Date: January 8, 2008
Committee Meeting Date: January 17, 2008
Board Meeting Date: February 7, 2008

BOARD MEMORANDUM ACTION ITEM

TO: Administration and Finance
Santa Clara Valley Transportation Authority
Board of Directors

THROUGH: Michael T. Burns
General Manager

FROM: Jim Lawson
Government Affairs Manager

SUBJECT: Caltrain Right-of-Way Payment Schedule

Policy-Related Action: Yes **Government Code Section 84308 Applies: No**

RECOMMENDATION:

Approve a payment schedule to reimburse the San Mateo County Transit District (SamTrans) for the Santa Clara Valley Transportation Authority's (VTA) share of the purchase of the Caltrain Right-of-Way (ROW) through projected gasoline "spillover" funds consistent with the schedule developed by the Metropolitan Transportation Commission (MTC) for their repayment share; and authorize the General Manager to enter into all necessary funding agreements to make the payments.

BACKGROUND:

The Peninsula Corridor Joint Powers Authority (PCJPA) operates Caltrain, the commuter rail service from Gilroy to San Francisco. The PCJPA is a partnership of three member agencies: VTA, the City and County of San Francisco, and SamTrans. SamTrans serves as the managing agency.

The initial Caltrain ROW was purchased from the Southern Pacific Transportation Company by the PCJPA in 1991 for $202 million. The State of California contributed $120 million to the purchase price, which left a shortfall of $82 million. Because VTA and San Francisco did not have funds available to purchase the ROW, SamTrans agreed to pay the difference between the state contribution and the purchase price.

Simultaneously, the three partners entered into a *Real Property Ownership Agreement* that detailed the terms and conditions of the ROW purchase. The funds SamTrans contributed to the ROW were characterized as an advance to the other agencies. The amount owed by each agency was based on the percentage of ROW in each jurisdiction. VTA's share of the ROW translated into approximately $34.6 million, with San Francisco's share being $8.3 million. While the Agreement clearly states that neither San Francisco nor VTA had any legal obligation to reimburse SamTrans, the partners agreed that they would "use their best efforts to individually and collectively advocate for and obtain from non-local source grants to be used for reimbursement of the additional contribution."

In June 2007, VTA, SamTrans, San Francisco and MTC were able to identify a non-local funding source to reimburse SamTrans. They mutually agreed that reimbursement will be paid from the following sources of gasoline sales tax "spillover" funds that are projected to flow to the region over the next several years:

1. $43 million in regional population-based spillover funds from MTC
2. $10 million in revenue-based spillover funds, with $8 million from VTA and $2 million from San Francisco.

DISCUSSION:

The regional settlement determined the amounts and the payment source. It did not, however, include a payment schedule. The parties all recognize that the payment would not be made in a lump sum but instead over many years. MTC has established their own payment schedule, and is providing payment to Samtrans based on the ratio of MTC's portion of the ROW payment to MTC's other Spillover Fund commitments.

VTA staff proposes that the VTA Board authorize payments to SamTrans using the same ratio and schedule as MTC. MTC's FY 2008 payment of $4,422,174 is 10.3% of the $43 million that MTC owes Samtrans under the terms of the settlement. Based on this formula, 10.3% of the $8 million VTA commitment to SamTrans is $822,730, and would therefore be the amount that VTA would pay SamTrans for FY 2008.

It is important to note that all parties recognize that spillover funds are uncertain and carry some risk. Historically, spillover has varied depending on the cost of gasoline and has been subject to budgetary diversions. Therefore, the amount VTA and MTC will pay SamTrans will vary from year to year based on the amount of spillover funds that are available. Despite this volatility, MTC believes that it is reasonable to expect that all payments can be made within the next ten years.

Once the final payment is made to SamTrans, ownership of the ROW will transfer from SamTrans to the PCJPA.

ALTERNATIVES:

The VTA Board of Directors may adopt an alternative payment schedule.

FISCAL IMPACT:

VTA will provide a total of $8.0 million from STA spillover funds to Samtrans over the next 10 years. There are sufficient funds available in the Adopted VTA Transit Enterprise Budget approved by the Board on June 7, 2007 for the proposed FY 2008 payment to Samtrans of $822,730.

The current estimate of STA spillover funds to be received by VTA in FY 2008 is $4.2 million. Since STA spillover fund revenues vary greatly from year to year, VTA does not include them in its biennial budget revenue projections, thus minimizing the potential impact on other Transit Enterprise funded activities.

Prepared by: Scott Haywood, Policy & Community Relations Manager and
Marcella Rensi, Programming & Grants Manager