

THIS PRINT COVERS CALENDAR ITEM NO.: 10.4

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Administration, Safety and Training

BRIEF DESCRIPTION: Resolution supporting the issuance of revenue bonds as assurance funding for the Central Subway Project in the event of any delay or other shortfall in the availability of Project funds, subject to the concurrence of the Board of Supervisors.

SUMMARY:

- The Central Subway Project has an approved funding plan that includes a combination of local, state and federal funds, including \$61 million in High Speed Rail (HSR) Bond proceeds.
- The project is poised to receive a federal funding commitment from the Federal Transit Administration (FTA) of \$942 million towards the total project cost of \$1.578 billion.
- Because of uncertainty when the HSR bonds will be issued, FTA would like an assurance that the SFMTA has a plan to provide alternative funds in the event of a delay or other shortfall of funds.
- This resolution provides a commitment that the SFMTA will include in a future, planned issuance of revenue bonds funds for this project in the event of such a funding shortfall or delay.
- The San Francisco Board of Supervisors will also be considering a companion resolution for this purpose.

ENCLOSURES:

1. SFMTAB Resolution

APPROVALS:

DATE

DIRECTOR _____ 4/23/12

SECRETARY _____ 4/23/12

ASSIGNED SFMTAB CALENDAR DATE: May 1, 2012

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PURPOSE:

The purpose of this resolution is to provide additional assurance to the Federal Transit Administration (FTA) with regard to any delays or shortfalls in the availability of funding for the Central Subway project.

GOAL:

To establish SFMTA's commitment to issue revenue bonds as assurance funding for the Central Subway project in the event of any delay or other shortfall in the availability of funding.

The resolution supports a number of the Agency's strategic plan goals, including:

Goal 2: Make transit, walking, bicycling, taxi, ridesharing, and carsharing the preferred means of travel.

Goal 3: Improve the environment and quality of life in San Francisco.

DESCRIPTION:

The Central Subway Project has an approved full funding plan that includes a combination of local, state and federal funds. The Project is poised to receive a federal funding commitment from the FTA of \$942 million towards the total Project cost of \$1.578 billion. In support of that commitment, the SFMTA has provided assurances of alternative funding for various funding sources included in the plan should there be any delays or unexpected cost overruns. This particular resolution is aimed at providing additional assurances to the FTA with regard to the \$61 million in voter-approved Proposition 1A High Speed Rail connectivity funds which are committed to the project. The FTA is seeking this additional assurance due to the uncertainty with regard to when the bonds for high speed rail will be sold.

When California voters approved Proposition 1A in support of High Speed Rail in 2008, they included \$9 billion for High Speed Rail design and construction, and additional \$950 million for local rail providers to enable connectivity between local rail systems and High Speed Rail. The language of the Proposition explicitly allocates these funds through a formula that directs \$61 million to the SFMTA. In March, the Metropolitan Transportation Commission entered into a memorandum of understanding with the California High Speed Rail Authority (HSRA) and regional partners, including the City and County of San Francisco. This MOU compels the HSRA to endeavor to seek release of the connectivity funds, and led to the approval of a revised Business Plan by the HSRA in April. While uncertainty with regard to High Speed Rail and its timing remains, these recent actions represent positive signs that the project – and the connectivity funds – will move forward.

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The SFMTA currently has the authority under the City's Charter to issue revenue bonds to support SFMTA capital projects with the approval of the SFMTA Board of Directors and concurrence by the Board of Supervisors, and SFMTA has included \$300 million of revenue bonds as a source of revenue in its 20 year Capital Improvement Plan.

To address the FTA's concerns, this resolution will provide a commitment from the SFMTA to include Project funding in a future, planned issuance of revenue bonds in the event of a shortfall or other delay in Project funds so as not to impact Central Subway Project delivery.

ALTERNATIVES CONSIDERED:

Other alternatives were considered but have already been identified to serve as a back stop for other fund sources. The particular approach of identifying future revenue bonds is fully within the authority of the SFMTA and the Board of Supervisors and deemed the best source of assurance funding for any delay in state HSR connectivity funds.

FUNDING IMPACT:

If SFMTA issued revenue bonds, the SFMTA would be required to budget for the debt service repayment from the operating budget.

OTHER APPROVALS RECEIVED OR STILL REQUIRED:

The Board of Supervisors is currently considering a similar resolution.

RECOMMENDATION:

Approve resolution of support for Central Subway assurance funding.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The San Francisco Municipal Transportation Agency's (SFMTA) Central Subway, Phase 2 of the Third Street Light Rail Project (the Project), will complete a transit link connecting the southeastern sector of the City to the heart of San Francisco's retail and financial centers and Chinatown; and

WHEREAS, The Project will serve a low-income, transit-dependent population and provide access to jobs and services within the corridor, which is projected to see a 26 percent increase in population and a 61 percent increase in employment by 2030; and

WHEREAS, The Project is one of only two top New Starts projects in the region included in the Metropolitan Transportation Commission's Regional Transportation Plan (Transportation 2035), is integral to the region's transportation future, and will improve connections between Caltrain, BART, Muni Metro and future California High Speed Rail; and

WHEREAS, The Project is poised to receive a federal full funding grant agreement representing the federal commitment of \$942 million in Federal Transit Administration (FTA) 5309 New Starts funds; and

WHEREAS, The Project is fully funded through a variety of local, state and federal sources, including Proposition 1A High Speed Rail (HSR) Connectivity Funds approved by the voters on November 4, 2008; under the formula provided in the High-Speed Rail Passenger Train Bond Act (codified in Streets and Highways Code §§ 2704 *et seq.*), SFMTA expects to receive approximately \$61 million for the Project; and

WHEREAS, The FTA is seeking additional assurance with regard to the availability of the HSR Connectivity funds given that these funds are subject to possible delay due to the timing of bond issuance by the State of California; and

WHEREAS, The SFMTA currently has the authority under the City's Charter to issue revenue bonds to support SFMTA capital projects with the approval of the SFMTA Board of Directors and concurrence by the Board of Supervisors, and SFMTA has included \$300 million of revenue bonds as a source of revenue in its 20 year Capital Improvement Plan; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors supports issuing revenue bonds to serve as assurance funding in the event of any delay or other shortfall in Central Subway, Phase 2 of the Third Street Light Rail Project funds, subject to concurrence by the Board of Supervisors.

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I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of May 1, 2012.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency