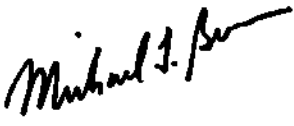




MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

FROM: Michael T. Burns
General Manager 

DATE: July 19, 2006

SUBJECT: Funding of Engineering Studies for Caltrain Improvements

At the June 15, 2006 Board of Directors meeting, Director Kerr requested an increase of \$5 million to the \$440 million bond-refinancing amount to fund conceptual and preliminary engineering of planned Caltrain improvements that are part of the 2000 Measure A Expenditure Plan. The Board did not increase bond financing at this time, and staff continues to evaluate 2000 Measure A financing needs over the next two to three years along with other potential sources of funding for Caltrain improvements.

Consistent with the Board's position during the adoption of the Expenditure Plan, aside from the double tracking to Gilroy, the other Caltrain improvement projects will come through the prioritization process established by the Caltrain Capital Needs Subcommittee. When the projects are selected and approved by the Board of Directors, VTA will be ready to advance the priority projects into preliminary engineering and environmental clearance. We anticipate that the Caltrain Capital Needs Subcommittee will have a list of project priorities ready for Board consideration later this year. To coincide with the Subcommittee work, I have asked staff to prepare a request for proposals to begin the selection process for a list of qualified design firms to work on an assortment of Caltrain projects. This will enable VTA to start design work as soon as Caltrain project priorities are established and approved.

A review of our cash flow and other financial elements indicates that approximately \$5 million can be made available to fund preliminary engineering and environmental work for Caltrain projects. Subject to a future amendment to the adopted FY 2007 budget, it is expected that this level of funding can be accommodated without issuing additional bonds. However, VTA may be looking at the future bonding needs for the 2000 Measure A program to keep projects on schedule and will report on these requirements later this fall.