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Memorandum

TO: BATA Oversight Committee

DATE: November 6, 2013

FR: Executive Director

W. I. 1254

RE: Proposed BATA Capital Budget and Long Range Plan Amendments

In December, staff will be requesting formal amendments to the BATA Long Range Plan and the BATA Capital Budget in the amount of \$250 million to fund BATA's participation in the MTC Core Capacity Challenge Grant Transit Capital Program (Core Capacity Program). This proposed program is being presented for information purposes to the Programming and Allocations Committee next week and for parallel approval in December. In addition the amendments to the Long Range Plan will include the addition of the Regional Express Lanes Network Project.

The MTC Core Capacity Program is an ambitious \$7.4 billion program for fleet replacement and enhancement, facilities upgrades, and fixed guideway infrastructure projects for BART, SF Muni and AC Transit. BATA funds for the project are proposed to be made available from various program savings. The program savings to be dedicated to the Core Capacity Program are:

Regional Measure 1	\$ 70 million
SPANs	\$ 50 million
Seismic Retrofit	<u>\$130 million</u>
Total	<u>\$250 million</u>

The Regional Measure 1 amount is the residual balance remaining after completing and closing out the projects at the end of fiscal 2013. The SPANs savings are part of the interest cost savings after an early defeasance of the \$972 million 2006 SPANs issuance. The Seismic Retrofit residual is a portion of the current \$329 million program contingency that is not likely to be needed to complete the demolition of the old East Span. The remaining Seismic Retrofit program contingency of \$199 million is sufficient to cover the 90% probable risk forecasted. In other words, there is only a 10% chance that the actual cost of remaining construction work will exceed the remaining contingency. This revision to the Seismic Retrofit Program budget was approved by the Toll Bridge Oversight Program Committee at its meeting on November 5th.

Funding the Core Capacity Program will not affect the overall BATA financial model or other planned project delivery. While there is a small risk that the remaining program contingency for the Seismic Retrofit program may be inadequate and need to be replaced, the BATA model assumes that all Seismic Retrofit Program funds, including all contingencies, are completely expensed. As such, the new Core Capacity Program simply utilizes resources we previously considered spent for other purposes.

In addition to the amending the BATA Capital Budget, staff will be recommending an amendment to the BATA Long Range Plan to include both the Core Capacity Program, as well as the Regional Express Lane Network project (\$320 million for the Express Lanes is already included in the FY 2013-14 budget.) BATA is required to make findings that the programs are eligible for toll funding and to revise the BATA Long Range Plan to include these programs, similar to including the Regional Measure 1, Seismic Retrofit, Toll Bridge Rehabilitation, and Regional Measure 2 Traffic Relief Program. Staff will present both the amended BATA Capital Budget and the Long Range Plan update in December for consideration by the Authority.



Steve Heminger

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