

# **RAFT**

## Regional Alliance For Transit

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*Memorandum to the Contra Costa Transportation Authority*  
Agenda items 3.1 and 3.A.11, January 21<sup>st</sup> CCTA meeting

### **Executive Summary**

- I. BART asked MTC in December for permission to borrow to help pay for the BART extension in San Mateo County, but did not provide MTC the basic information it requested. The Commission did not approve BART's request.
2. BART has a history of underestimating project costs and the length of time from planning to completion. Both are material with the Millbrae extension.
  - 2a. If BART cannot pay for cost overruns on the San Mateo County extension, who will? MTC generally has required Contra Costa County to help underwrite BART.
  - 2b. The federal grant agreement will be breached if the Millbrae extension is not in service by September 2001.

BART's letter to the Authority about the financing of the Millbrae/San Francisco Airport extension has a promise that "the BART project poses no threat to projects being undertaken by local agencies such as the CCTA." **BART does not grasp the implications—to BART and to outside agencies—of the escalating costs and delays of the Millbrae extension.**

BART is correct that principal and interest payments on borrowed funds to build the Millbrae extension can be made with federal funds. However, BART neglects to note that the federal financial contribution to the project has been capped at \$750 million. If any funds are spent on debt service in excess of the budgeted \$24 million, it means there will be that much less money to actually build the project. **The needed extra funds will have to be taken from other agencies, such as the CCTA.**

In December, BART asked the Metropolitan Transportation Commission's Work Program Committee to allow a jointly owned financing entity to issue commercial paper to cover cash shortfalls on the Millbrae project. The Committee did *not* make a recommendation to the full Commission and asked that BART provide information about how much money it wants to borrow, how it will pay it back and how it proposes to pay the interest on the borrowed funds. **This basic information still has not been given to MTC.**

BART provides no information to support its assertion that BART extensions have been completed "on time and within budget." **A cursory review of newspaper stories may be of interest to the CCTA.**

## “...on time and within budget.”

Year	Promise	Reality
1990	Original rail cars have not been maintained and need to be rebuilt at a cost of \$319 million. The project will be finished by 2000. <i>San Francisco Chronicle</i> , August 8, 1990. Page A2.	The cost has risen to \$454 million and the project will be completed between 2003 and 2008, according to BART's 1997 <i>Capital Improvement Program</i> .
1990	With its new \$50 million automatic system, by the end of 1991 the average number of trains in each direction will increase by 53%, <i>from 17 per hour to 26</i> . <i>San Francisco Chronicle</i> , March 7, 1990. Page A5.	BART's 1997 <i>CIP</i> claims a new, \$61 million <i>to-be-installed</i> AATC will increase trains <i>from 17 per hour to 30</i> .
1988	BART moves forward on three East Bay extensions. The West Pittsburg extension is estimated to cost \$425 million. The <i>combined</i> cost of the extensions to Warm Springs and Dublin is given as \$602 million. <i>San Francisco Chronicle</i> , March 25, 1988. Page A1.	The extension to West Pittsburg cost more than \$505 million. Dublin <i>by itself</i> cost over \$515 million, and estimates BART prepared in 1997 for the Warm Springs extension show it will cost over \$700 million.
1988	The San Francisco Airport extension is approved by MTC. BART's cost estimate is \$590 million. <i>San Francisco Chronicle</i> , March 25, 1988. Page A1.	BART now estimates the extension will cost \$1,167 million. This estimate does not include last month's cost overruns, which amount to more than \$100 million.

Has MTC decided which agencies will be required to cover cost overruns on the Millbrae extension? **Current practice with the AATC project suggests the Authority will be made a guarantor of the extension, too.**

What exactly is the current AATC project? What happened to BART's promise that there would be an increase in trains per hour from 17 to 26—by 1991? Is the 1998 project the same thing as the 1991 project? How much has been spent on train controls since 1990? **Is there an end in sight to calls for more money?**

The Millbrae extension has the same features as the AATC. The real costs appear to be materially greater than estimated; the CCTA may find itself having to cover financial shortfalls; and **no limits are in place on the Authority's financial exposure.**

Lastly, there is the matter of how long it may take to open the Millbrae extension to revenue service. The federal "Full Funding Grant Agreement" requires revenue operation to begin on or before September 30, 2001. The language of the agreement on this issue is clear:

The (Revenue Operation Date) is a significant term of this Agreement. The Grantee's failure to achieve the operational functions of the Project on or before the ROD will constitute a breach of this Agreement...

What will happen if the Millbrae extension is not in service by the ROD is unclear. The government could grant a waiver. Or it might not. In this case, BART would have an unfinished project on which it has borrowed tremendous sums and future federal funding to repay the debt would be in question. Money would then have to be found elsewhere. Is it possible, given the delays with completing its other extensions, that the Millbrae extension will be operating in less than four years?