

Measure A Program Strategy

Board Workshop

December 11, 2008



The Good News

Measure B – 66.78%

Measure C – 69.53%

Measure D – 63.97%

Also:

- High Speed Rail Proposition 1A passed
- Changes in the federal administration
- Reauthorization of federal transportation bill
- Desire to invest in infrastructure

Recap of April 2008 Workshop

- Measure A Program did not have enough revenues to complete all projects
- Financial environment has deteriorated dramatically since April

Current Financial Environment

Financial crisis on a local, state, national and international level

- Collapse of financial institutions
 - Lehman Brothers
 - Bear Stearns
 - Merrill Lynch
 - Freddie Mac and Fannie Mae
 - AIG

- Recession declared

- Credit markets frozen

- Sales tax revenues declining

Current Financial Environment

- Market Indicators S&P 500 down 39.5% in FY 2009
- Unemployment Santa Clara County 6.9%
- Car Sales U.S. New Car Sales down 16.3%
- Sales Tax >2.7% Decline FY 2009 (early forecast)
- GDP Gross Domestic Product fell 0.3%

Implications of Current Environment for VTA

- More challenges to forecast long-term financial outcomes
- Since short-term revenues are more certain, align Measure A Plan with two-year capital and operating budget
- Limit borrowing in the near-term
- Develop projects to a state of readiness before committing to construction
- Recognize obligations incurred to date
- Be ready to take advantage of additional funding opportunities

Funds Available as of June 30, 2008

\$ Millions

Cash and investments	\$279.5
Receivables	\$80.2
Less: Liabilities	
Accounts payable	(\$18.7)
Due to other agencies (Prop 1B Advances)	(\$19.9)
Current portion of debt	(\$5.6)
Total Available Funds	<u>\$315.5</u>
Less Designated for:	
Unexpended local portion of capital budget	(\$125.0)
Debt Reduction	<u>(\$73.3)</u>
Measure A Balance (undesignated) as of June 30, 2008	\$117.2

Board Approved Outstanding Obligations

\$ Millions

Debt Service (2009-2036)		
Measure A bonds	\$738	
VTA bonds	<u>\$265</u>	\$1,003
Local Share of Approved Capital Projects		
Unexpended local portion as of 6/30/08	\$125	
Local portion of FY09 budget	<u>\$232</u>	\$357
Others – Swap funds obligated by Board to CM&H Projects		<u>\$48</u>
TOTAL OBLIGATIONS		\$1,408

Plus: Operating assistance approximately \$30M annually (18.5% of sales tax)

Recommended Approach

Near-term focus recognizing long-term commitments

- Develop two-year capital budget to move Measure A projects forward with available funding
- Recognize financial obligations of the program
- Review Program of Projects for revenue needs and funding opportunities

Recommended Strategy for Measure A Planning and Budgeting

1. Development of a two-year capital program for Measure A
2. Accounting for obligated Measure A funds
3. Review of Program of Projects

Measure A Plan

Two-year
Capital Budget
for Measure A
Projects

Obligated
Measure A
Funds

Program of
Projects

Project Updates

BART

- 65% design complete in January 2009
- FRR work proceeding, first contract out to bid
- EIS under federal review
- New Starts reports/submittals underway

Caltrain

- Modernization Program in planning (\$1.5 billion)
- Palo Alto/California Ave. stations under construction
- Safety improvements moving forward
- South County double-track out to bid

Project Updates

LRT

- Eastridge design 95%
- Updated appraisals, due in April 2009
- Vasona – design/build potential
- Ridership does not meet Transit Sustainability Policy

BRT

- Santa Clara/Alum Rock EIR
- Infrastructure bonds committed to project
- Strategic Plan underway

Going Forward

BART
is the Priority Project
in the Measure A Program

Moving Projects Forward

- BART extension
 - New Starts Candidate Project Funding Plan
 - \$16 million State Local Partnership/Match to BART WSX
 - Environmental Approvals
 - Federal Funding Program Submittals

- Caltrain
 - Safety Improvements
 - Santa Clara Station (\$10 million) - ACE
 - San Jose Diridon Station (\$1.6 million)
 - South County Double Track
 - Electrification/Modernization – Coordination with High Speed Rail

Moving Projects Forward

- **Bus Rapid Transit (BRT)**
 - Downtown East Valley/Alum Rock EIR & PE
 - BRT Strategic Plan
- **Highway 17 Service**
 - Purchase new buses
- **LRT Extensions: Eastridge and Vasona**
 - Pursue economic stimulus funds
- **Airport People Mover**
 - City of San Jose looking for public private partnership options
- **Palo Alto Transit Center**
 - Coordination with High Speed Rail
- **Dumbarton Rail**
 - Region resolving project definition and funding

Upcoming Board Actions

January 2009

- Approval of BART funding plan for Warm Springs Extension to proceed
- Approval of \$16 million SLPP/Match to Warm Springs Extension
- Approval of \$12 million funding for Santa Clara and San Jose Diridon Caltrain stations and Caltrain planning

February 2009

- Advisory committees review two-year Measure A Capital budget for FY 10 and FY 11
- Board Workshop on two-year Measure A capital budget for FY 10 and FY 11

April 2009

- Board discussion of FY10 and FY 11 biennial VTA operating and capital budget

June 2009

- Adoption of biennial budget