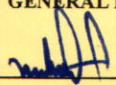
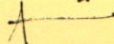
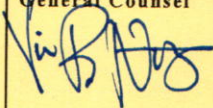
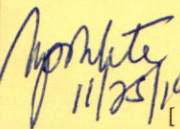
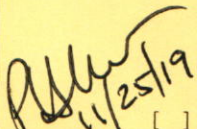




## EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:  DATE: 11/14/2019		GENERAL MANAGER ACTION REQ'D: Approve and Forward to the Board of Directors		
DATE: 11/14/2019		BOARD INITIATED ITEM: No		
Originator/Prepared by: Priya Mathur Dept: Financial Planning  Signature/Date: 11/25/19	General Counsel  11/20/19 [ ]	Controller/Treasurer  11/25/19 [ ]	District Secretary [ ]	BARC  11/25/19 [ ]

### BART Car Replacement Funding Exchange and Reserve Account Withdrawal

#### PURPOSE:

To request Board approval to withdraw up to \$18 million from the BART Car Replacement Funding Exchange and Reserve Account to fund the purchase of railcars under the Transbay Corridor Core Capacity Project.

#### DISCUSSION:

In 2006, the Metropolitan Transportation Commission (MTC) and BART signed the BART Car Replacement Funding Exchange and Reserve Account (Exchange Account) Agreement (Agreement) to set aside funds for the eventual purchase of new railcars to replace BART's aging fleet. MTC agreed to program eligible Federal Highway Administration (FHWA) or Federal Transit Administration (FTA) funds to BART's preventive maintenance program in exchange for BART depositing an equal amount of local funds into the Exchange Account. Since that time, approximately \$390 million has been deposited into the account. There has been one prior authorized withdrawal of \$15.5 million in 2012, and, as of August 31, 2019, the balance of the account was \$397 million.

In September 2017, the Commission adopted Resolution No. 4302, the Exchange Account Agreement Supplemental, which committed up to \$179 million from the Exchange Account to BART for the costs of new railcars included in BART's Transbay Corridor Core Capacity Program Project (TCCCP) in order to support the advancement of the TCCCP for funding through the FTA's Capital Investment Grant (CIG) Program. Since that time, BART has been advanced through the CIG Program and is now in the Engineering phase, anticipating receipt of a Full-Funding Grant Agreement by the end of the year.



MTC Resolution No. 3738 and the Agreement require that both the Board and the MTC formally approve withdrawals from the Exchange Account. The action proposed today would authorize BART to approve the withdrawal of up to \$18 million from the Exchange Account, which BART would use for initial payments associated with the procurement of 252 railcars (the Project) being acquired under the TCCCP. The MTC is expected to approve this withdrawal request at the December meeting, as required by the Agreement. Upon approval by the Board and the MTC, BART will submit formal requests for reimbursement of funds from the Exchange Account that will outline specific Project details, including but not limited to copies of invoices that include defined costs associated with the Project.

In November 2018, the BART Board authorized the District to negotiate and enter into a sole-source railcar procurement contract with Bombardier Transit Corporation (Bombardier) to manufacture up to 425 rail cars as a follow-on procurement to the 775 railcar procurement initiated in 2012 with Bombardier, which will enable continuous railcar production and eliminate ramp-up costs. This railcar procurement includes 252 rail cars that will be funded and acquired under the TCCCP.

The remainder of the account balance will continue to accrue interest until further withdrawals are requested and authorized to support BART's railcar procurement projects.

**FISCAL IMPACT:**

This action authorizes the District to request a withdrawal of up to \$18 million from the Exchange Account following the award of a base contract for the procurement of railcars under the TCCCP.

**ALTERNATIVES:**

Do not authorize the request of a withdrawal from the Exchange Account and potentially delay the award of a base contract for the procurement of railcars under the TCCCP.

**RECOMMENDATION:**

Adopt the following motion.

**MOTION:**

The Board formally approves the withdrawal of up to \$18 million from the BART Car Replacement Funding Exchange Account to fund the purchase of railcars under the Transbay Corridor Core Capacity Project.