

Bay Area Rapid Transit District (BART) Extension
to San Francisco International Airport

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PASSED BY

Memorandum of Understanding

RESOLUTION G-98-13



- 1.1 WHEREAS this Memorandum of Understanding (MOU) between the Bay Area Rapid Transit District (BART), the California Transportation Commission (CTC) and the Metropolitan Transportation Commission (MTC) sets forth the terms and conditions by which up to \$57.5 million will be provided to BART for the San Francisco International Airport (SFO) Extension, and
- 1.2 WHEREAS the construction of this project will provide a vital transportation link to the second largest international airport in the State by connecting the 104-mile, four-county BART system and the 77-mile, three-county Peninsula commuter rail system, Caltrain, to the San Francisco International Airport (SFIA) and to each other, and
- 1.3 WHEREAS, the project will also provide access to SFIA from the Capitol Corridor, the intercity rail route between Sacramento and San Jose, and
- 1.4 WHEREAS CTC, BART, and MTC have been partners in the delivery of the BART rail expansion program since 1988 of which this \$1.2 billion extension to San Francisco International Airport is a major element, and
- 1.5 WHEREAS this project meets the State Transportation Improvement Program (STIP) Interregional Program (ITIP) objectives by establishing a direct connection to the San Francisco International Airport, which provides a major gateway to the Pacific Rim, and
- 1.6 WHEREAS, with the addition of a BART station at the airport, the Bay Area Region will join the ranks of other world class cities whose international airports are well served by direct transit access such as: New York, London, Paris and Tokyo, and

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- 1.7 WHEREAS in 1988, the CTC committed up to \$248 million in State funds to help BART fund its Bay Area rail extensions and by 1992 the CTC had increased the State's long-term commitment up to \$536 million, and
- 1.8 WHEREAS BART has completed rail extensions from San Francisco to Colma, Concord to North Concord/Martinez, North Concord/Martinez to Pittsburg/Antioch, and Bayfair (San Leandro) to Dublin/Pleasanton, and
- 1.9 WHEREAS BART requested \$57.5 million in 1998 STIP interregional programming to fund capital improvements and to replenish the SFO extension contingency budget, and
- 1.10 WHEREAS capacity remains in the CTC's current \$536 million funding commitment to accommodate these actions, and
- 1.11 WHEREAS there is recognition by the State that large complex transit projects are just as likely as state highway projects to encounter economic uncertainties that threaten project delivery, the CTC, as a project funding partner, is willing to assist in solving project funding shortfalls that threaten timely project delivery, and
- 1.12 WHEREAS Federal Transit Administration (FTA) awarded BART a Full Funding Grant Agreement (FFGA) in June 1997 and BART has developed a Financial Plan, using a combination of local, State and Federal funds to fund and finance the cost of the SFO Extension, and
- 1.13 WHEREAS the Finance Plan has been deemed adequate and has been approved by the FTA, and
- 1.14 WHEREAS the booming economy in the Bay Area has generated explosive construction growth over the past few years resulting in reduced competition due to the demand for construction contractors. The two largest construction contracts for the project were awarded in February, 1998 by redirecting funds within the project budget and by adding local funds to supplement the budget. A need for \$57.5 million in additional funding was determined through the FTA Finance Plan Update to be necessary to restore the project budget shortfalls and support award of the remaining two station contracts,

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- 1.15 WHEREAS contingencies have been already required for the award of the first two construction contracts by committing approximately \$23 million in locally controlled funds and by redirecting project funds budgeted to other project elements, resulting in a \$57.5 million shortfall in the overall project budget and associated contingencies, and
- 1.16 WHEREAS FTA requires replenishment of these contingencies, and
- 1.17 WHEREAS the project is held by the CTC as vital to the State and regional economy and could be jeopardized without the State's participation as project funding partners in resolving funding shortfalls;
- 2.0 NOW THEREFORE BE IT RESOLVED that the CTC, MTC and BART find it within the State and Regional interests to participate in addressing additional project capital costs that have or may become manifest for the extension of BART to SFO, and
- 2.1 BE IT FURTHER RESOLVED that CTC will program \$11 million within the ITIP included in the 1998 STIP to address demonstrated capital requirements, and the parties signing this MOU commit to participate in up to \$46.5 million in additional capital costs, should they become manifest, contingent on local participation as described below, and
- 2.2 BE IT FURTHER RESOLVED that to address replenishment of the FTA required contingency, the CTC will set up a contingency fund for the SFO Extension equal to \$33 million, to be drawn from the Economic Contingency Reserve (ECR) in the 1998 STIP Fund Estimate, and
- 2.3 BE IT FURTHER RESOLVED that because the ECR is outside of the STIP, the commitment of these funds will take the form of a separate "master" allocation action to this MOU on the part of the CTC, to be noticed in July and approved in August 1998. Access to these funds will be conditioned on demonstration of actual and projected cost increases over and above the current budget line items listed in Attachment A, including differentials in budgeted vs. costs yet to be bid/obligated on the construction and vehicle procurement contracts, right of way acquisition, and/or change orders on the already awarded construction contracts, and

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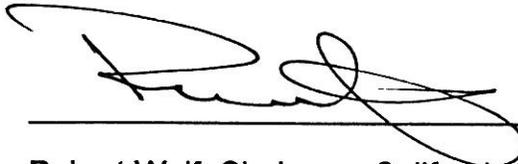
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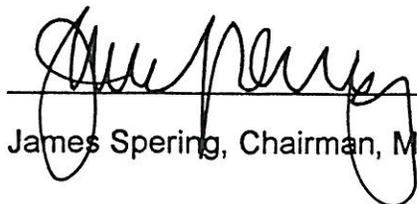
- 2.4 BE IT FURTHER RESOLVED that none of these state funds drawn from the ECR will be used for debt financing, and
- 2.5 BE IT FURTHER RESOLVED that a Fund Transfer Agreement Amendment will be established to guide reimbursements against the master contingency allocation, to stipulate that actual and projected cost increases will be documented and therefore eligible for reimbursement as these cost increases arise incrementally through the life of the project, and
- 2.6 BE IT FURTHER RESOLVED that any cost savings accrued by the completion of the project will first return to the State Highway Account, up to but not to exceed \$33.0 million.
- 2.7 BE IT FURTHER RESOLVED, additional local and regionally controlled funds, approximately \$13.35 million, will be provided if federal New Rail Starts funding is appropriated at a slower rate than anticipated in the Full Funding Grant Agreement. Cash flow analyses prepared by BART for the project indicate that these additional funds will begin to be needed in fiscal year 2002. Funds for this purpose shall come from the following sources in the following order: project cost savings in addition to the amounts available under paragraph 2.6, local funds available to BART for this purpose, and other funds for which the project is eligible and which may be made available through MTC. Programming of these funds would be made through the FY 2001/02 Federal Transportation Improvement Program (TIP), which is the action that governs this time frame.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be authorized by a majority vote of the BART Board of Directors, a majority vote of MTC, and a majority vote of CTC and signed by the respective Chairman/President of each Board as of the dates indicated below.

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_____ Date: 7-15-98
Robert Wolf, Chairman, California Transportation Commission


_____ Date: 6-24-98
James Spering, Chairman, Metropolitan Transportation Commission


_____ Date: 6/24/98
James Fang, President, Bay Area Rapid Transit District

BART - SAN FRANCISCO INTERNATIONAL AIRPORT EXTENSION PROJECT

ATTACHMENT A

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Line Item	FFGA Budget	Revised FTA Budget	Notes
1 Construction			
12YU-110 - Site Prep	\$ 15,000,000	\$ 10,000,000	
12YC-120, Line, Trackwork, and Systems	\$ 410,000,000	\$ 511,500,000	
12YS-120, South San Francisco	\$ 33,000,000	\$ 30,000,000	Economic Contingency Reserve eligible, STIP / ITIP eligible
12YS-130, San Bruno	\$ 35,000,000	\$ 34,000,000	Economic Contingency Reserve eligible, STIP / ITIP eligible
12YS-140, Millbrae	\$ 61,000,000	\$ 70,500,000	
Project contingency	\$ -	\$ 33,000,000	Economic Contingency Reserve eligible, STIP / ITIP eligible
subtotal construction	\$ 554,000,000	\$ 689,000,000	
2 Revenue Vehicles	\$ 100,000,000	\$ 100,000,000	Economic Contingency Reserve eligible
3 Third Party Contracts	\$ 116,000,000	\$ 116,000,000	
4 Insurance	\$ 25,000,000	\$ 24,000,000	
5 Force Account	\$ 3,000,000	\$ 3,000,000	
6 Right-Of-Way	\$ 113,000,000	\$ 108,500,000	Economic Contingency Reserve eligible
7 Finance	\$ 24,000,000	\$ 27,147,000	
8 Project Administration	\$ 39,000,000	\$ 39,000,000	
9 Project Contingency	\$ 80,000,000	\$ -	
Subtotal Project	\$ 1,054,000,000	\$ 1,106,647,000	
Appropriations risk contingency	\$ -	\$ 13,353,000	Local contingency funds
Total Project Cost	\$ 1,054,000,000	\$ 1,120,000,000	

Revenues

Previously identified	\$ 1,062,500,000	\$ 1,062,500,000
* Economic Contingency Reserve	\$ -	\$ 33,000,000
STIP / ITIP	\$ -	\$ 11,000,000
Local Contingency Funds	\$ -	\$ 13,500,000
Total Project Revenues	\$ 1,062,500,000	\$ 1,120,000,000

*Per Section 2.3 of the MOU between BART, CTC and MTC, access of these funds to BART from Caltrans will be subject to demonstration increases over and above the current budget line items listed above, including differentials in budgeted vs. costs yet to be bid/obligated on the construction and vehicle procurement contracts, right of way acquisition, and/or change orders on the already awarded construction contracts.