

THIS PRINT COVERS CALENDAR ITEM NO. : 10.4

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance and Information Technology

BRIEF DESCRIPTION:

Approving an annual payment in the amount of \$57,000 for the next two years by the SFMTA for the City's portion of the debt service for farebox revenue bonds to be issued by the Peninsula Corridor Joint Powers Board (JPB) for rail car capacity expansion and authorizing the Director of Transportation to execute any documents which may be necessary to complete this transaction.

SUMMARY:

- The City is a member agency of the Peninsula Corridor Joint Powers Board (JPB) and is required to contribute to the operating costs of Caltrain and for the costs of JPB capital projects as set forth in the JPB Joint Powers Agreement (Agreement).
- The JPB is proposing to issue farebox revenue bonds to finance part of its rail car capacity expansion in an amount not to exceed \$11 million.
- As the transportation agency for the City, the SFMTA is responsible for paying the City's portion of the debt service.
- The SFMTA will pay the City's debt service costs from the SFMTA operating budget in an annual amount currently estimated at \$57,000 for the next three to four years. These debt services costs will be included as part of the SFMTA's two-year operating budget for FY 2016 and FY 2017.
- The Board of Supervisors is required to approve the issuance and sale of the farebox revenue bonds.

ENCLOSURES:

1. SFMTAB Resolution

APPROVALS:

DATE

DIRECTOR _____

10/23/14

SECRETARY _____

10/23/14

ASSIGNED SFMTAB CALENDAR DATE: November 4, 2014

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PURPOSE

Approving an annual payment in the amount of \$57,000 for the next two years by the SFMTA for the City's portion of the debt service for farebox revenue bonds to be issued by the Peninsula Corridor Joint Powers Board (JPB) for rail car capacity expansion and authorizing the Director of Transportation to execute any documents which may be necessary to complete this transaction.

GOAL

This item will meet the following goals and objectives of the SFMTA Strategic Plan:

- Goal 3: Improve the environment and quality of life in San Francisco
- Objective 3.3: Allocate capital resources effectively

DESCRIPTION

Background

Caltrain has reported that it has experienced record ridership in the past few years, leading to overcrowding and capacity constraints on many peak period trains, as well as making it difficult to remove railcars from service for maintenance as part of the JPB's State of Good Repair Rebuild Program. In response, the JPB Board of Directors has authorized the procurement of 16 new railcars from the Southern California Regional Rail Authority.

The JPB estimates the overall cost of this procurement at \$15 million, which includes \$1 million for platform modifications to accommodate longer trains which will increase from five cars to six cars. Of this amount, \$4 million has been funded from fare revenues and the JPB is proposing that the remainder be financed with farebox revenue bonds in an amount not to exceed \$11 million.

The City is a member agency of the JPB and is required to contribute to the operating costs of Caltrain and the costs of JPB capital projects as set forth in the JPB Joint Powers Agreement. As the transportation agency of the City, the SFMTA is responsible for paying the City's portion of these costs. The City's part of the annual debt service on the proposed farebox revenue bonds is currently estimated at \$57,000 for the next three to four years.

ALTERNATIVES CONSIDERED

The alternative to approving this JPB request is to require the JPB to finance this expansion in a different way.

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FUNDING IMPACT

The issuance of the farebox revenue bonds by the JPB will obligate the SFMTA to make an annual payment for bond debt service for the next three to four years. The City's part of the annual debt service on the proposed farebox revenue bonds is currently estimated at \$57,000. There are sufficient revenues in the SFMTA's current two-year budget to cover these costs. These debt services costs will be included as part of the SFMTA's two-year operating budget for FY 2016 and FY 2017.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The City Attorney's Office has reviewed this report.

The Board of Supervisors must approve the issuance and sale of the farebox revenue bonds by resolution.

RECOMMENDATION

That the SFMTA Board of Directors approve an annual payment in the amount of \$57,000 for the next two years by the SFMTA for the City's portion of the debt service for farebox revenue bonds to be issued by the JPB for rail car capacity expansion and authorize the Director of Transportation to execute any documents which may be necessary to complete this transaction.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The City and County of San Francisco (City) is a member agency of the Peninsula Corridor Joint Powers Board (JPB) and is required to contribute to the operating costs of Caltrain and for the costs of JPB capital projects as set forth in the JPB Joint Powers Agreement; and

WHEREAS, the JPB is now proposing to issue farebox revenue bonds to finance part of its rail car capacity expansion in an amount not to exceed \$11 million; and

WHEREAS, As the transportation agency for the City, the San Francisco Municipal Transportation Agency (SFMTA) is responsible for paying the City's portion of these costs; and

WHEREAS, The SFMTA will pay the City's debt service costs from the SFMTA operating budget in an annual amount currently estimated at \$57,000 for the next three to four years; and

WHEREAS, These debt services costs will be included as part of the SFMTA's two-year operating budget for FY 2016 and FY 2017; and

WHEREAS, The Board of Supervisors is required to approve the issuance and sale of the farebox revenue bonds; now therefore be it

RESOLVED, That the SFMTA Board of Directors approves an annual payment of \$57,000 by the SFMTA for the next two years for the City's portion of the debt service for farebox revenue bonds to be issued by the Peninsula Corridor Joint Powers Board for its rail car capacity expansion and authorizes the Director of Transportation to execute any documents which may be necessary to complete this transaction; and, be it

FURTHER RESOLVED, That the SFMTA Board of Directors recommends that the Board of Supervisors approve the issuance and sale of the proposed farebox revenue bonds.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of November 4, 2014.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency