

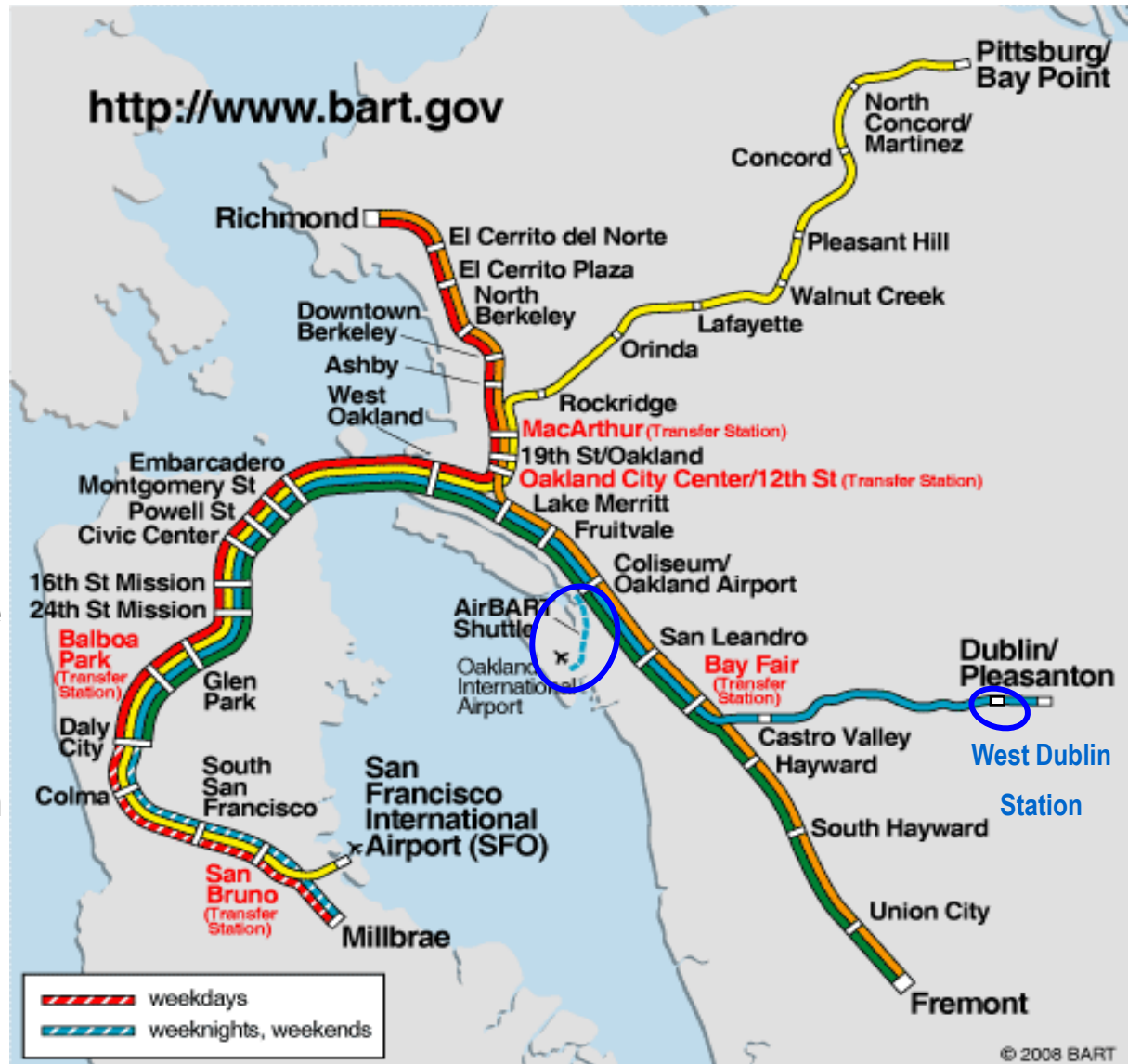
Partnerships in Transit
July 31, 2008
San Francisco, California
BART PPP Projects

Oakland Airport Connector (OAC)

- 3.2 mi system connecting BART to Oakland International Airport
- Replaces AirBART bus
- FTA P5 Project
- Farebox Revenue to Cover Financing and Operations

West Dublin Station and Transit Village

- Infill Station on existing BART line
- Leverages property owned by BART to generate capital for station construction



- Driverless Automated People Mover System
 - Safe, Highly Reliable, Fully Automated, Driverless Vehicles
 - Proven Technology
 - Meets capacity needs
 - Low Cost to Operate and Maintain
 - Seamless integration into the BART
 - Reduce Traffic Congestion
- Public Funding From
 - FTA Penta P
 - Bridge Tolls
 - Sales Tax
 - Port of Oakland





Why Public Private Partnership (P3)

Series of Events

2002 – Board Adopted the Project

2002-2004 Design Build Operate & Maintain (DBOM) Procurement (5 – 10yr O&M)

Estimated Capital Cost ≈ \$380M Public Grants ≈ \$260M

2005 Investigated P3

2006 Prequalified 3 Prospective Concessionaire Teams

2007 Concession Agreement Released for Proposals

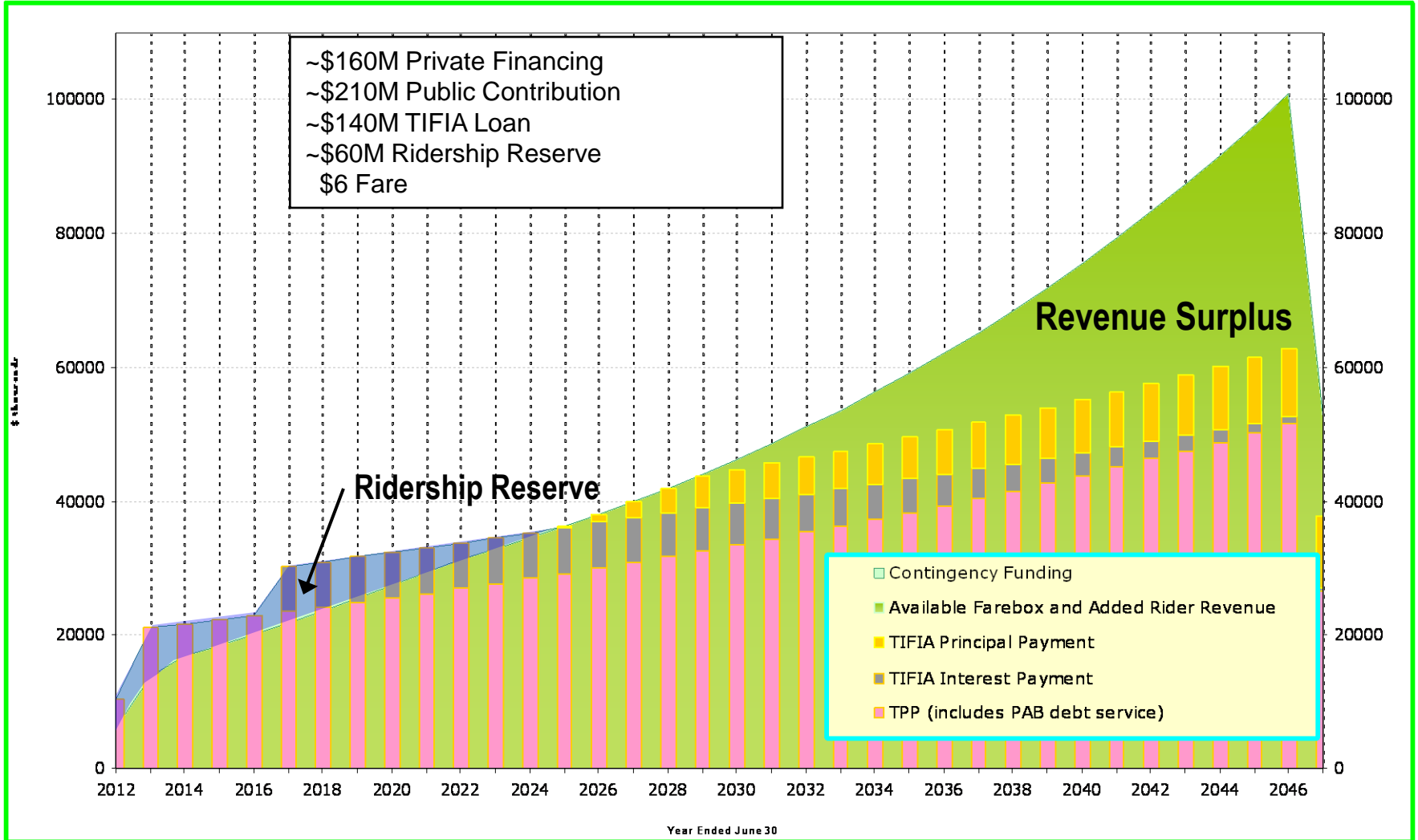
2008 Procurement Phase Continues with One Proposer

Estimated Capital Cost ≈ \$480 Public Grants \$350M

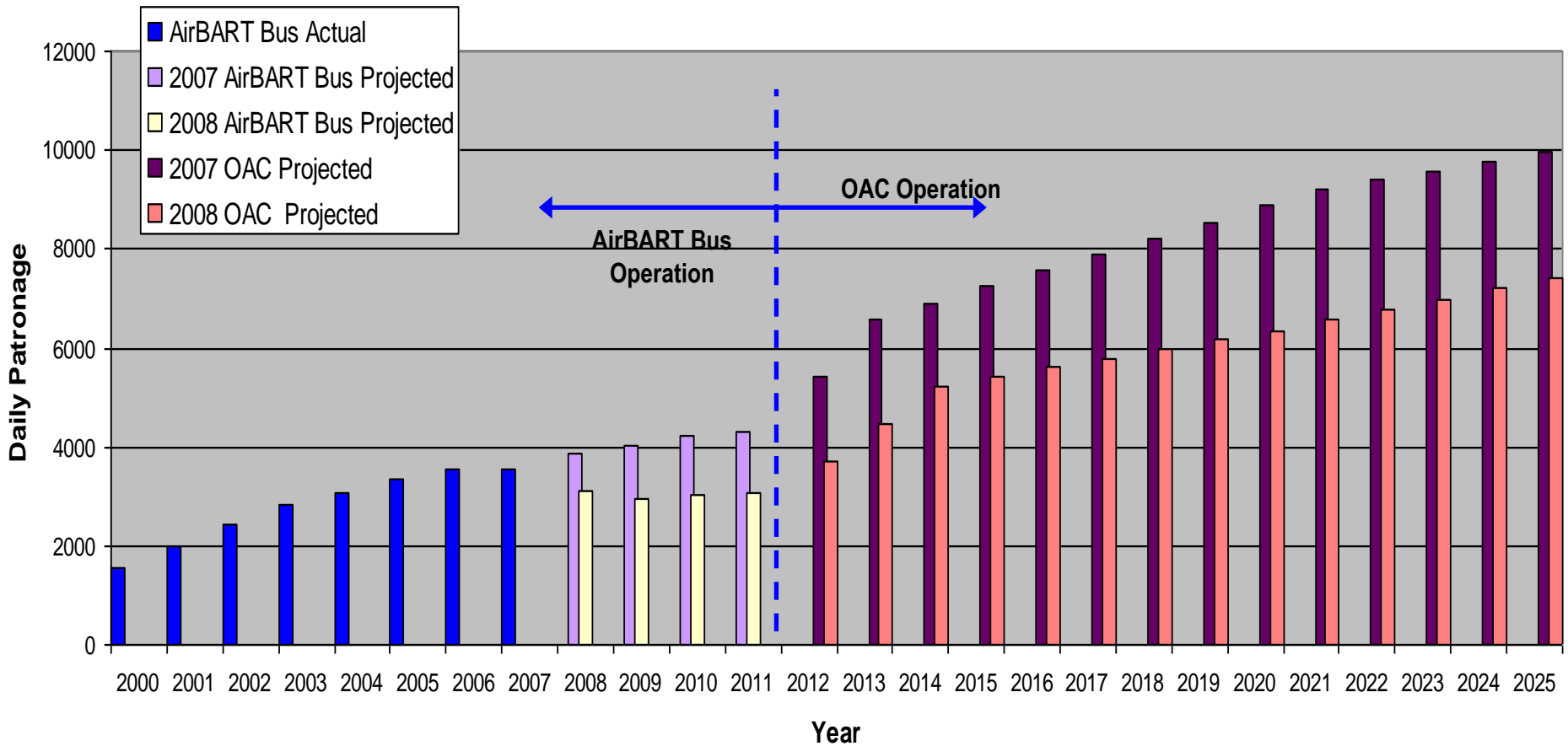


Concession Agreement Risk Allocation – Key Components

Concessionaire	BART
<p>Concessionaire takes the risk of design, construction, testing, start up and responsibility for 35 years of operation and maintenance</p> <ul style="list-style-type: none"> • Responsible for all defects & flaws • Includes capital reinvestment & refurbishment costs • 5 years of useful life at handover 	<p>BART maintains a contingency fund for 3rd Party delays, unforeseen conditions, and revenue shortfall.</p> <p>BART sets and collects fares</p> <p>BART makes Performance Payment to Concessionaire (for 35 years) from fare revenues and Ridership Reserve Fund, for the capital investment + operating expenses + reasonable return on investment</p>
<p>Portion of Performance Payment is based upon service availability and ability to meet performance criteria:</p> <ul style="list-style-type: none"> • Schedule of deductions for less than 99.5% System Availability (on-time performance, reliability, etc.) • Deductions for failure to meet minimum amenity standards (cleanliness, upkeep of facilities, etc.) 	<p>BART monitors Concessionaire performance and adjusts Performance Payment accordingly</p> <p>BART budgeted \$60M of Public funds for Ridership Reserve to cover revenue shortfalls during the ridership ramp up period</p>
<p>10% of Payment is based on actual ridership. Periodic rebasing to limit long-term losses and windfalls.</p>	<p>Revenue surplus shared but capped (no concessionaire windfall)</p>



2007 vs 2008 Ridership Projections



- Escalating costs continue to be a challenge
- US and Bay Area air-travel market is dynamic

Reassessing project to align revenue projections with financing options

- Additional Public Funds
- Other revenue sources / ridership backstop
- Financing options based upon current ridership
- Modification to procurement approach

Master Developer Builds

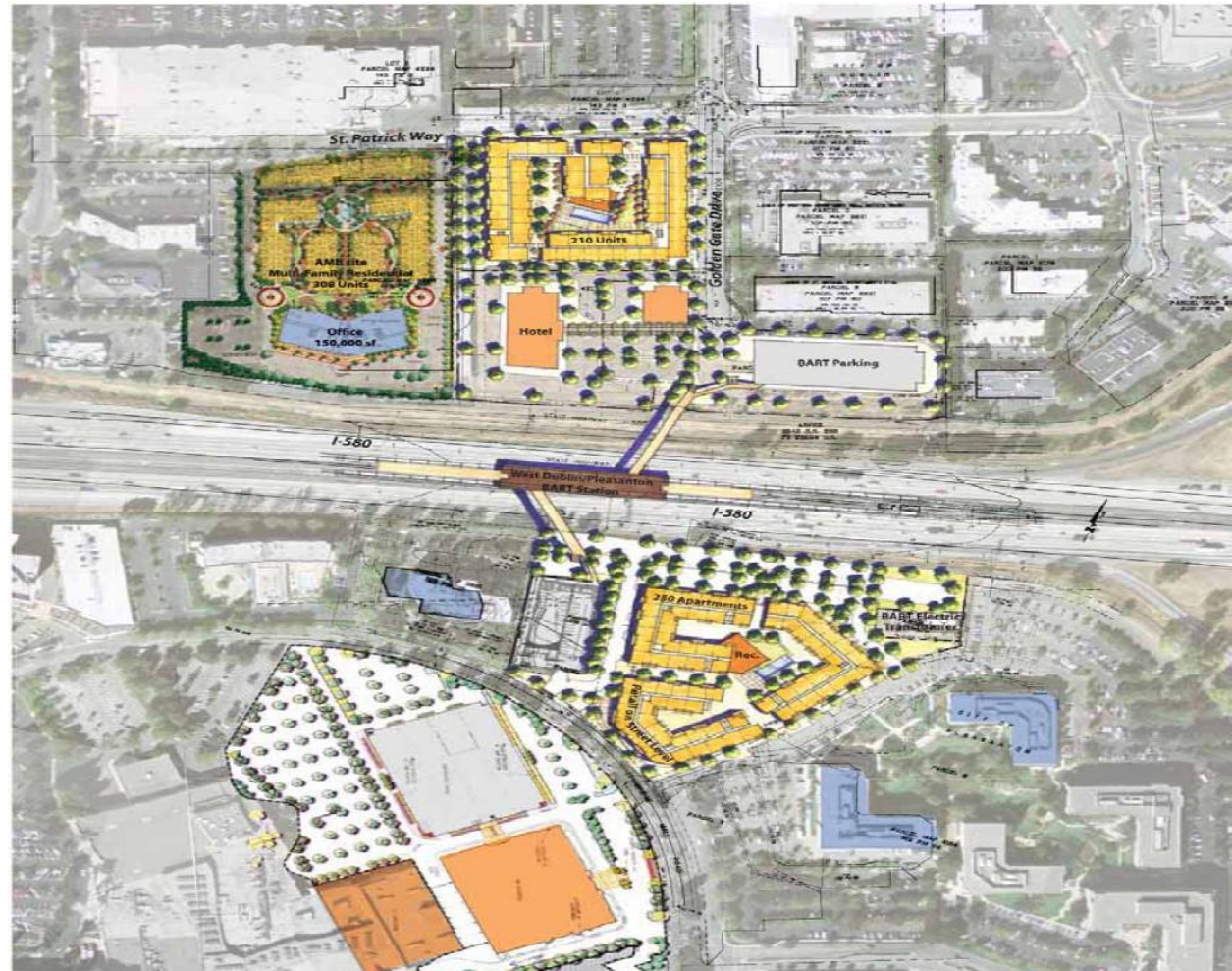
- BART Station & 2 pedestrian bridges
- 2 BART parking garages

Private Developer bought rights to build

- 350 Apartments
- 309 Condominiums
- 150 room hotel
- Retail

Land sale generated \$15.5M for station construction

Land lease generated \$3M with future revenue sharing



- **Public Facilities Cost = \$88M**

Funding Sources

- **Public Grants = \$14M**
 - **Bonds Sale = \$58.5M**
 - **Private Development = \$15.5M**
-
- **Fare box revenues expected to cover bond repayment. Bond repayment and operating costs backstopped by cities and county up to \$8M to cover early ridership risk.**

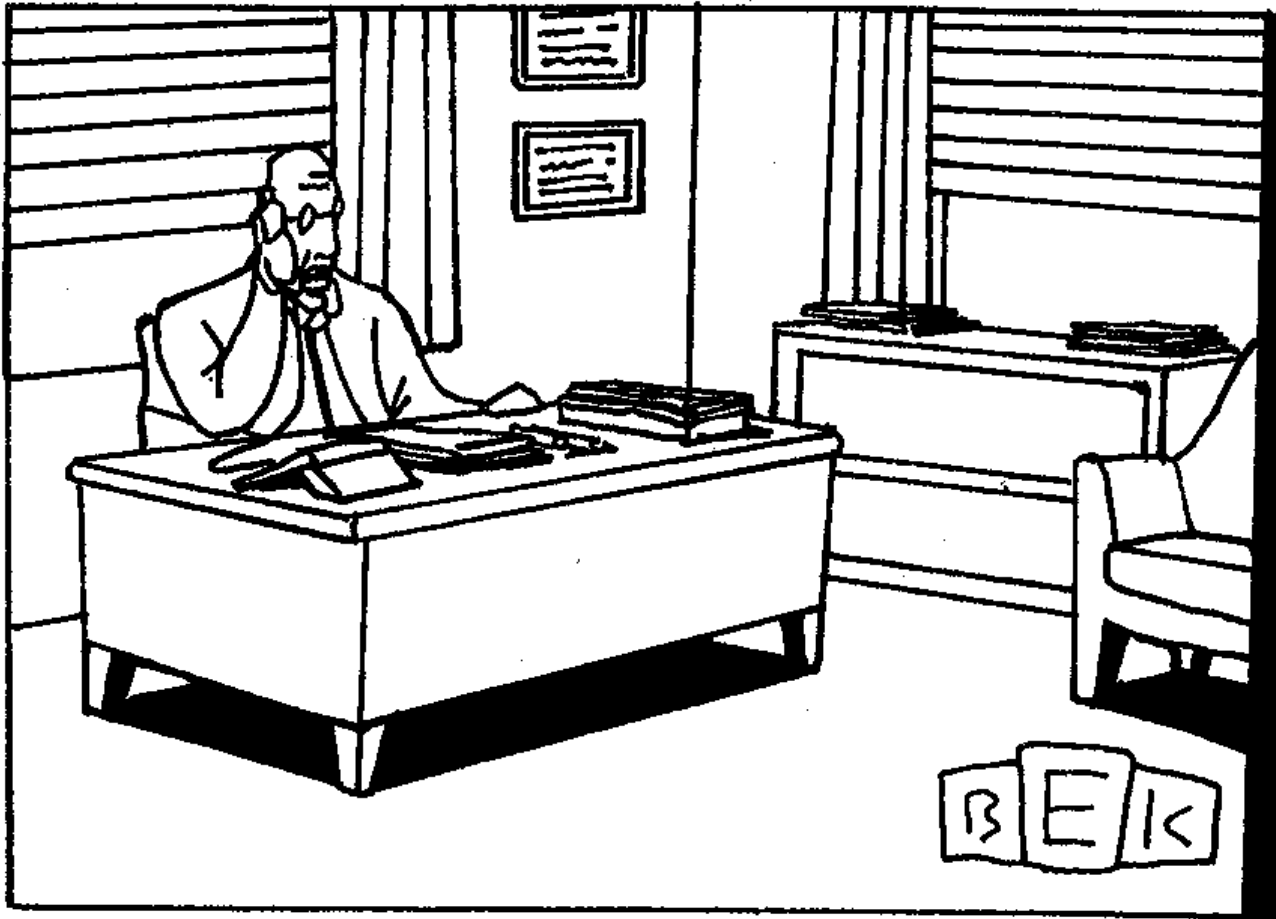
West Pleasanton Parking Structure



West Dublin/Pleasanton Station Steel Erection



- New to US market - may not apply to all project types (transit typically subsidized)
- Education of stakeholders is required
- PPP agreements are very complex – require experienced legal and financial advice
- Complex long term contracts will be priced conservatively
- Apportion risk appropriately - risk transfer to private partner will be costly
- Don't be prescriptive – allow private partner to be creative
- Try to keep competition involved in the process
- Third party involvement is a large factor for U.S. transactions



"We structured the deal so it won't make any sense to you."