

Metropolitan Transportation Commission Programming and Allocations Committee

May 12, 2010

Item Number 3b (Revised)

Resolution Nos. 3908, Revised, 3916, Revised, 3917, Revised, and 3945

Subject: Update to Transit Capital Priorities policy, revisions to the FY 2009-10 and FY 2010-11 Federal Transit Administration (FTA) formula programs to reflect final federal appropriations and to program the Vehicle Procurement Reserve, and complementary revisions to and allocations of the FY 2009-10 AB664 bridge toll program.

Background:

1. Transit Capital Priorities Policy Revisions

MTC is the designated recipient of the region's Federal Transit Administration (FTA) Urbanized Area Formula (Section 5307) and Fixed Guideway Modernization (Section 5309 FG) funds, which MTC programs to eligible transit operators to support transit capital replacement and rehabilitation projects, and preventive maintenance costs. Programming of these funds is governed by the region's Transit Capital Priorities (TCP) Process and Criteria, MTC Resolution 3908. The proposed revisions to the policy include criteria for programming the Vehicle Procurement Reserve discussed below, revised policies for funding bus emission reduction devices required to meet California Air Resources Board regulations, a revised formula for distributing Flexible Set-Aside funds to eligible operators in the Petaluma Urbanized Area, and other minor revisions.

2. Annual Program of Projects Amendment and AB 664 Program

MTC Resolution 3916, Revised, establishes the region's program for the FTA Section 5307 and 5309 FG funds for FY 2009-10 through FY 2011-12 based on estimates of apportionments to the region's 12 Urbanized Areas (UAs) totaling about \$350 million per year. The program was originally approved in 2009 with the understanding that it would need to be revised to conform to available revenues in the annual Program of Projects TIP amendment after FTA issued final UA apportionments each year. This item will make the revisions for the FY 2009-10 program. This item also makes several minor revisions to the FY 2010-11 program. These revisions will also be made concurrently in the TIP.

AB 664 Net Bridge Toll Revenues are used to match federally funded transit capital projects that relieve congestion on the San Francisco-Oakland Bay, San Mateo-Hayward, and Dumbarton bridges, including projects from operators that provide feeder service to BART. AB 664 funds are programmed to eligible operators in proportion to FTA formula programming.

3. Proposed Vehicle Procurement Reserve Program

Over the last two years, MTC has been working with the transit operators to develop a 10-year Capital Improvement Program to anticipate and plan for capital project funding needs. Based on this effort and on the direction from Transportation 2035, which established replacement of revenue vehicles as the highest priority for regional transit capital funds, the FY 2009-10 through FY 2011-12 TCP program includes a Vehicle Procurement Reserve (VPR) that sets aside \$150 million in the last two years of the program when the demand for high priority projects is relatively low. The VPR will help the region meet the peak expenditures for three major vehicle replacement projects coming up in the next decade:

- 1) BART's replacement of the first 200 of its 669 cars at a projected cost of \$1.0 billion;
- 2) Caltrain's replacement of 20 diesel locomotives and 73 rail cars with a fleet of 98 Electric Multiple Units at a projected cost of \$456 million; and
- 3) SFMTA's procurement of 60 electric trolleys in FY 2011 and 273 trolleys in FY 2017 and FY 2018 at a total estimated cost of \$562 million.

The proposed program for the \$150 million Vehicle Procurement Reserve (VPR) includes \$80 million for the BART car project and \$70 million for Caltrain's railcar replacement project. For BART, these funds would be programmed to BART's preventive maintenance program, and, subject to the funding exchange agreement previously adopted for the project, BART will deposit an equal amount of local funds into a reserve account to help pay for future car replacement costs. For Caltrain, the procurement is contingent on completion of Caltrain's electrification program, which could result in significant revisions to the schedule.

No VPR funds are proposed for SFMTA at this time. However, \$75 million is included in the base program for the trolley procurement. The remaining needs are either too far in the future or can be accommodated within the base program.

The first year of the VPR programming is being added to the regional Transportation Improvement Program (TIP) with the rest of the FY 2010-11 TCP program. The FY 2011-12 VPR programming would be amended into the TIP with the remainder of the program. This timing will allow for potential revisions to the proposed VPR program if the schedules or projected expenditure plans for the vehicle procurement projects change. MTC staff will continue to work with the staff of BART, Caltrain and SFMTA to refine the funding plans for the vehicle replacement projects, including appropriate levels of local match.

The proposed program for the VPR was presented to the Partnership's Transit Finance Working Group and the Partnership Technical Advisory Committee, which expressed their agreement with the proposals.

Issues:

1. FTA has delayed the release of final apportionments for FY 2009-10, so staff was unable to prepare the proposed program revisions in time for the Committee's May 12 meeting. Staff expects to present the proposed revisions, including the associated TIP amendment, to the Commission at its meeting on May 26, 2010. Because FTA formula programs were level-funded by Congress in FY 2009-10, staff expects that several of the region's UAs will experience moderate shortfalls, which will be addressed by a combination of transferring project costs between programs and UAs, deferring projects, and potentially making program reductions. As is typical, these program adjustments will be developed in full consultation with the region's transit operators.
2. Staff will also present proposed revisions to the FY 2009-10 AB 664 program (MTC Resolution No. 3917, Revised) and allocations (MTC Resolution No. 3945) that reflect the revisions to the FTA program at the Commission's May 26 meeting.
3. Staff will return to the Commission with a proposed funding framework for the remainder of the BART Car Replacement project.
4. Subsequent to the development of the proposed revisions to the FY 2009-10 TCP program, SFMTA wrote to MTC to request the transfer of \$7 million in Section 5307 funds from SFMTA's Transit Effective Project to Preventive Maintenance to help address SFMTA's operating budget shortfall. The letter is attached.

This request will revise SFMTA's priorities for their share of the Economic Reserve, a program area that was at the discretion of the transit operators. No other capital projects will be delayed or affected by this action. Staff recommends approving this transfer, which will be reflected in the revised program and TIP amendment 09-48 to be presented to the Commission on May 26.

Recommendation: Refer Resolution Nos. 3908, Revised, 3916, Revised, 3917, Revised, and 3945 to the Commission for approval.

Attachments: MTC Resolution Nos. 3908, Revised, and 3916, Revised
SFMTA letter regarding Reprogramming of Transit Formula Funds.

* Does not yet reflect final FY 2009-10 apportionments

FY 2009-10 FTA Section 5307 and 5309 Fixed Guideway Program				
TIP ID	Operator	Project Description	FTA Section 5307	FTA Section 5309 FG
			Projected Apportionment	216,501,240
			Previous Year Carryover	132,240,508
			Funds Available for Programming	942,966
			236,794,407	133,183,474
ADA Set-Aside				
ALA990076	AC Transit	ADA Operating Assistance	4,172,409	
SCL991060	Caltrain	Caltrain/ACE Santa Clara Train Station	532,072	
REG050007	BART	ADA Operating Assistance	3,126,281	
REG090051	Caltrain	Revenue Vehicle Rehab Program	1,085,979	
CC-99T001	CCCTA	ADA Operating Assistance	704,352	
CC-030035	ECCTA	ADA Operating Assistance	516,736	
New	GGBHTD	Bus Stop Improvement Project	1,182,151	
ALA990077	LAVTA	ADA Operating Assistance	308,109	
NAP030004	Napa Vine	ADA Operating Assistance	24,938	
SF-990022	SFMTA	ADA Operating Assistance	3,959,075	
SM-990026	SamTrans	ADA Operating Assistance	1,052,641	
SOL990040	Vallejo Transit	ADA Operating Assistance	620,058	
SCL050046	VTA	ADA Operating Assistance	3,742,406	
CC-990045	WestCat	ADA Operating Assistance	114,450	
Flexible Set-Aside				
ALA991070	AC Transit	Preventive Maintenance	2,100,836	
SCL991060	Caltrain	Caltrain/ACE Santa Clara Train Station	241,032	
REG050010	BART	General Mainline Renovation	5,403,640	
REG090051	Caltrain	Revenue Vehicle Rehab Program	856,275	
CC-030034	CCCTA	Preventative Maintenance	359,871	
CC-030037	ECCTA	Preventive Maintenance Program	279,856	
CC-050029	ECCTA	Park and Ride Facility Land Purchase - Security Project	66,439	
REG090052	GGBHTD	SF Bus Lot Modifications	752,470	
ALA030030	LAVTA	Preventive Maintenance	252,627	
NAP970010	Napa	Operating Assistance	195,292	
SON090009	Petaluma	Preventative Maintenance	14,829	
SF-050026	SFMTA	Escalator Rehab		5,488,564
SM090019	SamTrans	Service Support Vehicles	257,600	
SM030023	SamTrans	Preventive Maintenance	385,409	
SON030005	Sonoma County Transit	Preventive Maintenance	29,816	
ALA030031	Union City	Existing Bus Pkg,Concrete Pkwy	24,245	
SOL050039	Vallejo Transit	Revenue Vehicle Replacement	356,222	
REG090048	Vallejo	Replace Supervisor Vehicles	64,800	
REG090049	Vallejo	Replace Maintenance Vehicles	151,200	
SCL990046	VTA	Preventive Maintenance	3,970,535	
CC-090038	WestCat	Mobile column bus Lifts - Maintenance	62,132	
REG090050	WETA	Preventative Maintenance	82,029	
Economic Reserve				
ALA991070	AC Transit	Preventive Maintenance	4,948,876	
SCL991060	Caltrain	Caltrain/ACE Santa Clara Train Station	732,662	
REG090051	Caltrain	Revenue Vehicle Rehab Program	586,776	
REG090053	Caltrain	Preventative Maintenance	943,292	
CC-030037	ECCTA	Preventive Maintenance Program	190,254	
REG090052	GGBHTD	SF Bus Lot Modifications	2,315,918	
ALA030030	LAVTA	Preventive Maintenance	580,921	
NAP970010	Napa	Operating Assistance	540,712	
SON090009	Petaluma	Preventative Maintenance	16,404	
SF-050026	SFMTA	Escalator Rehab		311,436
SF-090032	SFMTA	TEP Capital Implementation Program	4,899,251	
SF-090031	SFMTA	Preventive Maintenance	7,000,000	
SM030023	SamTrans	Preventive Maintenance	1,961,777	
SON030005	Sonoma County	Preventive Maintenance	74,255	
ALA090031	Union City	Bus Replacement (2)	17,000	
ALA070062	Union City	Purchase Six (6) CNG Buses	41,971	
ALA030031	Union City	Existing Bus Pkg,Concrete Pkwy	15,000	
SOL030019	Vallejo/Benicia	Preventive Maintenance	1,499,545	
SCL990046	VTA	Preventive Maintenance	8,971,810	
REG090050	WETA	Preventative Maintenance	64,411	
			Total Program Set-asides and Commitments	72,449,645
			Funds Available for Programming	164,344,762
				127,383,474

FY 2009-10 FTA Section 5307 and 5309 Fixed Guideway Program				
TIP ID	Operator	Project Description	FTA Section 5307	FTA Section 5309 FG
Capital Projects				
ALA990052	AC Transit	Paratransit Van Leasing	1,672,800	
ALA991070	AC Transit	Preventive Maintenance	48,844,777	
New	ACE	Rebuild Diesel Locomotives	763,107	
BRT030004	BART	Train Control		13,000,000
BRT030005	BART	Traction Power		13,000,000
BRT97100B	BART	Track Replacement Rehabilitation		13,000,000
BRT030005	BART	Replacement of Fixed Guideway Elements and Fare Collection Equipment		2,520,000
SCL991060	Caltrain	Caltrain/ACE Santa Clara Train Station	1,460,000	
SM-050041	Caltrain	Signal/ Communication Rehabilitation & Upgrades		4,500,000
SM-03006B	Caltrain	Systemwide Track Rehabilitation & Related Structures		8,770,000
CC-050038	CCCTA	Replace Vans	3,695,160	
CC-070092	ECCTA	1997 Transit Bus Replacement	5,705,553	
CC-090039	ECCTA	Translink Fareboxes	66,444	
SOL010006	Fairfield	Operating Assistance	2,930,141	
MRN090024	GGBHTD	Replace 30 - 1998 40' Transit Buses	11,778,870	
MRN090026	GGBHTD	Replace 6 Paratransit Vans	372,204	
MRN090022	GGBHTD	Replace 2 Paratransit Vans	163,548	
MRN090021	GGBHTD	Replace 2 Paratransit Vans	124,068	
MRN030011	GGBHTD	Ferry Major Component Replacement	4,000,000	
MRN090025	GGBHTD	Ferry Propulsion	1,660,000	
ALA090035	LAVTA	Replace 3 Paratransit Vehicles of 2002 Vintange	353,580	
NAP970010	Napa	Operating Assistance	780,261	
SON090010	Petaluma	Bus Replacement	636,508	
SON090009	Petaluma	Preventive Maintenance	238,447	
SF-950037B	SFMTA	Rail Replacement Projects		6,640,000
SF-970170	SFMTA	Overhead Rehabilitation Projects		9,140,000
SF-050024	SFMTA	Wayside Train Control Equipment Rehab and Replacment		1,500,000
SF-030013	SFMTA	Wayside Fare Collection Equipment Rehab and Replacement.		6,300,000
SF-070045	SFMTA	Trolley Car Replacement	7,694,836	26,542,057
SF-99T005	SFMTA	Historic Vehicle Rehabilitation		6,800,000
SF-970073	SFMTA	Cable Car Vehicle Renovation		1,050,000
SM050036	SamTrans	Replacement of up to 73-40 ft and 64-35 ft buses	4,571,918	
SM030023	SamTrans	Preventive Maintenance	3,506,371	
SON030011	Santa Rosa	Operating Assistance	1,318,170	
SON050026	Santa Rosa	Preventive Maintenance	1,758,752	
SON030012	Santa Rosa	Bus Stop Enhancements	38,260	
SON070020	Santa Rosa	Hybrid Electric Bus Purchase (Replacement)	612,874	
SON010024	Sonoma County	Bus Replacement	184,610	
SON050021	Sonoma County	Bus Stop Improvement Project	12,753	
SON030005	Sonoma County	Preventive Maintenance	1,175,929	
SOL010007	Vacaville	Operating Funds	493,315	
SOL991099	Vacaville	Purchase Transit Equipment - Fareboxes and Tools	100,000	
SOL090026	Vacaville	Vacaville: Replace 5 Medium-Duty CNG Buses	1,816,000	
SOL050040	Vallejo	Replace Diesel buses with Hybrid Electrics	3,684,800	
SOL090011	Vallejo	Ferry mid-life Repower	11,264,000	
SCL050045	VTA	ADA Bus Stop Improvements	439,084	
SCL990046	VTA	Preventive Maintenance	24,851,828	
New	VTA	Security Improvements for Light Rail	439,084	
SCL050002	VTA	Rail Rehabilitation & Replacement on Guadalupe Light Rail System		2,301,750
SCL050049	VTA	Traction Power Substation Replacement on Guadalupe Light Rail		4,050,000
REG090054	WETA	Harbor Bay Dredging	60,000	
REG090057	WETA	Ferry Major Component	432,000	
REG090056	WETA	Floats & Gangways	776,000	
REG090055	WETA	Ferry Propulsion Systems	2,412,000	
Total Capital Projects			152,888,052	119,113,807
Total Program			225,337,697	124,913,807
Fund Balance			11,456,710	8,269,667

Notes:

- 1) Operators in the Santa Rosa , Fairfield, and Vacaville Urbanized Areas did not wish to participate in the ADA or 10% flexible set-aside programming elements, and operators in the Napa and Petaluma UAs do not participate in the ADA set-aside.
- 2) AC Transit exchanged \$22,446,863 for replacement of 49 45' suburban buses and \$8,897,914 for replacement of 18 45' OTR coaches for \$31,344,777 in preventive maintenance. The buses will be procured with I-bond funds.
- 3) SamTrans exchanged \$2,045,371, part of the funding for replacement of up to 91-40 foot buses, 40-35 foot buses, and 4-30 foot buses, for preventive maintenance. The buses will be partially funded with ARRA funds.
- 4) Sonoma County Transit exchanged \$215,390 for replacement of one 40' CNG bus in exchange for preventive maintenance. The bus will be procured with ARRA funds.

FY 2010-11 FTA Section 5307 and 5309 Fixed Guideway Program				
TIP ID	Operator	Project Description	FTA Section 5307	FTA Section 5309 FG
		<i>Projected Apportionment</i>	232,104,683	140,280,731
		<i>Previous Year Carryover</i>	11,456,710	8,269,667
		Funds Available for Programming	243,561,393	148,550,398
<u>Flexible Set-Aside Reserve</u>			22,251,549	
<u>ADA Set-Aside</u>				
ALA990076	AC Transit	ADA Operating Assistance	4,339,305	
ALA010056	ACE	ACE Track Improvements	553,355	
BRT99T01B	BART	ADA Operating Assistance	3,251,332	
REG090051	Caltrain	ADA Operating Assistance	1,129,419	
CC-99T001	CCCTA	ADA Operating Assistance	732,526	
CC-030035	ECCTA	ADA Operating Assistance	537,405	
MRN090033	GGBHTD	ADA Operating Assistance	1,229,437	
ALA990077	LAVTA	ADA Operating Assistance	320,433	
NAP030004	Napa Vine	ADA Operating Assistance	25,935	
SF-990022	SFMTA	ADA Operating Assistance	4,117,438	
SM-990026	SamTrans	ADA Operating Assistance	1,094,747	
SOL990040	Vallejo Transit	ADA Operating Assistance	644,860	
SCL050046	VTA	ADA Operating Assistance	3,892,102	
CC-990045	WestCat	ADA Operating Assistance	119,028	
<u>Economic Reserve</u>				
SM-050005	BART	Preventive Maintenance	12,599,452	
CC-030034	CCCTA	Preventative Maintenance	827,797	
CC-030037	ECCTA	Preventive Maintenance	263,844	
REG090050	WETA	Preventative Maintenance Reserves	64,411	
<u>Vehicle Procurement Reserve</u>				
REG050020	BART	BART Car Replacement Exchange Preventive Maintenance	40,000,000	-
New	Caltrain	Rolling Stock Replacement Program	10,000,000	5,000,000
		Total Program Set-asides and Commitments	107,994,374	5,000,000
		Funds Available for Programming	135,567,019	143,550,398

FY 2010-11 FTA Section 5307 and 5309 Fixed Guideway Program				
TIP ID	Operator	Project Description	FTA Section 5307	FTA Section 5309 FG
Capital Projects				
ALA990052	AC Transit	Paratransit Van Leasing	1,706,256	
ALA991070	AC Transit	Preventive Maintenance	20,000,000	
ALA010056	ACE	ACE Track Improvements	1,460,000	
BRT030004	BART	Train Control		13,000,000
BRT030005	BART	Traction Power		13,000,000
New	BART	Track Replacement Rehabilitation		13,000,000
BRT030005	BART	Replacement of Fixed Guideway Elements and Fare Collection Equipment		2,520,000
SM-03006B	Caltrain	Systemwide Track Rehabilitation & Related Structures		13,270,000
New	CCCTA	Replace (10) 40' buses - Hybrid	5,466,170	
CC-070092	ECCTA	Transit Bus Replacements	5,263,853	
SOL010006	Fairfield	Operating Assistance	2,811,723	
New	GGBHTD	Replace 30 - 1997 45' Over-the-Road Buses	15,264,600	
New	GGBHTD	Replace 7 paratransit vans	445,669	
MRN990017	GGBHTD	Ferry Dredging	2,000,000	
New	GGBHTD	Ferry Propulsion	2,703,125	956,875
NAP970010	Napa	Operating Assistance	1,373,812	
New	Petaluma	Electronic Fareboxes	120,000	
New	Petaluma	2 Van Replacement	180,940	
SON090010	Petaluma	Bus Replacement	105,522	
SON090011	Petaluma	Van Replacement	87,980	
SF-99T005	SFMTA	Historic Vehicle Rehabilitation		10,000,000
SF-970073	SFMTA	Cable Car Vehicle Renovation		1,102,500
New	SFMTA	Paratransit Van Replacement	1,945,341	
SF-070046	SFMTA	Rehab 170 Neoplan Motor Coaches	4,800,000	
New	SFMTA	Motor Coach Replacement	20,000,000	
SF-070045	SFMTA	Trolley Car Replacement		20,000,000
SF-950037B	SFMTA	Rail Replacement		14,040,000
SF-970170	SFMTA	Overhead Rehabilitation		14,040,000
SF-050024	SFMTA	Wayside Train Control Equipment Rehab and Replacement		7,500,000
SF-030013	SFMTA	Wayside Fare Collection Equipment Rehab and Replacement		700,000
New	SamTrans	Preventive Maintenance	1,214,169	
New	SamTrans	Replacement of 10 2007 Minivans	403,930	
SON030011	Santa Rosa	Operating Assistance	1,318,170	
SON050026	Santa Rosa	Preventive Maintenance	1,912,408	
SON030012	Santa Rosa	Bus Stop Enhancements	37,506	
SON070020	Santa Rosa	Hybrid Electric Bus Purchase (Replacement)	482,559	
SON050021	Sonoma County	Bus Stop Improvement Project	12,502	
SON030005	Sonoma County	Preventive Maintenance	1,237,713	
New	Union City	Replacement of Four (4) Transit Buses	1,658,276	
New	Union City	Replacement of Two (2) Transit Buses	854,758	
SOL010007	Vacaville	Operating Funds	973,000	
SOL97AM70	Vacaville	Bus Shelters	400,000	
New	Vallejo	Communication Upgrades (AVL, GPS, and other)	1,728,000	
New	Vallejo	Bus Radio(s) replacement	94,000	
New	Vallejo	Vault Receiver	88,000	
New	Vallejo	Bill Counters	8,000	
New	Vallejo	Public Address System	28,000	
New	Vallejo	Bus Maintenance Facility Expansion	800,000	
SCL050002	VTA	Rail Rehabilitation & Replacement		1,683,000
SCL090034	VTA	TP OCS Rehab & Replacement		2,756,250
SCL050049	VTA	TP Substation Replacement		1,425,000
SCL050045	VTA	ADA Bus Stop Improvements	442,846	
SOL010006	VTA	Preventive Maintenance	37,210,668	
New	WestCat	Revenue Vehicle Replacement	4,065,270	
REG090054	WETA	Harbor Bay Dredging	200,000	
REG090057	WETA	Ferry Major Component	240,000	
New	WETA	Fixed Guideway Connectors	3,240,000	
Total Capital Projects			144,384,765	128,993,625
Total Program			252,379,140	133,993,625
Fund Balance			-8,817,746	14,556,773

Notes:

- 1) Operators in the Santa Rosa, Fairfield, and Vacaville Urbanized Areas did not wish to participate in the ADA or 10% flexible set-aside programming elements, and operators in the Napa and Petaluma UAs do not participate in the ADA set-aside.
- 2) AC Transit exchanged \$20,000,000 for replacement of 68 low-floor 40' buses for preventive maintenance. The buses will be procured with I-bond funds.
- 3) SamTrans deferred replacement of 72 1998 Gillig buses to FY12 in exchange for \$1,214,169 in preventive maintenance.
- 4) Sonoma County Transit exchanged \$400,000 for replacement of one 40' CNG bus in exchange for preventive maintenance. The bus will be procured with ARRA funds.
- 5) SamTrans deferred \$20,000,000 for replacement of 72 1998 Gillig Buses from FY11 to FY12 in exchange for \$1,214,169 in Preventive Maintenance

May 7, 2010

Steve Heminger
Executive Director
Metropolitan Transportation Commission
101 Eighth St.
Oakland, CA 94607

Re: Reprogramming of Transit Formula Funds

Dear Mr. Heminger,

I am writing regarding the San Francisco Municipal Transportation Agency's (SFMTA) request to reprogram \$7 million in FY2010 §5307 transit formula funds for critical preventative maintenance activities. This reprogramming of funds, already designated for the SFMTA, will not jeopardize any near term project delivery and will support maintaining dependable transit service in San Francisco by ensuring that key replacement parts for vehicles can be purchased immediately. The timely change-out of worn parts ensures reduced queuing of vehicles at our operational yards and results in more reliable service.

Since February 2010, we have been working cooperatively at the local level to shore up our FY 2010 budget. We reached out to our local funding partner, the San Francisco County Transportation Authority (SFCTA), to secure a like amount of funds through its Proposition K transportation sales tax program. We made great progress in this effort and appreciate the long hours of work that SFCTA staff put forth to enable the Prop K allocation. For better or worse, though, we have come to a turning point that has resulted in the Agency's need to consider alternatives beyond those we could identify within San Francisco, including accessing federal formula funds managed by the Metropolitan Transportation Commission (MTC).

Though the \$7 million Prop K allocation was approved, a condition was added by the SFCTA Board that would require the SFMTA to restore what equates to \$14 million in transit service. Our Agency is not willing to restore \$14 million in annual operating costs in exchange for one-time funding of \$7 million. Tomorrow, May 8, 2010, as a result of the Agency's operating budget shortfall, the SFMTA will implement a 10 percent service reduction. We hope to be able to restore up to 50 percent of this reduction as soon funds become available.

We now turn to your agency in taking the steps necessary to allow us to claim \$7 million for Preventive Maintenance. Funds will be taken from Transit Effectiveness

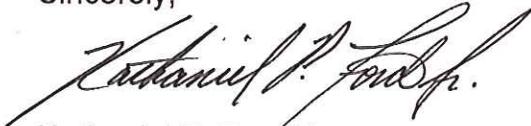
Project-related (TEP) projects that would not otherwise be implemented until Fiscal Year 2013/2014. We are leaving enough funding on the TEP so that it can proceed through its developmental phases as scheduled.

We understand that a Transportation Improvement Program (TIP) amendment is necessary and that the timing to meet our request is very tight. To that end, we have already reached out to your staff so that the Commission can act at its May 26 meeting. Assuming the TIP amendment is subsequently approved by the cognizant federal agencies, we can request the re-programmed \$7 million on our FY 2010 §5307 grant which, in turn, should be awarded in the late summer.

We recognize MTC's active role in moving forward to address the on-going sustainability of transit service in San Francisco and the region. We agree that without "reform and revenue" solutions, the future will be more challenging than ever. We look forward to working with you in this critical effort to ensure the future mobility of the region.

In the meantime, thank you for your support. Please contact me if you have questions or need additional information regarding this request.

Sincerely,



Nathaniel P. Ford Sr.
Executive Director/CEO

cc: Mayor Gavin Newsom
Supervisor Ross Mirkarimi, SFCTA Chairman
SFMTA Board of Directors
Leslie Rogers, Regional Administrator, FTA Region IX
José Luis Moscovich, Executive Director, SFCTA