

# Metropolitan Transportation Commission Programming and Allocations Committee

December 8, 2010

Item Number 4b

## Resolution Nos. 3738, Revised, and 3918

**Subject:** BART Car Replacement Project Policy Commitment

**Background:** This item, through MTC Resolution 3918, proposes an overall funding framework for the BART car replacement project, and establishes a policy-level commitment of roughly \$870 million in regional funding for the Phase 1 Funding Plan. This action builds on MTC Resolution No. 3738, approved in 2006, that established an account for the BART Car Replacement project.

The BART Car Replacement Project will replace BART’s existing 669 cars and is currently projected to cost approximately \$3.2 billion in year-of-expenditure dollars. BART plans to make an initial order for approximately 200 cars, with options for the remaining cars. BART started the procurement in September 2009, and plans to award a contract in August 2011. The recommended policy-level commitment of regional funding would allow BART to award the contract and proceed with the initial order. The BART Board approved the funding framework and Phase 1 Funding Plan in BART Resolution 5134 in April 2010.

The proposed overall funding framework calls for MTC to fund approximately \$2.4 billion, or 75%, of the total \$3.2 billion project costs, while BART provides approximately \$800 million, or 25%.

The more near-term Phase 1 Funding Plan totals \$1 billion and includes project development, and the procurement of the first 200 cars. The Phase 1 Funding Plan, summarized in the table below, commits MTC to programming \$730 million in Federal Transit Administration (FTA) formula funds for the project between FY 2010 and FY 2019 and \$140 million in Surface Transportation Program (STP) funds designated for the Transportation 2035 transit capital program. Of this, MTC has already committed roughly \$100 million through prior actions. BART would dedicate \$150 million of state funds to the project. MTC would be able to substitute other available funding sources for the specified federal funds.

	No. of cars	Cost Estimate	Proposed Approximate Funding Participation		Proposed Approximate % Shares	
			Regional	BART	Regional %	BART %
Total Project	669	\$3,222	\$2,416	\$805	75%	25%
Phase 1	200	\$1,026	\$871	\$155	85%	15%
Phase 2+	469	\$2,196	\$1,545	\$651	70%	30%

The Funding Plan limits the regional commitment for Phase 1 to the specified amounts. 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.

Resolution 3738, the BART Car Replacement Funds Exchange, is also proposed for revision in order to incorporate references to the policy commitment of FTA funds being considered today.

**Issues:**

(1) Significant Policy and Funding Constraint: The proposed Phase 1 Funding Plan makes a 10-year funding commitment that would affect future Commission decision-making regarding Regional Transportation Plans, TCP programs, and Transit Capital Shortfall funding programs. The regional funding would be subject to Congressional authorization and appropriation of funds, availability of funds, and the ability to meet other critical regional transit capital needs.

(2) FTA Approvals: A Letter of No Prejudice (LONP) issued by FTA, which stipulates that future expenditures on the project incurred before federal funds have been programmed are eligible for reimbursement with federal funds after the funds have been programmed, may be required before BART can award its contract for the car procurement. BART staff is working with FTA staff to address this issue.

(3) Transit Coordination Condition: The resolution also specifies that MTC may withhold amending annual Phase 1 Funding Plan funds in the Transportation Improvement Program if BART is not in compliance with MTC Resolution No. 3866 Clipper implementation milestones. MTC Resolution No. 3866, the Transit Coordination Implementation Plan, includes requirements for transit operators participating in the Clipper<sup>SM</sup> program to transition certain pre-paid fare media to Clipper<sup>SM</sup>. 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 the resolution.

**Recommendation:** Refer Resolution Nos. 3738, Revised, and 3918 to the Commission for approval.

**Attachments:** MTC Resolution Nos. 3738, Revised, and 3918.

Date: May 24, 2006  
W.I.: 1512  
Referred By: PAC  
Revised: 11/15/06-ED  
09/26/07-C  
12/15/10-C

ABSTRACT

Resolution No. 3738, Revised

This resolution approves the principles, process, and schedule for exchanging federal, state, and local funds and the criteria for reserving these funds for BART's A, B, C1, and C2 cars until the cars are eligible for replacement, beginning in 2013, and the funds are needed by BART.

This resolution was revised through administrative action by the Executive Director on November 15, 2006 to include the final version of the agreement between MTC and BART. The revisions specify that the amount of local funds BART agrees to deposit into the Account is equal to 100% of the federal reimbursement less any BART principal previously withheld for retention in the Account, delete a reference to early termination of the agreement, and made a few other terminology changes.

This resolution was revised by the Commission on September 26, 2007 to make a minor correction in Attachment B to the amount programmed in FY 2006-07, and to include in Attachment B a reference to \$45 million in Third Cycle STP funds that were programmed to the BART Car Replacement project by the Commission in MTC Resolution 3723, Revised.

This resolution was revised by the Commission on December 15, 2010 to incorporate references to FTA funds programmed to the BART Car Replacement Project in conjunction with MTC Resolution 3918.

Further discussion of the BART car fund exchange and reserve account is contained in the "Executive Director" memorandum and the Programming and Allocations Summary Sheet dated May 10, 2006, and the Programming and Allocations Summary Sheets dated September 12, 2007 and November 10, 2010.

Date: May 24, 2006  
W.I.: 1512  
Referred By: PAC  
Revised: 11/15/06-ED  
09/26/07-C  
12/15/10-C

Attachment A  
Resolution No. 3738, Revised

**AGREEMENT**  
**between THE METROPOLITAN TRANSPORTATION COMMISSION**  
**and the SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT**  
**For BART CAR REPLACEMENT FUNDING EXCHANGE**

**AGREEMENT**  
**between THE METROPOLITAN TRANSPORTATION COMMISSION**  
**and the SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT**  
**For BART CAR REPLACEMENT FUNDING EXCHANGE**

This Agreement is entered into this 24th day of May 2006 by and between the Metropolitan Transportation Commission (hereinafter "MTC") and the San Francisco Bay Area Rapid Transit District (hereinafter "BART").

RECITALS

1. MTC has adopted a 25-year regional transportation plan (RTP), entitled the Transportation 2030 Plan, (MTC Resolution No. 3681, approved February 23, 2005) that identifies a funding shortfall of \$1.3 billion over the next twenty-five (25) years for transit capital rehabilitation projects. BART's fleet replacement program consisting of construction for the A, B, C1 and C2 fleet replacement, hereinafter referred to as "PROJECT," comprises a significant portion of the region's transit capital shortfall.
2. MTC, through discussions with the Bay Area Partnership, has agreed to set aside regional funds that are dedicated to transit capital rehabilitation projects for PROJECT. The amount of Surface Transportation Program or Federal Transit Administration funds hereinafter referred to as "FEDERAL FUNDS" directed to the PROJECT will be established through separate programming actions by MTC.
3. MTC is responsible for programming FEDERAL FUNDS.
4. The PROJECT is scheduled to begin in 2013, requiring that a restricted account, hereinafter referred to as the "ACCOUNT", be established to set aside funding for this future need.
5. MTC and BART desire to establish a funding exchange program under which MTC will program FEDERAL FUNDS to ready-to-go BART projects and BART will deposit an equal amount of local funds into the ACCOUNT for PROJECT; and
6. The BART Board of Directors has approved the funding exchange program, as well as authorized the General Manager to execute a funding agreement for the BART Car Replacement Funding Exchange, specifying the terms and conditions under which MTC is to provide FEDERAL FUNDS to BART, in exchange for BART's deposit of local unrestricted funds into the ACCOUNT for future use to cover expenses for PROJECT; and
7. Pursuant to MTC Resolution No. 3738, a copy of which is attached hereto and incorporated herein as Attachment A, MTC approved the funding exchange program, as well as this Agreement specifying the terms and conditions under which MTC is to provide FEDERAL FUNDS to BART, in exchange for BART's deposit of local unrestricted funds into the ACCOUNT for future use to cover expenses for PROJECT.

Now, therefore, MTC and BART hereto agree as follows:

**ARTICLE I**  
**MTC RESPONSIBILITIES**

1. MTC agrees to program federal funds to eligible BART projects that are ready to be delivered within the year of MTC's programming action, as set forth in Attachment B of MTC Resolution No. 3738, Programmed Amounts, which details the specific agreed to federal fund sources and funding amounts. The programmed amounts and corresponding year of programming may be amended from time to time by MTC, as set forth in Resolution No. 3738.
2. MTC agrees to establish and manage the ACCOUNT to receive deposits of BART local funds, which will be held in reserve for PROJECT. Procedures for administration of the ACCOUNT are detailed in Article III, Paragraph 4 below.

**ARTICLE II**  
**BART RESPONSIBILITIES**

1. In exchange for MTC programming funds for BART projects as set out in Article I, Paragraph 1 above, BART agrees to concurrently set aside an equal amount of its local funds for PROJECT. BART agrees that the local funds will be unencumbered funds from fare revenues or an equivalent source that does not have spending restrictions.
2. BART agrees to deposit its local funds into the ACCOUNT consistent with the requirements set forth in Article III, Paragraph 1.

**ARTICLE III**  
**MUTUAL AGREEMENT**

The parties agree:

1. MTC agrees to approve BART federal grant applications consistent with Attachment B of MTC Resolution No. 3738, as it may be amended from time to time. Approval by MTC shall be evidenced by the execution of the federal grant.
  - A. For FY 2005-06, MTC shall approve BART's federal grant within two (2) business days after MTC receives notification from FTA that it has approved BART's grant and BART has deposited local funds in the amount of 50% of the funding amount shown for FY 2005-06 in Attachment B of Resolution No. 3738, whichever comes later. BART agrees to notify MTC in advance of depositing said funds. Following MTC's grant approval, BART shall request reimbursement from the federal agency within two (2) business days. BART agrees to deposit the remaining balance of local funds into the ACCOUNT so that the amount therein equals the federal reimbursement within five (5) business days after reimbursement of the federal funds has been made. If BART does not receive federal reimbursement within five (5) business days of submitting its request for reimbursement, it shall promptly notify MTC. Within one (1) business day of receiving such notice, MTC agrees to return BART's local funds deposited in the ACCOUNT. Interest, minus any fees, will be retained in the ACCOUNT. At no time will the balance therein be less

than the minimum amount necessary to maintain the ACCOUNT. Accordingly, should interest, minus fees, be insufficient to meet the minimum amount, MTC may withhold the necessary portion of the principal of the deposit for retention in the ACCOUNT. Thereafter, when federal reimbursement funds are received, BART agrees to deposit local funds into the ACCOUNT in an amount equal to 100% of the federal reimbursement, less any BART principal previously withheld for retention in the Account, within five (5) business days after it receives the grant monies.

- B. For FY 2006-07, and any subsequent years, MTC agrees to approve BART's federal grant as soon as reasonably possible if BART is current on all prior year transfers of local funds to ACCOUNT as outlined in Article 2, Paragraph 2. BART agrees to request reimbursement from the federal agency as soon as reasonably possible after the grant has been executed. Within five (5) business days after reimbursement of the federal funds has been made, BART agrees to deposit local funds into the ACCOUNT in an amount equal to the amount of the federal reimbursement up to the amount shown in Attachment B of Resolution No. 3738.
- C. If BART receives any FEDERAL FUNDS in advance of depositing local funds and thereafter fails to transfer local funds to the ACCOUNT, MTC may reprogram money from BART's annual FTA programming apportionment, or other funding sources, as appropriate.

- 2. BART will not draw down funds from the ACCOUNT to fund project expenses prior to the year 2013. Preliminary planning and engineering expenses incurred by BART for PROJECT that occur prior to the year 2013 will be funded by regional funds programmed to the project as part of the Phase 1 Funding Plan established by MTC Resolution No. 3918, and by BART through other fund sources and counted as part of the local match requirement for any federal grant monies.
- 3. If BART fails to accomplish the fleet replacement project, in whole or in part, abandons PROJECT at any stage, or fails to transfer local funds to the ACCOUNT as required by this Agreement, monies remaining in the ACCOUNT may be used at MTC's discretion to fund any transportation needs in the region.
- 4. The ACCOUNT shall be administered in accordance with the following procedures:
  - A. MTC shall be the exclusive administrator of the ACCOUNT. MTC shall follow the established investment procedures as outlined in MTC Resolution No. 3241, Revised, as may be further revised or superseded, for administering the ACCOUNT.
  - B. All interest earned on the ACCOUNT balance will be retained in the ACCOUNT and reinvested, subject to the same conditions of the deposited funds. Investment and management fees will be assessed by the bank and deducted from the account.
  - C. Withdrawal of funds from the ACCOUNT will require prior MTC Commission and BART Board approval. BART will submit a formal request for each reimbursement of

funds from the ACCOUNT that will outline specific project details, including but not limited to copies of invoices that include defined costs associated with the PROJECT. MTC may withdraw funds from the ACCOUNT without BART Board approval if MTC is withdrawing funds under those circumstances specified in Paragraph 3 of this Article III.

**ARTICLE IV**  
**GENERAL PROVISIONS**

1. The term of this Agreement shall commence when jointly executed and shall terminate sixty (60) days after September 30 of the fiscal year that all monies have been drawn from the ACCOUNT.
2. Prior to the initiation of any legal proceedings, the parties of this Agreement agree to submit all claims, disputes or controversies arising out of or in relation to the interpretation, application or enforcement of this Agreement to non-binding mediation. Such mediation shall be conducted under the auspices of the American Arbitration Association or such other mediation service or mediator upon which the parties agree. The party seeking to initiate mediation shall do so by submitting a formal, written request to the other party to this Agreement. This section shall survive completion or termination of this Agreement, but under no circumstances shall either party call for mediation of any claim or dispute arising out of this Agreement after such period of time as would normally bar the initiation of legal proceedings to litigate such claim or dispute under the laws of the State of California.
3. BART shall retain all documents, working papers, records, accounts, and other materials relating to its performance under this Agreement for four years following the termination date of this Agreement defined in Paragraph 1 of this Article IV.
4. BART shall indemnify and hold harmless MTC, its Commissioners, officers, agents, and employees from any and all claims, demands, suits, loss, damages, injury, and/or liability, direct or indirect (including any and all costs and expenses in connection therewith), incurred by reason of any act or omission of BART, its Directors, officers, agents, and employees, or any of them, under or in connection with any work, authority or jurisdiction delegated to BART under this Agreement, including but not limited to BART's obligation to deposit unencumbered funds that do not have spending restrictions into the ACCOUNT; and BART agrees at its own cost, expense and risk to defend any and all claims, actions, suits, or other legal proceedings brought or instituted against MTC, its Commissioners, officers, agents, and employees, or any of them, arising out of such act or omission, and to pay and satisfy any resulting judgments.
5. MTC shall indemnify and hold harmless BART, its Directors, officers, agents, and employees from any and all claims, demands, suits, loss, damages, injury, and/or liability, direct or indirect (including any and all costs and expenses in connection therewith), incurred by reason of any act or omission of MTC, its Commissioners, officers, agents, and employees, or any of them, under or in connection with any work, authority or jurisdiction delegated to MTC under this Agreement; and MTC agrees at its own cost, expense and risk

to defend any and all claims, actions, suits, or other legal proceedings brought or instituted against BART, its Directors, officers, agents, and employees, or any of them, arising out of such act or omission, and to pay and satisfy any resulting judgments.

6. This Agreement and any attachments or documents incorporated herein by inclusion of reference constitute the complete and entire understanding between MTC and BART. Amendment or termination of this MOU shall be in writing and signed by both parties.

METROPOLITAN TRANSPORTATION  
COMMISSION

SAN FRANCISCO BAY AREA RAPID  
TRANSIT DISTRICT

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Steve Heminger, Executive Director

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Thomas E. Margro, General Manager

Date: May 24, 2006  
W.I.: 1512  
Referred By: PAC  
Revised: 11/15/06-ED  
09/26/07-C  
12/15/10-C

Attachment B  
Resolution No. 3738  
Page 1 of 1

ATTACHMENT B  
PROGRAMMED FEDERAL FUNDING AMOUNTS

<u>Ready-to-go Project Title</u>	<u>Transportation Improvement Program</u>	<u>Fund Source</u>	<u>Amount</u>	<u>Fiscal Year Programming</u>
Preventive Maintenance	REG050020	Surface Transportation Program	\$22,680,000	FY 2005-06
Preventive Maintenance	REG050020	Surface Transportation Program	\$22,681,000	FY 2006-07
Preventive Maintenance	REG050020	Surface Transportation Program	\$22,682,000	FY 2007-08
Preventive Maintenance	REG050020	Surface Transportation Program	\$22,683,000	FY 2008-09
Preventive Maintenance	REG050020	FTA Section 5307	\$33,224,866	FY 2010-11

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

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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  
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## 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.