Transit Capital Planning in the San Francisco Bay Area

Joel Markowitz

In the San Francisco Bay area, the multiplicity of independent public transit agencies complicates transit capital planning. Throughout the 1980s, the Metropolitan Transportation Commission (MTC), the regional transportation planning agency, coordinated a cooperative process to produce a list of priorities for federal capital grants. The process evolved into a complex but subjective scoring and ranking system, within a fund constraint. Two observations emerged after a decade of experience: (a) the process could continue despite annual reductions in federal and state capital financing, and (b) inherent limitations in the subjective scoring system prevented it from fully incorporating diverse capital program goals and needs. A resilient institutional framework has contributed to the successful continuation and refinement of the process.

The San Francisco Bay area is blessed with spectacular scenery, a moderate climate, unmatched cultural diversity, and a vibrant economy. It is also home to perhaps the most diverse public transportation system in North America. Transit service is provided by 17 principal public agencies, not including exclusive paratransit services, and almost as many modes. A map of the location of the area’s major transit operators is shown in Figure 1, and a list of transit operator statistics is presented in Table 1.

Although this diversity serves the patron well, it presents formidable problems for coordinated planning. Since 1971, the Metropolitan Transportation Commission (MTC) has been responsible for overall transportation planning in the nine-county San Francisco Bay area. MTC has 16 voting members, of which 14 are appointed by the boards of supervisors and councils of mayors within each county, and 2 represent other regional agencies.

MTC is one of the two statutorily created transportation planning agencies in the state of California. It was charged with developing and updating a regional transportation plan and was given review authority over all applications for federal and state transportation grants within its jurisdiction.

Since 1978, MTC has worked formally with the largest transit agencies in the region through an advisory committee called the Transit Operator Coordinating Council (TOCC). TOCC comprises the general managers of the eight largest systems: Alameda-Contra Costa Transit (AC Transit), Bay Area Rapid Transit (BART), Central Contra Costa Transit (CCCTA), California Department of Transportation (operator of the CalTrain peninsula commute train), Golden Gate Transit (GGBHTD), San Francisco Municipal Railway (MUNI), San Mateo County Transit (SamTrans), and Santa Clara County Transit (SCCTD). Representatives of the transit services in the cities of Vallejo and Santa Rosa are also included. TOCC has been MTC’s forum for developing regional policies, resolving differences, and promoting coordination.

As public transportation financing changed over the years, so did MTC’s role. In 1972, the Transportation Development Act (TDA) was enacted by the state legislature. The TDA created local transportation funds in each county on the basis of a quarter-cent of the state sales tax. As administrator of this fund source within the region, MTC is responsible for allocating about $180 million annually to transit operators and local governments. Because the funds must remain within each county, MTC must decide among claimants in cases for which more than one agency serves the same geographic area. TDA funds are predominantly used for operating expenses by the principal public transit operators.

Under federal law, MTC was named the metropolitan planning organization (MPO) for carrying out planning guidelines and administrative regulations of FHWA and UMTA. For instance, MTC is responsible for preparing the annual update to the multiyear Transportation Improvement Program (TIP), the basis for all subsequent federal transportation grant applications.

When the federal transit block grant program (Section 9) was adopted in 1982, MTC was made the designated recipient for those funds within the two major urbanized areas under its jurisdiction: San Francisco/Oakland (encompassing parts of five counties) and San Jose (within one county).

Urbanized areas are specially defined by the U.S. Census Bureau and have little relation to city or county boundaries or metropolitan statistical areas (MSAs). In the San Francisco/Oakland urbanized area, there are at least six discontinuous areas of urban density, separated by water or hills. These definitions were established to implement UMTA’s first formula program under Section 5. When Section 9 replaced Section 5 in 1982, the formula was changed substantially but the definitions of urbanized areas were maintained.

As designated recipient, MTC is responsible for programming all Section 9 operating and capital funds for the urbanized areas each year. In FY 1989–1990, these funds were expected to be about $90 million.

Section 9 funds must remain within the urbanized areas as apportioned by UMTA. There are eight eligible recipients in the San Francisco/Oakland urbanized area and two in the San Jose area, and one operator crosses between the two areas. It was largely in response to the need to divide the Section 9 pie each year that the region’s approach to capital replacement planning was developed.
EVOLUTION OF THE CAPITAL PRIORITIES PROCESS

Overview of the Process

Figure 2 shows the overall capital priorities process. Each year, a review of the previous year’s process is conducted to develop new recommendations, which must be formally adopted by MTC in the fall. In January, the operators submit their proposals for the upcoming 5-year period, including projects for the new fifth year, and any amendments to the first 4 years. From January through April, MTC staff evaluate the proposals under the adopted criteria, propose project scores for review by operators, and recommend a final ranking. The final 5-year priority list is adopted by MTC in May as the basis for subsequent preparation of the TIP in June and the Section 9 Program of Projects and operators’ individual grant applications during the summer. The adopted program deter-
mines both the division of Section 9 formula block grant funds and the regional program for seeking federal and state discretionary funds. All operators agree to work with MTC in Sacramento and Washington to promote not only their own projects but the entire regional program.

The current process was developed through several stages, with each step adding further refinements. A review of the historical development of the process is provided in the following subsections, followed by a discussion of the institutional arrangements that maintain the effectiveness of the process.

### Before Section 9

Other than the Section 5 Tier IV bus capital program, which was apportioned by formula to urbanized areas for vehicle purchases, other transit capital needs were previously met by UMTA's Section 3 discretionary program. Although it was possible to estimate the amount of Section 3 money that could be expected each year, these funds were not guaranteed.

Consequently, long lists of projects were developed, and there were always unmet needs from the previous year that had to be added to the new year's list. MTC tried to introduce some flexibility by defining a 2-year program, so adjustments could be made when UMTA's discretionary program choices were made, but true multiyear programming was not attempted. Although a 5-year program was defined, only the first year's needs were explicit. All other projects were placed in the out-years list. Moreover, evaluation criteria were generally nonspecific.

All projects had to meet the following general criteria, which were principally procedural requirements:

- Local consensus, including approval by the policy board, community support, and inclusion in the Short-Range Transit Plan (SRTP);
- Regional requirements, i.e., conformity with MTC's Regional Transportation Plan and rail proposals resulting from corridor or other special studies; and
- Sound financial plans, including sources and amounts for capital and associated operating costs.

Priority consideration was given to projects that (a) enhanced and supported desired development patterns, (b) were well defined and ready for implementation, and (c) were likely to compete well for funding from major sources (i.e., state and federal).

Other criteria were defined for each of the three funding categories—Section 5 bus, Section 3 bus facilities, and Section

### Table 1: Transit Operator Statistics: Operating Budgets 1987–1988 (a)

<table>
<thead>
<tr>
<th>Transit Operator</th>
<th>Operating Data</th>
<th>Sources of Operating Funds (b) ($000)</th>
<th>Total Operating Expenses ($000)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Active Fleet</td>
<td>Average Weekday Boardings</td>
<td>User (Passes)</td>
</tr>
<tr>
<td>AC Transit (h)</td>
<td>850 211,000</td>
<td>$30,124</td>
<td>$27,594</td>
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<tr>
<td>BART</td>
<td>526 202,500</td>
<td>78,475</td>
<td>76,084</td>
</tr>
<tr>
<td>Caltrans</td>
<td>73 16,000</td>
<td>9,545</td>
<td>0</td>
</tr>
<tr>
<td>CCCTA</td>
<td>95 14,300</td>
<td>1,719</td>
<td>0</td>
</tr>
<tr>
<td>ECCTA</td>
<td>23 1,800</td>
<td>171</td>
<td>0</td>
</tr>
<tr>
<td>Fairfield</td>
<td>10 1,100</td>
<td>114</td>
<td>0</td>
</tr>
<tr>
<td>GGBHHD</td>
<td>243 (f) 30,400</td>
<td>14,444</td>
<td>597</td>
</tr>
<tr>
<td>LAVTA</td>
<td>22 1,500</td>
<td>126</td>
<td>0</td>
</tr>
<tr>
<td>Napa City</td>
<td>9 1,500</td>
<td>130</td>
<td>0</td>
</tr>
<tr>
<td>SF Muni</td>
<td>1,065 801,200</td>
<td>71,176</td>
<td>115,656</td>
</tr>
<tr>
<td>SamTrans</td>
<td>299 61,500</td>
<td>7,797</td>
<td>13,079</td>
</tr>
<tr>
<td>SCCTD</td>
<td>552 118,500</td>
<td>11,338</td>
<td>56,585</td>
</tr>
<tr>
<td>Santa Rosa</td>
<td>21 4,200</td>
<td>503</td>
<td>0</td>
</tr>
<tr>
<td>Sonoma County</td>
<td>35 2,800</td>
<td>541</td>
<td>0</td>
</tr>
<tr>
<td>Union City</td>
<td>8 1,400</td>
<td>145</td>
<td>0</td>
</tr>
<tr>
<td>Vallejo</td>
<td>31 4,400</td>
<td>555</td>
<td>0</td>
</tr>
<tr>
<td>WCCCTA</td>
<td>17 1,000</td>
<td>87</td>
<td>0</td>
</tr>
</tbody>
</table>

(a) Figures are unaudited data reported by transit operating agencies and MTC resolutions.
(b) TDA, STA, AB 1107 and UMTA funds correspond to MTC allocations. Actual amount used for the fiscal year might have varied somewhat. Any adjustments are made under "Other."
(c) Transportation Development Act.
(d) 25% of 1/2 cent transactions and sales tax revenues collected in Alameda, Contra Costa and San Francisco counties.
(e) State Transit Assistance.
(f) Urban Mass Transportation Administration grants (Sections 9 and 18). Actual amounts were reduced 8.43% after appropriations bill was signed.
(g) Negative numbers indicate funding not actually spent for operations in FY 1987-88.
(h) AC Transit Districts 1, 2 and contract services, but excluding BART express bus services.
(i) In addition, service is provided by 19 club buses.
(j) Allocations to SF Muni and SamTrans for Caltrain services.
(k) Includes allocations to AC Transit for contract services to WestCat and Union City.
1. Agree on procedures and criteria
   October

2. Operators develop and submit 5-year program documentation
   December-January

3. MTC staff develop 5-year Master rankings by:
   February-March
   - Screening all projects for necessary findings
   - Evaluating and ranking by general and project merit criteria

4. MTC staff propose tentative programming of ranked projects for Section 3, Section 9, mixed Section 3/9, or special funding
   March

5. MTC staff develops 5-year programs for Section 9 and Section 3 projects. Projects will be ranked within the 5-year Section 9 or Section 3 programs based on rankings developed in Step 3.
   April

6. MTC and operators discuss final project rankings and assignments to fund categories
   April

7. Present priorities to MTC's Work Program and Plan Revision Committee (PW&PRC)
   May

8. Present priorities for Commission adoption
   May

9. If necessary, re-open TOCC discussion of programming of projects based upon final federal and state budget or appropriation actions.
   (as needed)

10. Develop TIP, Program of Projects, and Guideway Plan by refining documentation submitted for priority-setting.
    June-October

FIGURE 2 Steps in the capital priorities process.

3 rail modernization. For Section 5 bus, a replacement program was implemented on the basis of fleet age using a formula. For bus facilities and rail modernization, projects were ranked in descending order depending on whether they were required for improving safety or reliability, maintaining the existing plant and services, or expanding service. There were no explicit evaluations of individual projects within the three categories, although operators were asked to indicate their own priority order for their projects.

This approach produced a list of recommended projects for each transit operator under each funding category, but there was no predetermined interoperator project ranking. As federal funding was determined, adjustments were made on an ad hoc basis.

Early Revisions Under Section 9

At first, Section 9 was simply viewed as a more predictable and flexible Section 5 program. The same kinds of criteria were applied as before, only within the new categories of Sections 9 and 3 funding. The program was still a 1-year list of projects, grouped by operator in the priority order submitted, subject only to reranking as safety, maintenance (including productivity improvements as well as replacement), or expansion, in that order. The general criteria described previously were still applied.

By 1984, 2 years into the Section 9 program, it became clear that the annual block grants allowed a new degree of flexible multiyear planning that could be advantageous to all. Although
the annual appropriations process was still subject to uncertainty, the multiyear congressional authorizations (maximums) allowed the region to better predict a reasonable range of available resources. Consequently, the procedures and criteria for the 5-year program were substantially revised, beginning with FY 1985–1986.

The first major change was the development of more explicit regional objectives for the capital priority-setting process. Six objectives were adopted:

1. Fund basic capital requirements to sustain and improve the existing transit capital plant;
2. Use evaluation criteria that make the process more predictable for the operators, avoiding rigid, arbitrary, or mechanical use of the criteria;
3. Honor the operators’ own priorities as much as possible to reinforce their 5-year planning;
4. Maintain the region’s credibility with state and federal funding agencies by demonstrating the soundness and validity of the process;
5. Tailor the project evaluations to the projects’ significance by not requiring elaborate evaluation of routine projects (basic needs) and by focusing on the few large or special projects (nonbasic) to be funded at the margin each year; and
6. Test the resulting priorities for their fairness to all operators given the total funding available to them, the services provided, or other relevant factors.

Although these objectives were more explicit than before, they were quite ambiguous on major points, which was partly a result of the process of negotiation that occurs continually among MTC and the transit operators.

In addition to the objectives, the procedures included several other changes:

- A more explicit process (see Figure 2);
- A new documentation format, requiring annual phasing of multiyear projects to be shown explicitly, along with year-by-year operator rankings;
- A requirement for project justification worksheets for each project requested in the annual element (the first year of the new 5-year program);
- Expanded evaluation criteria with explicit, project-by-project scores and ranks (see Figure 3); and
- Explicit programming of each of the 5 years in the program and restrictive rules on subsequent amendments.

The scoring and ranking were crude—mostly a matter of assigning points if individual criteria were met, with some weighting across criteria. The basic/nonbasic distinction was maintained, so there were in effect two lists for each year. The operator’s own project ranking was deemphasized but was still worth some points in the scoring scheme. The “honor operator priorities” objective was replaced with “establish priorities on the basis of the region’s adopted criteria and each operator’s 5-year planning process.” Still, the principle of explicit scores and rankings was established.

Later Revisions

The revisions were reviewed the next year, and the following additional changes were instituted:

- Uniform regional scoring replaced any acknowledgment of operator priorities (see Figure 4).
- The basic/nonbasic distinction was dropped in favor of a master list that incorporated all types of projects in score order.
- The programs for each of the 5 years were constrained to a more reasonable fund estimate rather than programming to the fully authorized level (recognizing that appropriations never match authorizations).

The new scoring process was as subjective as before but was more focused, with four major areas for assessing project merit: direct passenger benefits, system productivity and efficiency benefits, regional goals, and sustaining the capital plant. A scoring scheme was developed for the four criteria with high receiving 10 points, medium receiving 5 points, and low receiving 1 point. This scheme was admittedly arbitrary but was simple and intuitive enough to gain broad acceptance.

Subsequent annual reevaluations have refined the process. More gradations in allocating points to projects were instituted (see Figure 5), and more explicit guidelines for point assignments were developed (see Figure 6). Standard inflation rates and bus prices were developed and are presented in Table 2. The basic process, however, has remained unchanged over four annual cycles.

INSTITUTIONAL CONSIDERATIONS

In capital priority setting, MTC’s overriding objective has been to ensure that the region is able to bring in and effectively spend federal and state transportation funding to sustain and expand the region’s transit system. To achieve that goal, it was essential that the region’s many operators work together to present a single capital program to federal and state funding authorities. Before the previously described process was adopted, operator disagreements frequently carried over into the political arena or caused conflicting lobbying with the funding agencies. A process to forestall such detrimental results needed several characteristics, which are described in the following subsections.

Credibility

Credibility was considered the primary feature of the process. The participants had to believe that the process was honest, open, predictable, and competently run. MTC sought to achieve credibility by involving the operators at every stage—from the review of procedures and fund estimates to the debate over individual project scoring. MTC staff worksheets were available to anyone questioning the scoring, and projects were often rescored following a challenge if mistakes or incomplete data were discovered. No changes were made without a full explanation and the opportunity for debate by all participants. There were no subsidiary transactions. Any such attempt would have undercut the needed consensus on the overall capital program. The fundamental test of credibility is the agreement by all operators that the overall result is fair even if their individual requests are not all granted.

On a technical level, the scoring system appears to be deficient. It is inherently subjective, and the point assignments
Where possible and reasonable, quantitative evaluations of project merit should be provided. Otherwise, concise verbal descriptions are acceptable. Criteria should be applied to a project only if appropriate to the project's scope and intended fund source. Criteria are not listed in priority order.

A. General

1. Project enhances and supports desired development patterns

2. Project likely to compete well for funding from major sources

3. Project was high-priority but unfunded in previous Transit Capital Priorities

4. Project is a continuation of a multi-year project previously given high-priority

(B) 5. Project responds to specific recommendations of special studies or performance audits

6. Project implements specific, previously committed service expansions in accordance with adopted plans and programs.

(B) 7. If replacement or rehabilitation, part of a well-defined program containing specific age, wear or other criteria governing the replacement schedule.

B. Project Need

1. Well-defined purpose, objective

2. Adverse effects if project deferred or deleted

3. No suitable alternative action or project

4. Project is ranked highly by operator

C. Project Effectiveness

1. Clear statement of project benefits to system operations, passengers, local/regional goals, etc.

(B) 2. Essential to continue normal operations

(B) 3. Addresses significant system safety or passenger/employee security problems

(B) 4. Increases productivity of system or addresses significant productivity problems (reduces cost, increases efficiency or effectiveness)

(B) 5. Required to sustain or improve existing plant

6. Increases system capacity to meet current and projected demand.

D. Adequacy of Financial Plan

(B) 1. Financial plan indicates all sources of funds for the project

2. Shows local commitment or private participation, where appropriate

3. Shows sources and amounts of operating funds required to implement proposed capital project

(B) Reasonable cost estimates, phasing, cash flow

FIGURE 3 Criteria for evaluating project merit.
I. NECESSARY FINDINGS

All projects must be in conformance with the following criteria before an evaluation (II below) will be made. (Criteria are not in any order of importance.)

A. Regional Requirements
   1. Approval by operator policy board.
   2. Included in upcoming 5-year Short Range Transit Development Plan (SRTP).
   3. Project is advanced to a state of readiness for implementation in the year indicated.
   4. Project is well-defined and justified.
   5. Project implementation schedule provides for any necessary clearances and approvals.
   6. Operator has capacity to implement project.
   7. Operator has an adequate financial plan, with reasonable cost estimates, phasing, and cash flow, and all sources of expected funding identified.

* For projects programmed in out years (years 2-5), only requirements 1, 2, 4 and 6 apply.

II. PROJECT EVALUATION

Where possible and reasonable, quantitative evaluations of project merit should be provided to allow gradations in scoring to be made.

SCORES

A. Continuation of Prior Commitment
   1. Project is a continuation of a funded multi-year project previously given high priority and the operator continues to assign the project high priority.

B. Project Merit

<table>
<thead>
<tr>
<th>Score</th>
<th>High</th>
<th>Medium/Average</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The degree to which the project directly benefits the passengers</td>
<td>10</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>2. The degree to which the project directly produces benefits to system productivity and efficiency</td>
<td>10</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>3. The degree to which the project directly addresses significant or regional goals or policies (e.g., E&amp;H accessibility or regional coordination)</td>
<td>10</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>4. Replacement or rehabilitation for maintaining existing service</td>
<td>10</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

1. Direct Passenger Benefits - direct on-street service effects (schedule adherence, safety, reliability, etc.), service quality (peak capacity), passenger comfort (clean vehicles, shelters, etc.), passenger convenience (public information, fare payment, access, etc.).

2. System Productivity - direct reductions in cost or achievement of efficiencies in operations or maintenance, revenue enhancement, etc.

3. Regional Goals - E&H access; interoperator schedule, fare and transfer coordination.

FIGURE 4 Evaluation criteria and scoring.
are arranged on an arbitrary scale that has no clear scientific basis. Still, the approach is simple enough that all participants can grasp it. A more complex scheme would tend to favor certain types of projects or modes and thereby threaten the consensus. It is not possible to obtain equally quantitative, objective data on every type of project to assess engineering costs and benefits. In effect, the simplicity of the process is a source of credibility.

However, merely satisfying everyone within the region is not enough to ensure funding by the state and federal agencies. Credibility also means that the priorities must reflect real needs, not just mutual back scratching. In 1981, MTC published its first evaluation of long-term transit capital replacement needs (I). In rough terms, that report identified a need for about $100 million annually for basic capital replacement, notwithstanding additional needs for system expansion. Because the Section 9 formula apportionment to the Bay Area was initially in that range, MTC decided that sustaining the existing capital plant had to receive top priority in terms of the new formula funds. MTC wanted to ensure that the region would get the funds it needed.

I. NECESSARY FINDINGS

All projects must be in conformance with the following criteria before an evaluation (II below) will be made. (Criteria are not in any order of importance).

A. Regional Screening Requirements

1. Approval by operator policy board.
2. Included in upcoming 5-year Short Range Transit Development Plan (SRTP).
3. Project is well-defined and justified.
4. Project implementation schedule provides for any necessary clearances and approvals.
5. Operator has capacity to implement project.
6. Operator has an adequate financial plan, with reasonable cost estimates, phasing, and cash flow, and all sources of expected funding identified.
7. Project is advanced to a state of readiness for implementation in the year indicated. Grants for projects which are ready are expected to be obligated within one year of the UMTA award date: or in the case of larger construction projects, the funds are expected to be obligated according to an accepted implementation schedule. For projects requiring State Guideway funds, the grants are expected to be obligated within a year of the CTC award date.

II. PROJECT EVALUATION

The evaluation criteria are grouped into two categories: continuation of prior commitment and project merit. The continuation of prior commitment provides for the continuing funding and construction of a multi-year project. The project merit criteria are designed to address both external and internal benefits, and to achieve regional goals. Special consideration is given to replacement projects to achieve our objective of sustaining and replacing the existing transit capital plant.

Where possible and reasonable, quantitative evaluations of project merit should be provided to allow gradations in scoring to be made.

SCORES

A. Continuation of Prior Commitment

1. Project is a continuation of funded multi-year project previously given high priority and the operator continues to assign the project high priority.

FIGURE 5 Evaluation criteria and scoring (refined). (continued on next page)
B. Project Merit

<table>
<thead>
<tr>
<th></th>
<th>High</th>
<th>High/Medium</th>
<th>Medium</th>
<th>Low/Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The degree to which the project directly benefits the passengers</td>
<td>10</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>

Direct Passenger Benefits - direct on-street service effects (schedule adherence, safety, reliability, etc.), service-quality (peak capacity), passenger comfort (clean vehicles, shelters, etc.), passenger convenience (public information, fare payment, access, etc.).

2. The degree to which the project directly produces benefits to internal system productivity and efficiency | 10 | 6 | 5 | 4 | 1 |

Internal System productivity - direct reductions in cost or achievement of efficiencies in operations or maintenance, revenue enhancement, etc.

3. The degree to which the project directly addresses significant or regional goals or policies | 10 | 6 | 5 | 4 | 1 |

Regional Goals - E&H access; interoperator schedule, fare and transfer coordination.

4. Replacement or rehabilitation for maintaining existing service | 10 | 6 | 5 | 4 | 1 |

Replacement or Rehabilitation - MTC staff and operators will develop guidelines for scoring different types of replacement projects.

FIGURE 5 (continued from previous page)

did not suffer the fate of some older urban areas that had deferred basic maintenance but were later faced with a near collapse of their infrastructure. A dogged commitment to a clear goal—maintain the plant first and expand later—helped establish the external credibility of the process.

Responsiveness

It is easy to say, “Here are the rules; follow them and don’t deviate.” In the real-world environment, however, such procedural purity is dysfunctional. Emergencies and gradually changing conditions may demand radical reevaluation of priorities. Nothing requires such a reevaluation so quickly as changes in funding programs, levels, and rules. The process has had to deal with frequent changes over the years, particularly the drastic reductions in state and federal funding levels (see Figures 7 and 8). Changes in the fund estimates meant that the line separating funded from unfunded projects had to be redrawn and the priority order rules had to be revised.

Most operators have had to request amendments in their plans to accommodate some unanticipated event. For example, a project is over budget and needs additional resources, a project is under budget and previously unfunded projects are on the list, a project is running into environmental clearance problems with toxic wastes, or a project has to be cut because it is not well defined and ready to implement. For each request, the operators know they must be both accommodating and skeptical so that the process works equitably no matter which side of the fence they are on.

Self-Enforcement

The process would not have survived one cycle if it had depended on MTC staff to police it. Instead, a Capital Priorities Task Force was established, chaired by one of the operator members, to oversee the process. MTC staff members support the task force, but their role is limited to the following:

- Keep the process on schedule.
- Maintain the integrity of the process.
- Make sure no operator gains an unfair advantage.
- Keep the lines of communication open.

Once the task force agrees on the ground rules, the individual members have an incentive to police themselves. Because the amount of funding can be estimated in advance (at least for Section 9), there is a zero-sum game. In other words, it
### TABLE 2  BUS PRICES

<table>
<thead>
<tr>
<th></th>
<th>Artie 60'</th>
<th>Super Bus 40'</th>
<th>Std 40'</th>
<th>35'</th>
<th>30'</th>
<th>24 Psgr</th>
<th>Van</th>
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<tr>
<td>FY 1990</td>
<td>$300,000</td>
<td>$231,525</td>
<td>$189,630</td>
<td>$185,000</td>
<td>$180,000</td>
<td>$61,320</td>
<td>$35,700</td>
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<td>$315,000</td>
<td>243,101</td>
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<td>194,250</td>
<td>189,000</td>
<td>64,386</td>
<td>37,485</td>
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<tr>
<td>FY 1993</td>
<td>$347,288</td>
<td>268,019</td>
<td>219,520</td>
<td>214,161</td>
<td>208,373</td>
<td>70,986</td>
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<td>$364,652</td>
<td>281,420</td>
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<td>224,869</td>
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<td>74,535</td>
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<tr>
<td>FY 1995</td>
<td>$382,884</td>
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<td>236,112</td>
<td>229,731</td>
<td>78,262</td>
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<td>$402,029</td>
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<td>247,918</td>
<td>241,217</td>
<td>82,175</td>
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<td>266,828</td>
<td>260,314</td>
<td>253,278</td>
<td>86,283</td>
<td>50,233</td>
</tr>
<tr>
<td>FY 1988</td>
<td>$443,237</td>
<td>342,068</td>
<td>280,170</td>
<td>273,329</td>
<td>265,942</td>
<td>90,598</td>
<td>52,745</td>
</tr>
<tr>
<td>FY 1999</td>
<td>$465,398</td>
<td>359,171</td>
<td>294,178</td>
<td>286,996</td>
<td>279,239</td>
<td>95,127</td>
<td>55,382</td>
</tr>
<tr>
<td>FY 2000</td>
<td>$488,668</td>
<td>377,130</td>
<td>308,887</td>
<td>301,346</td>
<td>293,201</td>
<td>99,884</td>
<td>58,152</td>
</tr>
</tbody>
</table>

Assumptions:

- 5.0% Inflation Rate
- Bus prices include: administration and inspection costs, air conditioning, delivery charge, electronic destination signs, padded seats, radios, registering fareboxes, roof exhaust exits, sales tax, spare power packs, warranty extension, wheelchair lifts. (Normal "bus spec development" included in administration and inspection costs.)
CRITERION B.1

Degree to which the project directly benefits the passengers.

The following elements are used in the scoring of this criteria:

1. Majority of that mode benefits - H
2. Safety - L, H
3. Reliability - L, H
4. Peak Capacity/Increase in Service, L, H
5. Comfort and Convenience - L, H

Score: 10 = Majority of that mode benefits + High Safety or High Reliability

6 = (H, L, L) or (H, H) or (L, L, L, L)
5 = (L, L, L) or (L, H)
4 = (L, L) or (H,)
1 = L

e.g. If the project directly benefits the passengers and has High Safety and High Reliability it receives a score of 6.

- Replacement buses receive a score of 4.
- Expansion buses receive a score of 5.
- Park-and-Ride facilities receive a score of 6.
- Other parking facilities receive a score of 5.

This criterion does not apply to MIS or Maintenance Facilities.

CRITERION B.2

Degree to which the project directly produces benefits to system productivity and efficiency.

The following is used in the scoring of this criteria:

1. Cost reduction/efficiency of operations (including administration)/maintenance and revenue enhancement.

   Score: 10 = H
   6 = M+
   5 = M
   4 = M-
   1 = L (Low efficiency or service effectiveness)

   a. All normal replacement receives a score of 4.
   b. Normally Maintenance Facilities and support equipment receive a score of 4.
   c. Expansion buses receive a score of 1.
   d. Park-and-Ride facilities receive a score of 1.
   e. Other parking facilities receive a score of 1.

CRITERION B.3

Degree to which the project directly addresses significant regional goals or policies.

a. Replacement of accessible with accessible vehicles a score of 0.

FIGURE 6 Guidelines for scoring projects. (continued on next page)
b. Replacement of non-accessible vehicles with accessible vehicles receive a score of 1.

c. Lift replacement receive a score of 1.

d. Expansion buses receive a score of 1.

e. Other accessible projects may receive 1, 4, 5, 6 or 10.

f. Coordination projects, with an accessibility element, may receive a total score of 1, 4, 5, 6 or 10.

**CRITERION B.4**

Replacement or rehabilitation for maintaining existing service.

5 points - for buses aged 12 and above. An additional point will be given, if the operator has an established replacement program which is well-defined, documented and includes factors governing the replacement schedule.

20 points - the justification clearly demonstrates special circumstances (age, maintenance cost or other factors) which make replacement an urgent priority.

**FIGURE 6** (continued from previous page)

Reinforcement

The capital priorities process can serve to reinforce both regional and operator needs. It was not designed to be a special MTC event apart from each operator’s ongoing concerns. Rather, it was meant to be an outgrowth of every operator’s continuing planning process. The MTC requirements help the operators promote better multinational capital planning internally, which results in better individual short-range plans and, in turn, a more sound regional plan. Improvements in operator planning helped provide the basic data for the recently completed *Bay Area Transit Finance Plan* (2), a long-term look at the region’s ability both to maintain the existing system and fund needed expansions.

Feasibility

Implementation is the hobgoblin of all good ideas. A regional capital priorities process was a good idea, but implementing it has taken years of trial and error. MTC did not want to impose an overly burdensome bureaucratic requirement on the operators, considering the myriad requirements of the federal and state funding agencies. Yet, a lot of new information was being demanded in a short timeframe.

A partial solution to this dilemma was to ease the paperwork preparation and reduce the processing time through automation. MTC began to apply microcomputers to this process in the early 1980s (3). Operators currently prepare their 5-year program financial summaries on electronic spreadsheets. MTC supplies the disks with blank forms, and the operators fill in the blanks on the computer screen (see Tables 3–5). Formulas incorporating inflation adjustments are provided. When the disks are returned to MTC, the individual operator files can be easily sorted and combined into
the regional program. Once on disk, the draft priorities can be revised quickly to respond to changes in project scope or available funding. For example, when the federal deficit reduction cuts began (Gramm-Rudman-Hollings), having the priorities on disk allowed the task force to briefly consider several options in terms of scaling back projects or phasing them over longer periods.

In addition to the quantitative information, operators are also given blank word processing forms on disk to help them fill out the project justification worksheets required for first-year projects (see Figure 9). The standard format allows easier compilation of programs into the regional program of projects document required by UMTA.

This relatively low level of automation has greatly improved the process. The production demands of assembling the multiyear program have been drastically reduced, and a variety of options can now be examined in a short time. This ability to respond quickly to changes requested by the task force and TOCC has further enhanced the effectiveness of the process.

CONTINUING ISSUES

No planning process is ever completed. Experience with capital priority setting over the past several years has revealed shortcomings that may be inherent in such a process.

Project Selection

It is difficult to determine if the best projects are being presented. Although MTC can adopt the rules, each operator's internal process actually regulates the individual projects that feed into the pipeline. Only the operator can thoroughly evaluate the actions needed to sustain its capital plant. There is little MTC can do directly to influence the method each operator uses to ensure that the most important projects are put forward.

Scoring

Another issue that must be considered is the effectiveness of the scoring scheme. The simple high, medium, and low scores for four equally weighted criteria may be unintentionally distorting the priorities. Small projects tend to score low because of the relative magnitude of their impact on any criterion. Facilities projects tend to score lower than vehicle projects because the facilities projects rarely score well under the direct passenger benefits criterion.

Different remedies are possible, but all have their problems. If the list of criteria is expanded, different weighting must immediately be justified. For instance, a new procedure developed in Philadelphia has 12 criteria, scored on a scale of 0 to 4, with weights for each criterion from 3 to 10 (4). Although it is possible to determine such weightings through a more rigorous analysis (e.g., preferences of informed experts), the relative weighting can never be settled conclusively.

Another frequently proposed solution is to provide a portion of the Section 9 block grant to each operator by formula to fund all the smaller projects that will never score high enough under regional criteria to make the annual funding cut. Although this solution is being reconsidered, a formula approach could undercut the basic philosophy of directing funds to the best projects in the region. Any formula would invariably direct too much or too little to some operators, leaving higher priority needs unmet.

Project Cutbacks

The appropriateness of the project cutbacks must also be evaluated. Once a capital priority list is completed, it is subject to radical revision if the final appropriation level and apportionment are greatly below expectation. The rules for choosing which projects to cut have been developed on an ad hoc basis throughout the process. The first test is readiness; in other words, a project that is not ready to obligate funds either
### TABLE 3 PROJECT JUSTIFICATION WORKSHEET

1. **OPERATOR:** BA  
   **LEAD AGENCY:** BA  
   **WORKSHEET FILE NAME:** BA91-143.WK1  
   **PAGE:** 1  
   **DATE:** 04-Jun-90

---

#### 2. PROJECT NAME AND PROJECT DESCRIPTION

<table>
<thead>
<tr>
<th>PROJECT DESCRIPTION</th>
<th>FISCAL YEAR</th>
<th>FEDERAL FUND CODE</th>
<th>FEDERAL FUNDS REQUESTED</th>
<th>STATE FUND CODE</th>
<th>STATE FUNDS REQUESTED</th>
<th>LOCAL MATCH CODE</th>
<th>LOCAL MATCH</th>
<th>TOTAL COST</th>
</tr>
</thead>
</table>
| **NAME:** Fruitvale AIP  
   Fruitvale AIP | 91 | 9 | $800,000 | BT | $200,000 | $1,000,000 |
| | 92 | 9 | $9,690,000 | TPD | $1,186,000 | $11,862,000 |
| **DESCRIPTION:** | | | | | | | | |
| | | | | | | | | First year funding for this project provides for design of bus transit interface. |
| **TOTAL:** | | | | | | | | $10,290,000 |

---

| **NAME:** Walnut Creek AIP  
   Walnut Creek AIP | 91 | 9 | $800,000 | BT | $200,000 | $1,000,000 |
| | 92 | 9 | $13,507,000 | TPD | $1,663,000 | $16,634,000 |
| **DESCRIPTION:** | | | | | | | | |
| | | | | | | | | First year funding for this project provides for design of bus transit & 1200 spaces. |
| **TOTAL:** | | | | | | | | $14,107,000 |

---

| **NAME:** Railroad Ave. Park/R  
   Railroad Ave. Park/R | 91 | 9 | $552,720 | OP | $138,180 | $690,900 |
| | 92 | 9 | $70,350 | $70,350 |
| **DESCRIPTION:** | | | | | | | | |
| | | | | | | | | This project is to acquire land and construct a 200 space park/ride lot. |
| **TOTAL:** | | | | | | | | $552,720 |

---

| **NAME:** Brentwood Park/Ride  
   Brentwood Park/Ride | 91 | 9 | $281,400 | OP | $70,350 | $351,750 |
| | 92 | 9 | $70,350 | $70,350 |
| **DESCRIPTION:** | | | | | | | | |
| | | | | | | | | This project is to construct a 100-space park/ride lot in the city of Brentwood |
| **TOTAL:** | | | | | | | | $281,400 |
is scaled down to where it can commit or is bumped out to the next year. When shifted to a new year, however, the project may rank poorly or highly, depending on the array of scores in that year versus the fund constraint. For instance, the FY 1991 list, presented in Table 6, contains 6 projects having a score of 10. If the final apportionment were to fall in that block ($40 to $44 million), some of the 10s and all of the 8s and 9s would bump out to FY 1992. In that year, the 10s would probably be funded, but all of the FY 1990 8s and 9s would be bumped into the next year (see Table 7). Hence, the process may start with a rational multiyear array of staged projects and end up with an unwanted jumble.

It may be more reasonable in some cases, then, to simply scale back all projects proportionate to the funding cuts. That strategy may work well for easily divisible projects (such as vehicle purchases) but may not be feasible for facilities and equipment that are not easily divisible purchases.

### CONCLUSIONS AND FUTURE PROSPECTS

The regional capital priority-setting process is similar to the talking dog, i.e., the significance lies not in what it says but merely that it talks at all. Given a history of conflict, a large
TABLE 5  PROJECTED ANNUAL EXPENDITURES

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>FISCAL YEAR 91</th>
<th>PROJECTED FY 92</th>
<th>PROJECTED FY 93</th>
<th>PROJECTED FY 94</th>
<th>PROJECTED FY 95</th>
<th>PROJECTED FY 96</th>
<th>PROJECTED FY 97</th>
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<td>Fruitvale AIP</td>
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<td>1,186,000</td>
<td>0</td>
<td>0</td>
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<tr>
<td></td>
<td>200,000</td>
<td>1,186,000</td>
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<td>0</td>
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<td>0</td>
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<td></td>
<td>T 1,000,000</td>
<td>11,862,000</td>
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<td>7-Year Project Total:</td>
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<td></td>
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<td>7-Year Project Total:</td>
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<td>138,180</td>
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</tr>
<tr>
<td></td>
<td>T 690,900</td>
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<td>0</td>
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</tr>
<tr>
<td>7-Year Project Total:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>690,900</td>
</tr>
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<td>Brentwood Park/Ride</td>
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<td>0</td>
<td>0</td>
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<td>70,350</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td></td>
<td>T 351,750</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7-Year Project Total:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>351,750</td>
</tr>
</tbody>
</table>
1. OPERATOR:  SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
2. PROJECT NAME:  FRUITVALE ACCESS IMPROVEMENTS (FRUITVAL.PJW)
3. PROJECT DESCRIPTION:  First-year funding for this project provides for the design of bus transit interface improvements and approximately 560 parking spaces (including site replacement spaces) in a multi-level structure on BART-owned land.
4. PROJECT CLASS:  7
5. SRTP PAGE REFERENCE:  PP 20-22 CIP  TIP PAGE REFERENCE:
6. PROPOSED FEDERAL FUNDING:  $ 800,000  SOURCE:  Section 9
7. PROPOSED LOCAL MATCH (20%):  $ 200,000  SOURCE:  Bridge Tolls
8. TOTAL PROJECT COST:  $1,000,000
9. PRIOR UMTA FUNDING:  None
10. ENVIRONMENTAL DOCUMENT TYPE AND STATUS:
    NEPA STATUS:  Environmental documentation per 23 CFR 771.117(d) et. seq.
    CEQA STATUS:  Determination of significant environmental effects per Sec. 15063 et. seq.
11. COMPLIANCE WITH PRIVATE SECTOR PARTICIPATION REQUIREMENTS
    (PLEASE COMPLETE FOR ANNUAL ELEMENT PROJECTS ONLY):
    a. Was the private sector involved in the development on this project as set forth in your adopted policy?
       X  No.  ___ Yes: SRTP Page Reference ______
    b. Were proposals received from the private sector to operate, construct, or otherwise provide all or part of the above named project?
       *  No.  ___ X  Yes: SRTP Page Reference ______
          (If yes, how were those proposals evaluated? Reference ______)
    c. Are there impediments affecting your ability to contract for the above named project?
       X  No.  ___ Yes: SRTP Page Reference ______
          (If yes, have you taken measures to address the impact of these impediments? Reference ______)

FIGURE 9  Project justification worksheet for projects submitted for the annual element of MTC's transit capital priorities.  (continued on next page)
d. Have you received any formal complaints from the private sector regarding this project?

X No.  Yes: SRTP Page Reference

(If yes, how have the complaints been addressed? Reference)

* Construction of this project will be contracted out following BART's formal bid procedures.

12. ADDITIONAL PLANNING JUSTIFICATION:

Existing intermodal transfer areas are shared by bus and auto modes. In addition, a significant portion of the parking access takes place on the same access roads. Presently, four bus bays are provided on site.

The proposed project will provide a minimum of twelve bus bays and the separation of the bus and auto access improving general circulation, as well as street circulation in the vicinity of the station. In additional, kiss/ride and bus bays would be separated, improving flow for both modes.

A sawtooth design for bus bays will provide independent berthing for all buses. Covered wait and walk areas would be provided at the bus access points along with improved signage and transit information. Other improvements will include landscaping. BART will explore the feasibility of direct bus to train access, which may include automatic ticket machines, transfer machines, bill/coin changer, and new fare gates. These improvements would be added to this scope of work if feasible and justified.

AC Transit is in the process of implementing a modified grid system throughout the central core of its service area (Oakland, Berkeley, Alameda, Albany, Emeryville, and Piedmont). There are some locations where several bus routes naturally converge creating the need to accommodate several buses at once and facilitate ease of transfer between buses. In the central core, Fruitvale Station must be improved before route restructuring can take place. It simply cannot accommodate the level of bus and transfer activity envisioned. The planned increase is from the current maximum of four simultaneous loadings up to a future twelve such loadings.

Significant restructuring of the existing parking lot is required to support improved multimodal access.

FIGURE 9 (continued from previous page)
TABLE 6 FY 1991–1997 FIVE-YEAR TRANSIT CAPITAL PRIORITIES FOR YEAR 1

<table>
<thead>
<tr>
<th>OPERATOR CODE &amp; PROJECT NAME</th>
<th>SCORE</th>
<th>FEDERAL SHARE</th>
<th>CUMULATIVE FEDERAL SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
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</tbody>
</table>

**FY 91 SF/0 Section 9**

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<th>JPB02 SF Terminal Ext.</th>
<th>NRS 16</th>
<th>$1,312,500</th>
<th>$1,312,500</th>
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</thead>
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<tr>
<td>AC01 Repl Buses -33 SML</td>
<td>16</td>
<td>5,010,768</td>
<td>6,323,268</td>
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<tr>
<td>GG01 Repl Buses -23</td>
<td>16</td>
<td>4,473,063</td>
<td>10,796,331</td>
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<tr>
<td>AC01 Repl Buses -72 SML*</td>
<td>16</td>
<td>9,238,770</td>
<td>20,035,102</td>
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<tr>
<td>GG01 Repl Buses -16*</td>
<td>16</td>
<td>3,111,692</td>
<td>23,146,794</td>
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<td>AC05 Oil Water Separators</td>
<td>14</td>
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<td>CT21 Accessibility (SF)</td>
<td>14</td>
<td>2,372,932</td>
<td>25,666,726</td>
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<tr>
<td>GG05 Fuel Storg San Raf -</td>
<td>14</td>
<td>1,439,086</td>
<td>27,105,812</td>
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<tr>
<td>SM02 Repl Vans - 4 A, &amp;</td>
<td>14</td>
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<tr>
<td>BA02 Walnut Creek AIP</td>
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<td>MU07 Fixed Facility Rehab</td>
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<td>MU15 Trolley Ovhd REC-#14</td>
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<td>MU08 Misc Maint &amp; Repair</td>
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<td>MU22 Replace 24th &amp; Utah</td>
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<td>SM15 Exp Buses-(6 w/over)</td>
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<td>AC03 Replace Lifts</td>
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<tr>
<td>MU10 DP &amp; Office Equipmen</td>
<td>9</td>
<td>875,164</td>
<td>46,324,286</td>
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<tr>
<td>MU14 Rehab 10 PCC Stcars</td>
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<tr>
<td>CC01 Maint Shop Equip.</td>
<td>8</td>
<td>254,770</td>
<td>49,211,688</td>
</tr>
</tbody>
</table>

"AIP" is an abbreviation for the BART station access improvement projects, and includes construction of bus loading bays near station entrances and additional patron parking spaces around station.

* Project moved from FY 1992 to meet expected apportionment. Lower apportionment bumps these projects first, proportionately.

- Pending verification of emergency status.

@ Projects may not displace any other project originally programmed for FY 1991.

& SamTrans' unit cost for replacement vans is not an adopted standard for future programming. Standard unit costs will be developed by MTC staff and the TOCC.
number of players, and shrinking resources, the deck would seem to be stacked against the success of a process predicated on consensus building and budget cutting. Paradoxically, those negatives seem to have contributed to its success.

The history of conflict established the need for a new approach to developing a regional program that could be supported by, and could benefit, all. The large number of roughly equal players caused independent coalition building to be time consuming and frustrating. With no long-term basis for cooperation, any coalition was unlikely to last beyond the immediate need of a specific negotiation. Finally, the immediacy and severity of the Gramm-Rudman cuts necessitated a streamlined procedure for communicating quickly on all channels; bilateral negotiations among operators could not have coped efficiently with such shocks.

With an annual review requirement, MTC will always seek to correct deficiencies in the process. It is likely, for instance, that an approach similar to Philadelphia’s will be developed in the future—somewhat more quantitative and more complex—in response to a desire for more rigor. In particular, a more explicit connection will be sought between the long-range estimates of capital replacement needs and the annual 5-year program update. The Transit Finance Plan plotted the annual capital requirement according to a strict asset life replacement schedule and found that there were extraordinary year-to-year swings (see Figure 10). A strategy will have to be developed as shown to smooth out those needs and translate them into annual programming.

As long as significant federal and state funding exists for public transportation, MTC's capital priority-setting process will be needed to develop a unified regional program. Without MTC, the operators would have had to invent a similar process on their own. As the future of public transportation funding becomes increasingly complex and varied, program coordination at the regional level will become even more essential. This early effort may some day be seen as a charmingly simple-minded attempt to impose an artificial order on a chaotic environment.
FIGURE 10 Annual capital replacement needs for alternative funding concepts.

REFERENCES


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