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Attorneys for Defendants
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY, CHRISTINE MONSEN, TESS LENGYEL, and ANEES AZAD

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ALAMEDA

SHERMAN LEWIS, an individual; ROY NAKADEGAWA, an individual; and TRANSPORTATION SOLUTIONS DEFENSE AND EDUCATION FUND, a California non-profit public benefit corporation,

Plaintiffs,

vs.

METROPOLITAN TRANSPORTATION COMMISSION, a California state commission; STEVE HEMINGER, Executive Director of Metropolitan Transportation Commission; BRIAN MAYHEW, Chief Financial Officer of Metropolitan Transportation Commission; BAY AREA TOLL AUTHORITY, a California State Commission; ANDREW B. FREMIER, Deputy Executive Director of Bay Area Toll Authority; ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY, a local government entity; CHRISTINE MONSON, Executive Director of Alameda County Transportation Improvement Authority; TESS LENGYEL, Programs and Public Affairs Manager for Alameda County Transportation Improvement Authority; ANEES AZAD, Finance and Administration Manager for Alameda County Transportation Improvement Authority; and DOES 1 through 10, inclusive ,

Defendants.

Case No. RG-09438262

DECLARATION OF CAROLYN GONOT IN SUPPORT OF DEFENDANTS' OPPOSITION TO MOTION FOR PRELIMINARY INJUNCTION

Date: March 20, 2009
Time: 9:00 a.m.
Dept: 31
Judge: Hon. Frank Roesch

Reservation No. 919734

I, Carolyn Gonot, declare as follows.

1. I am the Chief SVRT Program Officer for the Santa Clara Valley Transportation Authority ("VTA"), the public agency in Santa Clara County responsible for transit operations, transportation planning and programming, and transportation project implementation. I have held this position since July 2007. I have been with VTA over 12 years in management capacities. As part of my duties in this capacity, I am responsible for planning and programming activities related to delivering BART in the Silicon Valley Rapid Transit corridor.

The following facts are within my personal knowledge and if called upon as a witness, I could and would testify competently thereto.

2. Measure A, passed in November 2000, with over 2/3 of the voters of Santa Clara County. This Measure provides funding for a set of projects and programs including BART into Milpitas, San Jose, and Santa Clara. Measure A provided for collection of a 1/2-cent sales tax beginning on April 1, 2006 and ending on March 31, 2036. Measure A did not allocate specific levels of funding for the projects and programs. Measure A passed by a 70.3 percent majority vote. Measure B passed in November 2008 and provides for collection of 1/8-cent sales tax beginning when federal and state funding commitments for the BART project are met and extending for 30 years. It is specific to BART operations and maintenance of the extension into Santa Clara County. Measure B passed by more than a 2/3 majority vote at 66.8 percent.

3. The total project cost for BART is estimated at approximately $6 billion in 2008 dollars based on preliminary 65-percent design level engineering cost estimates for project construction. Local sales tax through 2000 Measure A and other local sources would contribute 77%, the State of California would contribute 11% and federal grants would provide the remaining 12% of the funding. The entire project extends from the future Warm Springs station in Fremont to a station near the Santa Clara Caltrain station.

4. As part of its pledge to bring BART to Santa Clara County, on January 8, 2009, the VTA Board of Directors reaffirmed VTA's commitment to the Silicon Valley Rapid Transit Corridor project, and approved a funding plan to assure an operable BART segment into Santa Clara County. A true and correct copy of the staff report regarding the commitment and funding plan, is attached as **Exhibit A.** To date, VTA has expended over $540 million on the SVRT project for corridor right-of-way, planning and engineering activities, and utility relocation.

5. VTA is pursuing $750 million of federal New Starts program funding for a two-station extension south of the Fremont Warm Springs Station. The first station will be in Milpitas, and the second will be in the Berryessa area in east San Jose.

6. Regardless of whether VTA is able to secure federal New Starts funding for the Silicon Valley Rapid Transit Corridor BART project, there is sufficient Measure A and state funding to construct and operate a BART extension into Santa Clara County. The technical memorandum by AECOM Consult, attached as **Exhibit B**, sets forth an analysis demonstrating the ability for VTA to construct and operate a one-station BART extension to the City of Milpitas without federal funding.

I declare under penalty of perjury of the laws of the State of California that the foregoing is true and correct. Executed on this 7th day of March 2009 at Oakland, California.

Carolyn Gonot

Carolyn Gonot

Wendel, Rosen, Black & Dean LLP
1111 Broadway, 24th Floor
Oakland, CA 94607-4036

EXHIBIT A

Revised Agenda Item 20

SANTA CLARA Valley Transportation Authority

Date: January 15, 2009
Current Meeting:January 8, 2009
Board Meeting:January 8, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

THROUGH: General Manager, Michael T. Burns

FROM: Chief SVRT Program Officer, Carolyn M. Gonot

SUBJECT: Silicon Valley Rapid Transit Funding Plan for an Operable BART Segment

Policy-Related Action: Yes **Government Code Section 84308 Applies: No**

ACTION ITEM

RECOMMENDATION:

Reaffirm the Board's commitment to the Silicon Valley Rapid Transit Corridor project (BART to Milpitas, San Jose, and Santa Clara); and approve a funding plan (Exhibits C and D) for an operable BART segment into Santa Clara County as an assurance for the BART Warm Springs Extension project.

BACKGROUND:

The BART Warm Springs Extension project is a 5.4-mile project that extends from the Fremont BART Station to southern Fremont. The Warm Springs Extension would run under Lake Elizabeth in Fremont Central Park and then run along the Union Pacific Railroad Corridor to the Warm Springs Station (shown in Exhibit A). The project cost is estimated at $890 million (in year of expenditure dollars). The first phase of construction, the subway box construction under Lake Elizabeth, is ready for advertisement in February 2009. The project is expected to be open for revenue service in 2014.

On September 24, 2008, the Metropolitan Transportation Commission (MTC) approved the Resolution 3434 2008 Strategic Plan, which included a funding strategy to close the funding shortfall for the BART Warm Springs Extension project. The BART Warm Springs Project is funded by a number of agencies. The Resolution 3434 Strategic Plan identifies the following funding partners: BART, MTC, Alameda County Transportation Improvement Authority (ACTIA), Alameda County Congestion Management Agency (ACCMA), and VTA.
The MTC contribution of funds requires three conditions be met:

1. BART contributes an additional $24 million;

2. Alameda and Santa Clara Counties contribute $30 million and $16 million, respectively, from Proposition 1B State Local Partnership Program proceeds; and

3. VTA's Board commits to a full funding plan for an operable BART segment in Santa Clara County.

In addition, ACTIA's Measure B funds are conditioned in that "funds for construction of the BART rail extension to Warm Springs in Southern Fremont may not be used until full funding for the rail connection to Santa Clara County is assured."

To meet the conditions for fully funding the Warm Springs Extension, VTA is required to take two actions: 1) Approve a full funding plan to build and operate a BART extension in Santa Clara County; and 2) Approve the SLPP contribution and its matching funds of $16 million. This memorandum and associated action addresses the first condition. A separate memorandum will address the SLPP contribution.

DISCUSSION:

The extension of BART into Santa Clara County is a priority of the VTA Board and VTA has the financial capacity to build and operate an extension of BART. For the purpose of meeting the conditions on the Warm Springs Extension revenue, VTA staff has developed a funding plan for an operable BART segment in Santa Clara County, a two-station extension to the east San Jose Area near Berryessa Road (Exhibit B). Although the funding plan only includes a segment of the BART extension in the Silicon Valley Rapid Transit Corridor, VTA is committed to the full BART project to downtown San Jose and the Santa Clara Station.

The proposed funding plan for the operable BART segment will also be included in the federal Draft Environmental Impact Statement (EIS) planned for public comment in the January/February 2009 timeframe. The segment and related financial analysis will also be submitted for the Federal Transit Administration's annual New Starts report next year.

As shown in Exhibit C, VTA has developed a funding plan that includes three key capital funding sources: (1) local 2000 Measure A sales tax, (2) state Traffic Congestion Relief Program funds, and (3) federal Section 5309 New Starts funds. The 2008 Measure B revenues would fund the operating and maintenance costs of the extension. The memorandum to the Board of Directors dated August 4, 2008 provides the summary analysis of the revenue and costs for the on-going operating and maintenance of the SVRT project (Exhibit D).

ALTERNATIVES:

The Board could choose not to approve a funding plan for an extension of BART into Santa Clara County. This alternative would jeopardize funding for the BART to Warm Springs Extension, and could result in delay and increased costs.

FISCAL IMPACT:

The approval of a funding plan for an operable BART segment does not have a fiscal impact at this time. Subsequent Board actions would be needed to allocate and budget funds towards the SVRT activities.

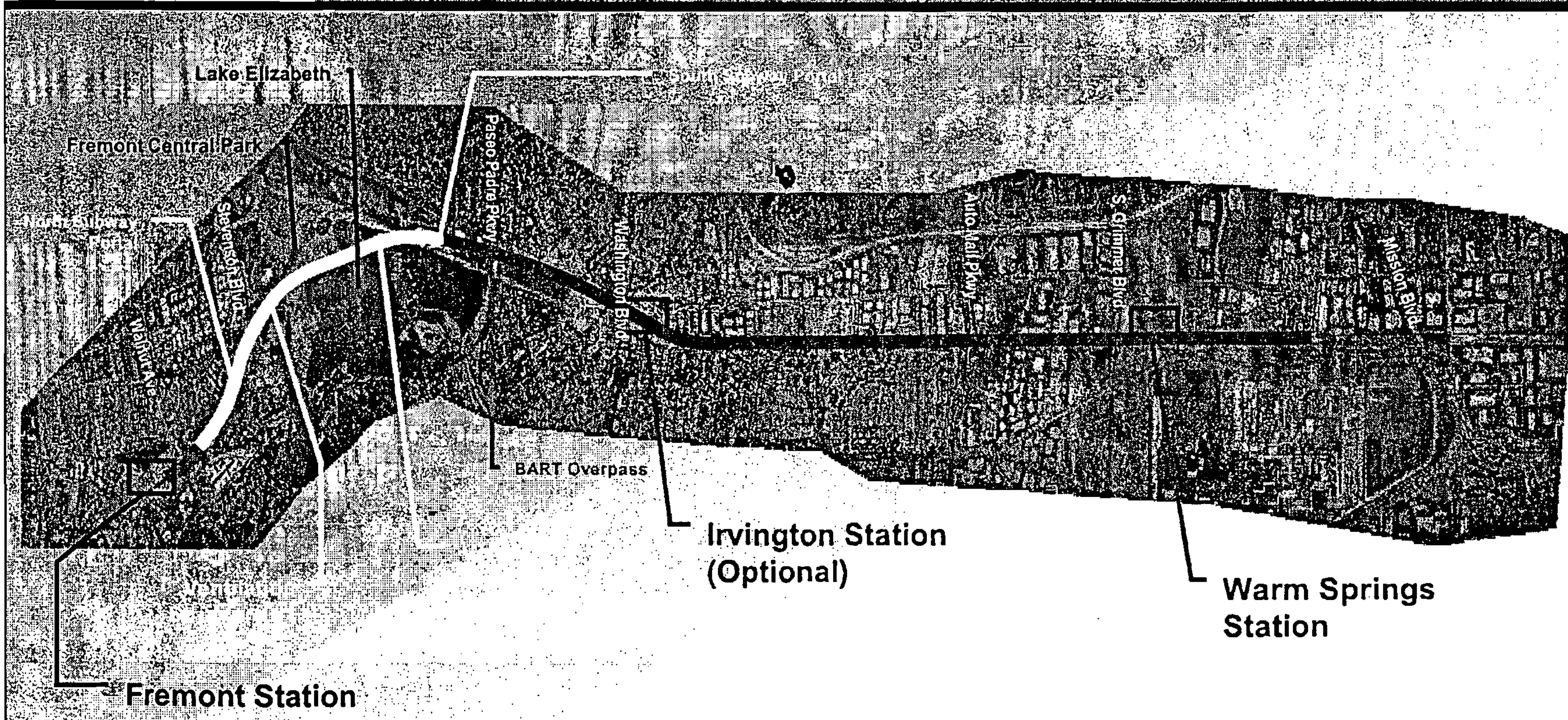
STANDING COMMITTEE DISCUSSION/RECOMMENDATION:

The Administration and Finance Committee heard a presentation from staff about the BART Warm Springs Extension project and the board actions and commitments required from VTA to move the project into construction in mid-2009. The staff explained that the funding plan in Exhibit A was for the New Starts segment of the Silicon Valley Rapid Transit Corridor Project. The committee voted unanimously to approve the funding plan for the New Starts segment as an assurance for the BART to Warm Springs Extension project.

Prepared by: Carolyn M. Gonot

EXHIBIT A

WSX Project Alignment



Yellow: Fremont Central Park Subway Construction Only Contract

Blue: Line, Track, Station and Systems Design – Build Construction Contract

Red: BART Overpass (City of Fremont Grade Separation Project)

EXHIBIT B

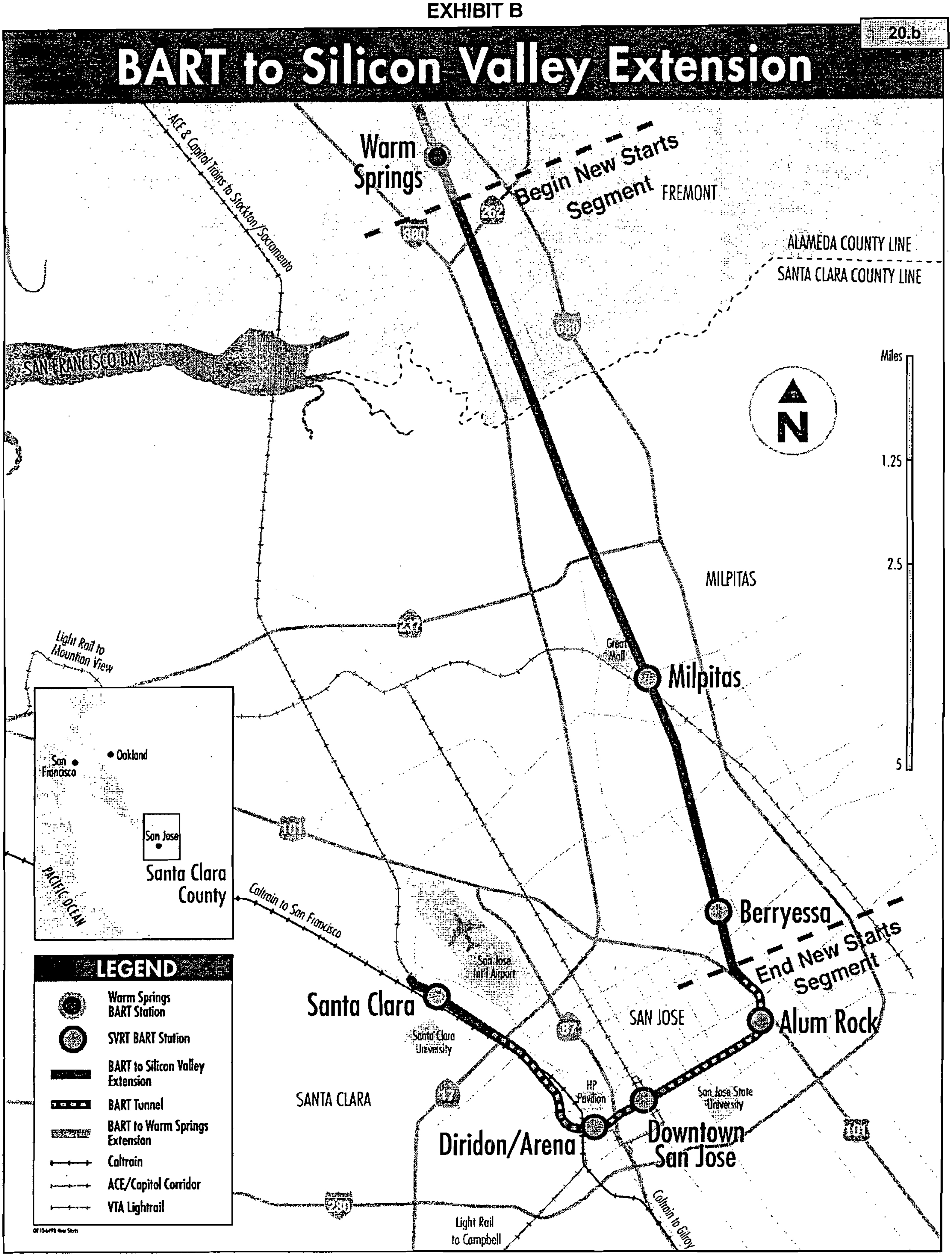

20.b
BART to Silicon Valley Extension
ACE & Capitol Trains to Stockton/Sacramento
Warm Springs
Begin New Starts Segment
FREMONT
ALAMEDA COUNTY LINE
SANTA CLARA COUNTY LINE
SAN FRANCISCO BAY
Miles
1.25
2.5
5
MILPITAS
Great Mall
Milpitas
Light Rail to Mountain View
San Francisco
Oakland
San Jose
PACIFIC OCEAN
Santa Clara County
Caltrain to San Francisco
Berryessa
End New Starts Segment
San Jose Int'l Airport
Santa Clara
Santa Clara University
SAN JOSE
Alum Rock
SANTA CLARA
HP Pavilion
San Jose State University
Diridon/Arena
Downtown San Jose
Light Rail to Campbell
Caltrain to Gilroy
LEGEND
Warm Springs BART Station
SVRT BART Station
BART to Silicon Valley Extension
BART Tunnel
BART to Warm Springs Extension
Caltrain
ACE/Capitol Corridor
VTA Lightrail

EXHIBIT C

Sources of Capital Funding for New Starts Candidate Project (\$YOE in millions)

Funding Source	New Starts Candidate Project Funding	Percent of Total
VTA Local Sales Tax Measure A and Other[a]	$1,542.7	60.9%
State Traffic Congestion Relief Program[b]	$240.0	9.5%
Federal Section 5309 New Starts	$750.0	29.6%
TOTAL[c]:	**$2,532.7**	**100%**

Notes:

[a] "Other" includes possible state and local funds and potential joint development revenues that might replace Measure A funds.

[b] Total TCRP funds committed to the project are $648.6 million. Approximately $408.6 million of this total has either been expended or is programmed to be expended on engineering and environmental activities to date that are not included in the project costs listed in Table 9.2-2. See text for more detail.

[c] Measure A and TCRP funds also support the following past and existing commitments for related projects and other activities in the Silicon Valley Rapid Transit Corridor:

Pre-NEPA Engineering and Environmental Analysis	$ 413 million
Freight Railroad Relocation Activities	$ 231 million
Newhall Yard Acquisition and Maintenance	$ 42 million
Mitchell Block Acquisition and Maintenance	$ 39 million

Source: VTA, December 2008

20.d

EXHIBIT D

SANTA CLARA
Valley Transportation Authority

MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

FROM: Michael T. Burns
General Manager Michael T. Burns

DATE: August 4, 2008

SUBJECT: BART Operating Subsidy

This memorandum summarizes and presents the analysis that calculates the operating subsidy amount and demonstrates that a 1/8-cent sales tax covers this expense. The purpose of the potential sales tax is to cover VTA's obligation to BART for the cost of operating the Silicon Valley Rapid Transit (SVRT) Project, also known as the BART Extension, in Santa Clara County. At my request our consultants, AECOM Consult, Inc., have provided us a detailed calculation updating the assumptions to give the most reliable estimate of the projected cost to operate and maintain the extension together with offsetting revenue. **Their detailed response indicates that the proposed ⅛-cent sales tax will cover our payment to BART for operations, maintenance, fixed overhead and future capital reserve contributions. The calculation shows a reserve at the end of 2036.** It is critical that VTA be able to meet this obligation without reducing our existing service or raising fares solely to support this effort.

The attached executive summary and technical memo from AECOM Consult describes the methodology for estimating these costs and offsetting revenue. This methodology complies with the 2001 Comprehensive Agreement between the VTA and BART in connection with the proposed Santa Clara County BART Extension. Also attached are brief bios of the AECOM employees who have done this analysis and a list of representative projects on which they have worked.

Please feel free to contact me or Carolyn Gonot, Chief SVRT Program Officer, at (408) 321-5623 if you have any questions or need further information.

Attachments (3)

Executive Summary

VTA SVRT Extension BART Subsidy Funding

VTA consultants and staff have examined the projected VTA subsidy for the Silicon Valley Rapid Transit Extension (SVRT) project and determined that the proposed ⅛-cent sales tax will be sufficient to fund the subsidy. This includes consideration of VTA responsibilities for direct Operating & Maintenance (O&M) costs, fixed overhead O&M costs, and VTA capital reserve contributions to BART and offsetting incremental passenger fare revenue.

The attached memo and appendix from AECOM Consult describes the methodology for estimating the projected operating costs, capital reserve contribution and revenue. This methodology is consistent with the 2001 Comprehensive Agreement between the VTA and BART in connection with the proposed Santa Clara County BART Extension.

In summary, the annual SVRT Extension O&M cost subsidy equals:

- **Net direct O&M cost of the SVRT Extension** - calculated as the BART systemwide direct O&M cost for the SVRT Project alternative minus the BART systemwide direct O&M cost for the Core System (the "No Build" alternative) without the SVRT Extension; PLUS
- **Allocation of BART fixed overhead O&M costs** - calculated on the basis of additional SVRT Project direct O&M costs relative to Core System direct O&M costs; MINUS
- **Net incremental BART systemwide passenger revenue** - for the SVRT Project alternative relative to the BART systemwide passenger revenue for the Core System.

In addition, VTA makes a capital reserve contribution, an annual deposit set aside to cover the capital expenses, equal to a percentage of SVRT Extension O&M costs which grows over time. This is specified in the VTA and BART Comprehensive Agreement.

The table below demonstrates that the projected amount of ⅛-cent sales tax revenue is sufficient to cover projected SVRT Extension O&M costs and the capital reserve contribution for the SVRT Extension through 2036. SVRT Extension O&M costs net of fare revenue are projected to total $1,224.2 Million. The capital reserve contribution is projected to total $560.1 Million. Therefore, total VTA SVRT Extension subsidy payments to BART are projected to total $1,784.3.0 Million. The ⅛-cent sales tax is projected to bring in $1,938.5 Million, a difference of $154.2Million.

Executive Summary

SVRT Extension Subsidy Calculation

SVRT Project - Millions of YOE$	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ANNUAL SUBSIDY												
SVRT Direct O&M Costs					$ (102.0)	$ (106.7)	$ (113.0)	$ (117.8)	$ (123.4)	$ (130.1)	$ (135.0)	$ (140.3)
SVRT Allocation of Fixed Overhead O&M Costs					$ (11.9)	$ (12.3)	$ (12.9)	$ (13.2)	$ (13.7)	$ (14.3)	$ (14.7)	$ (15.1)
Subtotal - SVRT O&M Costs					*$ (113.8)*	*$ (119.0)*	*$ (125.9)*	*$ (131.1)*	*$ (137.2)*	*$ (144.3)*	*$ (149.7)*	*$ (155.5)*
SVRT Incremental Fare Revenue					$ 65.0	$ 69.2	$ 74.2	$ 78.5	$ 83.4	$ 88.8	$ 93.7	$ 98.6
Total SVRT O&M Cost Net of Fare Revenue					$ (48.8)	$ (49.8)	$ (51.6)	$ (52.6)	$ (53.8)	$ (55.5)	$ (56.0)	$ (56.9)
SVRT Capital Reserve Contribution					$ (6.8)	$ (8.3)	$ (10.1)	$ (11.8)	$ (13.7)	$ (15.9)	$ (18.0)	$ (20.2)
Total SVRT Subsidy					$ (55.7)	$ (58.1)	$ (61.7)	$ (64.4)	$ (67.5)	$ (71.4)	$ (74.0)	$ (77.1)
ANNUAL TAX REVENUE												
1/8 cent Sales Tax Revenue	$ 50.6	$ 53.4	$ 56.5	$ 59.6	$ 61.1	$ 63.3	$ 66.6	$ 68.8	$ 71.5	$ 74.7	$ 76.5	$ 78.4
CASH BALANCE												
Annual Surplus (Deficit)	$ 50.6	$ 53.4	$ 56.5	$ 59.6	$ 5.4	$ 5.2	$ 4.9	$ 4.5	$ 4.0	$ 3.3	$ 2.5	$ 1.3
Prior Year Balance	$ -	$ 50.6	$ 104.0	$ 160.5	$ 220.1	$ 225.6	$ 230.7	$ 235.7	$ 240.1	$ 244.1	$ 247.4	$ 250.0
Cumulative Surplus/Deficit Without Interest	$ 50.6	$ 104.0	$ 160.5	$ 220.1	$ 225.6	$ 230.7	$ 235.7	$ 240.1	$ 244.1	$ 247.4	$ 250.0	$ 251.3
Interest on Prior Year Balance		$ 2.0	$ 4.2	$ 6.7	$ 9.3	$ 9.9	$ 10.5	$ 11.1	$ 11.8	$ 12.4	$ 13.0	$ 13.6
Cumulative Surplus/Deficit With Interest (at 4%)	$ 50.6	$ 106.0	$ 166.8	$ 233.1	$ 247.8	$ 262.9	$ 278.3	$ 293.9	$ 309.7	$ 325.4	$ 340.9	$ 356.9

SVRT Project - Millions of YOE$	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	SUM
ANNUAL SUBSIDY													
SVRT Direct O&M Costs	$ (147.6)	$ (153.1)	$ (160.3)	$ (167.8)	$ (174.9)	$ (181.4)	$ (190.1)	$ (197.0)	$ (205.1)	$ (214.1)	$ (218.6)	$ (226.0)	$ (3,204.4)
SVRT Allocation of Fixed Overhead O&M Costs	$ (15.8)	$ (16.2)	$ (16.7)	$ (17.3)	$ (17.9)	$ (18.4)	$ (19.0)	$ (19.5)	$ (20.1)	$ (20.8)	$ (21.0)	$ (21.5)	$ (332.3)
Subtotal - SVRT O&M Costs	*$ (163.3)*	*$ (169.2)*	*$ (177.0)*	*$ (185.2)*	*$ (192.8)*	*$ (199.8)*	*$ (209.1)*	*$ (216.6)*	*$ (225.3)*	*$ (234.9)*	*$ (239.6)*	*$ (247.5)*	*$ (3,536.7)*
SVRT Incremental Fare Revenue	$ 104.7	$ 109.7	$ 115.7	$ 122.1	$ 128.5	$ 134.4	$ 141.6	$ 147.7	$ 154.7	$ 162.0	$ 166.7	$ 173.4	$ 2,312.5
Total SVRT O&M Cost Net of Fare Revenue	$ (58.6)	$ (59.5)	$ (61.3)	$ (63.1)	$ (64.4)	$ (65.4)	$ (67.6)	$ (68.8)	$ (70.6)	$ (72.9)	$ (72.9)	$ (74.1)	$ (1,224.2)
SVRT Capital Reserve Contribution	$ (22.9)	$ (25.4)	$ (28.3)	$ (31.5)	$ (34.7)	$ (38.0)	$ (41.8)	$ (43.3)	$ (45.1)	$ (47.0)	$ (47.9)	$ (49.5)	$ (560.1)
Total SVRT Subsidy	$ (81.5)	$ (84.9)	$ (89.6)	$ (94.6)	$ (99.1)	$ (103.4)	$ (109.4)	$ (112.1)	$ (115.6)	$ (119.8)	$ (120.8)	$ (123.6)	$ (1,784.3)
ANNUAL TAX REVENUE													$ -
1/8 cent Sales Tax Revenue	$ 81.6	$ 83.6	$ 86.4	$ 89.5	$ 92.1	$ 94.2	$ 97.7	$ 100.4	$ 103.8	$ 107.7	$ 108.7	$ 111.8	$ 1,938.5
CASH BALANCE													$ -
Annual Surplus (Deficit)	$ 0.1	$ (1.4)	$ (3.2)	$ (5.1)	$ (7.0)	$ (9.2)	$ (11.7)	$ (11.7)	$ (11.8)	$ (12.2)	$ (12.2)	$ (11.8)	$ 154.2
Prior Year Balance	$ 251.3	$ 251.4	$ 250.0	$ 246.8	$ 241.7	$ 234.7	$ 225.5	$ 213.8	$ 202.1	$ 190.3	$ 178.1	$ 166.0	
Cumulative Surplus/Deficit Without Interest	$ 251.4	$ 250.0	$ 246.8	$ 241.7	$ 234.7	$ 225.5	$ 213.8	$ 202.1	$ 190.3	$ 178.1	$ 166.0	$ 154.2	
Interest on Prior Year Balance	$ 14.2	$ 14.8	$ 15.3	$ 15.8	$ 16.3	$ 16.6	$ 16.9	$ 17.1	$ 17.4	$ 17.6	$ 17.8	$ 18.0	$ 302.6
Cumulative Surplus/Deficit With Interest (at 4%)	$ 370.2	$ 383.7	$ 395.8	$ 406.5	$ 415.8	$ 423.2	$ 428.5	$ 433.9	$ 439.5	$ 444.9	$ 450.5	$ 456.7	$ 456.7

Note: Values are presented in year-of-expenditure (YOE) dollars. Inflation is based on projections for VTA by Moody's Economy.com, with special consideration of expenses for components of costs that inflation faster than the Consumer Price Index (e.g., wages & salaries, healthcare benefits, and electricity). This projection assumes that the 1/8-percent tax is implemented following award of a Full-Funding Grant Agreement with the Federal Transit Administration for the SVRT project in 2013 with revenues going into a dedicated SVRT O&M fund.

ESHIBIT B

AECOM

AECOM
3101 Wilson Boulevard, Suite 400, Arlington, Virginia 22201, USA
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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.

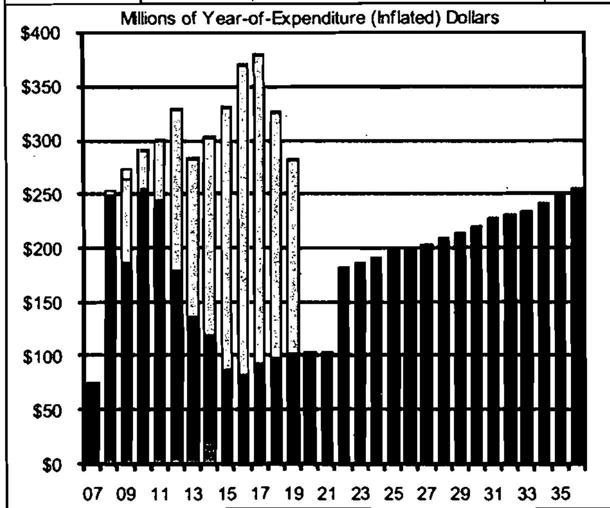
FINDINGS

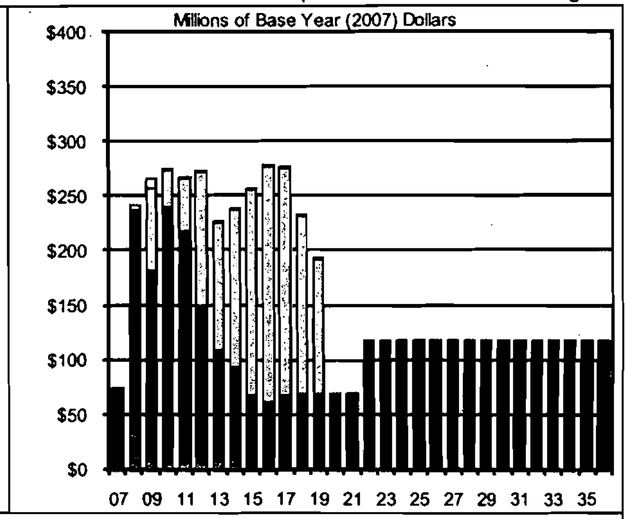
The underlying assumptions and findings for this scenario are presented below.

- **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





Operations Facilities & Equipment; Light Rail Way, Power & Signal; Rail R&R; Passenger Facilities; Information Systems & Technology; Security Projects; Vehicles & Equipment; Miscellaneous Projects; Buses; CIP Post-2018; 2000 Measure A Program; SVRT: FRR & Other; SVRT: NSCP; SVRT: SVSX; Other Capital/Rail R&R; Other Projects TBD; 0

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

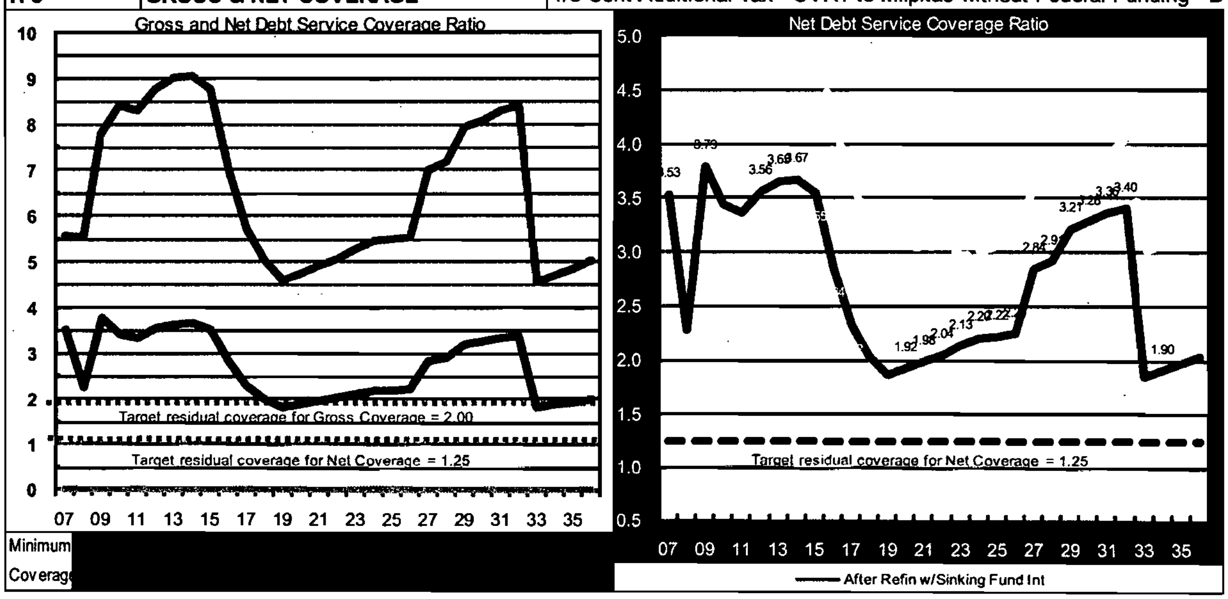
In Fiscal Years	Capital Cost 2007$	Capital Cost YOE$	Total Years
Project Duration			
SVRTP (SVRT Project Alternative) to Milpitas	$ 1,339.3	$ 1,748.899	11
SVRT to Milpitas without New Starts Funding	$ -	$ -	
0	$ -	$ -	
Non-SVX Costs (FRR, NHY, MBP, pre-NEPA)	$ 850.5	$ 901.130	8
DTEV - LRT To Eastridge	$ -	$ -	
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, Monterery, 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	

AECOM

- **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.