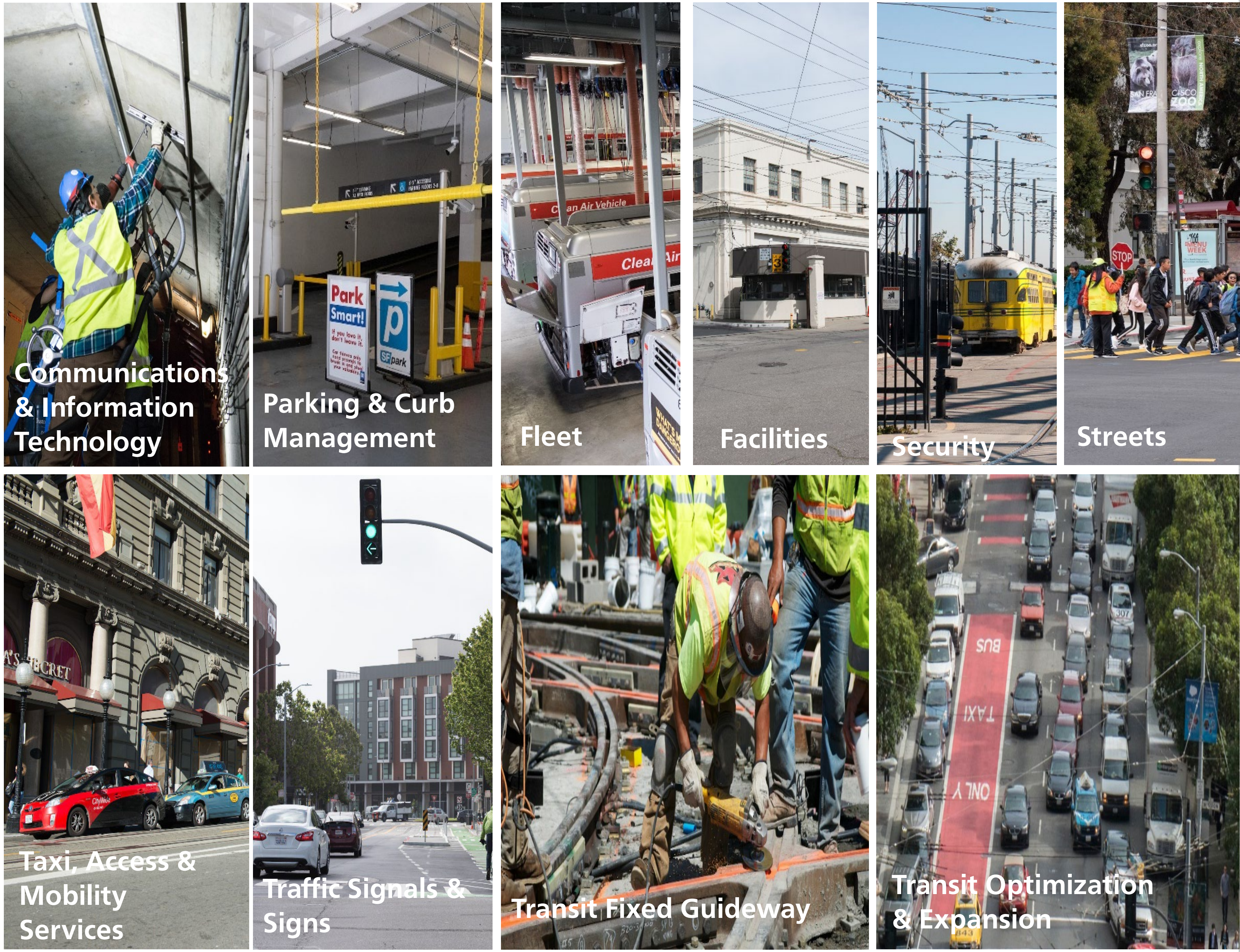
CIP Development Overview

SFMTA Board of Directors
October 21, 2025

Background

The SFMTA Capital Improvement Program (CIP) is a five-year investment plan that is reassessed on a rolling two-year basis.

The CIP describes funding for ten capital programs and other Agencywide investments like non-revenue vehicles.



SFMTA Capital Planning and Programming Process

20-Year Unconstrained Capital Plan → 5-Year Fiscally Constrained CIP → 2-Year Capital Budget

FY2025-FY2029 Capital Improvement Program (CIP) Investments

- Total programming for Fiscal Year (FY) 25-29 CIP is over $2.7B
- Current 2-year capital budget is nearly $1.2B and includes:
  - $400M invested in FY24-25
  - $750M planned expenditure for FY25-26; *Note: FY25-26 includes unspent programming from FY24-25 likely to be spent in FY25-26*
- SFMTA continues to deliver significant safety and reliability investments through our capital program

Muni Forward Projects

L Taraval Improvement Project

Quick Build Safety Projects

Battery-Electric Buses and Midlife Overhauls

Train Control Upgrade Project

Majority of Current Large Capital Initiatives will Carry into Next 2-year Capital Budget

- Six major initiatives in current CIP make up more than half (over $500M) of the total two-year investment; all but LRV4 will continue to need ongoing funds:
  - Light Rail Vehicle (LRV) Replacement Project - $286M two-year investment
  - Train Control Upgrade Project - $133M
  - Potrero Yard Modernization Project - $55M
  - Vehicle Overhaul & Rehabilitation Program - $38M
  - Muni Forward Program - $32M
  - Major Streetscape Improvement Program – $29M
- All these projects except the LRV Replacement Project will continue with major investment in the next CIP

LRV4 Rail Vehicle Procurement

- 10-year, $1.14B project
- On-time, on-budget
- 219 total cars
- Final Delivery: Fall 2026
- Achieving 3x reliability over Breda LRVs

FY2025-FY2029 Capital Improvement Program Investments & Ongoing Needs

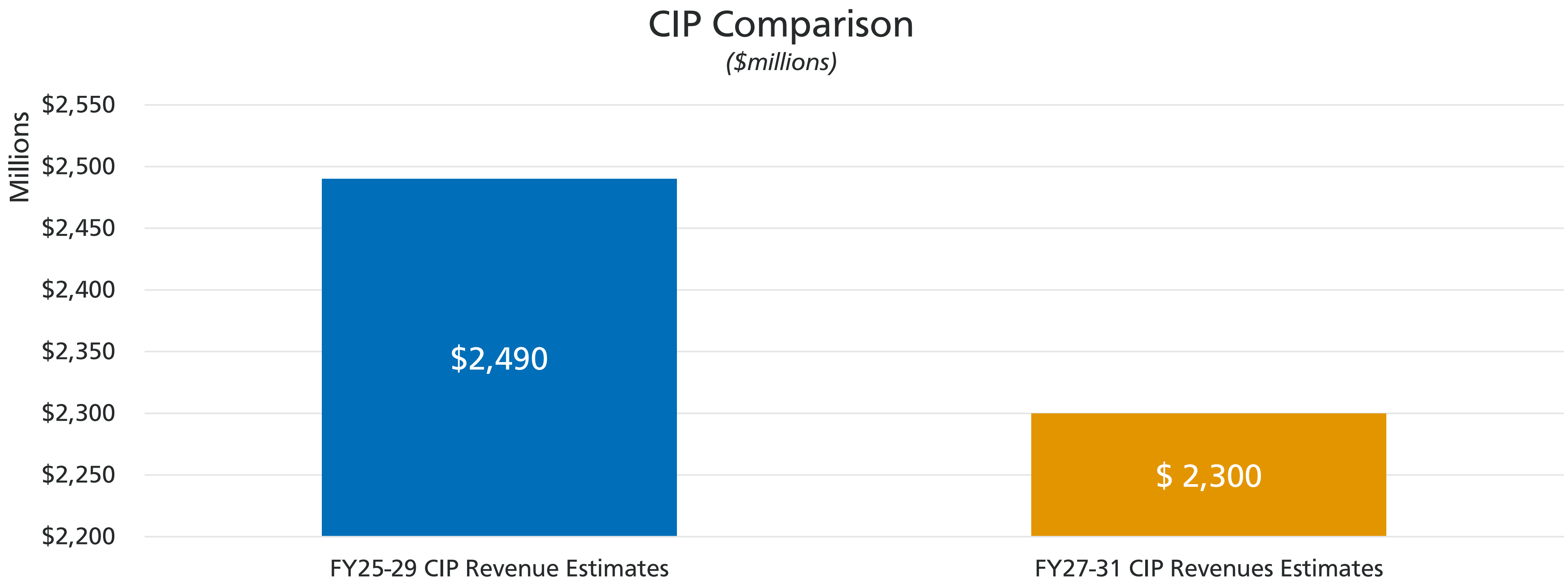
- Major initiatives are on-track and will be included in the next CIP to meet project spending needs
- Major initiatives address urgent needs, but Agency continues to have large state of good repair (SGR) backlog - approximately $5B
- Urgent needs include:
  - Infrastructure in Market Street subway
  - Vehicle replacements and overhauls
  - Facility upgrades
  - Street infrastructure replacements (e.g., traffic signals)

CIP Development Process

- Completed capital programming exercise in FY24-25, including large scale project close-out and revenue reconciliation, identifying approximately $100M in available one-time funds
  - Used to complete funding for several critical state of good repair projects and bridge funding for two fleet replacement and overhaul projects until federal funds are received
- Developed preliminary revenue estimates for CIP update in July 2025
- Confirming projects underway and under contract are fully funded
- Capital program managers working with Finance to prepare preliminary 5-year CIP programming in advance of final revenue estimates in December
- Board review of preliminary programming planned for end of 2025
- CIP Approval Spring 2026

Capital Revenue will Decline for FY27-FY31 CIP

FY27-FY31 CIP Revenue Estimate is nearly $400M less than prior CIP (approximately 15%)



Note: FY27-31 CIP revenue estimate includes an estimate of carryforward revenue (i.e., unspent revenue from FY25-26). FY25-29 dollar estimate also includes carryforward revenue from FY23-24

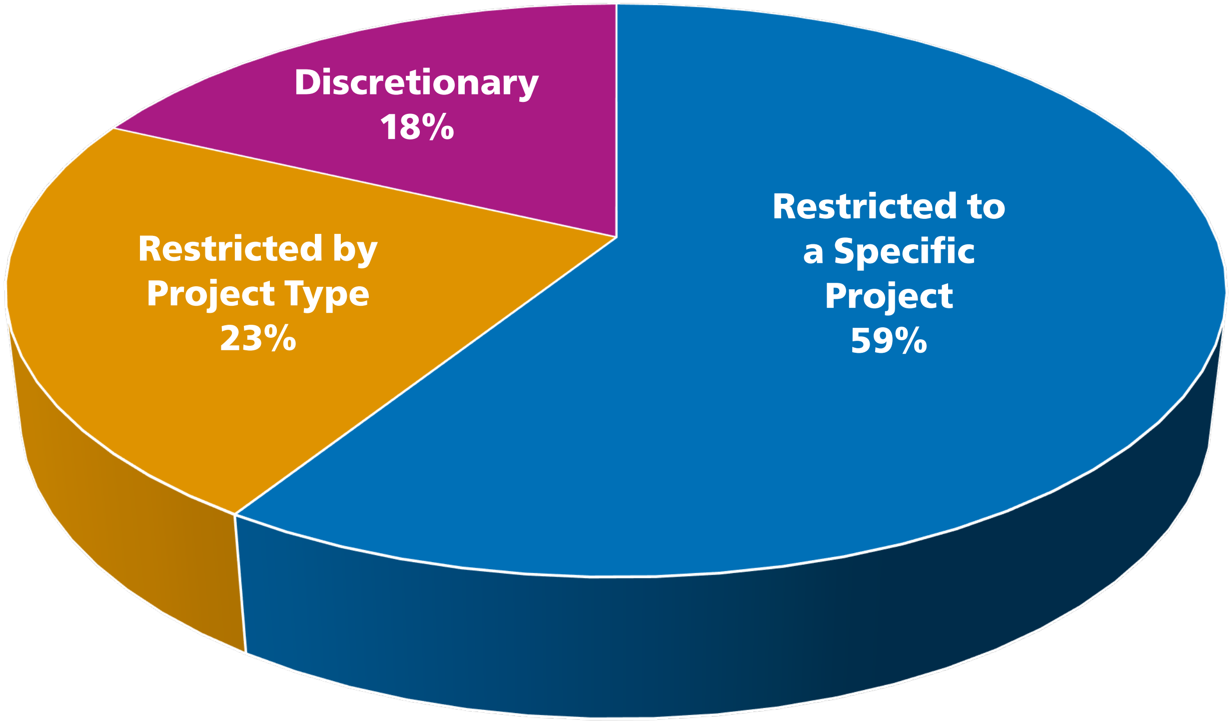
Revenue Changes by Source

Type	FY25-FY29 CIP Revenue Est. ($M)	FY27-FY31 CIP Revenue Est. ($M)	Change Inc/Dec ($M)
Federal	1,240	960	(280)
Local	730	630	(100)
State/Regional	520	510	(10)
Prior-year Carryforward	-	200	200
Total	**$ 2,490**	**$ 2,300**	**($ 190)**

Note: Prior-year carryforward is estimated funding from FY26 that will be available to be spent in the next CIP. The FY25-FY29 CIP also included carryforward, but it has been distributed across the sources, which are currently not known for the FY26 carryforward since funds are still being expended.

- Some revenue decline associated with shrinking sources, but revenue also reflects LRV4 wrap up
- Funding sources often have restrictions on how funds can be programmed

Funding Restrictions



Percent of Total FY27-FY31 CIP Estimated Revenue

- Grantors often restrict funds to certain project types (EV chargers) or specific projects (train control)
- Increased dependence on restricted funds decreases decision-space
- As grantors prioritize certain project-types or projects, the impact of revenue losses will impact CIP programs and projects differently

CIP Challenges

- FY27-FY31 CIP Revenue Estimate nearly $400M less than prior CIP
- Capital priorities may need to be further reduced to provide one-time funds for two-year operating budget
- Scale of capital shift uncertain as we work through State loan and other one-time sources
- Many projects experienced cost increases associated with scope/schedule changes and escalating construction costs
- Estimated revenue insufficient to fund all projects approved in the prior CIP and new priorities are emerging

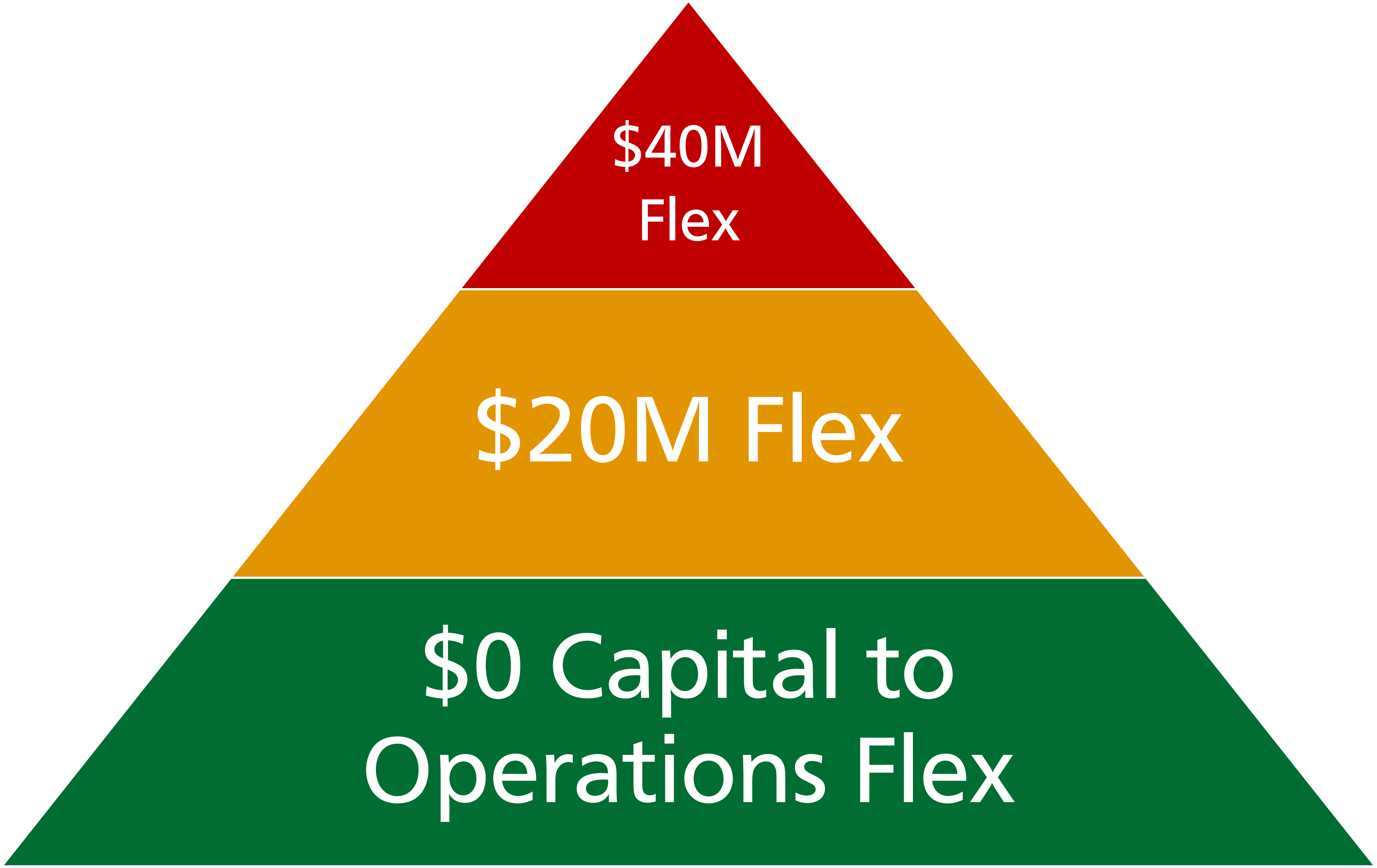
CIP Funding Strategy:

Develop a CIP that fully funds as many capital projects as possible while providing operating flexibility to bridge to revenue measures and implement self-help to support the long-term financial health of the SFMTA.

CIP Development Approach

- Evaluation underway to reprioritize funding to meet emerging needs and identify projects to pause or down-scope
- Developing three scenarios as we work through uncertainty on revenue:
  - **CIP** Focuses on committed projects and the highest priority emerging needs; assumes the most conservative revenue streams and up to $40M shift to operating
  - **CIP+** Builds on the more constrained CIP project list, but capacity would be expanded if fewer dollars are shifted to operating budget
  - **CIP++** Will capture urgent capital needs that cannot be funded with known resources; likely to be used to advocate for new funding sources and prioritize grant proposals and unpredictable revenue

Possible Scenarios for Flexing Funds



Flexing Funds to Operations Further Constrains an Already Limited Capital Program

- Possible impacts of reduced revenues
  - Delayed implementation of fleet electrification, would still enable Potrero and new PCO headquarters to move into construction phase
  - Reduced scope and slower delivery for vehicle overhauls (bus, historic fleet)
  - Reduced capacity to tackle state of good repair backlog in traffic signals, subway, and cable car
- Flexing funds to operations would further impact capital program
  - Slower roll-out of transit optimization and other priority projects
  - Fewer projects moving from design to construction phase
  - Additional 3-to-5-year delay in state of good repair investments, increasing backlog

FY27-FY31 Capital Improvement Program SFMTA Board Touchpoints

Date	Topic
October 21, 2025 – Today	FY27-FY31 CIP Development Overview
December 2025	FY27-FY31 CIP Policy Choice Discussion
March 2026	Review Preliminary Draft FY27-FY31 CIP
April 2026	Approve FY27-FY31 CIP

Thank you!