

# Metropolitan Transportation Commission Programming and Allocations Committee

November 14, 2007

Item Number 4a

Resolution Nos. 3653, Revised, 3739, Revised, 3806, Revised, 3828, 3832 and 3833

---

**Subject:** Proposed allocation of bridge toll funds: Regional Measure 1 (RM1) 90% Rail Reserve East, Regional Measure 2 (RM2) Capital

**Background:** The Commission is responsible for allocating funds for the Regional Measure 1 (RM1) 90% Rail Reserve East and Regional Measure 2 (RM2) Programs. RM1 90% Rail Reserve East allocations are made based on funding availability, and RM2 allocations for capital projects are made on a rolling basis as project needs arise. This month, four projects are proposed for capital allocations totaling \$31 million in RM1 90% Rail Reserve East and \$102 million in RM2 capital funds (totaling \$133 million).

*STA I-80/I-680/SR-12 Interchange (\$13.5 million)*

The Solano Transportation Authority (STA) requests \$13.5 million in RM2 funds to proceed with the environmental document and preliminary engineering phases of the I-80/I-680/SR-12 Interchange project.

*Safe Routes to Transit – Second Cycle (\$0.5 million)*

The Commission approved the second cycle of Safe Routes to Transit (SR2T) projects at its July meeting. Three sponsors are now requesting allocations of RM2 funds to begin their projects: San Francisco MTA's Balboa Park Ocean Ave. Bicycle/Pedestrian Connections for \$181,280; BART's Electronic Bike Locker Gap Closure for \$200,000; and BART's Bayfair Station Area Improvements for \$100,000.

*Caldecott Tunnel Fourth Bore (\$8 million)*

The Contra Costa Transportation Authority (CCTA) requests \$8 million in RM2 funds to complete final design of the Caldecott Tunnel Fourth Bore project. The project obtained California Environmental Quality Act (CEQA) environmental clearance in September.

*BART Oakland Airport Connector (\$99 million)*

The Bay Area Rapid Transit District (BART) requests a capital allocation of \$31 million in RM1 90% Rail Reserve East funds and \$68 million in RM2 capital funds for the Oakland Airport Connector Project. This project will provide a direct connection for rail patrons at the existing Coliseum Station to the Oakland International Airport. BART is developing this project as a public private partnership.

*South San Francisco Ferry Vessels (\$11.7 million)*

The Water Transit Authority is requesting \$11.7 million for the construction of two 199-passenger ferry vessels for the planned South San Francisco service.

**Issues:** Reimbursement of funds on the Oakland Airport Connector project allocation is contingent upon the execution of a funding agreement between BART and MTC.

**Recommendation:** Refer Resolution Nos. 3653, Revised, 3739, Revised, 3806, Revised, 3828, 3832 and 3833 to the Commission for approval.

**Attachments:** Deputy Executive Director's Memorandum  
BART's Presentation Slides for the Oakland Airport Connector Project

Memo – November Allocations RM1 90% Rail Reserve East/RM2 Capital Program

November 14, 2007

Page 2

MTC Resolution Nos. 3653, Revised, 3739, Revised, 3806, Revised, 3828, 3832 and 3833.

J:\COMMITTEE\PAC\2007 PAC Meetings\11\_Nov07\_PAC\4b\_RM2\_alloc memo.doc



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Joseph P. Bort MetroCenter  
101 Eighth Street  
Oakland, CA 94607-4700  
TEL 510.817.5700  
TDD/TTY 510.817.5769  
FAX 510.817.7848  
E-MAIL [info@mtc.ca.gov](mailto:info@mtc.ca.gov)  
WEB [www.mtc.ca.gov](http://www.mtc.ca.gov)

## *Memorandum*

TO: Programming and Allocations Committee

DATE: November 14, 2007

FR: Deputy Executive Director, Policy

RE: Proposed November Allocations for Regional Measure 1 (RM1) 90% Rail Reserve East and Regional Measure 2 (RM2) Capital Program

### **Background**

The Commission is responsible for allocating funds for the MTC Regional Measure 1 (RM1) 90% Rail Reserve East and Regional Measure 2 (RM2) Programs. RM1 90% Rail Reserve East allocations are made based on funding availability, and RM2 allocations for capital projects are made on a rolling basis as project needs arise.

### **November Capital Program Allocation Recommendations**

This month, four projects are proposed for capital allocations totaling \$31 million in RM1 90% Rail Reserve East and \$102 million in RM2 capital funds.

#### *STA I-80/I-680/SR-12 Interchange*

The Solano Transportation Authority (STA) requests \$13.5 million in RM2 funds to proceed with the environmental document and preliminary engineering phases of the I-80/I-680/SR-12 Interchange project. Originally, STA planned to use the bulk of RM2 funding to construct the I-80 HOV Lanes in Solano County, leaving the overall Interchange project unfunded. Recently though, Corridor Mobility Improvement Account (CMIA) funds from Proposition 1B were secured to fund the HOV Lane project and STA is proposing to shift the RM 2 funds to the Interchange project. These project elements are all within the scope of the original language in the RM2 statute for this project. The requested allocation will supplement Traffic Congestion Relief Program (TCRP) funding already being used to conduct the environmental and preliminary engineering phases of the Interchange project.

#### *Safe Routes to Transit – Second Cycle*

The Commission approved the second cycle of Safe Routes to Transit (SR2T) projects at its July meeting. Three sponsors are now requesting allocations of RM2 funds to begin their projects. These projects are San Francisco MTA's Balboa Park Ocean Ave. Bicycle/Pedestrian Connections for \$181,280; BART's Electronic Bike Locker Gap Closure for \$200,000; and BART's Bayfair Station Area Improvements for \$100,000. These projects have been reviewed by Transportation and Land Use Coalition, East Bay Bicycle Coalition, and MTC staff, and have been determined to be ready to begin project work.

*Caldecott Tunnel Fourth Bore*

The Contra Costa Transportation Authority (CCTA) requests \$8 million in RM2 funds to complete final design of the Caldecott Tunnel Fourth Bore project. The project obtained California Environmental Quality Act (CEQA) environmental clearance in September. The final design phase is also funded through Traffic Congestion Relief Program and State Transportation Improvement Program funds. Final design is expected to be completed by early 2009, with construction commencing in August 2009.

*BART Oakland Airport Connector*

A handful of transit expansion projects in the RM2 program are also funded with RM1 90% Rail Reserve East funding. The Oakland Airport Connector (Airport Connector) Project is one of these projects and this month BART is requesting an allocation of both RM1 90% Rail Reserve East and RM2 funds. The Airport Connector project is a 3.2-mile long Automated Guideway Transit (AGT) system running on an exclusive right-of-way along the Hegenberger Road corridor that would link the Oakland International Airport with the region's rail systems (BART, the Capital Corridor, and Amtrak) at the Coliseum BART Station. AGT encompasses a variety of technologies and no specific technology has been selected yet. BART is pursuing a design-build-finance-operate (DBFO) project implemented through a public - private partnership. Proposals from a short-listed set of bidders are due to BART in December 2007, with a contract award scheduled for early summer 2008. Construction is set to begin in fall of 2008 and is to be completed in early 2011.

BART is seeking an allocation of \$31 million in RM1 90% Rail Reserve East funds and \$68 million in RM2 capital project funds, totaling \$99 million. While the actual need to draw cash from the funds is not immediate, BART is requesting to secure all of the funds now to formalize the agreement with the private concessionaire on the project. MTC Finance staff concurs with the allocation of RM1 90% Rail Reserve East funds at this time. Due to the unique nature of this project, the reimbursement of RM1 90% Rail Reserve East and RM2 funds are contingent upon the execution of a funding agreement between BART and MTC on the Airport Connector project.

*South San Francisco Ferry Vessels (\$11.7 million)*

The Water Transit Authority (WTA) has been working towards the procurement of two new vessels for their planned South San Francisco (SSF) service. With two vessels being delivered in 2008, this allocation would bring WTA's fleet to four vessels. Last month, in October, the WTA Board approved an action for the Executive Director to negotiate and enter into a contract with Kvichak Marine Industries to build two vessels. The SSF terminal construction, which is not funded with RM2 funds, is scheduled to begin next year pending an allocation of San Mateo County Measure A funds. Recent establishment of the San Francisco Bay Area Water Emergency Transportation Authority (WETA) does not change the dedication of RM2 funds for two vessels for the South San Francisco Service. Upon the official inauguration of WETA in January 2008, allocations made to WTA will transfer to WETA. The Water Transit Authority is requesting \$11.7 million for the construction of two 199 - passenger ferry vessels for the South San Francisco service. The estimated cost of the vessels is \$19.5 million and will be funded in part with federal funds.

**TABLE 1: SUMMARY OF PROPOSED NOVEMBER ALLOCATIONS/RESCISSIONS**

RM2 No.	Project Title	Sponsor/ Implem. Agency	Proposed Allocation	Phase	MTC Res. No.
<b>Capital Program – New Allocations</b>					
7.3	I-80/I-680/SR-12 Interchange	Solano Transportation Authority	\$13,500,000	Environmental / Preliminary Engineering	3739
20	Safe Routes to Transit – Second Cycle Allocations	MTC	\$481,280	Various	3832
23	Oakland Airport Connector	BART	(RM1) \$31,000,000 \$68,000,000	Construction	3833 3828
27	South San Francisco Ferry Vessels	WTA	\$11,725,000	Construction	3806
36.1	Caldecott Tunnel Fourth Bore	CCTA	\$8,000,000	PS&E	3653
Program Total			\$132,706,280	[Note: Includes \$31 million in RM1 funds]	

**Recommendation**

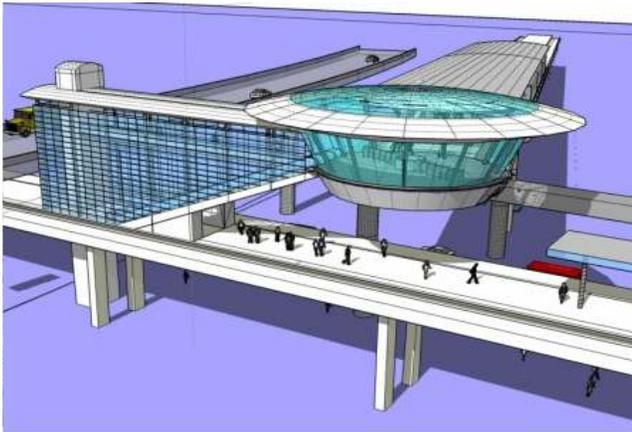
In total, staff recommends allocating \$31 million in RM1 90% Rail Reserve East and \$102 million in RM2 funds. Staff recommends that the Programming and Allocations Committee forward Resolution Nos. 3653, Revised, 3739, Revised, 3806, Revised, 3828, 3832, and 3833, to the Commission for approval.

---

Therese McMillan

TM:KK/MC

# Oakland Airport Connector



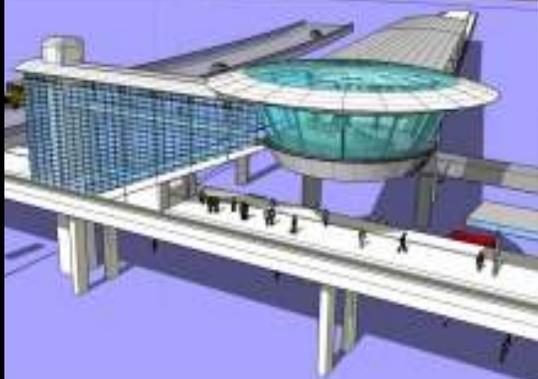
Oakland Airport Connector

MTC Update

November 2007



## About the Project



- **Driverless Automated People Mover System**
  - **Safe, Highly Reliable, Fully Automated, Driverless Vehicles**
  - **Proven Technology**
  - **Meets Capacity Needs**
  - **Low Cost to Operate and Maintain**
  - **Seamless Integration Into BART**
  - **Reduces Traffic Congestion & Environmentally Friendly**
  - **Fares Sustain Operation**
  - **Replacing Successful AirBART Bus System**



# View From 10,000 Feet





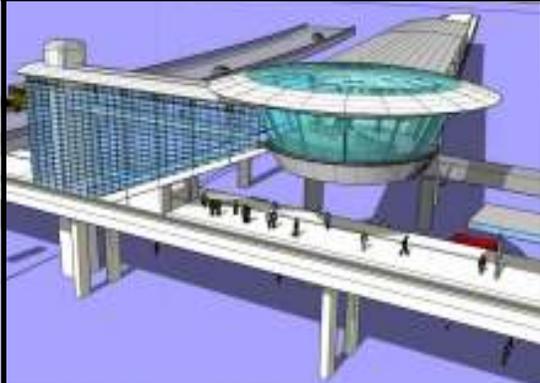
## OIA Growth & OAC Ridership



- **Oakland International Airport vs Existing AirBART Growth**
  - Oakland Airport has continued to grow as projected – currently at 14.4 Million Annual Passengers (MAP) and is on target to grow to 18 MAP in 2010 and 25 MAP in 2020
  - Airport Passengers increased from 9.7 MAP in 1996 to 14.3 MAP in 2006 (48% increase)
  - AirBART ridership was 1.3 Million Annual Passengers in 2006 – a 219% increase since 1996 (12% average growth per year)
- **OAC Projected Ridership**
  - Conservative ridership estimates show 2 MAP (5,400 Passengers Per Day) in 2012 and 3.4 MAP (9,200 Passengers Per Day) in 2020



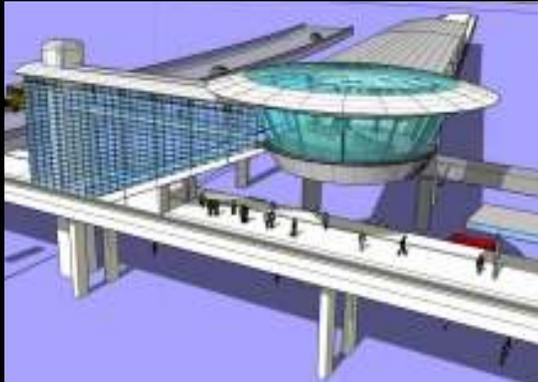
## Why Public Private Partnership (P3)



- **Funding Shortfall Will Only Get Worse**
- **Growth of the Oakland Airport**
- **Limited Airport Parking**
- **Growth of AirBART Bus Ridership**
- **Demand for Reliable Service**
- **Conservative Financial Modeling**
- **Outreach to Private Industry**
- **Enabling Legislation - California Infrastructure Finance Act**



# Project Funding



Public Funding	= \$295M
Anticipated Private Funding	= <u>\$174 M</u>
<b>Total Project Funding</b>	<b>= \$469 M</b>

## Breakdown of Committed Public Funding (Escalated to point of use)

■ ACTIA (Alameda County Transportation Improvement Agency)	= \$98M*
■ Port of Oakland	= \$42 M*
■ STIP (State Transportation Improvement Program)	= \$21M
■ ITIP	= \$10 M
■ Regional Measure 1 (1988 Bridge Toll)	= \$31 M
■ Regional Measure 2 (2004 Bridge Toll)	= \$68M
■ FTA P5	= \$25 M
■ <b>Total Committed Public Funding</b>	<b>= <u>\$295 M</u></b>

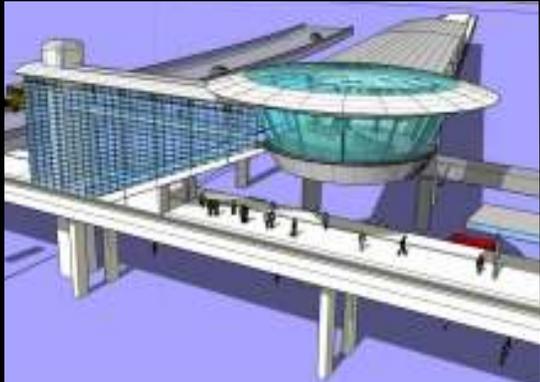
\*escalated

## Breakdown of Private Funding

■ Anticipated Private Funding	= \$128 M
■ Estimated Private Financing Costs	= \$46 M
<b>Total Private Funding</b>	<b>= <u>\$174 M</u></b>



# Use of Project Funding



Use of Funds	Public	Private	Total
<b>BART Delivery Costs*</b>	<b>\$79</b>		\$79
<b>Construction Capital Costs</b>	<b>\$168</b>	<b>\$128</b>	\$296
<b>Project Capital Costs</b>			<b>\$375</b>
<b>Private Financing Costs**</b>		<b>\$46</b>	\$46
<b>Ridership Reserve Fund***</b>	<b>\$48</b>		\$48
<b>Total P3 Project Totals</b>	<b>\$295</b>	<b>\$174</b>	<b>\$469</b>

- \* BART Delivery Costs include pre-construction costs such as preliminary engineering, right of way procurement, document preparation, construction management & contingency reserves
- \*\* Private Financing Costs include interest during construction, debt service reserves, and transaction costs
- \*\*\* ACTIA Funds used for Ridership Reserve Fund

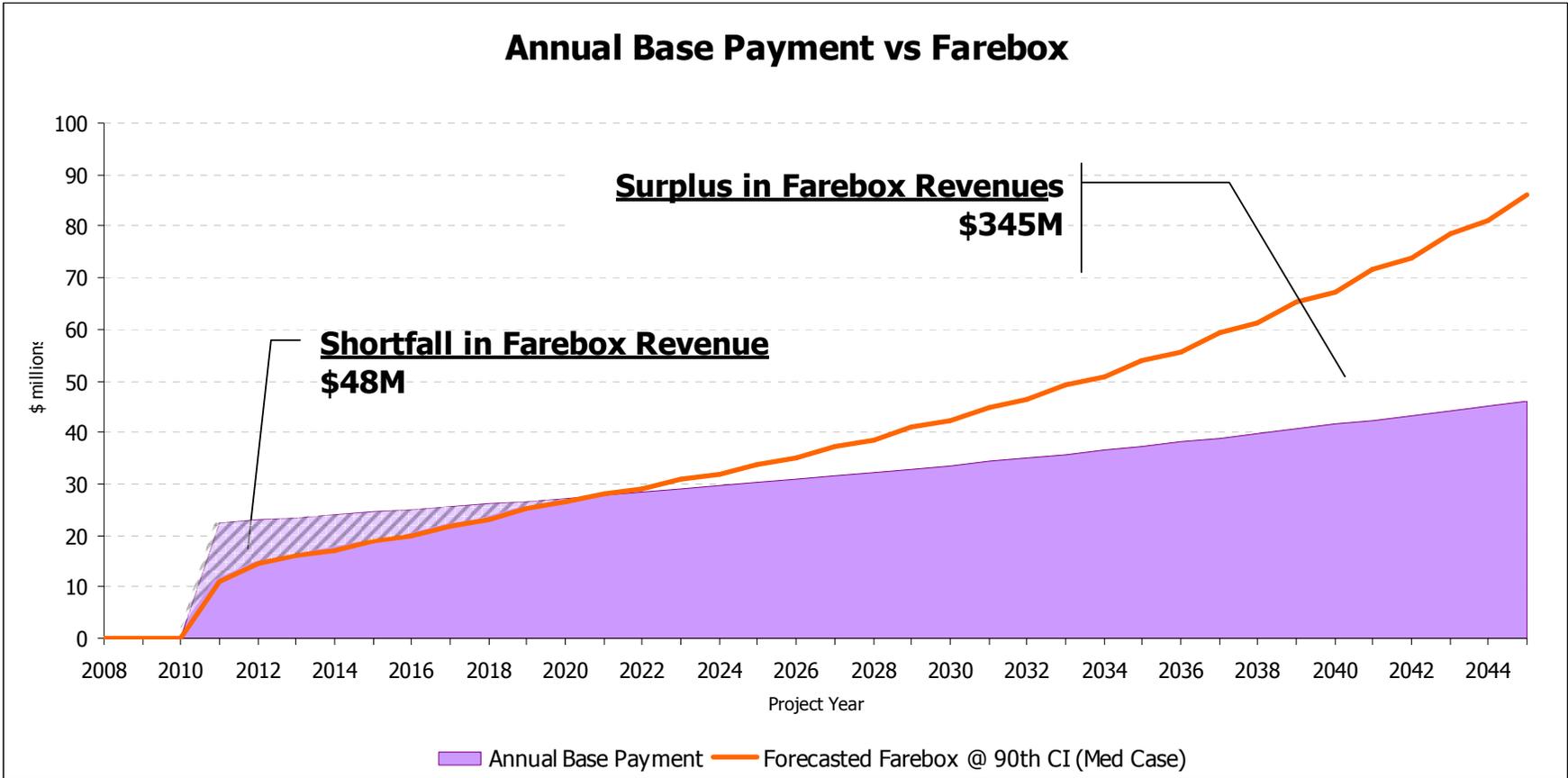


# Concession Agreement Risk Allocation – Key Components

Concessionaire	BART
<p>Concessionaire takes the risk of design, construction, testing, start up and responsibility for <b>35 years</b> of operation and maintenance</p> <ul style="list-style-type: none"> <li>• Responsible for all defects &amp; flaws</li> <li>• Includes capital reinvestment &amp; refurbishment costs</li> <li>• 5 years of useful life at handover</li> </ul>	<p>BART maintains a contingency fund for 3<sup>rd</sup> Party delays, unforeseen conditions, and revenue shortfall (<b>18M budgeted</b>)</p> <p>BART sets and collects fares</p> <p>BART makes Performance Payment to Concessionaire (for <b>35 years</b>) from fare revenues and Ridership Reserve Fund, for the capital investment + operating expenses + reasonable return on investment</p>
<p>Portion of Performance Payment is based upon service availability and ability to meet performance criteria:</p> <ul style="list-style-type: none"> <li>• Schedule of deductions for less than 99.5% System Availability (on-time performance, reliability, etc.)</li> <li>• Deductions for failure to meet minimum amenity standards (cleanliness, upkeep of facilities, etc.)</li> </ul>	<p>BART monitors Concessionaire performance and adjusts Performance Payment accordingly</p> <p>BART budgeted <b>\$48M</b> of ACTIA funding for Ridership Reserve to cover revenue shortfalls during the ridership ramp up period</p>
<p>10% of Payment is based on actual ridership</p>	<p>Revenue surplus shared but capped (no concessionaire windfall)</p>



# Ridership Reserve Fund





# Pre-qualified Proposers & Technologies – Sept. '06



## bbm AiRail Transfer Team

**PPC** Balfour Beatty Mgmt Inc & Mitsui  
**Financing** Citigroup Global/Mitsui/Balfour  
**Designer** STV, Inc.  
**Constructor** Balfour/Shimmick  
**Vehicle** Ishikawajima-Harima  
**O&M** Veolia



## Oakland Airport Access Team

Sumitomo & Tutor-Saliba  
NORD/LB & Bank of Tokyo/Mitsubishi  
DMJM Harris  
Tutor-Saliba/O&G, JV  
Mitsubishi  
Mitsubishi

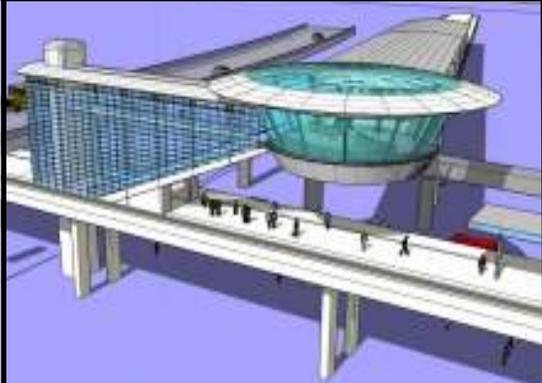


## Airport Connector Team

Babcock & Brown  
Merrill Lynch & Co. Inc.  
Parsons Transportation Inc.  
FCI Constructors  
Bombardier  
Bombardier



# OAC Schedule



- Prequalified Proposers ✓ Sept 2006
- Release the Request for Proposals ✓ May 2007
- Concession Agreement Negotiations ✓ Ongoing
- Port Commission approves Term Sheet ✓ Oct 2007
- BART Board approves Term Sheet ✓ Oct 2007
- **Secure Public Funding** Nov 2007
- Proposals Due Dec 2007
- Award Early 2008
- Revenue Service Late 2011