

# VTA Debt Becomes BART Bailout

## Bait and Switch Threatens to Bankrupt Santa Clara Service

By Richard F. Tolmach

The Santa Clara Valley Transit Authority (VTA), well on its way to becoming the Enron of the transit world, is out of operating funds, but is borrowing billions of dollars against future sales tax revenues. As it turns out, the primary goal of the bonds is apparently **not** to run VTA's buses and trains, but to build a very long and slow BART extension to Santa Clara via the most expensive route possible.

A vote to ask use of Measure A funding for emergency operating support last month turned out to have an ulterior motive. To the shock and dismay of some VTA board members and most transit riders, an item for \$252 million in preliminary engineering costs for the San Jose BART extension was added at the last moment.

South Bay transit riders are drawing up lists of the responsible parties at the Valley Transit Authority (VTA) in what they consider a theft of operating funds. The Santa Clara VTA Riders Union faults certain members of the VTA board for hatching a secret plan to fund BART at the same time the organization is planning major cutbacks in its own bus and train service.

The VTA Board passed the bond request at its monthly meeting August 7 by a narrow 7-5 margin. Voting in favor were San Jose Mayor Ron Gonzales; Campbell City Councilmember Jane Kennedy (2003 chair of VTA); San Jose City Councilmembers Cindy Chavez, David Cortese, Pat Dando, and Forrest Williams; and Sunnyvale City Councilmember Manuel Valerio.

Those who opposed bonding were Santa Clara County Supervisors Blanca Alvarado and Don Gage; Santa Clara City Councilman John McLemore; Palo Alto Mayor Dena Mossar; and Gilroy Mayor Tom Springer.

Supervisor Don Gage told the VTA Board, "If we're wrong with the risk that we are taking, we will shut down this agency with no means of getting money to keep this thing going."

Mossar protested that the last-minute \$252 million addition to the proposal was not discussed in the previous meeting on June 19 and voted against it. Springer expressed concern that BART to San Jose continues to be prioritized over other projects promised to voters in South County in the same measure, such as much-needed Caltrain improvements.

Eugene Bradley of the Riders Union says the group does not oppose the \$80 million of the bond devoted to deferring service cuts until November 2004, but points out that \$342 million will be spent on interest payments and capital costs of the controversial BART extension to San Jose. In addition to the \$255 million on August 7, VTA spent a prior \$87 million to purchase the right of way for BART.

The bond action by VTA board members ultimately raises the final cost of the BART extension past its originally budgeted \$3.8 billion on the Measure A ballot. The \$92 million in interest payments in the bond, combined with \$700 million in bond financing, as well as the need to find up to \$73 million in operating funds for the extension, raised the final cost of the extension to over \$5 billion. In its attempt to cut costs, VTA has suggested eliminating stations.

The Riders Union points out that the cost of the BART extension, after these new cost overruns are figured in, is very similar to the amount of the VTA's deficit of \$6 billion. The entire deficit can be seen as an Enron-type manipulation to borrow money for false pretenses, generating profit by third parties.

VTA's bonding request went against the advice of the Santa Clara County Board of

Supervisors, which passed a resolution only days earlier stating that Measure A bonds should be used only to prevent further bus and light rail service cuts in the South Bay. VTA's action also defied its ad-hoc Financial Stability Committee, which stated that no Measure A funding is to be spent for capital projects until funding to operate and maintain such projects was identified.

Taxpayers and rail activists warned the VTA board members before the vote that they were exacerbating the Authority's current fiscal crisis by committing funds to the BART project. The Riders Union anticipates a decision soon from Santa Clara County Superior Court on whether or not bonding the BART project against 2000 Measure A funds is legal.

At the same time that San Jose Mayor Ron Gonzales and his allies push the 2014 extension of BART, their financial actions are destroying bus and light rail service in the South Bay today. County Supervisor Bianco

Alverado attacked the fund grab, saying "this approach threatens to decimate the bus and rail systems desperately needed by county residents."

The Riders Union has called upon the Santa Clara County Superior Court to do what seven VTA Board members failed to do: uphold the public trust of taxpayers, the Santa Clara County Supervisors, and transit riders in the entire Valley, and approve only the \$80 million in bonding that defers proposed service cuts until November 2004.

From a statewide perspective, Santa Clara County actions appear inexplicable except as the result of decades of political corruption. Bankrupting VTA to pay \$6 billion for 15 miles of outmoded BART technology to be delivered 12 years from now is clearly not in the County's interests. The project remains alive only due to payoffs by BART contractors.

The South Bay needs to look at other rail technologies with more promise (see below).

## Alternative Fremont-San Jose Link Could Save 10 Years and \$6 Billion

It is only a lack of imagination that has kept San Jose politicians in their backwater of graft, when Silicon Valley industrialists have been leading the nation with innovative ideas. It is time for technologists to take over from the politicians and put the Valley on a fast track.

Santa Clara Valley Transit Authority (VTA) really doesn't have to bankrupt the County to build a BART line for non-residents. There is a much better idea for Fremont connections that could save VTA as much as \$6 billion and be implemented years sooner.

It's the idea of building high-speed rail via the Altamont Corridor, and running commuter trains with high-speed equipment to serve local stops. The best part is that Santa Clara County taxpayers don't get stuck with the bill for providing access to other counties.

County politicians like Rod Diridon have been vociferously opposed to high speed on the Altamont Corridor, claiming that it would put Diridon Station on a branch line. That's nothing but superficial spin aimed at egos.

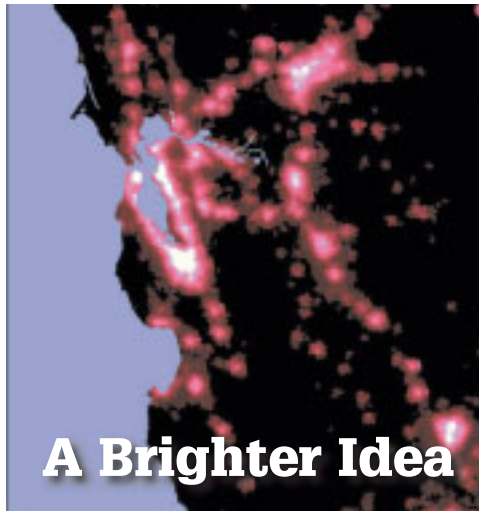
Their stance makes no sense when you examine what high speed rail via Altamont would provide compared to a Pacheco Pass route. A Pacheco route serves none of the South Bay's local travel needs.

On the other hand, running the high speed route San Jose-Fremont does triple duty for San Jose, closing the gap to BART, solving San Jose's biggest gridlock problems and providing faster access to all major Northern California destinations. The line would be a main route, just the way Highway 680 is. 680

has no lack of traffic and neither would trains headed to Los Angeles via an Altamont route.

Diridon and friends are most concerned about the emergence of Altamont high speed rail because it makes the BART line look so idiotic by comparison. Check the following comparative statistics:

- **Construction Cost:** High speed rail has cost between \$5 million (French TGV Southeast) and \$30 million (recent TGV Mediterranée) on most projects. The highest cost project has been about \$80 million a mile (Köln-Frankfurt ICE with huge tunnel sections). The BART San Jose extension is currently priced at well over \$200 million per mile.
- **Operating Cost:** High speed rail generally makes an operating profit, and Santa Clara County would only have to cover a share of any losses made by local service run on the line, probably less than \$10 million annually, on an 18 mile service. The BART extension operating cost is currently estimated at \$47 million annually, bloated by unfavorable labor arrangements.
- **Speed:** High speed rail could link Fremont BART with key Silicon Valley destinations in northern Santa Clara in a matter of 12 minutes. By comparison, BART takes about 30 minutes because it would run all the way south to East San Jose (without a stop by current plans) then under San Jose before getting to key work destinations.
- **Traffic Relief:** High speed rail via Altamont would provide service to Sacramento, all the new bedroom communities of Alameda and San Joaquin Counties, as well as all the BART destinations, providing traffic relief on Highways 80, 580, 680, and 880. BART only helps on Highway 880.
- **Opening Date:** High speed rail can start construction within 3 years, with completion by 2008, according to former High Speed Rail Authority Executive Director Mehdi Morshed. The BART extension would not even start being built until 2009 at earliest, and won't finish until 2014. Still plan to be commuting then?



A Brighter Idea

Building high-speed rail to San Jose via Fremont and Altamont could save Santa Clara County \$6 billion. City lights are bright on the Altamont Corridor. County politicians would put high-speed rail in the dark via unpopulated Pacheco Pass.