Transportation Solutions Defense and Education Fund

P.O. Box 151439 San Rafael, CA 94915 415-460-5260

April 7, 2009
By E-Mail

Scott Haggerty, Chair
Metropolitan Transportation Commission
101 Eighth Street
Oakland, CA 94607

Re: Revised 2009 RTP

Dear Mr. Haggerty:

The Transportation Solutions Defense and Education Fund, TRANSDEF, is an environmental non-profit that has been deeply involved in MTC's Regional Transportation Plans, starting with the 1994 Plan. This letter responds to the April changes proposed for the Transportation 2035 Plan (RTP), and incorporates our March 1 letter on that earlier Plan. We call on MTC to demonstrate leadership in the field of climate change by committing to seek legislative authorization to proceed with the pricing and land use programs studied as sub-alternatives in the RTP EIR. After demonstrating the efficacy of these programs in the EIR, and understanding the risks to the region posed by climate change, we believe that MTC has the moral responsibility to act on that knowledge. However, the revised RTP rejects that responsibility.

The revised Chapter 5 retreats from leadership and instead meekly asks "Is the Bay Area ready for change?" These changes can only be described as getting cold feet, which may be the only thing cold lately, given recent news stories about the impacts of climate change on California and Antarctica. Rather than conclude that "The answer is up to all of us," TRANSDEF urges MTC to boldly assert "Yes we can--and we must!"

TRANSDEF is pleased that MTC chose to revise the RTP to capture the dramatic changes in the funding picture for transit. However, in light of the new figures, we find the revised RTP to be completely unacceptable. We believe adopting a plan with $8.5 billion in transit operating shortfalls to be entirely irresponsible. We believe that these shortfalls require decisive action by MTC to changing the balance of investments in the fiscally constrained plan. It is clear to us that the region cannot now afford the proposed level of expansion projects. We urge MTC to undertake the swapping of funding as proposed by the *Darensburg* plaintiffs, so that substantial 5307 funds are used for preventive maintenance, backfilled by RTIP, STP, and 5309 (Bus) funds.

In light of VTA's $3.3 billion operating shortfall and $2 billion capital replacement shortfall, the proposed BART extension to San Jose and Santa Clara is no longer even arguably defensible. As VTA has not yet adopted the discipline of reality-based transportation planning, MTC must make it clear to that agency that no regional funds will be forthcoming for that project while VTA is cutting transit service.

Finally, TRANSDEF objects to the revised language proposed for Chapter 5 of the Plan as an unsupported and gratuitous attack on our advocacy.

<u>Committed Projects</u>
The revised Chapter 5 text includes a propagandistic attempt to dismiss MTC's critics' objections to the cost-ineffectiveness of committed projects: "Nor, paradoxically, would a radical shift in the plan's spending blueprint appreciably affect the performance outcome. That is why continued clashes among advocates for project A versus project B are so pointless and counterproductive." Not only has MTC <u>not</u> demonstrated this, it explicitly refused to study TRANSDEF's EIR alternative, which was designed to test this very assertion. Clearly, MTC will not allow this issue to be resolved honestly and fairly. This Chapter 5 text is part of a rhetorical counterattack, designed to protect its committed projects from further scrutiny, despite continuous and very extensive public comment calling for just that. (see below.)

The only thing actually proved when MTC claims that "repeated modeling analyses … have demonstrated the extremely limited impact of capital investment by itself on transportation system performance" is that <u>MTC's</u> project selections do, in fact, have a limited impact on performance. TRANSDEF readily concedes that point, and in fact sued MTC for its failure to increase regional transit ridership a modest 15 percent over 1982 levels, after spending billions of dollars on transit expansion (ridership still has not reached that level). It is intellectually dishonest to generalize from MTC's own project selections to any and all capital investments, especially after having refused to run a side-by-side comparison with a project list designed by TRANSDEF to maximize cost-effectiveness.

Let's be clear what's going on here: MTC sees itself as a political body whose business is cutting political deals to dish out money for projects. Project performance and cost-effectiveness are simply not factors when the deals making up the RTP are cut. That is why this Chapter 5 language is so outrageous: MTC is effectively claiming here that it doesn't matter where its dollars are spent, thereby excusing itself from having any responsibility for the inevitable poor performance of its capital investments. This is brought to the level of nihilism when MTC studies pricing and land use sub-alternatives in the RTP EIR, finds them to be environmentally superior to the proposed RTP, and then decides to ignore them and select the RTP instead. Clearly, MTC sees itself as accountable only to the agencies of the Partnership, and not to the public at large, or to its needs as regards climate change.

In response to TRANSDEF's March 1 RTP comment letter, MTC replied, under your signature, with an extended apologia of the committed projects policy. However, despite two pages of reasons why you believe keeping committed projects in the RTP is a good idea, you failed to respond to our central assertion: the new circumstances and considerations posed by climate change require a top-to-bottom review of committed projects. It is our opinion that these projects are no longer appropriate, due to the increased driving, VMT, and emissions that will result from the highway widenings, and due to the extreme cost-ineffectiveness of the BART extensions. The fact that there was no response to this assertion suggests that MTC has recognized that its position is indefensible, and has switched instead to an *ad hominem* attack.

Fiscal Constraint

We appreciate MTC revising the numbers in the RTP in response to our earlier comments, so as to use the latest cost figures for the largest project in the Plan, VTA's BART extension. Unfortunately, staff made an extremely unwise adjustment to the Plan in response to the project's $1.5 billion cost increase: a $2 billion bailout from hypothetical future HOT lane revenues. This just compounds an already out-of-control situation.

We do not believe that VTA's project listings in the RTP are fiscally constrained. A VTA study (attached) filed with the court in our suit against MTC and ACTIA concluded that VTA would have only $720 million left over for Measure A capital projects after the completion of a BART extension to Milpitas. When we add all VTA projects that are identified in Appendix 1 as having Measure A funding, they total $9.01 billion YOE.[1] It is virtually certain that the RTP contains more projects than VTA can actually afford.

Another aspect of fiscal constraint that concerns us is the adequacy of transit service levels. The RTP EIR shows an 88% increase in use of transit (p. 2.1-12), but service is increased only 18% (p. 2.1-14). It would appear on its face that the RTP does not make adequate provision for transit service, given the level of ridership projected. We note that we are expressing this concern even prior to the service cuts that are likely to hit the region later this year. We believe the RTP's priorities to be irresponsible, given not only the demands of the fiscal climate, but the demands of the physical climate as well. (See below for a discussion of the Oakland Airport Connector debacle.)

Transit Sustainability

TRANSDEF strongly supports the proposal to analyze the region's transit service as an integrated network--We support this approach, and wish MTC had adopted it decades ago.

We are concerned that "address[ing] duplicative service functions" will ultimately be reduced to BART's shopworn strategy of eliminating AC Transit Transbay service. We

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[1] TRANSDEF's attempt to pin down exactly how much VTA Measure A funds would be put into RTP projects was unsuccessful. MTC's response to our Public Records Act request did not include project listings with fund sources. Because of the lack of information, we are unable to extract the exact amounts of Resolution 3434 and TCRP funding that are included in this number.

have been hearing that same-old same-old for years. Now that BART is reaching its Transbay capacity limits, the corridor desperately needs the added capacity of the Transbay buses. To deal with ongoing concerns about the politicization of such a program, we urge MTC to exhibit its highest levels of professionalism in fully documenting the metrics, the methodology, and having a transparent process that takes place out in the open.

We don't have an issue with simplifying fare policies, other than this process would have been much more effective if done before spending hundreds of millions of dollars on Translink.

Over the years, TRANSDEF has recommended the centralization of back-office functions such as Human Resources and Purchasing. Larger properties could provide these functions to smaller properties on a contract basis, achieving multiple economies of scale.

March 1 Comments on the Previous Proposed Final RTP

<u>Committed Projects</u>
MTC's action last week, approving Economic Stimulus federal transit formula money for the Oakland Airport Connector, is a microcosm of everthing that is wrong with both MTC and its premier product, the RTP. The Commission demonstrated its contempt for the overwhelming public input it received by showing that all it really cares about is preserving the political deals it has cut in the past.

On the RTP, the Commission completely ignored the hue and cry from both the public and its own Advisory Council on the need to reevaluate its past commitments to projects, in light of new priorities emerging from AB 32 and climate protection. It ignored the perilous state of funding for transit operations caused by the State budget and the economic recession. One is forced to come to the following conclusions:

1. While MTC does an excellent job of recording public input, it is all for show. MTC does not actually consider public input in its deliberations. This can be demonstrated by the near-100% record of the Commission adopting staff recommendations.

2. At the same time, MTC is unwilling to be transparent about the reasons for its decisions. Under federal rules for public participation, MTC needs to document how it considers the input it receives from the public. This means providing reasons for not adopting what was overwhelmingly requested by the public. If the reason is "because we made a deal, and we cannot back out of that deal without harming our ability to make deals in the future" that needs to be stated on the record.

3. Despite severe funding shortages faced by the region's transit operators, the Commission made it clear that its top priority with Economic Stimulus funds was making good on past commitments, no matter how cost-ineffective and poorly conceived. Preventing service cuts and fare increases was clearly a lower priority.

The public's request for the reevaluation of past commitments was a primary message received at the June 14, 2003 Transportation 2030 Summit (*Public Outreach & Involvement Program, Apppendix IV*, p. 10):

> "We should use performance criteria to judge *every* transit and roadway project, not just new ones. Poor-performing projects should be dropped even if they are "committed." (84% agreed either somewhat or strongly. emphasis in original.)
>
> "Our traffic and transit problems are getting worse for all communities, and old approaches don't seem to be working. Therefore, we must critically examine all of our policies, programs and projects." (89% agreed either somewhat or strongly.)

And yet, despite that overwheming consensus, the 2005 RTP that the Commission adopted maintained the ongoing MTC practice of including all past commitments. In the discussion for the 2009 Plan, the Advisory Council adopted a resolution calling for the reevaluation of all committed projects in the light of AB 32, and recommended not adopting the proposed Committed Projects policy. Without even the courtesy of providing a rationale, the Commission ignored these recommendations and voted down an exceedingly modest motion to study past projects. Similarly, despite extensive testimony about the perilous state of transit operator revenues resulting from state budget cuts, the Commission did not even bother to provide a rationale for adopting the staff recommendation to fund the Oakland Airport Connector.

<u>Change in Motion</u>
Familiarity with MTC and a close reading of the RTP lead to these conclusions:

1. The RTP is beautifully produced and extremely well-written. It is inspiring and philosophical. Unfortunately all of that serves as mere window dressing, due to key Commission decisions on committed projects.

2. The decisions on the RTP very clearly express MTC's priorities. While 'Change' is central to the rhetoric of the 2009 RTP ("Change in Motion"), this RTP is about anything but change. The RTP shows that MTC is willing to commit funds it can't yet identify for projects and programs for climate protection. The real money, however--the funds that MTC <u>can</u> identify--are going to committed projects that ignore climate change considerations and financial prudence: for additional highway capacity and cost-ineffective BART extensions. This is the status quo--it has nothing to do with Change.

3. By retaining the status quo as its priority, MTC exhibits a complete indifference to science, which indicates the need for urgent GHG emissions reductions. Motor vehicles are the largest source of GHG emissions in the region, putting great responsibility on MTC to use the tremendous powers granted it to respond to a serious threat to our

society. This RTP both rejects that responsibility and misleads the public into thinking that MTC is ‘doing something about climate change.’

4. Change is described as something beyond the RTP: “The Bay Area must take additional bold steps beyond the Transportation 2035 Plan.” (RTP, p. 79) If MTC were to live up to the leadership role it claims for itself in its public relations, this RTP would be the Change. (See Recommended Actions, below.)

5. Part of the reason “that surface infrastructure investments will not be sufficient to realize our ambitious goals for the Bay Area” (RTP, p. 79) is that MTC wastes so much money on expensive projects that accomplish little in the way of transportation benefits. The most recent *Statistical Summary of Bay Area Transit Operators* indicated that the region has still not achieved the 15% increase in regional transit ridership over 1982 levels that MTC committed to as TCM 2 back in 1990. Given the 30+% increase in population since then, this is an indictment of MTC’s wasteful and/or incompetent project selections. The primary beneficiaries of these projects were their political sponsors. Meanwhile, the public has been left with a mediocre transit system and overcrowded highways. For all the money that was spent, these are dismal results.

6. MTC does not do planning--it is a programming agency. Planning would mean determining regional needs and determining appropriate implementation. Instead, MTC passively awaits sponsors’ project submissions. This is why a rail connection from the East Bay to San Jose never advanced during the 1980’s--there was no project sponsor with the requisite jurisdiction, and MTC did not see fit to assign the task to an agency.

7. MTC is unwilling to say no to its Partnership agencies. No matter how ridiculous, a submitted project is dutifully placed in the list. MTC has not instructed the Partnership on the need to alter transportation planning so as to reduce VMT and GHGs.

8. MTC’s completely uncritical acceptance of projects submitted by sponsors is why the organization is known amongst critics as an MSO, a Metropolitan Stapling Organization. Instead of benign neglect leading to project death by starvation, MTC instead actively promotes the most dreadful politically motivated projects such as the Oakland Airport Connector, the BART extensions and the Central Subway through such efforts as its Resolution 3434 Strategic Plan Update and Economic Stimulus Fund allocation plan. While any reasonably objective analysis would demonstrate the abysmal cost-effectiveness of these projects, MTC is instead actually proud that these projects are being delivered. The dubious legality of a recent Strategic Plan decision to transfer funding to a BART extension will soon be reviewed by a Court.

9. The Performance Assessments should have been a critical part of the RTP process, but as it turned out, they were a joke. “No projects were excluded from the RTP Project or fiscally unconstrained element as a result of the Performance Assessment process.” (1/30/09 Response to our Public Records Act request.) The weighting of the various benefits needed to have been less auto-centric, for the results to be at all useful. However, the CMAs actively subverted the process by withholding projects from MTC scrutiny and thereby blocking MTC discretion. Agencies should be sanctioned for not playing by the rules.

<u>HOT Lanes</u>

TRANSDEF is troubled by the proposed HOT lanes network. We believe it represents a giant step backwards for a Bay Area transition to much higher transit use:

1. HOT lanes would eliminate the travel time advantage that transit in a dedicated right-of-way has over the single-occupant vehicle, thereby changing forever the fundamental relationship between driving alone and taking transit. Then the only difference is price. Transit's inherent inconvenience, as compared to the single-occupant mode, will weigh much more heavily in mode choices.

2. Worse yet, there is only so much HOV capacity that can be sold. HOT lanes create unreasonable expectations that single-occupant driving remains a realistic mode of travel. This is exactly opposite to the JPC's Climate Protection Plan, which sets "Reducing Driving" as a major strategy.

3. HOT lanes are built for the solo driver. They are a distraction from building a regional transit network, which is the work we face in an era of climate change.

4. By making driving easier, HOT lanes will result in more driving and thus more GHG. This is tremendously irresponsible in an era of climate change. Due to the lack of sophistication of MTC's travel demand model, the performance assessments for the 2009 RTP showed some highway projects resulting in lowered VMT and GHG emissions. TRANSDEF is certain that these results are merely artifacts of the failure to feed back land use inputs back into the modelling, and that all highway projects will increase VMT and GHG emissions.

5. HOT lanes are not easily understood by the public.

6. It will take decades for HOT lanes to be built. This fails to meet the time scale of climate change--emissions reductions are needed now, not twenty years from now.

7. TRANSDEF believes the HOT lanes proposal turns the decades of HOV construction into a bait-and-switch, in which the public was told that these lanes were built for their air quality benefits. By putting single-occupant vehicles into HOV lanes, MTC would be violating the Clean Air Act prohibition on building mixed-flow lanes in non-attainment regions. Because of the special legal status of HOV lanes, changing them to HOT would require more than a mere RTP EIR. The proposal will need proper NEPA and air quality conformity determinations (the proposed final conformity determination did not address this issue).

TRANSDEF believes that the National Surface Transportation Policy and Revenue Study Commission got it right: the U.S. needs on-road pricing in metropolitan areas. We would like to see MTC lead the way, by educating the public on the need to price highways (especially during congested periods) to encourage more carpooling and transit, which will reduce GHG emissions. We believe this message is much more understandable than HOT lanes, and would produce emissions reductions in the short term, when they are desperately needed. The public knows it needs to do something to reduce emissions. Leadership by responsible agencies will result in letting the public know that driving is one of the biggest problem areas, resulting in changed behavior.

Lastly, the RTP asserts that Highway expansion makes up 3% of the total RTP. (p. 35) A PhD working for TRANSDEF calculated that highway expansion projects made up 8.1% of the RTP. After back-and-forth e-mails with staff, it is appears clear that this 3% number excludes committed projects. If this assertion is confirmed (staff has not yet replied to our request for the project list used in calculating the 3% number), that would mean that MTC had intentionally hid the committed highway projects. Like Watergate, a cover-up demonstrates intent to hide something deemed unfavorable.

<u>Due Diligence</u>
In TRANSDEF's comments on the Conformity Analysis and in our Public Records Act request, we sought to find out what kind of due diligence MTC has performed on the very substantial project costs of the proposed BART extension to San Jose. We were alarmed to find out that staff merely accepted at face value the figure submitted to MTC by VTA. At $6.1 billion, this project makes up more than half the dollar amount of the TIP Amendment. None of the documents we saw demonstrated that MTC had independently undertaken any kind of review of VTA's numbers.

This is especially troubling, given how we have consistently informed MTC staff that, as a result of another Public Records Act request, we were aware that VTA was reviewing 65% design estimate costs last summer. Meanwhile, MTC was using VTA's 2005 costs in the fiscally constrained plan. Now that VTA has publicly announced that its new 2008 cost estimate is $6 billion unescalated, we insist that MTC bring the latest numbers into the RTP, along with VTA's reduced sales tax revenue projections. MTC has received plenty of notice from us that VTA was going to try to slip into the fiscally constrained plan with old cost numbers and sales tax revenues. If MTC expects its federal partners to accept the assertion of fiscal constraint, it will need to revise its current draft RTP numbers, or reduce the scope of the proposed project.

<u>Recommended Actions</u>
TRANSDEF recommends that MTC adopt the TRANSDEF Smart Growth Alternative that was studied in the EIR for the 2005 RTP. That Alternative had no highway expansion in it, which created motivation for drivers to shift to transit modes. In addition, it contained cost-effective commuter rail and rapid bus expansion projects, along with expanded transit service. It had High-Speed Rail entering the Bay Area over the Altamont Pass, and going down to San Jose along the alignment that had been purchased for a BART extension, thereby eliminating the cost of the San Jose and Warm Springs BART extensions. Both pricing and land use contributed greatly to enhancing the mode shift to transit, and resulted in reasonable performance at a significantly lower cost than the adopted RTP, thereby leaving more funds available for maintenance. By ending the building of highways, the Alternative puts a stop to the phenomenon of induced demand, resulting in lower VMT.

If, as expected, MTC is not willing to adopt a true emissions reduction alternative such as the TRANSDEF Smart Growth Alternative, the next best thing would be to adopt the land use and pricing variants of the Heavy Maintenance/Climate Protection Emphasis, along with the RTP's proposed project list. This would mean that MTC commits to moving towards implementing pricing and land use measures, starting with seeking the necessary authority from the Legislature and Congress. Such a commitment would allow MTC to develop appropriate measures after appropriate rounds of public outreach and analysis. The implementation of these measures would result in performance equivalent to the effect each of these variants produced in the EIR.

Conclusion

After 16 years of involvement with MTC, TRANSDEF has absolutely no illusions that these comments will have an effect on the adopted RTP. However, we felt it was important that there be a record made for the public of MTC's irresponsibility as the body of government that had the ability to act at the time that the climate crisis became deadly serious, but didn't. As always, we would be pleased to work with MTC to help it become a force for change for the better. But we're not holding our breath….

Sincerely,

/s/ DAVID SCHONBRUNN

David Schonbrunn,
President

Attachment: AECOM Study for VTA

cc: Jerry Brown, Attorney General
Administrator, FTA
Leslie Rogers, Regional Administrator, FTA Region 9
Administrator, FHWA
California Division Administrator, FHWA

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EXHIBIT B

Technical Memorandum

Date:	March 6, 2009
To:	Carolyn Gonot, VTA
From:	Nathan Macek, AECOM Consult
Subject:	VTA Measure A Program Financial Analysis Findings: SVRT to Milpitas without Federal New Starts funding

This technical memorandum summarizes the application of the financial analysis model developed by AECOM Consult to examine an alternative project implementation and funding scenario for the Santa Clara Valley Transportation Authority (VTA) Measure A Program. The scenario is defined as the BART extension to Milpitas without Federal New Starts funding. It is a one-station extension.

The financial analysis demonstrates that VTA is projected to have the financial capacity to construct and operate a BART extension to Milpitas by 2018 without Federal funding support from the Section 5309 New Starts transit capital grant program.

ASSUMPTIONS

This analysis applies the following recently-updated data:

- The SVRT 65-percent design cost estimate
- A revised economic projection produced February 23, 2009 by Moody's Economy.com, which contains revised inflation rates, interest rates, and sales tax revenues projections
- The updated VTA Capital Improvement Program, as approved by the VTA Board in January 2009 and published in the agency's latest Short-Range Transit Plan (SRTP)

In addition, the Measure A program (including the SVRT project) is sized only to fund budgeted near-term capital expenditures (FY10 and FY11) and the following projects beyond FY11 (with total expenditures through project completion provided in year-of-expenditure (inflated) dollars):

- SVRT to Milpitas ($2,650.0 million through FY19)
- BRT in the Downtown-East Valley Santa Clara-Alum Rock corridor ($137.4 million through FY13)
- Caltrain South County ($43.2 million through FY12)
- Caltrain Electrification ($20.8 million through FY14)

The revised forecast reflects grant funding for these projects from other (non-Measure A) funding sources as appropriate. No other Measure A projects are explicitly funded in this scenario.

Since Federal New Starts grant funding is not assumed, this scenario ***does not*** apply sales tax revenue from Measure B, a ⅛-cent countywide sales tax fully dedicated to BART O&M and capital reserve contributions. Receipt of Measure B funds is conditioned upon receipt of a Full-Funding Grant Agreement from the Federal Transit Administration for the SVRT project.

This funding scenario applies the Base forecast of ancillary revenue. The revenue sources applied in the Base ancillary revenue forecast are summarized in Table 1.

Table 1. Revenues Applied in Ancillary Revenue Forecast

Revenue Source	Base Forecast
Joint Development	
VTA Light Rail Stations & Other Existing Properties	✓
Mitchell Block	✓
BART Stations*	Not Included
BART Station Parking Revenue*	✓
Automated Fare Collection Improved Fare Revenue	✓
Prop 1B State & Local Partnership Revenue	✓
North First Street Benefit Assessment District Revenue	Not Included

* Revenues applied only from BART stations assumed to be constructed in each alternative

In addition, this scenario tests the maximum permissible expenditure annually on capital and operating expenditures for out-year projects. These expenditures aim to fund additional projects on a cash (non-financed) basis once minimum fund balances have been exceeded. The projects funded by these expenditures are undefined or "to be determined" (TBD) in this analysis and could be spent on elements of Measure A not explicitly funded in this scenario, or other projects as defined and approved by the VTA Board over time. The amount and timing of out-year project expenditures are summarized in Table 2.

Table 2. Summary of Out-Year Capital Expenditures on "Other Projects TBD"

Funding Scenario	Out-Year Capital and Operating Expenditures			
	First Year Applied	**# of Years Applied**	**Annual Amt. (2007 $ Mil.)**	**Total Amount (2007 $ Mil.)**
Without New Starts Funding				
SVRT to Milpitas	2022	15	$48	$720

This amount represents the direct funding for capital and operations of other projects to be determined that VTA is projected to have the financial capacity to support with Measure A sales tax revenue. This amount could be leveraged through state and/or federal capital and/or operating grants. Applied to further extensions of SVRT project, it could be leveraged by a federal New Starts grant, which would enable Measure B's ⅛-cent sales tax revenue to fund SVRT operations.

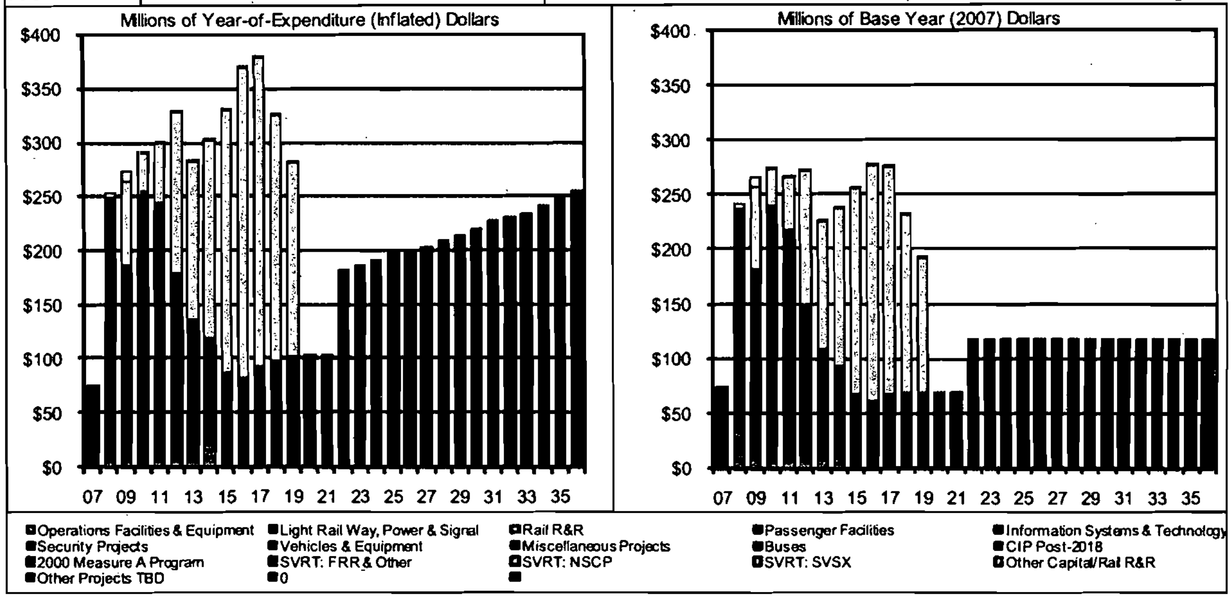
FINDINGS

The underlying assumptions and findings for this scenario are presented below.

- **Capital Project Commitments:** A bar chart summarizes annual capital expenditures in base-year (2007) and year-of-expenditure (inflated) dollars. Note the smoothed cash flow of the locally-funded phase of SVRT capital expenditures, which maintains an even level of annual investment in the project following completion of the segment to Milpitas.

- **Duration of Capital Expenditures:** A Gantt chart summarizes the annual expenditure and scheduled duration of expenditures for Measure A capital projects in base-year (2007) and year-of-expenditure (inflated) dollars.

EXHIBIT A-3	CAPITAL PROJECT COMMITMENTS ALL PROGRAMS	Silicon Valley Rapid Transit Project 1/8 Cent Additional Tax - SVRT to Milpitas without Federal Funding - Ba



2000 MEASURE A PROGRAM: DURATION OF CAPITAL EXPENDITURES BY PROJECT

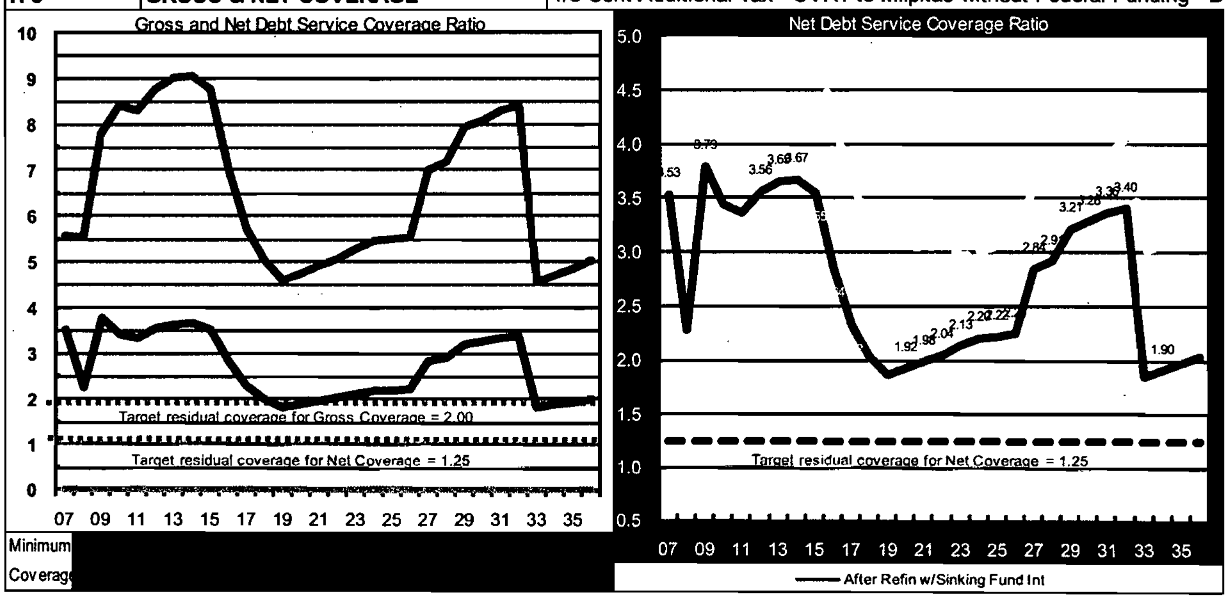
Scenario: 1/8 Cent Additional Tax - SVRT to Milpitas without Federal Funding - Base Revenue Forecast

In Fiscal Years	Capital Cost 2007$	Capital Cost YOE$	Total Years
Project Duration			
SVRTP (SVRT Project Alternative) to Milpitas	$ 1,339.3	$ 1,748.899	11
SVRT to Milpitas without New Starts Funding	$ -	$ -	
0	$ -	$ -	
Non-SVX Costs (FRR, NHY, MBP, pre-NEPA)	$ 850.5	$ 901.130	8
DTEV - LRT To Eastridge	$ -	$ -	
DTEV - SC/AR Enhanced Bus Only	$ 119.5	$ 137.406	4
DTEV - CELR Eastridge to Nieman	$ -	$ -	
Caltrain Service Upgrades - Phase I	$ -	$ -	
Caltrain Service Upgrades - Phase II	$ -	$ -	
Caltrain South Terminal	$ 11.0	$ 11.600	1
Caltrain South County	$ 38.7	$ 43.195	3
Caltrain Electrification	$ 16.8	$ 20.800	5
Caltrain Improvements/Electrification: SF to Tamien	$ -	$ -	
BART Warm Springs Extension	$ 14.7	$ 16.000	2
Dumbarton Rail	$ 0.2	$ 0.250	1
ACE Upgrade Phase I	$ -	$ -	
ACE Upgrade Phase II	$ -	$ -	
ACE Santa Clara Station	$ -	$ -	
New Rail Corridors Study	$ 1.1	$ 1.200	2
LRT Extension to Vasona Junction	$ -	$ -	
BRT: Line 22, Monterey, Stevens Creek, & SV/Cupertino	$ 9.9	$ 10.600	2
BRT Articulated Buses (40)	$ 40.7	$ 43.150	2
Mineta San Jose Airport People Mover - Near-Term Planning	$ -	$ -	
Mineta San Jose Airport People Mover - Construction	$ -	$ -	
Airport Rubber-Tire Connector	$ -	$ -	
Palo Alto Intermodal Center - Near-Term Planning	$ -	$ -	
Palo Alto Intermodal Center - Construction	$ -	$ -	
Highway 17 Bus Service Improvements	$ 2.4	$ 2.500	1
Zero Emission Buses (ZEBs and Facilities) 2010-2020	$ -	$ -	
Zero Emission Buses (ZEBs and Facilities) 2025-2035	$ -	$ -	
ZEB Demonstration Program	$ -	$ -	
Caltrain Safety Improvements	$ 22.9	$ 24.838	2
Other Measure A Projects TBD	$ 720.0	$ 1,312.303	15
LRT Systems Improvements	$ 4.6	$ 5.000	2
STIP Swap Projects	$ 17.5	$ 19.054	2
FY07, FY08 & FY09 Expenditures	$ 46.4	$ 47.535	3
70 Low-Floor LRVS	$ -	$ -	
TOTAL	$ 3,256.0	$ 4,345.5	

- **Debt Service Coverage Ratios:** A line graph summarizes the agency's net and gross debt service coverage ratios for all debt issues against all dedicated revenue sources. The coverage ratio is defined as the ratio of current year dedicated revenues and interest earned on debt service reserve funds divided by current year debt service payments. Simply stated, it is the minimum acceptable value in each year across the 30-year analysis period of the ratio of projected dedicated revenues divided by projected debt service. This is a conventional measure of financial feasibility. Higher values are better. The financial analysis assumed that revenues used to repay debt issued for implementation of the Measure A program were derived from dedicated funding sources. Under this financing structure, the following standards were observed:
  - *Gross Coverage:* Minimum debt service gross coverage ratio before operating subsidy needs: 1.3 for Measure A sales tax bonds and 3.0 for VTA 1976 ½-cent sales tax bonds
  - *Net Coverage:* Minimum debt service gross coverage ratio after operating subsidy needs for all measures: 1.25.

  To evaluate this scenario, we have presented the VTA agencywide gross and net debt service coverage ratios, which summarize the agency's solvency across all debt issues and dedicated revenue sources.

EXHIBIT **H-8**	**COVERAGE RATIOS** **GROSS & NET COVERAGE**	**Silicon Valley Rapid Transit Project** 1/8 Cent Additional Tax - SVRT to Milpitas without Federal Funding - B



This analysis demonstrates that VTA is projected to have the financial capacity to construct and operate a BART extension to Milpitas by 2018 without Federal funding support from the Section 5309 New Starts transit capital grant program. In addition, Measure A is projected to provide $720 million (in base year (2007) dollars) in funding for other undefined projects from 2022 through 2036.