

Transit Capital Priorities Policy and Program: *Proposal for FY10-FY12*

May 13, 2009

Presentation to Programming and Allocations – Information Only



Transit Capital Priorities - Background

- MTC programs the region's FTA formula funds (5307/5309) for transit capital replacement and rehabilitation projects
- Approx. \$350 million per year
- TCP policy established for annual programming
 - Provides for flexible and ADA set-asides
 - Scores/prioritizes projects
 - Sets project caps so that a few projects don't consume all funding

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Regional Context – Uncertain Times Ahead for Transit

- T2035 set vehicle replacements as top priority for federal rehab funds, transit capital shortfall \$17.3 Billion over 25 years.
- Transit operating budgets under intense pressure
- Current and proposed local agreements
- Upcoming federal authorization

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Ten-Year Capital Improvement Program

- Goals
 - Identify major projects
 - Determine available funding levels
- Results
 - Needs exceed revenues overall, though peaks and valleys year to year
 - Major vehicle procurements drive the need
 - Fixed guideway caps still necessary

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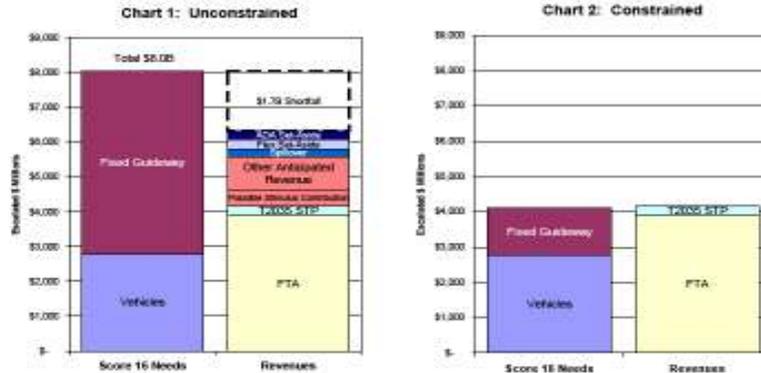
Ten-Year Project Highlights

- Significant Transit Vehicle Procurements
 - BART Car Replacement - \$1 Billion (phase I)
 - Caltrain EMU - \$500 million
 - SFMTA Trolleys - \$400 million

- Fixed Guideway Projects
 - Track, train control, ferry gangways, etc.
 - Needs exceed revenues, able to fund 25%

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Transit Capital Score 16 Needs vs. Revenues FY10 to FY19



Major Assumptions – Both Scenarios

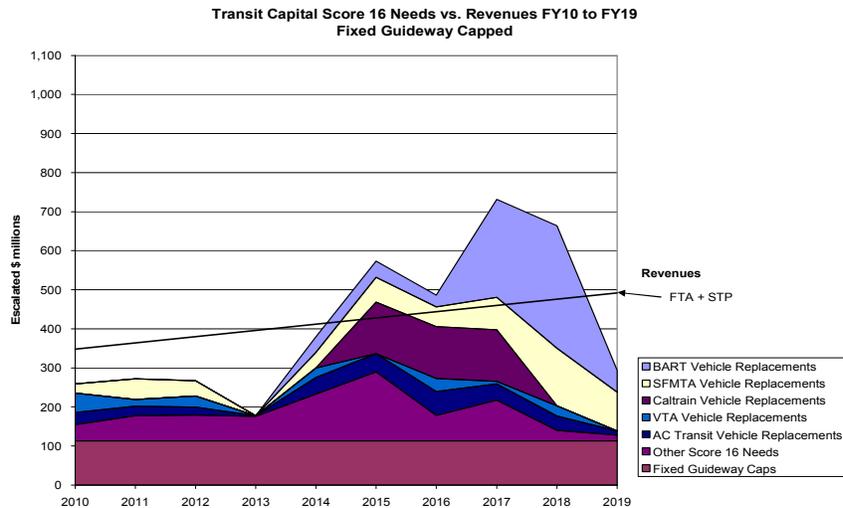
- 60% federal share eligible for TCP for all projects; local match costs and revenues not shown
- All pay-as-you-go, no project financing
- 4% growth in FTA revenues; no major program changes

Constrained Scenario

- Revenue vehicle replacements funded first
- Fixed guideway projects capped at \$113M/year
- No Anticipated Revenue, Spillover, Stimulus or Set-Asides Available

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Transit Needs Are Uneven



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Major Proposals for FY10 – FY12

1. Establish \$150 million reserve for upcoming vehicle procurements
2. Establish \$50 million reserve for preventive maintenance to address economic downturn
3. Set fixed guideway caps at \$113 million per year, distribute based on need

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Vehicle Reserve: \$150 million over three years

- **Proposal:** Establish reserve fund as down payment on upcoming procurements
 - Acknowledges regional role in funding these major projects
 - Contributes to pay as you go, reduces need for financing

- **Issue:** Some operators prefer to fund immediate needs or lift caps

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Preventive Maintenance Reserve: \$50 million over three years

- **Proposal:** Provide additional flexible funding for PM or other low-scoring capital projects
 - Helps ease operating budget pressures
 - Distribute using flexible set-aside formula including new eligible operators

- **Issue:** Some operators prefer to fund immediate needs or lift caps

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Fixed Guideway Caps: \$113 million per year

- **Proposal:** Use caps to constrain FG projects to fund 100% of vehicles
 - Decrease annual cap levels to \$113 million
 - Change distribution so based on share of need over 25-year period
- **Issue:** Ferry operators not supportive of change to distribution or annual cap

\$ millions

Operator	Previous Cap	FY05-08 Usage	New Proposal
ACE	3	1	1
AOFS*	NA	NA	4
BART	47	39	41
Caltrain	23	15	13
GGBHTD	10	6	5
SFMTA	49	41	35
Vallejo*	10	4	4
VTA	23	8	9
Total	163	114	113

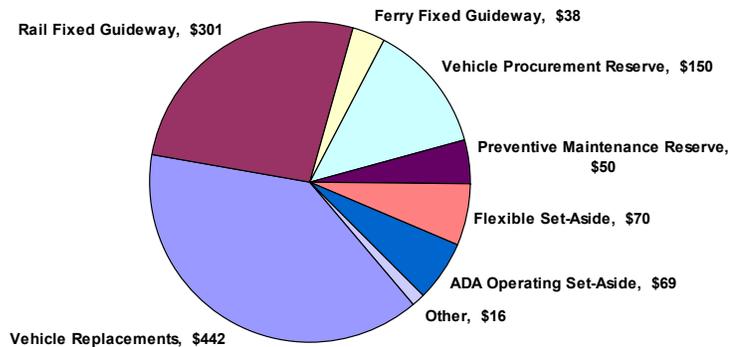
*WETA would be added once they assume operations for AOFS and Vallejo Ferry

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Projected Transit Capital Program FY10-FY12

Total: ~\$1.1 Billion

\$ Millions



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Timeline for Policy Adoption

- Worked with Partnership over last year
- Draft to Advisory Committees in May
- Draft to PAC in May
- Final to Commission in June, will include:
 - TCP Policy
 - FY10 Program
 - Preliminary Programs for FY11 and FY12
- Return to Commission with detailed funding plans for major procurements