



METROPOLITAN
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COMMISSION

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Memorandum

TO: Programming and Allocations Committee

DATE: March 9, 2011

FR: Executive Director

W. I.

RE: Caltrain Right-of-Way Chronology

Given the recent prominence of the right-of-way (ROW) reimbursement issue in discussions about Caltrain's projected operating shortfall for next year, I thought a brief recap of the history of the ROW transaction might come in handy.

In 1991, when the Peninsula Corridor Joint Powers Board (JPB) acquired the Caltrain ROW from the Southern Pacific Railroad for \$220 million, the bulk of the funding was provided from state bond funds. SamTrans agreed to provide not only its portion of the "local share", but also to advance its own funds to cover all but \$4 million of the local portions for its JPB partners in San Francisco and Santa Clara counties. The amount advanced was roughly \$8 million for San Francisco and \$35 million for Santa Clara, based upon the amount of mileage acquired in each respective county.

The real property ownership agreement executed by the three county transportation agencies plus the JPB on Christmas Eve included a reimbursement provision under which "[t]he parties to this Agreement will use their best efforts individually and collectively to advocate for and obtain from non-local sources grants to be used for reimbursement of the Additional Contribution [i.e. San Mateo advance]." That agreement also stipulated that interest would accrue on the original principal advanced until full reimbursement was made.

Despite these assurances in the 1991 agreement, essentially no action occurred on the ROW reimbursement issue until MTC brokered a subsequent agreement in 2007 as part of the exercise of programming new Proposition 1B state bond funding. Under this new agreement, the reimbursement to SamTrans would total \$53 million, including the original principal amount plus a renegotiated amount of \$10 million in accrued interest. The multi-year funding source for the reimbursement was to be "spillover" state transit funds in the following amounts: (1) \$43 million in population-based spillover funds under MTC's control; and (2) \$10 million in revenue-based spillover funds, \$2 million from the SFMTA and \$8 million from VTA.

As it turned out, only one year of spillover funds was made available to MTC and the other local agencies after the new 2007 agreement. Subsequently, state budget raids and the gas tax/sales tax swap eliminated spillover funds and eventually the spillover mechanism itself. MTC has continued to make payments to SamTrans with a replacement source of funding from our flexible federal highway program, but SFMTA and VTA have not. A schedule showing the original SamTrans advance, interest accrued, and recent reimbursement payments made is included in Attachment 1.

Following MTC's intervention, the four local agencies amended the real property ownership agreement in 2008 and replaced the reimbursement provision quoted above with new language stating that "[i]f circumstances arise that would preclude allocation of the [spillover] funds in full within ten (10) years, the parties acknowledge and agree that MTC will be authorized to identify alternative sources of non-local funds to effect full reimbursement of the Additional Contribution to SamTrans at the earliest practicable date." Given the statutory repeal of the spillover funding mechanism, it would certainly appear that a "circumstance" has arisen as contemplated in the amended property agreement. Thus, the amended four-agency agreement seeks MTC's continued assistance in identifying an alternate source of funds for the remaining reimbursement to SamTrans for acquisition of the Caltrain ROW two decades ago.



Steve Heminger

**JPB RIGHT-OF-WAY HISTORY:
SAMTRANS ADVANCED PAYMENTS AND REPAYMENT**

Figures In Million \$s

	<u>VTA</u>	Interest Rate	<u>Muni</u>	Interest Rate	<u>Total</u>
NOTE: 12/24/91	\$ 34.7		\$ 8.3		\$ 43.0
	Compounded:		Compounded:		
1992	\$ 1.8	5%	\$ 0.4	5%	
1993	\$ 1.8	5%	\$ 0.4	5%	
1994	\$ 1.7	4%	\$ 0.4	4%	
1995	\$ 3.1	8%	\$ 0.7	8%	
1996	\$ 2.3	5%	\$ 0.6	5%	
1997	\$ 2.7	6%	\$ 0.7	6%	
1998	\$ 2.8	6%	\$ 0.7	6%	
1999	\$ 2.6	5%	\$ 0.6	5%	
2000	\$ 3.6	7%	\$ 0.9	7%	
2001	\$ 3.2	6%	\$ 0.8	6%	
2002	\$ 3.2	5%	\$ 0.8	5%	
2003	\$ 3.3	5%	\$ 0.4	5%	
2004	\$ 3.6	6%	\$ 0.9	6%	
2005	\$ 2.9	5%	\$ 0.7	5%	
Mar-06	\$ 0.8	5%	\$ 0.2	5%	
Interest Due:	\$ 39.5		\$ 9.0		
Principle Due:	\$ 34.7		\$ 8.3		
TOTAL DUE:	\$ 74.2		\$ 17.3		

	<u>VTA</u>	<u>Muni</u>	<u>Total</u>
2007 Agreement	\$ 43.0	\$ 10.0	\$ 53.0
<i>Interest Forgiven</i>	\$ 31.2	\$ 7.3	\$ 38.5

Planned Payment Source

MTC Population-Based	\$ 35.0	\$ 8.0	\$ 43.0
Operator Revenue-Based	\$ 8.0	\$ 2.0	\$ 10.0

Paid To-Date

MTC (STA/STP/CMAQ)	\$ 8.5	\$ 1.9	\$ 10.4
Operator Revenue-Based	\$ 0.9	\$ 0.2	\$ 1.1

Programmed

MTC (STP/CMAQ)	\$ 10.8	\$ 2.5	\$ 13.3
Operator Revenue-Based	\$ -	\$ -	\$ -

Remaining Obligation

MTC Population-Based	\$ 15.7	\$ 3.6	\$ 19.3
Operator Revenue-Based	\$ 7.1	\$ 1.8	\$ 8.9