

TRANSPORTATION SOLUTIONS DEFENSE AND EDUCATION FUND

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September 10, 2003

Donald Gage, Chair
Ad Hoc Financial Stability Committee
Santa Clara Valley Transportation Authority
3331 North First Street
San Jose, CA 95134

Re: VTA's Financial Overview

Dear Chairman Gage:

TRANSDEF is very concerned about the danger of the direction proposed for VTA, as identified in documents in the agenda packet for today's meeting. We offer the following suggestions for crafting a plan for a sustainable future for your agency:

1. Financial planning should start with developing a future of secure operations funding for your existing core businesses—running buses and light rail, and supporting Caltrain and ACE. This is consistent with your Committee's recommendation to have operations funding for all new capital projects.
2. The modest ridership and farebox recovery gains assumed in the baseline Operating Financial Scenarios are unreasonable in the face of the steep back-to-back-to-back fare increases assumed.
3. Only after a credible stable scenario for ongoing operations has been developed is it then possible to determine how much funding is left for expansion projects.
4. Your Committee needs to remove projects from the Measure A list in recognition of the 33% of the projected revenue that has evaporated. You must adapt to the economic reality that you will not be able to deliver the promises made to the voters. Some major projects can not be funded—don't let them distract you.
5. Projected federal and state contributions to BART must be heavily discounted as they are unlikely to ever materialize. Realistic BART project costs, including debt service and the inevitable overruns, must be calculated. Ridership must be recalculated, based on realistic land use assumptions.
6. Select the most cost-effective projects from the Measure A list. Clearly, expanding the bus fleet will rank very high, while BART will rank at the bottom of the list.
7. Consider new funding only after adopting a sustainable plan for VTA's future based on Measure A.

Sincerely,

/s/ David Schonbrunn,

President