

# OVEREXTENDED

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An Analysis of the Economic Uncertainties  
and Environmental Justice Risks  
of Extending BART to San Jose

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## Executive Summary

The Metropolitan Transportation Commission has announced that a “Regional Transit Expansion Policy” (RTEP) for the Bay Area will be developed by August 2001. BART to San Jose is being touted as a likely priority project with a price tag of \$3.8 billion.

However, this cost estimate is not complete – it does not include operating costs, bond financing, assistance in covering BART maintenance shortfalls, nor a potential buy-in fee to existing BART counties. Based on experience with previous BART extensions, it is prudent to expect significant cost overruns. These factors raise the likely construction and operation cost of the extension to between \$5.7 and \$8.2 billion.

If the extension does get built it would place a tremendous strain on the existing BART system, which already has packed trains carrying up to 370,000 passengers per day. This overcrowding will dramatically worsen with the opening of the San Francisco Airport extension. So in addition to the extension costs, BART to San Jose will require additions and upgrades to be made to core facilities. Additionally, BART has recently determined that it will require \$6.8 billion just to maintain its aging system and has not identified sufficient funding for this purpose at this time.

Beyond financial uncertainties there is another problem; MTC’s evaluation of the project showed it to be *the least cost-effective potential project* for that corridor, costing an astounding \$100 per new rider. The MTC study identified other projects that could attract more riders for much less money and could be implemented sooner than BART.

Finally, there is the very real risk that bus service may be cut if there are BART cost overruns or if no new operating funds are secured. VTA bus service is critical for those who depend on transit, especially low-income families and communities of color.

The following recommendations would promote a fiscally responsible plan, maximize transportation benefits and ensure compliance with federal environmental justice requirements:

1. MTC should not support BART to San Jose until there is a detailed financing plan that guarantees there will be no bus cuts and until a thorough alternatives analysis has been completed.
2. Santa Clara County should mitigate all of the costs to the BART system that are incurred due to the extension. Santa Clara County must pay for any additional stress on the BART system and must become a partner in BART’s rehabilitation costs. This will protect taxpayers in the existing BART counties that have funded BART for 30 years.
3. Voters must know which projects VTA will not be able to afford, or what new taxes will be necessary, to pay for BART to San Jose. Due to the unprecedented cost of this extension, VTA should not only produce a plan that covers all anticipated costs, but identifies contingencies should cost overruns occur. If necessary, the BART extension could be scaled back (ending it at downtown San Jose would save over \$1 billion) or European-style service using existing tracks could be substituted.

## Introduction

During 2001, the Bay Area will be prioritizing transportation projects for the next 25 years as part of the Regional Transportation Plan (RTP). There will be a concurrent process to develop a “Regional Transit Expansion Policy” (RTEP) to determine the top priorities for new sources of funding and regional advocacy. The Metropolitan Transportation Commission (MTC), the Bay Area’s regional transportation planning agency, is leading both processes.

The drive for the RTEP comes after successful transportation sales tax votes in Alameda and Santa Clara County. The vote in Santa Clara County included \$2 billion for construction of a BART connection between San Jose and Fremont. This funding follows a \$725 million contribution to the BART connection as part of Governor Davis’ 2000 transportation plan.

Even with passage of the sales tax, “BART to San Jose” is still woefully under funded. For even though the construction price has repeatedly been referred to as \$3.8 billion, the overall cost to build and run the extension will be significantly higher: between \$5.7 and \$8.2 billion. These costs, combined with a huge anticipated deficit for operating county-wide transit means that Santa Clara County may have to scale back and eliminate other promised projects (or raise taxes) to pay for BART.

Faced with these unappealing choices, county officials are looking to MTC and the region for a bailout. Santa Clara County officials want BART to San Jose to replace other regional projects that have been in planning for much longer periods, even though these projects would be much more cost effective.

In June 2000, MTC compared transit projects against each other as part of their *Bay Area Blueprint for the 21st Century*. Their evaluation showed BART to San Jose to be the worst possible expenditure of money for attracting new transit riders between Fremont and San Jose. A study by the Valley Transportation Authority (VTA) showed similarly poor results.

VTA released a scenario based on unplanned and unrealistically high levels of growth in downtown San Jose: 180,000 new residents and 176,000 new workers (which would require about 400 new 17-story high rise buildings) was developed.<sup>1</sup> This scenario showed BART attracting more riders and this hypothetical ridership figure was then touted during the election campaign.

Also in 2000, MTC came under fire for not doing enough to foster public involvement and to address the issues of social equity/environmental justice; for the first time the agency was “conditionally recertified” by the Federal Highway Administration pending improvement in these two areas. Yet BART to San Jose raises obvious social equity concerns since there is a high likelihood that bus cuts may be required to operate the extension. As for public involvement, just one county has given its nod of approval to this BART extension, hardly fulfilling the needed input for developing regional project priorities.

Public officials and voters in Santa Clara County should be commended for being willing to spend so much on public transit. Yet the decision to choose BART to San Jose was theirs, not the region's.

With transportation problems nearing crisis levels in the Bay Area it is time to start choosing projects based on planning, not politics. In economic terms we must act “at the margin,” looking at whatever is the best use of additional funds that become available. In lay terms there is the adage “don’t throw good money after bad.” No matter how you phrase it, MTC and anyone concerned with transportation and environmental justice in the Bay Area must accept that this project needs serious evaluation to determine whether it should receive any regional support or funding.

## Billions of Dollars in Shortfalls for Extension

On November 7, 2000, Santa Clara residents were asked to vote for a \$6 billion transportation sales tax (Measure A) that included BART to San Jose as one-third of the package. Given the astronomical price tag of such an undertaking, one would have expected VTA to complete a financial plan with contingencies for all assured, likely and potential major costs.

But VTA staff never produced a full financial plan for the 21.7-mile extension. In fact, when the County Executive’s office requested an estimate of the bond financing costs before an important County Board of Supervisors vote on the proposed tax, VTA responded that the information would take 60-90 days to provide.<sup>2</sup> County staff had to work with their consultants and those that produced the BART study, and concluded that bond financing costs would add an additional \$715 - \$892 million.<sup>3</sup>

In July 2000, hoping to spur the creation of a financially realistic tax measure, the Bay Area Transportation and Land Use Coalition (BATLUC) provided a range of estimates for the total cost of BART to San Jose as a starting point for discussion. BATLUC asked VTA to produce their own estimates for each of the line items, but no financing plan was ever released. The projected costs, updated by BATLUC, are listed in Figure 1.

**Fig. 1: Potential Costs of BART to San Jose (All costs are in millions)**

<b>Costs</b>	<b>Low</b>	<b>Medium</b>	<b>High</b>
Capital	\$3,800	\$3,800	\$3,800
Operating <sup>4</sup>	\$780	\$780	\$780
Bond payments (County estimates) <sup>5</sup>	\$715	\$767	\$892
Bond payments (for Federal New Starts) <sup>6</sup>	\$50	\$100	\$200
Mitigation for costs incurred by core BART system and taxpayers <sup>7</sup>	\$400	\$750	\$1,200
Buy-in fee to existing BART counties	\$0	\$150	\$300
Ongoing upgrades, repairs and renovations <sup>8</sup>	\$0	\$50	\$100
Cost overruns <sup>9</sup>	\$0 (no overrun)	\$380 (10% overrun)	\$930 (25% overrun)
<b>Totals</b>	<b>\$5,745</b>	<b>\$6,777</b>	<b>\$8,202</b>

The estimates are based on previous BART extensions and the framework for a financial agreement distributed by BART staff to their Board of Directors on February 22, 2001.

The somewhat easier task is figuring out how much funding has already been dedicated to BART to San Jose. The primary uncertainty in the available funding for BART is in regards to operating sources. Original estimates for Measure A had \$1.1 billion dedicated to operating the proposed transit expansions, but this was only expected to last through 2013– a full 23 years before the end of Measure A. VTA’s General Manager wrote in a memo dated August 7, 2000, “without additional on-going financial resources, VTA will not be able to fully fund and operate several projects and programs.”

If these initial projections are correct, when operating funds run out voters will either be asked to pass additional taxes or may face severe cuts in transit service promised in Measure A; the same August 7 memo suggested “a 1/4 cent on-going sales tax would seem to be the most prudent approach”.

Three weeks before the November vote on Measure A these revenues projections were revised upwards, supposedly removing the concern that additional operating funds would be needed through 2036.<sup>10</sup> Given the economic uncertainty now facing Silicon Valley it seems prudent to plan for the lower estimate, and to have a Tier 2 list of services that can be operated in the event the higher estimate is correct. This was the pragmatic approach used by Alameda County as part of their Measure B sales tax proposal.

The latest estimates available are in Figure 2 below. It is important to note that funding from Governor Davis for all projects, including BART to San Jose, can be used flexibly towards any projects that provide congestion relief in that corridor.

**Fig. 2: Funding Sources For BART to San Jose** (All costs are in millions)

<b>Funding Sources</b>	<b>Secured</b>	<b>Possible</b>
Governor’s Transportation Plan (AB2928) <sup>11</sup>	\$760	
Funds for Warm Springs BART Extension <sup>12</sup>	\$151	
Alameda County Measure B – for extension to Warm Springs	\$165	
Santa Clara County Sales Tax	\$2,000	
Savings to be realized by cutting commuter rail from Union City (a voter-approved Measure A/B project) <sup>13</sup>		\$166
Four years of operating funds (2010 – 2014) from Measure A <sup>14</sup>		\$136 - \$780
<b>Totals</b>	<b>\$3,076</b>	<b>\$302 - \$946</b>

Based on these estimates, the total secured, plus likely, funding for the BART extension is \$3.4 billion based on original estimates. If the sales tax lives up to the higher projections it would raise \$4 billion. **If the “middle” cost estimate of \$6.8 billion is taken then the project still needs \$2.8 - \$3.4 billion for construction and operations.**

Even the “low” cost estimate of \$5.7 billion would entail nearly a \$1.7- \$2.3 billion gap for construction and operations.

This spring VTA intends to create an implementation plan for VTP 2020, the countywide transportation plan that formed the basis for the Measure A sales tax. According to a recent VTA board packet, securing bond projects using the 2006 Measure A Sales Tax “likely would increase the borrowing costs associated with VTA’s transit projects.”<sup>15</sup> With these and other issues pending it is unclear how they plan to deliver all of the projects promised to the voters, but a detailed financing plan would be helpful.

## **The San Jose Extension May Hurt the BART System**

### ***BART to San Jose will badly stress the existing system***

On February 22, 2001 BART staff released a “Framework of Negotiations” for BART to Santa Clara County. This memo noted that the existing BART system is already stressed with packed trains carrying up to 370,000 passengers per day. Trains back up, fare gates back up, escalators back up and break down. This overcrowding will dramatically worsen in 2002 when up to 70,000 new passengers per day ride the trains, carrying luggage, on their way to and from San Francisco Airport and Millbrae.

Residents in existing BART counties already have sales and property taxes, as well as high BART fares, to help cover the costs of upgrades. But this funding is not enough to handle expected ridership. BART planners are now considering a range of upgrades, from inexpensive changes like new ticket machines and gates, to some phenomenally expensive options like a second Transbay tube or a second subway through downtown San Francisco.

It is within this intensely overcrowded future that Santa Clara County officials want to introduce their new extension and tens of thousands of new daily riders. As BART’s General Manager stated in their February 22 press release, “the impacts of an expansion of this magnitude (to San Jose) must be appreciated fully because they will ripple throughout the BART system....BART has a responsibility to the taxpayers who built and maintain the existing system to ensure that any additions to the system, as beneficial as they will be, do not undermine the existing system.”

It is the responsibility of BART board and staff to identify the likely additions and upgrades that would be required to handle all of the new riders using the San Jose extension. All of these costs should be required as mitigation for the extension.

### ***BART has huge rehabilitation needs over 30 years***

When San Mateo County wanted BART to extend to SFO they took responsibility for helping to maintain the existing BART system. To this end San Mateo is contributing \$70 million over the next twenty years to help maintain the existing BART system.<sup>16</sup> However, this number was developed during the 1998 Regional Transportation Plan. Since then BART’s problems have been shown to be far greater than previously thought and the total anticipated contribution for each existing county will rise significantly this year.

**Fig. 3: BART’s \$6.8 billion in Capital Maintenance and Renovations Needs**  
*(all costs are in millions)*

Category	2001 - 2010	2011 - 2020	2021 – 2030	Category Totals
Continuous Recurring Needs	\$370	\$430	\$470	\$1,270
Cyclical Fixed Facilities Renovation and Replacement Needs	\$790	\$770	\$1,190	\$2,750
Cyclical Transit Vehicle Renovation and Replacement Needs	\$600	\$852	\$1,364	\$2,816
<b>Totals Over Time</b>	<b>\$1,760</b>	<b>\$2,052</b>	<b>\$3,024</b>	<b>\$6,836</b>

Source: BART Planning Department report to Board of Directors, November 9, 2000.

If funding from Sec. 5307 and 5309 funds are held constant over the next ten years, then the average annual gap for BART is \$112 million.<sup>17</sup> Seismic retrofit costs of \$610 million over the next ten years do not appear to be included in the BART Planning Department’s figures above (figure 3).

### **BART to San Jose May Result in Significant Bus Cuts**

Buses play an increasingly key role in Santa Clara County transportation, carrying over 150,000 riders per day. The cross-section of bus riders in Santa Clara County reflects widespread use by communities of color. Of VTA bus riders, 70% are people of color, and 59% make less than \$35,000 per year.<sup>18</sup> (see figure 4). In contrast, the BART system carries a predominantly white and higher-income population.

A recent survey also finds that VTA bus riders are highly dependent on transit: 82% use transit 4-7 days per week, and 49% ride three or more times per day.<sup>19</sup> Of VTA bus riders surveyed, 71% said that they did not have a car available to make the trip, and 66% said that their main reason for using transit in Santa Clara County was that they had no other way of making the trip.<sup>20</sup>

Yet bus service, if not specifically protected, may end up being severely curtailed. First, VTA expects to need more operating funds for transit by 2014, when the Measure A funds that pay to

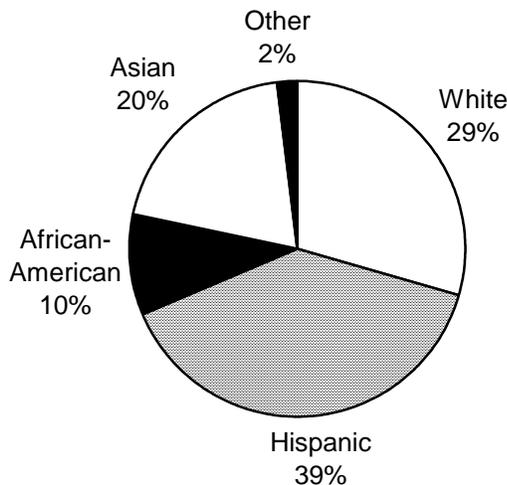
operate transit are expected to run out. If the competing systems for the remaining funding are BART, Caltrain, light rail and buses, which service will get cut first? Buses are usually the first to be cut back, while the modes with the mostly white and white-collar ridership, and which require massive capital investments to construct, are typically the last to go. That is why a detailed financing plan which will guarantee that there will be no bus cuts is needed *before* the massive expenditure is made to extend BART to San Jose.

We only have to look at Los Angeles to see this scenario taking place. The Metropolitan Transportation Authority (MTA) in Los Angeles County cut bus service and raised fares when the costs associated with constructing their new subway skyrocketed. A victorious Civil Rights lawsuit against MTA is forcing them to remedy the imbalance. Any cuts in VTA bus service would have a devastating impact in Santa Clara County, especially for low-income communities.

## **BART to San Jose: the Wrong Project for the Job**

In addition to all of the very serious financial uncertainties facing the BART extension there is another problem that may come to undermine the project: it is the wrong project for attracting riders and reducing congestion. This project was not chosen at the conclusion of a major study with specific goals and criteria. Rather, the dynamic and popular Mayor Ron Gonzales of San Jose made it his legacy project, proclaiming that BART would “connect” with San Jose before he left office. Voters who have seen BART working well in San Francisco seem to have agreed with him.

**Fig. 4: Racial Composition of VTA Bus Ridership**



From 2000 VTA On-board Survey: Final Report, Volume 1 Summary, March 2000, Statistics reported are based on 14,230 surveys collected from passengers on weekday bus trips.

But San Jose is not San Francisco, where most jobs are located downtown. For example, 72% of Altamont Commuter Express (ACE) passengers from Stockton and the Tri-Valley get off at the Santa Clara/Great America station (and continue on light rail and shuttles to their jobs), but only 14% continue on the train for the additional five miles to downtown San Jose.<sup>21</sup>

The dispersed commercial and residential centers are a strong reason that analysis by the Metropolitan Transportation Commission (MTC) in June 2000 showed that a combination of light rail, European-style commuter rail, and express buses using HOV lanes could be implemented sooner and in total attract many more riders for much lower costs than BART. This study showed that extending BART to San Jose is the least effective project choice in the Fremont-South Bay corridor (see figure 5).

**Fig. 5: Fremont-South Bay Corridor and Intra-County Projects, Ranked by Cost/New Rider**

Project	Riders (daily)	Cost/ New Rider	Capital Cost	Net Annual Operating Cost
Intra-Santa Clara County Rapid Bus	12,000	<b>\$3.55</b>	\$19 million	\$13.59 million
Rapid bus service between Santa Clara County and Fremont, Tri-Valley, Hayward, and San Joaquin County	5,000	<b>\$9.68</b>	\$20 million	\$12.00 million
BART to Warm Springs and VTA Light Rail to meet it at Warm Springs	8,500	<b>\$21.55</b>	\$500 million	\$14.46 million
Expanded Interim VTA Commuter Rail	4,600	<b>\$34.76</b>	\$470 million	\$9.90 million
BART to San Jose	11,500	<b>\$100.49</b>	\$4,053 million	\$18.40 million

Source: Metropolitan Transportation Commission, *Transportation Blueprint for the 21st Century Evaluation Report*, June 2000

***Required study must seriously analyze alternatives***

A \$7 million Major Investment Study (MIS) for the Fremont-South Bay Corridor has recently been initiated and may end sometime in 2003. If done properly, this study could predict better than any other to date which option(s) would attract the most transit riders, offer the greatest traffic congestion relief, and deliver that relief most quickly.

There is concern amongst transportation advocates that the alternatives analysis will only study weak alternatives to BART, in order to obtain the desired conclusion.<sup>22</sup> Yet Federal New Starts guidelines on major transit capital investments state:<sup>23</sup>

- 1) To be eligible for FTA capital investment funding, a proposed project must be based on the results of alternatives analysis and preliminary engineering,
- 2) The alternatives analysis develops information on the benefits, costs and impacts of alternative strategies to address a transportation problem in a given corridor, leading to the adoption of a locally preferred alternative,

- 3) The locally preferred alternative must be selected from among the evaluated alternative strategies and formally adopted and included in the metropolitan planning organization's financially-constrained long-range transportation plan.

This logical planning process has been subverted by a political process. MTC should be actively participating in this MIS to ensure all of the best alternatives are studied. The BART extension should not be allowed to become a regional priority until it is proven that it would make the best use of scarce funds.

## Recommendations

### ***1) MTC should not support BART to San Jose until there is a detailed financing plan that guarantees there will be no bus cuts and until a thorough alternatives analysis has been completed.***

- **No bus cuts to pay for BART** – The experience in Los Angeles must not be repeated here. Santa Clara County's Measure A promised a fleet expansion to 750 buses. These must be delivered in a timely fashion, with guarantees that there will be enough funding to operate them. MTC and the region must not allow BART to be eligible for federal funds, let alone become a regional priority, until a guarantee against bus cuts is made. This guarantee must not only anticipate the expected costs of BART, but should include a cost contingency for cost overruns of twenty-five percent.<sup>24</sup>
- **VTA should prove other alternatives are not better** – Federal guidelines for major capital investments, released in December 2000, require other realistic alternatives to be analyzed. Given BART to San Jose's abysmal showing in MTC's *Blueprint Evaluation* it is premature to lend regional support for this project until all of the alternatives are analyzed. MTC should require that real alternatives are studied, including "double tracking" the Alviso (Amtrak) line to San Jose.

### ***2) Santa Clara County must fully pay its way into the existing BART system***

Santa Clara County must pay for any additional stress on the BART system and must become a partner in BART's rehabilitation. This will protect taxpayers that have funded BART for almost 30 years in the existing BART member counties. The categories of costs identified below closely parallel those suggested by BART staff to their Board of Directors on February 22, 2001:

- **Costs to the Core System** – Construction costs must include the cost of core system improvements directly attributable to the extension impacts;
- **Operations and Maintenance** – Including the full cost of the extension plus core impacts;

- **Rehabilitation** – Rehabilitation costs of the extension and rehabilitation costs of the impacts to the core system;
- **Future system-wide rehabilitation and improvement programs** – Santa Clara County must provide a proportionate share of its county allocations of regional, state and federal funds, as all BART member counties do.

**3) Voters must know which projects VTA will not be able to afford, or what new taxes will be necessary, to pay for BART to San Jose**

VTA must indicate how it will pay for the full BART to San Jose extension.

Fortunately, the Metropolitan Transportation Commission is updating its Regional Transportation Plan by November 2001. This plan will require VTA to produce a financially realistic or “constrained” plan for the next twenty-five years. But because of the unprecedented cost of this extension, VTA should also be asked to identify contingency plans to cope with cost overruns.<sup>25</sup> Contingency plans could include:

- **Scale back the BART proposal** – The final segment of the extension, between Market Street in downtown San Jose and the proposed Santa Clara terminus, will cost approximately \$1 billion. This segment could be postponed pending the fulfillment of other commitments in Measure A. In the meantime, extending BART to Milpitas to meet the Tasman light rail line would still get much of the ridership gains.
- **Consider e-BART** – Just as BART board member Joel Keller proposed for Contra Costa County last month, BART could employ fast standard-rail technology to put European-style service along existing tracks in the Fremont-to-San Jose corridor. A connection with BART and other rail systems could be made in Fremont or Union City. This could be supplemented with a comprehensive express bus and shuttle system and could be running by 2004.
- **Delay Highway Projects** – VTA could cut or delay proposed highway projects in order to protect Measure A transit expansion projects.
- **Float a new tax** – Since a new tax to cover operating costs seems inevitable, such a tax could be floated now. Options include a county gas tax, a ¼ cent sales tax and a property tax.

## Endnotes

<sup>1</sup> “BART plan troubles downtown San Jose residents,” *San Jose Mercury News*, October 31, 2000.

<sup>2</sup> Memo to Board of Supervisors from Jane Decker, Deputy County Executive, entitled “Potential Costs Related to Bonding against Sales Tax Revenue,” July 31, 2000.

<sup>3</sup> VTA staff later rebutted the County Executive’s figures, but did not come out with an estimate of their own. Memorandum from Peter Cippolla, VTA General Manager, to Santa Clara County Board of Supervisors on August 7, 2000.

<sup>4</sup> According to BART feasibility study, using ABAG’s projections. VTA listed this as \$39 million per year in their draft study.

<sup>5</sup> Decker memo, July 31, 2000.

<sup>6</sup> Even if the BART-to-San Jose extension is federally funded, New Starts funding is not paid out in lump-sum payments. FY 2000 funding earmarks ranged from as little as \$690,000 to no more than \$97 million. Since BART to San Francisco International Airport will not be paid out until FY 2006 at the earliest, and San Francisco’s Third Street Light Rail and BART to Warm Springs are expected to receive funding next (say FY 2007-2009), BART to San Jose, even if it qualifies may not be eligible until 2010. If the project is to be complete by 2010, as VTA hopes, a bond would have to be floated on the expectation of New Starts funding, with interest payments accruing over the 7-10 years that the funds are appropriated.

<sup>7</sup> In 1998, the Bay Area Rapid Transit District had a \$3.6 billion backlog of maintenance and upgrades—referred to as its “Capital Program Shortfall”—which all BART counties helped to cover as part of the 1998 Regional Transportation Plan. Currently, allocations are related to the size of the population within BART’s service area. Presumably, Santa Clara County would be asked to pay its share of the capital program shortfall. The Metropolitan Transportation Commission is having BART counties take this money from “Track 1,” i.e. money that is discretionary and could otherwise have funded other road or transit projects.

This would add anywhere between \$150 million to \$200 million to the cost of BART (depending on the definition of its service area) during its first twenty years of operation. Those were 1998 numbers, as shown in this paper, the backlog has now been shown to be much larger.

### **BART Capital Program Shortfall Covered In the 1998 Regional Transportation Plan**

*(costs in \$ millions)*

	Need by County	Amount from Track 1 Funds
Alameda County	\$330.7	\$248.0
Contra Costa County	\$212.3	\$159.2
San Francisco County	\$184.1	\$138.1
San Mateo County	\$70.7	\$53.0

Source: Metropolitan Transportation Commission, *1998 Regional Transportation Plan*

<sup>8</sup> BART now realizes that basic maintenance is not adequate, and that system-wide upgrades need to take place regularly. It is unclear whether the BART feasibility study accounted for these costs. It is reasonable to expect a large number of repairs and renovations would be needed before the 20<sup>th</sup> year of service for the proposed San Jose extension.

<sup>9</sup> Cost overruns of 25% have been typical. BART did not anticipate a host of cost overruns, such as materials and land costs, that have sent the cost of their San Francisco Airport extension project ballooning from an original estimate of less than \$700 million. The project was later approved for construction at \$1.167 billion and will end up costing over \$1.5 billion. Similarly, the Dublin/Pleasanton extension skyrocketed from an estimated initial price of \$181 million to an actual price of \$571 million, even after one \$30 million station was dropped from the plan. During the ten-year period between the first price estimate and completion of the Dublin extension, the consumer price index rose 41.3%, while the BART price rose 236.6%. Given this track record, the \$3.8 billion estimate to build the project may again be too low.

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<sup>10</sup> Memo from Scott D. Buhner, Chief Financial Officer of VTA, through Peter Cipolla, to VTA's Transportation Planning and Operations Committee, October 16, 2000.

<sup>11</sup> This includes \$725 million for BART to San Jose and \$35 million for purchase of right of way for VTA's recently cancelled Commuter Rail project. Since the Valley Transportation Authority is planning on the same right of way for both projects there is an assumption the \$35 million will still be used for purchasing this right of way for BART.

<sup>12</sup> *Bay Area Transportation Blueprint for the 21<sup>st</sup> Century: Phased Implementation Report*, Metropolitan Transportation Commission, March 2000. The \$151 million is the repayment for East Bay support of the San Francisco Airport extension. \$229 million would still be needed from outside sources for the Warm Springs extension. A likely source of funding is federal New Starts.

<sup>13</sup> During the summer of 2000, the County Board of Supervisors, which oversees allocation of 1996 Measure A/B funds, approved the elimination of the Commuter rail connection between Union City and San Jose. This money will be spent on some interim express buses, but is also considered likely to be placed towards BART or whatever long-term transit solution is developed for that corridor.

<sup>14</sup> As stated above, Measure A may only provide enough operating funds to last until 2014. These four years of operating funds are put as a likely source because it is uncertain that the extension would actually be ready by 2010. Like BART to SFO's delays caused by endangered species and pesky phone cables, a project of this magnitude can be significantly delayed. In the event it is delayed there would be less operating funds remaining.

<sup>15</sup> *VTA Board of Director's Workshop Packet*, February 2, 2001, pg IV. C-2

<sup>16</sup> 1998 Regional Transportation Plan by the Metropolitan Transportation Commission.

<sup>17</sup> Federal transit capital Section 5309 for the San Francisco-Oakland Urbanized Area currently amounts to approximately \$65 million per year. It is doubtful BART will get this amount, as it has in the past been shared with other transit operators, including San Francisco Muni and Golden Gate Transit. BART's average annual allocation of §5309 funds under TEA-21 is about \$30 million. If this amount is held constant over the next ten years, then the average gap is \$132 million.

BART also receives §5307 funds. The San Francisco-Oakland UZA is currently receiving about \$121 million per year from this source. As with §5309, these funds have been shared with other operators. BART's average annual TEA-21 allocation is less than \$20 million.

<sup>18</sup> 2000 VTA On-board Survey: Final Report, Volume 1 Summary, March 2000.

<sup>19</sup> From 2000 VTA On-board Survey: Final Report, Volume 1 Summary, March 2000, Statistics reported are based on 14,230 surveys collected from passengers on weekday bus trips.

<sup>20</sup> Ibid.

<sup>21</sup> Ridership survey for year 2000 by ACE.

<sup>22</sup> For example, there are three existing rail lines in the Fremont-South Bay Corridor. The Alviso line currently used by Amtrak and ACE goes by major job centers enroute to downtown San Jose, and an alternative that double tracked this line (to the greatest extent possible) may outperform the proposed BART extension.

<sup>23</sup> Federal Register: December 7, 2000 (Volume 65, Number 236), Department of Transportation, 49 CFR Part 611.7 Final Rule

<sup>24</sup> Above and beyond the contingencies included in the \$3.8 billion estimate.

<sup>25</sup> VTA's estimate of \$3.8 billion already contains some contingency funding, but there is little reason to believe a project of this complexity would not run significantly over, as have previous BART extensions.