

# CITY OF OAKLAND

## SUPPLEMENTAL AGENDA REPORT

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2009 OCT. -1 PM 5:09

TO: Office of the City Administrator  
ATTN: Dan Lindheim  
FROM: Community and Economic Development Agency  
DATE: October 6, 2009

RE: **An Informational Report on the Oakland Airport Connector**

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### SUMMARY

This is an informational report in response to questions posed by the Public Works Committee to CEDA Transportation Services Division (TSD). The report includes a summary analysis of the Oakland Airport Connector (OAC) project. In this informational report, staff details the alternate uses of \$70 million in American Recovery and Reinvestment Act (ARRA) funding that has been programmed for the OAC. This report also summarizes the major issues of contention regarding the OAC project.

This report is intended to inform and give context to the policy debate of the City Council regarding the Oakland Airport Connector.

### FISCAL IMPACT

There are no direct fiscal impacts from this informational report.

Any decision regarding the Oakland Airport Connector will have potential fiscal impacts to the City. This report does not quantify these impacts.

### BACKGROUND

On September 15, 2009, at the Public Works Committee meeting, the Committee discussed a resolution proposed by Councilmembers Nadel and Kaplan in opposition to the BART Oakland Airport Connector. The resolution and discussion among Councilmembers noted that Transform (a transit advocacy organization) and others have raised questions regarding the adequacy of the technical analysis of the OAC project. BART, the Alameda County Transportation Improvement Authority (ACTIA), the Oakland Metropolitan Chamber of Commerce, and other organizations have testified in favor of the project and its documentation. At their meeting on September 15, 2009, the Public Works Committee requested the following information in a supplemental report:

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- 1) Does the time saved by riders justify the expense of \$500 million dollars as compared to the current bus ride or an improved bus system;
- 2) Quantify the reduction of car rides with the O.A.C.;
- 3) The likelihood that the BART System would subsidize the O.A.C.;
- 4) Other regional options for the money if it is not used for the O.A.C.; and
- 5) Provide analysis by the City's transportation planners of the statistical data in BART's O.A.C. proposal including cost per rider.

Upon further review of the issue within CEDA and with Council Legislative Analyst, it was determined that specific technical questions about the BART project are best addressed by BART staff. The Legislative Analyst forwarded questions to BART requesting answers in relation to Questions 1, 2, 3 and 4.

CEDA TSD staff are providing a response to Question 4 in this report. As to Question 5, TSD staff has limited capacity to quickly analyze BART's data and make an informed judgment of its accuracy or veracity. For the purposes of this report, staff summarizes the main facts and controversies about the OAC, and tries to put them in context.

## KEY ISSUES AND IMPACTS

### *Federal Stimulus Funding*

On April 22, 2009, the Metropolitan Transportation Commission (MTC) programmed \$70 million in ARRA funds intended for transit capital projects to the Oakland Airport Connector, out of a total regional pool of \$340 million (Resolution 3885). The OAC was the only project specifically targeted for funding, in part because MTC determined that ARRA funding would provide enough funding to build the OAC project, which had long been a regional priority and was "shovel ready".

The remaining \$270 million was distributed on a formula basis to regional transit operators for system preservation capital projects. In federal transit terminology, capital projects include "preventive maintenance" activities, such as repair of buses and trackways, but may not include operating costs, such as drivers and fuel. Of the \$270 million in transit capital funds, AC Transit received \$25.7 million by formula, and BART received \$65.4 million. Other transit operators around the Bay Area received proportional shares, again based on formula.

MTC also adopted a "Tier 2" list of projects to be funded in case the OAC was unable to meet the very strict timelines required of ARRA funding. This Tier 2 list would distribute the \$70 million programmed for the OAC to regional transit agencies on the same proportionate basis. Therefore, of the \$70 million, AC Transit would receive \$6.7 million, and BART would receive \$17 million. Again, this funding is limited to transit capital expenses. The remaining funding would be distributed to regional transit agencies throughout the Bay Area.

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Representatives from MTC and ACTIA plan to attend the Council Meeting to discuss funding issues for the OAC.

### *Jobs Impact*

In the short term, if \$70 million in ARRA funding were de-programmed from the Oakland Airport Connector, and instead reprogrammed on a formula basis to regional transit agencies, it is likely the OAC would not be constructed. The Oakland area would thus lose the short-term construction jobs and long-term maintenance jobs associated with the approximately \$500 million dollar project. BART estimates these jobs as approximately 2,500 - 5,300 construction jobs and 25 to 50 permanent jobs. Of the construction jobs, one-seventh would be directly associated with the ARRA funding (360-750 construction jobs)<sup>1</sup>.

However, if the federal funding were reprogrammed to regional transit operators, AC Transit could eliminate approximately one-third of its current \$20 million operating deficit for one year (if it has the flexibility to shift non-ARRA capital funds to its operating budget), and preserve approximately 65 jobs. BART likewise could spend approximately \$17 million on car rehabilitation (~180 jobs), which would partially benefit the City of Oakland. Other jobs would be throughout the Bay Area.

### *Other Areas of Controversy*

*Attachment A* summarizes the major areas of controversy identified by OAC critics, along with BART responses to date. The major issues have concerned projected ridership, fares, and overall costs of the project. Cumulatively, critics have noted that while overall costs have increased over time, potential patronage appears to have decreased according to BART's most recent estimates. BART contends that the recent fare and patronage data is a "worst case" estimate used for financial modeling, and is not likely to be realized. ACTIA notes that the cost escalation of the OAC system is not out of line with what has been experienced with other transportation capital projects.

Critics also contend that the system as currently designed is not identical to the system evaluated in the Environmental Impact Statement/Report (EIS/EIR) in 2002 and the Supplemental EIS/EIR in 2006. The actual design changes are modest, however, and do not change the basic project definition. In the recent RFP, in order to generate bids, BART allowed for a somewhat slower system and also removed an elevated walkway connecting the Airport Station to the terminal from the plan. These would have the effect of slightly increasing the travel time from the Coliseum station to the Oakland International Airport over the original proposal.

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<sup>1</sup> The exact number of jobs is difficult to estimate, but the US Department of Energy's guidance for all ARRA projects is to assume one job per \$92,000 of funding. By this logic, \$70 million will generate approximately 761 jobs.

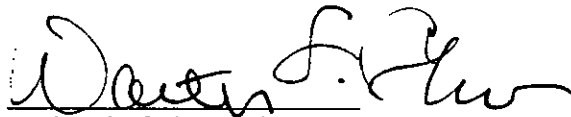
**RECOMMENDATION AND RATIONALE**

There is no recommendation associated with this report; it is for information only.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that the Council accept this informational report.

Respectfully submitted,



Walter S. Cohen, Director

Community and Economic Development Agency

Reviewed by:

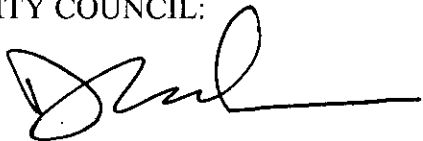
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Transportation Services Division

Prepared by:

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APPROVED AND FORWARDED TO THE  
CITY COUNCIL:



Office of the City Administrator

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Attachment A  
Oakland Airport Connector Project  
Areas of Controversy

<b>Issue</b>	<b>Current Estimate</b>	<b>Previous Estimates</b>	<b>Critique</b>	<b>BART Response</b>
<b>Riders per day (in 2020)</b>	2009 - 4,350 <sup>1</sup>	2002 - 9,360 <sup>2</sup>	Ridership is significantly less than originally projected	Current ridership estimate based on “worst case” scenario for financial modeling.
<b>Cost</b>	2009 -\$522-552 million <sup>3</sup>	2002 - \$229 million <sup>2</sup>	Cost has increased significantly faster than inflation.	Cost increase are within norm for construction cost inflation during boom; cost estimates now deflating
<b>Passenger Fare</b>	2009 - \$6 per ride <sup>1</sup>	2002 - \$2 per ride <sup>2</sup>	\$6 estimated fare is unaffordable for airport workers and many travelers.	The fare is not established yet. The \$6 fare was based on “worst case” for financial modeling, and will be revisited.
<b>Speed (minimum operating)</b>	27 mph (2009 RFP)	37 mph (2007 RFP)	Recent RFP has allowed slower vehicles, increasing trip time.	Lowest allowed speed would add up to 3 minutes to trip.

<sup>1</sup> 2009 Ridership Estimates, BART

<sup>2</sup> 2002 FEIR/FEIS

<sup>3</sup> Current engineering estimate; however BART is currently evaluating proposals submitted 9/22/09

<b>Issue</b>	<b>Current Estimate</b>	<b>Previous Estimates</b>	<b>Critique</b>	<b>BART Response</b>
<b>Station Design</b>	Airport station connects at edge of parking lot, patrons cross surface roadways at ground level (2009 RFP).	2006 Supplemental FEIR assumed walkway over surface roadways at Airport.	Walk distance has increased at both ends, adding up to 4 minutes to total travel time over EIR.	Proposed design is not significantly different and will have a modest impact on travel time.
<b>Intermediate Stations</b>	Current RFP assumes one optional intermediate station at Doolittle.	2002 FEIS/EIR assumed two intermediate stations serving existing and future development sites.	Potential economic benefits of connector are lower without intermediate stations..	Both Intermediate Stations were terminated at City of Oakland's request.