



**METROPOLITAN  
TRANSPORTATION  
COMMISSION**

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*Memorandum*

TO: Commission

DATE: June 25, 2007

FR: Executive Director

W. I. 1111

RE: UPDATE – Proposition 1B Regional Transit Funding

I am pleased to report that officials from San Francisco, San Mateo, and Santa Clara counties have reached agreement on a settlement of outstanding financial issues related to the acquisition of the Caltrain right-of-way (ROW) from the Southern Pacific Railroad in 1991. As you recall, MTC staff had proposed that resolution of this long-standing issue be a condition of allocation of certain new project funds to the San Francisco Municipal Transportation Agency (MTA) and the Santa Clara Valley Transportation Authority (VTA) from the Proposition 1B Regional Transit Funding program. In light of this recent agreement, we recommend that the proposed condition be removed from Resolution No. 3814 prior to Commission adoption this week.

In brief, the agreement will reimburse SamTrans for advancing its own local funds on behalf of the three agencies to purchase the Caltrain ROW nearly 16 years ago. The reimbursement will come from two sources of “spillover” state transit funds that are projected to flow to the region over the next several years: (1) \$43 million in population-based spillover funds under MTC’s control; and (2) \$10 million in revenue-based spillover funds, \$8 million from VTA and \$2 million from MTA. This arrangement is consistent with the three agencies’ original 1991 agreement that they would “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].

Neither source of state spillover funds will directly affect the estimated \$419 million in bond and State Transit Assistance (STA) revenue contained in our underlying Proposition 1B Regional Transit Funding program. In our staff recommendation distributed last week, however, we had proposed using up to \$19 million in future population-based spillover funds to restore any program reductions that the Commission might make in order to incorporate funding for the BART extensions to Warm Springs and eastern Contra Costa County. In view of the Caltrain ROW agreement, we now propose that the \$19 million backfill and the \$43 million SamTrans reimbursement share co-equal status in having “first call” on future population-based spillover revenue beginning in FY 2007-08.

Depending on the rate of spillover receipts and future budget negotiations, this combined \$62 million claim could take 2-4 years or more to retire. Spillover revenue carries with it some risk. It has varied widely in the past due to fluctuations in the price of gasoline. It also has been subject to budgetary diversions in recent years as well. In any event, we believe it is reasonable to expect that within the 10-year life of our Proposition 1B Regional Transit Funding program, both claims can be satisfied.

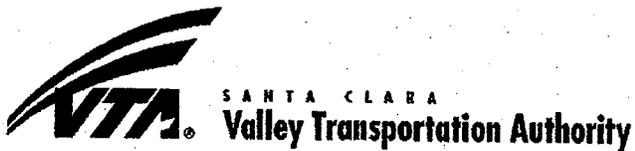
We will provide additional detail on the Caltrain ROW settlement as well as historical and projected trends for state transit spillover revenue at the Commission meeting on Wednesday. Attached to this memorandum are letters from MTA, VTA, and SamTrans regarding the Caltrain ROW settlement.



Steve Heminger

#### Attachments

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June 22, 2007

Mr. Steve Heminger  
Executive Director  
Metropolitan Transportation Commission  
Joseph P. Bort MetroCenter  
101 Eighth Street  
Oakland, CA 94607

Dear Mr. Heminger:

We are writing to confirm that a conceptual agreement has been reached that completely resolves all issues between the Santa Clara Valley Transportation Authority (VTA) and the San Mateo County Transit District (SamTrans) related to the Additional Contribution provided by SamTrans for the purchase of the Caltrain right-of-way from the Southern Pacific Transportation Company in 1991.

This conceptual agreement calls for reimbursing SamTrans for \$43 million of the Additional Contribution through future gasoline sales tax "spillover" money. Specifically, SamTrans would receive \$35 million in regional population-based "spillover" money from the Metropolitan Transportation Commission (MTC) and \$8 million in revenue-based "spillover" money from VTA.

This agreement is contingent upon the removal of the condition imposed by MTC on the allocation of \$45 million in Proposition 1B transit capital revenues to VTA for its Line 522/523 Bus Rapid Transit Project. This agreement is also subject to the approval of our governing bodies as may be required.

Sincerely,

A handwritten signature in black ink that reads "Michael T. Burns".

Michael T. Burns  
General Manager  
Santa Clara Valley Transportation Authority

A handwritten signature in black ink that reads "Michael Scanlon".

Michael Scanlon  
General Manager/Chief Executive Officer  
San Mateo County Transit District

Gavin Newsom | Mayor  
Rev. Dr. James McCray Jr. | Chairman  
Tom Nolan | Vice-Chairman  
Cameron Beach | Director  
Shirley Breyer Black | Director  
Wil Din | Director  
Peter Mezey | Director  
Leah Shalun | Director  
Nathaniel P. Ford, Sr. | Executive Director/CEO

June 25, 2007

Steve Heminger  
Executive Director  
Metropolitan Transportation Commission  
Joseph P. Bort Metro Center  
101 Eighth Street  
Oakland, CA 94607

Dear Mr. Heminger:

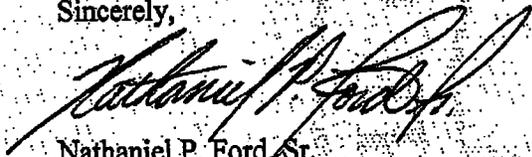
We are writing to confirm that a conceptual agreement has been reached that resolves all issues between the San Francisco Municipal Transportation Agency (SFMTA) and the San Mateo County Transit District (SamTrans) related to the Additional Contribution provided by SamTrans for the purchase of the Caltrain right-of-way from the Southern Pacific Transportation Company in 1991.

This conceptual agreement calls for reimbursing SamTrans \$10.3 million of the Additional Contribution through future gasoline sales tax, or "spillover" money. Specifically, SamTrans would receive \$8.3 million in regional population-based "spillover" money from the Metropolitan Transportation Commission (MTC) and \$2 million in revenue-based "spillover" funds allocated to the SFMTA.

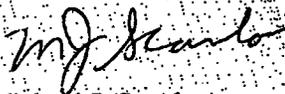
This agreement is contingent upon the removal of the condition imposed by the MTC on the allocation of Proposition 1B transit capital revenues to the SFMTA for the Central Subway project. This agreement is also subject to the approval of our governing bodies as may be required.

We appreciate MTC's assistance with this agreement.

Sincerely,



Nathaniel P. Ford, Sr.  
Executive Director/Chief Executive Officer  
San Francisco Municipal Transportation Agency



Michael J. Scanlon  
General Manager/Chief Executive Officer  
San Mateo County Transit District