**Funding for the East Bay Bus Rapid Transit Project**

The following description of funding for the East Bay Bus Rapid Transit Project is excerpted from Chapter 8 of the *Draft Environmental Impact Statement/Report* (May 2007).

### 8.2.1 Committed Funding

At this time, $102.05 million in committed funding has been identified for the implementation of both Rapid Bus and East Bay BRT service, as shown in Table 8.2-1, below. Rapid Bus, which includes new express Route 1R and related capital and operating improvements within the project corridor, is an approved project already in implementation and consists of a subset of the components of the full BRT system, representing the best that can be done to improve corridor transit service without a major investment. For the purposes of this environmental document, and as a planned and programmed project, it is considered part of the No-Build Alternative. Of the total identified funding, $42.73 million has been committed to expenditures on Rapid Bus related items as well as BRT design and environmental studies, including $16.0 million on upgrading traffic signals and $16.7 million on purchasing buses. The remaining $59.32 million is available for the construction of the BRT system. Each of the identified sources of committed funding is described in the following sections.\(^1\)

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount ($2005 in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Measure 2 (Bridge Tolls)</td>
<td>$65.00</td>
</tr>
<tr>
<td>Alameda County Measure B (Sales Tax)</td>
<td>$20.23</td>
</tr>
<tr>
<td>CMA TIP</td>
<td>$9.39</td>
</tr>
<tr>
<td>Federal Grant</td>
<td>$2.73</td>
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<tr>
<td>Federal STIP</td>
<td>$2.70</td>
</tr>
<tr>
<td>SAFETEA-LU</td>
<td>$2.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$102.05</strong></td>
</tr>
</tbody>
</table>

### 8.2.1.1 NEW BRIDGE TOLL FUNDING (REGIONAL MEASURE 2)

San Francisco Bay Area voters approved Regional Measure 2 (RM-2) in March 2004. This measure, authorized by state statute SB 916, raised tolls on state-owned bridges in the San Francisco Bay Area by $1 in order to fund a variety of transportation projects.\(^2\) In addition to the approximately $65 million committed for the construction of the East Bay BRT system, a portion of the new funds is earmarked to support capital (buses and related equipment) and operating costs for several express bus routes and the East Bay BRT service. A small portion of these funds is for late night “owl” bus service between BART stations when BART trains do not run. This measure provides $1.2 million per year to operate the owl service.

### 8.2.1.2 ALAMEDA COUNTY HALF CENT SALES TAX (MEASURE B)

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\(^1\) It should be noted that the estimated total capital cost for the East Bay BRT Project is now $250 million. The DEIS/R stated that project capital costs would be between $350 million and $400 million.

\(^2\) A further increase of $1 in bridge tolls was authorized by state statute AB 144 in July 2005 to fund the San Francisco Bay Area’s ongoing toll bridge seismic retrofit program. The increase, which raised auto tolls to $4, went into effect January 1, 2007.
A half-cent sales tax for transportation projects was approved by Alameda County voters in 1986 for a period of fifteen years. While the initial Measure B program ended in 2002, voters authorized a new Measure B by a majority of over 80 percent in November 2000. This new measure went into effect in April 2002, and more than doubles the share of sales tax funds available to AC Transit to operate service, from 11 percent to approximately 23 percent. In addition, $20 million (2002 $) was allocated for corridor projects, most of which are related to implementing this BRT project. This program is administrated by the Alameda County Transportation Improvement Authority (ACTIA) and funds several roadway, transit and other transportation improvement projects in Alameda County.

8.2.1.3 ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY TIP
The Alameda County Congestion Management Agency (ACCMA) was created in 1991 by a jointpowers agreement between Alameda County and all its cities. The ACCMA disperses the proceeds of nine cents per gallon state fuel tax that was passed in 1990 to fund local, regional, and state transportation projects and services. Additional funding is derived from the Surface Transportation Program, the Congestion Mitigation and Air Quality (CMAQ) Program, and the Transportation Fund for Clean Air Program. The ACCMA may agree to provide AC Transit additional funding to cover the following items: • Two years (2007 and 2008) of maintenance and operations costs for signal connections for the San Pablo Avenue and the Telegraph Avenue/International Boulevard/East 14th Street Rapid Bus corridors.
• Construction management costs to keep Rapid Bus construction on schedule.
• Five years of maintenance costs for the four end-of-line, closed-circuit TV cameras being installed at AC Transit's request on both Rapid Bus lines.

8.2.1.4 FEDERAL GRANT
The federal government has provided a grant of $2.73 million for the study phase of the East Bay BRT Project and most recently $2 million in earmarked funds in the new SAFETEA-LU legislation (see below).

8.2.1.5 FEDERAL STIP
The California Federal Statewide Transportation Improvement Program (FSTIP) is a staged, multiyear, statewide, intermodal program of transportation projects that is consistent with the statewide transportation plan, metropolitan plans, Federal Transportation Improvement Programs (FTIPs) and related planning processes. The FSTIP is prepared by the California Department of Transportation in cooperation with the Metropolitan Planning Organizations (MPOs) and the Regional Transportation Planning Agencies (RTPAs). This program is funded through the federal gas tax.

8.2.1.6 SAFTEA-LU
Two earmarks for East Bay BRT Project implementation in Alameda County exist within the Bus and Bus Facilities line-item sections of SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Act—A Legacy for Users, August 2005), which authorized federally funded transit and highway programs for the period 2005 through 2009. Earmark 75 is for $418,000, while earmark 288 is for $1.672 million.

8.2.2 Potential Sources of Funding
Potential sources of funding for the remaining approximately $250 million to $340 million of East Bay BRT Project construction costs have been identified and include the following:

8.2.2.1 STATE INFRASTRUCTURE BOND
California voters in November 2006 authorized $19.9 billion in transportation infrastructure improvement bonds (Proposition 1B). Also approved was a measure directing that funds from the state sales tax on gasoline go to transportation projects only. The two measures will support approximately $30 billion in expenditures over the next decade. The bonds include funding for various transportation projects, including local and regional public transit improvements. AC Transit may be able to secure a portion of
funds specified for congestion relief, public transportation modernization and service enhancements, and/or state-local partnerships for the East Bay BRT Project. Alternatively, the infrastructure bond, by substantially increasing state funding for transportation, could alleviate somewhat the funding constraints facing local/regional projects in the San Francisco Bay Area. The East Bay BRT Project may be able to secure additional local/regional funding as a result.

8.2.2.2 STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)
California’s State Transportation Improvement Program (STIP) is a multi-year capital improvement program of transportation projects funded from the State Highway Account and other funding sources. The 2006 STIP, approved April 2006, contains over 1,000 projects with a programmed value of approximately $14.2 billion over the next five years. The recently approved Proposition 1B infrastructure bond allocated an additional $2 billion to projects in the STIP (these funds are not included in the $14.2 billion total.). AC Transit may receive additional funding from the STIP through the Regional Improvement Program (RIP). This state program provides funds to the San Francisco Bay area that are directly programmed by the Metropolitan Transportation Commission (MTC), the local MPO, through the Regional Transportation Improvement Program. While the California Transportation Commission allocates funds, decisions on what should be included in the program and the responsibility for amending, delivering, and managing the program fall to MTC. About 75 percent of all state funds available for capital programming flow through this mechanism.

8.2.2.3 STATE TRAFFIC CONGESTION RELIEF PROGRAM (TCRP)
This program was implemented as part of the governor’s FY 2000 budget and funds specific transportation projects that address traffic congestion. Funding for this program flows through MTC.

8.2.2.4 FTA SMALL STARTS PROGRAM
This new Federal Transit Administration (FTA) program will be funded out of the existing Section 5309 New Starts program for projects with an FTA funding share under $75 million and total project cost under $250 million. This program is being funded at $200 million in each year from 2007 to 2009 and is particularly applicable to transit agencies implementing BRT systems. At this time the East Bay BRT Project does not qualify as a Small Starts Project and AC Transit has made no determination to pursue such a project. However, in the event the Preferred Alternative proposed by AC Transit for the East Bay BRT Project (at the conclusion of this phase of the environmental review process) meets Small Starts program requirements, AC Transit may consider securing funding under this program.

8.2.2.5 FTA SECTION 5307 – URBANIZED AREA FORMULA FUNDS
This funding source can be used for the acquisition, construction, improvement, and maintenance of transit facilities and equipment. It is primarily used in this region for bus replacement. Resources are allocated to urban areas according to population size and a statistically based formula, and are usually matched on an 80 percent federal, 20 percent local basis. Within the MTC metropolitan area, only routine bus replacement is eligible for this fund source.

8.2.2.6 FTA SECTION 5309 – CAPITAL PROGRAM, DISCRETIONARY BUS
This funding source provides discretionary funds allocated on a project basis. They are primarily directed to rail modernization and major bus projects that require funding beyond that available under Section 5307. This funding source usually requires a 20 percent local match and is subject to annual appropriations.

8.2.2.7 TRANSPORTATION FUND FOR CLEAN AIR
The Transportation Fund for Clean Air (TFCA) provides grants to local governments for projects that will reduce air pollution. The Bay Area Air Quality Management District (BAAQMD) administers the grant program in the San Francisco Bay Area. The program is funded by a surcharge of $4.00 on motor vehicle
registration fees. The surcharge revenues are to be used to implement specified transportation control measures that are included in the BAAQMD’s Clean Air Plan, developed and adopted pursuant to the requirements of the California Clean Air Act. Forty percent of the TFCA funds are programmed by the county CMAs. Alameda County CMA has targeted $1.4 million of the county share of TFCA funds for the BRT project.

8.3 Funding for Operations and Maintenance Costs

Operations and maintenance (O&M) costs for No-Build Alternative bus service in the project corridor in 2025 would total $30.6 million ($24.1 million net of fares; both figures in 2005 dollars). With the implementation of BRT service, corridor operations and maintenance costs would increase to between $35.5 million and $39.4 million ($25.4 million and $31.3 million net of fares), as shown in Table 8.3-1. The amount depends on the Build Alternative selected, as detailed below. Total costs are between $4.9 million and $8.8 million higher than the No-Build Alternative. The increase in fare revenue would partially offset the increased operations and maintenance costs, reducing the operating subsidy required to operate the system to between $1.2 million and $7.1 million. Alt 3: Combined BRT and Local Service to BayFair BART is estimated to have the lowest O&M costs, highest fare revenue and therefore requires the lowest operating subsidy among the four Build Alternatives. Alt 2: Separate BRT and Local Service to San Leandro BART is estimated to have the highest O&M costs, lowest fare revenue and require the highest operating subsidy among the Build Alternatives. Alt 1: Separate BRT and Local Service to BayFair BART and Alt 4: Combined BRT and Local Service to San Leandro BART would fall between these two limits, with Alternative 4 requiring less of an operating subsidy than Alternative 1. It should be noted that the additional operating subsidy for any of the Build Alternatives is a small percentage of AC Transit’s total annual O&M costs, which were approximately $254 million in fiscal

<table>
<thead>
<tr>
<th>Build Alternatives</th>
<th>Alt 1: Separate BRT and Local Service to BayFair BART</th>
<th>Alt 2: Separate BRT and Local Service to San Leandro BART</th>
<th>Alt 3: Combined BRT and Local Service to BayFair BART</th>
<th>Alt 4: Combined BRT and Local Service to San Leandro BART</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total O&amp;M Costs</td>
<td>$38.1</td>
<td>$39.4</td>
<td>$35.5</td>
<td>$36.7</td>
</tr>
<tr>
<td>Fare Revenue (Net)</td>
<td>$6.4</td>
<td>$8.6</td>
<td>$8.1</td>
<td>$10.1</td>
</tr>
<tr>
<td>Net Annual O&amp;M Costs</td>
<td>$29.5</td>
<td>$31.3</td>
<td>$25.4</td>
<td>$27.1</td>
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<tr>
<td>Change in Annual Operating Subsidy (compared to No-Build)</td>
<td>N/A</td>
<td>$5.4</td>
<td>$7.1</td>
<td>$1.2</td>
</tr>
</tbody>
</table>

Notes:
- Figures in the table are rounded and will not necessarily add or subtract to the Net and Change figures shown.
- Net fare revenue includes adjustments for changes in systemwide ridership and fare revenue resulting from implementation of an alternative.
- Source: Parsons, 2006

8.3.1 Identified Funding

Three million dollars in additional committed O&M funding has been identified. To operate Rapid Bus service in the project corridor, AC Transit has received $3 million in RM-2 funds to offset annual operating costs. The RM-2 funding program is described in Section 8.2.1.1, above. AC Transit anticipates it would receive $3 million per year from RM-2 in the future to offset the operating costs of initially Rapid Bus and then East Bay BRT service. The $3 million in funding does not escalate over time and
sunsets in 2040. No other committed sources of operating funds have yet been identified to cover the additional costs associated with BRT service.

8.3.2 Potential Sources of Funding
Potential sources for the remaining operating funds required include:

8.3.2.1 VEHICLE LICENSE FEE
The MTC and ACCMA are considering implementation of vehicle licensing fee (VLF) surcharge. The state legislature must approve legislation allowing local governments to change the VLF, which is set by the state. Funding from this fee would help cover the cost of traffic signal maintenance.

8.3.2.2 LOCAL STREETS AND ROADS PROGRAM
This state funding program helps pay for the maintenance of local roadways. Funding from this program could assist with maintenance of the BRT transitway.

8.3.2.3 PRIVATE SECTOR FUNDING
A number of opportunities exist for private sector funding. For example, private sector providers currently maintain, repair and clean the majority of AC Transit’s bus shelters in exchange for advertising space. A similar program could be used to maintain BRT stations.