

# **APPENDIX A – 20**

## ***Regional Policies: Project Funding***

**Funding Framework for the BART Rail Car Replacement  
Program (Phases I and II)  
MTC Resolution No. 3918**



Date: December 15, 2010  
W.I.: 1512  
Referred By: PAC

ABSTRACT

Resolution No. 3918

This resolution establishes a funding framework for the BART Rail Car Replacement Program (Phases I and II) and a policy-level commitment of approximately \$780 million in funding toward the Phase 1 Funding Plan for the project in fiscal years 2011 through 2019.

Further discussion of the BART Rail Car Replacement Program is contained in the Programming and Allocations Summary Sheet dated December 8, 2010.

Date: December 15, 2010  
W.I.: 1512  
Referred by: PAC

Re: BART Rail Car Replacement Program

METROPOLITAN TRANSPORTATION COMMISSION  
RESOLUTION NO. 3918

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code 66500 et. seq.; and

WHEREAS, the San Francisco Bay Area Rapid Transit District (BART) is a rapid transit district providing heavy rail transit service in the San Francisco Bay Area; and

WHEREAS, BART wishes to replace 669 rail cars through its Rail Car Replacement Program (PROJECT); and

WHEREAS, BART and MTC wish to establish a funding framework and understanding for the PROJECT; and

WHEREAS, BART and MTC wish to establish a policy-level commitment of funding toward a PHASE 1 FUNDING PLAN in fiscal years 2011 through 2019 in order for BART to award a contract for the PROJECT; and

WHEREAS, BART has approved Resolution No. 5134 regarding the BART Rail Car Replacement Program; and

WHEREAS, MTC previously adopted MTC Resolution No. 3866, the Transit Coordination Implementation Plan, which includes requirements for transit operators participating in the Clipper<sup>SM</sup> program (previously the TransLink<sup>®</sup> Program) to transition certain pre-paid fare media to Clipper<sup>SM</sup>. Appendix B-3 of Resolution No. 3866 establishes the dates by which BART and the other four participating Clipper<sup>SM</sup> operators are expected to transition to Clipper<sup>SM</sup>-only availability; and

WHEREAS, pursuant to Resolution No. 3866, MTC may, at its discretion, withhold, restrict or re-program funds and allocations to an operator that has not made reasonable efforts to implement the requirements of Appendix B-3; now be it therefore,

RESOLVED, that BART and MTC have agreed to the Principles for Funding Framework BART Car Replacement Program set forth in Attachment A and incorporated herein; and be it further

RESOLVED, that BART and MTC have agreed to and approve the PHASE 1 FUNDING PLAN ASSUMPTIONS set forth in Attachment B-1 and incorporated herein; and be it further

RESOLVED, that BART and MTC have agreed to and approve the PHASE 1 FUNDING PLAN set forth in Attachment B-2 and incorporated herein; and be it further

RESOLVED, that BART and MTC agree that MTC's commitment of funding for the PHASE 1 FUNDING PLAN for the PROJECT is limited to the total amount of MTC Funding shown in the PHASE 1 FUNDING PLAN ; and be it further

RESOLVED, that MTC agrees to program Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) funds as set forth in Attachment B-2, subject to Congressional authorization and appropriation, availability of funds, and other critical regional transit capital needs in a timely manner in order to meet PHASE 1 FUNDING PLAN cash flow needs and minimize financing costs; and be it further

RESOLVED, that MTC may substitute other MTC-controlled funds in place of available FTA and FHWA funds specified in the PHASE 1 FUNDING PLAN; and be it further

RESOLVED, that BART agrees to use the funds as shown in Attachment B-2 to meet the local match requirements of federal funds for the PHASE 1 FUNDING PLAN; and be it further

RESOLVED, that BART agrees to comply with all applicable local, state, and federal requirements for funds programmed by MTC; and be it further

RESOLVED, that BART and MTC agree to work with the Bay Area Partnership to ensure that the PROJECT funding plan will be developed and programmed in agreement with the region's overall approach to the Transit Capital Priorities program; and be it further

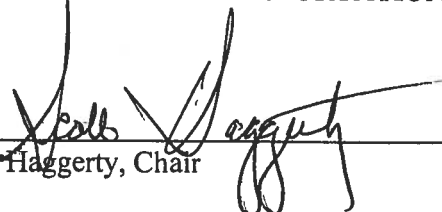
RESOLVED, that BART acknowledges that it has received regional funds from MTC to extend the life of some of its current fleet of rail cars so that they will remain in service while the replacement cars are being procured and delivered, and agrees to maintain its current fleet of rail cars so that they will remain in service while the replacement cars are being procured and delivered; and be it further

RESOLVED, that BART agrees that it will not request regional funds from MTC for a rehabilitation of its current fleet of railcars; and be it further

RESOLVED, that MTC may withhold amending annual PHASE 1 FUNDING PLAN funds in the Transportation Improvement Program if the Commission finds that BART is not in compliance with MTC Resolution No. 3866 including Clipper implementation requirements; and be it further

RESOLVED, that BART and MTC will work with the FTA to ensure the federal funds are available to the PROJECT; and be it further

METROPOLITAN TRANSPORTATION COMMISSION

  
\_\_\_\_\_  
Scott Haggerty, Chair

This resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in Oakland, California, on December 15, 2010.

Date: December 15, 2010  
W.I.: 1512  
Referred by: PAC

Attachment A  
Resolution No. 3918  
Page 1 of 3

## **PRINCIPLES FOR FUNDING FRAMEWORK BART CAR REPLACEMENT PROGRAM**

### **1. Project Definition**

The BART Car Replacement Program (PROJECT) consists of replacing 669 A, B, C1 and C2 cars at an estimated cost of \$3.2 billion (in escalated dollars). The procurement of additional capacity expansion cars is outside of the scope of these Principles.

The PHASE 1 FUNDING PLAN will address the costs of replacing approximately the first 200 cars at an estimated cost of \$1.0 billion (in escalated dollars).

The PHASE 2 FUNDING PLAN will address the costs of replacing approximately the remaining 469 cars at an estimated cost of \$2.2 billion (in escalated dollars).

Due to the long term nature of the PROJECT, BART's base contract will be for approximately 200 cars, and there will be options for additional cars. Subject to the availability of funding, BART anticipates exercising the first option in 2017.

### **2. Background**

The funding plan for the PROJECT will be modeled on MTC Resolution 2672, in which MTC entered into an agreement with BART as part of a larger regional framework for transit capital replacement and expansion that provided regional investments to cover 70% of the costs of BART's A-B Car Rehabilitation project.

Transportation 2035, the region's long-range plan that was adopted in April 2009, includes \$15.1 billion (in escalated dollars) in projected capital replacement and rehabilitation needs for BART between FY 2009 and FY 2033. The total includes \$10.8 billion in Score 16 (the highest priority for funding under the region's Transit Capital Priorities Process and Criteria) needs and \$4.3 billion in other needs. The Score 16 needs includes the PROJECT at a cost of \$2.7 billion, and Fixed Guideway and other Score 16 needs totaling \$8.1 billion.

Transportation 2035 projects that \$4.3 billion of Committed Transit Capital Revenues will be available to meet BART's Score 16 needs. Of this total, approximately \$0.6 billion is from operating funds that BART is projected to contribute to its capital program.

Transportation 2035 projects \$23.1 billion in transit capital revenues for all transit capital needs in the region, including \$6.4 billion in Discretionary Revenues. Of the \$6.4 billion in

Discretionary Revenues dedicated to Score 16 needs throughout the region, \$4.7 billion or 73% is projected to come from anticipated sources that MTC and its transit operator partners will need to identify and secure for transit capital needs.

### **3. Regional Share of Project Costs**

Consistent with Resolution 2672 and Transportation 2035, and in order to meet the PROJECT cost of \$3.2 billion, MTC would cover approximately \$2.4 billion, or about 75%, of PROJECT costs. This includes projected FTA 5307 and 5309 FG, FHWA STP, Population-based Spillover (or successor programs) and/or other anticipated funding sources included in Transportation 2035, as well as funds that have been programmed to the PROJECT prior to the adoption of Transportation 2035 and projected earnings on the BART Car Replacement Funding Exchange Account.

Assumptions for Regional Share:

- The total cost of the PROJECT is \$3.2 billion and includes replacement of 669 cars.
- Major transit capital rehabilitation and replacement needs in the Region can be met as anticipated in the Plan, including 100% of the cost of replacing revenue vehicles and approximately 60% of the cost of replacing and rehabilitating Fixed Guideway and other Score 16 assets.
- The Region will receive \$13.5 billion in Committed Revenues, including FTA Section 5307 and 5309 (or their successors) and AB664 bridge tolls, between FY 2009 and FY 2033 as anticipated in Transportation 2035.
- The Region will receive \$6.4 billion in Discretionary Revenues, including Anticipated Funds, FHWA STP (or its successor), and Population-based Spillover, between FY 2009 and FY 2033 as anticipated in Transportation 2035.
- The Region's Score 16 transit capital replacement and rehabilitation needs between FY 2009 and FY 2033 will not exceed \$28.6 billion as anticipated in Transportation 2035.

Should these assumptions, including the cost of the PROJECT, change substantively over time, the terms of this PROJECT funding framework will be re-examined and an alternate approach will be agreed to by MTC and BART that could include extending the timing of fund commitments, seeking alternate fund sources, or other actions.

### **4. BART Share of Project Costs**

Consistent with Resolution 2672 and Transportation 2035, and in order to meet the PROJECT cost of \$3.2 billion, BART will cover approximately \$0.8 billion, or about 25%, of PROJECT costs. BART will dedicate \$150 million of its High Speed Rail funds to the PROJECT, and BART will either direct future BART-controlled revenue, such as State Transit Assistance Revenue-Based funds, after meeting revenue sharing and coordination expenses, or raise additional funds through General Obligation bonds, parcel taxes, fare increases or other means to help fund its share of PROJECT costs and/or fixed guideway needs.

If necessary, BART can meet this commitment, in whole or in part, by funding a larger share of its fixed guideway capital needs, and reducing the need for regional investments in BART’s fixed guideway needs below the level currently projected in Transportation 2035.

**5. Funding Commitment Timeframe**

The total PROJECT will be funded in two phases as described in Table 1. MTC and BART agree to commit to fully funding the Phase 1 Funding Plan as described in Attachments B-1 and B-2, subject to Congressional authorizations and appropriations and availability of funds.

The funding framework and assumptions for the Phase 2 Funding Plan, including BART and MTC shares, will be reconfirmed in the next regional transportation plan, currently planned for adoption in 2013.

A firm funding commitment for the Phase 2 Funding Plan should be established by 2015, in advance of BART’s anticipated exercise of the first contract option in 2016.

**Table 1. BART Car Replacement Project Preliminary Funding Plan**  
 \$ millions, escalated

	No. of cars	Cost Estimate		Proposed Approximate Funding Participation		Proposed Approximate % Shares	
		T2035	Current*	Regional	BART	Regional %	BART %
		Total Project	669	\$2,697	\$3,222	\$2,416	\$805
Phase 1	200		\$1,026	\$871	\$155	85%	15%
Phase 2+	469		\$2,196	\$1,545	\$651	70%	30%

\* Current cost estimate for Total Project derived from BART’s current estimate for 700 cars of \$3,371 million by prorating (669/700).



Date: December 15, 2010  
W.I.: 1512  
Referred by: PAC

Attachment B-1  
Resolution No. 3918  
Page 1 of 2

## **PHASE 1 FUNDING PLAN ASSUMPTIONS**

### **Background and Prior Actions**

BART expects the first phase of the funding plan (PHASE 1 FUNDING PLAN) for the PROJECT to pay for approximately 200 rail cars. BART currently estimates the escalated cost of the PHASE 1 FUNDING PLAN for the PROJECT to be approximately \$1 billion over the period fiscal years 2008 through 2023.

Pursuant to MTC Resolution No. 3738, Revised, MTC has previously approved approximately \$90.7 million in Surface Transportation Program funds (STP) in Fiscal Years 2006, 2007, 2008 and 2009 which have been the subject of a fund exchange and placed in the BART Car Replacement Funding Exchange Account to be used for the PROJECT.

Pursuant to MTC Resolution No. 3854, Revised, MTC has previously programmed approximately \$12.6 million in Federal Transit Administration (FTA) Fixed Guideway Modernization Program funds for the PROJECT in FY 2009.

BART has previously provided \$4.6 million in funding for pre-construction activities for the PROJECT.

### **10-Year Regional Capital Improvement Program (CIP)**

MTC will participate in the PHASE 1 FUNDING PLAN for the PROJECT by programming funding in fiscal years 2011 through 2019.

In 2009, MTC completed a ten-year Regional Capital Improvement Program (CIP) for the period FY2010 through 2019, including projections of Score 16 transit capital needs based on data from the Regional Transit Capital Inventory and transit capital revenues based on the revenue projections included in Transportation 2035.

The CIP identified Score 16 capped transit needs of \$4.1 billion for all Bay Area transit operators, and assumed \$4.1 billion in federal formula transit and highway funds would be available toward all Bay Area transit capital replacement and rehabilitation needs over the ten-year period.

### **Phase 1 Funding Plan Assumptions**

The CIP assumed approximately \$730 Million in FTA formula funding toward the PHASE 1 FUNDING PLAN between FY 2010 and FY 2019.

The PHASE 1 FUNDING PLAN assumes that any FTA programming not needed for direct project expenditures in the year of programming will be exchanged for BART funds, which will be deposited in the BART Car Replacement Funding Exchange Account (as with the STP funds).

The PHASE 1 FUNDING PLAN assumes that a combination of earnings credited to the BART Car Replacement Funding Exchange Account and, if earnings are insufficient, additional programming of STP or other funding sources will provide \$50 million for the PHASE 1 FUNDING PLAN.

The PHASE 1 FUNDING PLAN assumes that state High Speed Rail Connectivity funds will be available to BART to meet their \$150 million contribution between FY 2011 and FY 2017.

Date: December 15, 2010  
W.I.: 1512  
Referred by: PAC

Attachment B-2  
Resolution No. 3918  
Page 1 of 1

## PHASE 1 FUNDING PLAN FOR BART CAR REPLACEMENT PROGRAM

\$000

Funding Source	Prior to FY10	FY10 - FY19	Total
<b>MTC Funding</b>			
FTA Formula Programs	12,565	717,435	730,000
FHWA Regional Discretionary Programs*	90,726	50,274	141,000
Subtotal MTC Funding	103,291	767,709	871,000
<b>BART Funding</b>			
BART High Speed Rail Funds		150,000	150,000
Other BART Funds	4,600		4,600
Subtotal BART Funding	4,600	150,000	154,600
Total Funding	107,891	917,709	1,025,600

\* Funding from FHWA Regional Discretionary Programs includes BART funds deposited and earnings credited to the BART Car Replacement Funding Exchange Account.