

**Metropolitan Transportation Commission
Programming and Allocations Committee**

July 14, 2010

Item 4a

Resolution No. 3972

- Subject:** Multi-Year Regional Measure 2 Operating Allocation Commitment to the Water Emergency Transportation Authority for Debt Service
- Background:** The Water Emergency Transportation Authority (WETA) is seeking a multi-year commitment of RM2 operating allocations to make debt service payments on an approximately \$10,250,000 short-term revenue bond (the “Bond”) that WETA plans to issue in August. The specific allocation would be up to \$4 million per fiscal year, starting in FY2010-11 and extending through no later than December 31, 2013. The WETA Board is scheduled to approve the issuance of the Bond at their meeting on July 15th.
- As background, the \$10,250,000 Bond would satisfy immediate cash-flow needs WETA has on construction contracts for the South San Francisco ferry terminal project. The South San Francisco Terminal Project will construct a ferry terminal to support the first new trans-bay ferry service from Alameda/Oakland to South San Francisco; this project is part of the WETA Expansion Program. The total cost of constructing the terminal is \$20 million and the construction completion date is estimated to be Fall of 2011.
- Staff has been working with WETA over the past year to identify opportunities to both assist them with their capital construction and cash-flow challenges. The issuance of a short term note structure will allow WETA to meet its project cash-flow needs, utilize existing operating funds and still promote overall financial integrity.
- To assist WETA, MTC will serve two roles in this transaction: 1) MTC will, per the recommended action in this item, commit to a multi-year allocation of RM2 operating funds for debt service payments on the Bond; and 2) MTC will agree to purchase the Bond through a private placement transaction, consistent with MTC’s investment policy.
- If the requested action to authorize the multi-year commitment to allocating RM2 operating funds toward debt service is approved, the Chief Financial Officer will purchase the bonds as a short-term investment. The transaction will be a private placement financing similar in nature to the Proposition 1B financing undertaken with the State of California and Caltrans last year.
- Issues:** The bond will be secured by both the RM2 allocation as well as a first lien on the project reimbursements. In the event something should interrupt the flow of RM2 funding, MTC will still have a secured right to funds WETA receives on a reimbursement basis pursuant to a Three Party Agreement between WETA, the San Mateo County Transportation Authority, and the City of South San Francisco. Once sufficient funds are paid into the payment trust to retire the financing, the balance of funds in the trust account will be released to WETA.
- Recommendation:** Refer MTC Resolution No. 3972 to the Commission for approval.
- Attachments:** MTC Resolution Nos. 3972

Date: July 28, 2010
W.I.: 1255
Referred by: PAC

ABSTRACT

MTC Resolution No. 3972

This resolution establishes a commitment through no later than December 31, 2013 to allocate up to \$4 million per fiscal year in Regional Measure 2 operating revenues to the Water Emergency Transportation Authority to pay debt service on a short-term revenue bond the Water Emergency Transportation Authority has authorized to be issued, subject to the annual availability of funds from the Bay Area Toll Authority.

Additional discussion of this action is contained in the Programming and Allocation Summary Sheet dated July 14, 2010.

Date: July 28, 2010
W.I.: 1255
Referred by: PAC

Re: Approval of a Multi-Year Regional Measure 2 Operating Allocation Commitment to the Water Emergency Transportation Authority for Debt Service

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION No. 3972

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to California Government Code § 66500 *et seq.*; and

WHEREAS, Streets and Highways Code Sections 30950 *et seq.* created the Bay Area Toll Authority (“BATA”), which is a public instrumentality governed by the same board as that governing MTC; and

WHEREAS, on March 2, 2004, voters approved Regional Measure 2, which increased the toll for all vehicles on the nine State-owned toll bridges in the San Francisco Bay Area by \$1.00, with this extra dollar funding various transportation projects within the region that have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors, as identified in SB 916 (Chapter 715, Statutes of 2004), commonly referred as Regional Measure 2 (“RM2”); and

WHEREAS, RM2 establishes the Regional Traffic Relief Plan and identifies specific projects eligible to receive RM2 funding for operating assistance as identified in Sections 30914(d)(3) & (4) of the California Streets and Highways Code; and

WHEREAS, BATA shall fund the projects of the Regional Traffic Relief Plan by transfers to MTC; and

WHEREAS, RM2 assigns administrative duties and responsibilities for the implementation of the Regional Traffic Relief Plan to MTC; and

WHEREAS, MTC has developed guidelines for the programming and use of the RM2 funds for operating support of transit projects; and

WHEREAS, the Water Emergency Transportation Authority (“WETA”) is an eligible claimant of operating funds pursuant to Section 30914 (d3X); and

WHEREAS, WETA intends to issue its short-term revenue bond (the “Bond”) in an aggregate principal amount of approximately \$10,250,000 and with a maturity date not later than December 31, 2013, the proceeds of which will be used to fund the design, acquisition, construction, improvement and equipping of WETA’s South San Francisco ferry terminal project; and

WHEREAS, WETA has requested RM2 operating allocations beginning in FY2010-11 and ending no later than December 31, 2013, in amounts sufficient to pay all annual debt service payments on the Bond through maturity, up to a maximum amount of \$4 million in each fiscal year; and

WHEREAS, MTC agrees to make the necessary debt service transfers on an annual basis through December 31, 2013 without further allocation requests from WETA and WETA agrees not to request any other use of these funds so long as the Bonds are outstanding; and

WHEREAS, MTC finds debt service on the Bond to be an eligible expense for RM2 operating revenues; now, therefore be it

RESOLVED, that MTC adopts this commitment to allocate to WETA an amount sufficient to pay debt service payments on the Bond through maturity (which shall not be later than December 31, 2013) in accordance with approved financing documents, up to a maximum amount of \$4 million in each fiscal year; and be it further

RESOLVED, that MTC’s commitment will be memorialized annually through MTC’s RM2 operating allocation resolution; and be it further

RESOLVED, that MTC’s commitment is subject to WETA Board approval of terms and conditions acceptable to MTC and the availability of RM2 funding.

METROPOLITAN TRANSPORTATION COMMISSION

Scott Haggerty, Chair

The above resolution was adopted by the Metropolitan Transportation Commission at the regular meeting of the Commission held in Oakland, California, on July 28, 2010.