

File No. 161129

Committee Item No. 13

Board Item No. 18

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST.

Committee: Budget & Finance Committee

Date October 26, 2016

Board of Supervisors Meeting

Date November 1, 2016

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
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| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Notice of Hearing</u> |
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Completed by: Victor Young Date October 21, 2016
 Completed by: L.W. Date October 27, 2016

1 [Authorizing Interim Financing - Peninsula Corridor Joint Powers Board - Peninsula Corridor
2 Electrification Project - up to \$150,000,000]

3 **Resolution authorizing interim financing by the Peninsula Corridor Joint Powers Board**
4 **for the Peninsula Corridor Electrification Project, in an aggregate principal amount not**
5 **to exceed \$150,000,000 outstanding at any one time.**

6
7 WHEREAS, The Peninsula Corridor Joint Powers Board (the "JPB"), is a public entity
8 duly established and organized under the laws of the State of California, which was created
9 pursuant to a joint exercise of powers agreement (the "Joint Powers Agreement") entered into
10 by the Santa Clara Valley Transportation Authority, formerly known as the Santa Clara County
11 Transit District, the City and County of San Francisco, and the San Mateo County Transit
12 District (each, a "Member Agency"; collectively, "Member Agencies"); and

13 WHEREAS, Pursuant to the Joint Powers Agreement, the Joint Powers Board operates
14 the Caltrain commuter rail service; and

15 WHEREAS, Under the Joint Powers Agreement, each Member Agency is required to
16 contribute to the operating costs of the Caltrain commuter rail service and provide for the
17 costs of capital projects of the Joint Powers Board in the manner set forth in the Joint Powers
18 Agreement; and

19 WHEREAS, The JPB is undertaking the Peninsula Corridor Electrification Project
20 ("PCEP") in order to convert the Caltrain commuter rail service running between San
21 Francisco and the Tamien Station in San Jose from diesel-hauled trains to electric multiple-
22 unit trains; and

23 WHEREAS, The JPB anticipates that completion of PCEP will enable the JPB to (i)
24 meet current and future transportation demand between San Jose and San Francisco, (ii)
25 offset existing and future worsening roadway congestion, (iii) address continuing regional air

1 quality issues, (iv) reduce greenhouse gas emissions, and (v) provide electrical infrastructure
2 compatible with contemplated future high-speed rail service; and

3 WHEREAS, The JPB Board of Directors certified the PCEP Final Environmental Impact
4 Report ("PCEP FEIR") for the Peninsula Corridor Electrification Project in conformance with
5 CEQA law and Guidelines, and the interim financing approved in this resolution is for that
6 project; and

7 WHEREAS, In Resolution No. 7-16 on January 26, 2016, the Board of Supervisors,
8 representing the City as a responsible agency under CEQA, reviewed and considered the
9 PCEP FEIR and record as a whole, and made findings required by CEQA; and

10 WHEREAS, The JPB expects to finance, on an interim basis, certain costs of the
11 PCEP through a loan or revolving line of credit with a banking institution; and

12 WHEREAS, Such financing is being undertaken by the Joint Powers Board to pay
13 costs of the PCEP expected to be due and payable in advance of receipt of funds identified to
14 pay such costs (the "Project Funding"), which Project Funding is currently expected to be
15 provided from federal, state, regional and local sources, including, but not limited to, (i) grants
16 from the federal government; (ii) funding made available pursuant to The Safe, Reliable High-
17 Speed Passenger Train Bond Act for the 21st Century, commonly referred to as Proposition
18 1A, The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006,
19 commonly referred to as Proposition 1B, the Transit Intercity Rail Capital Program, and the
20 Caltrain Low Carbon Transportation Operations Program; (iii) funding allocated by the
21 Metropolitan Transportation Commission and the Bay Area Air Quality Management District;
22 and (iv) funding allocated by the Member Agencies; and

23 WHEREAS, The indebtedness to be incurred by the JPB in connection with the
24 financing is expected to be secured by and payable from receipts of the Project Funding,
25

1 passenger fares, parking, shuttle and pass revenues, and other revenues collected from the
2 operation of the Caltrain commuter rail service; and

3 WHEREAS, Pursuant to California Government Code, Section 6586.5 ("Section
4 6586.5"), each Member Agency of the JPB within whose boundaries a public capital
5 improvement to be financed is located is required (i) to approve the financing and (ii) to make
6 a finding of significant public benefit in accordance with the criteria specified in Government
7 Code Section 6586 ("Section 6586") after holding a public hearing; and

8 WHEREAS, The Board of Supervisors is the appropriate entity to approve the proposed
9 financing within the meaning of Section 6586.5; and

10 WHEREAS, In accordance with Section 6586.5, the City caused a notice to be published
11 in a newspaper of general circulation in the City and County of San Francisco stating that a
12 public hearing would be conducted by this Board with respect to the proposed financing; and

13 WHEREAS, This Board held a public hearing on October 26, 2016, at the Budget and
14 Finance Committee, in accordance with the requirements of Section 6586.5; now, therefore, be
15 it

16 RESOLVED, That the Board finds and declares that the above recitals are true and
17 correct; and, be it

18 FURTHER RESOLVED, That the Board of Supervisors incorporates the CEQA findings
19 and determinations it made under Resolution No. 07-16 for the purposes of this action; and
20 further finds that no subsequent or supplemental environmental review is required; and, be it

21 FURTHER RESOLVED, That this Board approves the proposed financing to be
22 undertaken by the JPB in an amount not to exceed \$150,000,000 outstanding at any one time,
23 and finds, in accordance with Section 6586.5, that (i) the undertaking of the indebtedness to be
24 incurred by the JPB in connection with the proposed financing (the "Financing") for the purposes
25 described herein will result in significant public benefits by making it possible to provide more

1 frequent and/or faster Caltrain service to residential and commercial development within the
2 geographic boundaries of the Member Agencies, including the City, and (ii) such enhanced
3 service serves a public purpose; and, be it

4 FURTHER RESOLVED, That notwithstanding anything in this Resolution to the contrary,
5 the City shall not be obligated to levy any form of taxes, and no credit, funds, or property of the
6 City shall be pledged by the City to provide for payment of the indebtedness or any security for
7 the indebtedness to be incurred by the JPB in connection with the Financing; and, be it

8 FURTHER RESOLVED, That the Mayor, Controller, and the Director of the Controller's
9 Office of Public Finance (and designees thereof), employees and agents of the City are
10 authorized and directed, jointly and severally, subject to the terms of this Resolution, to do any
11 and all things and to execute and deliver any and all documents that they deem necessary or
12 advisable in order to carry out, give effect to, and comply with the terms and intent of this
13 Resolution and the financing approved under this Resolution; and, be it

14 FURTHER RESOLVED, That this Resolution shall take effect immediately upon its
15 passage, which occurs when the Mayor signs the resolution, returns the resolution unsigned,
16 does not sign the resolution within ten days of receiving it, or the Board of Supervisors overrides
17 the Mayor's veto of the resolution.



BOARD OF DIRECTORS 2016

PERRY WOODWARD, CHAIR
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ADRIENNE TISSIER
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JIM HARTNETT
EXECUTIVE DIRECTOR

TO: Honorable Members, San Francisco Board of Supervisors

FROM: Jim Hartnett, Executive Director, Peninsula Corridor Joint Powers Board
Eli Kay, Chief Financial Officer, Peninsula Corridor Joint Powers Board

SUBJECT: Legislation Approving Proposed Interim Financing by the Peninsula Corridor Joint Powers Board in Connection with the Peninsula Corridor Electrification Project to Satisfy Section 6586 and Section 6586.5 of Government Code

DATE: October 4, 2016

Recommended Action:

The Peninsula Corridor Joint Powers Board respectfully recommends approval of the attached Resolution by the Budget and Finance Committee in connection with the proposed plan of interim financing for the Peninsula Corridor Electrification Project. Approval is required to satisfy Section 6586.5 of the Government Code. The proposal includes authorization of interim financing by the Peninsula Corridor Joint Powers Board in an aggregate principal amount not exceeding \$150 million outstanding at any one time.

Executive Summary:

- Adoption of a resolution after a public hearing approving an interim financing by the Peninsula Corridor Joint Powers Board for the Peninsula Corridor Electrification Project is required to satisfy the requirements of Section 6586 and Section 6586.5 of the Government Code.

Peninsula Corridor Electrification Project:

The Peninsula Corridor Joint Powers Board (the "JPB") was created pursuant to a joint exercise of powers agreement entered into by the City and County of San Francisco ("CCSF"), the Santa Clara Valley Transportation Authority, formerly known as the Santa Clara County Transit District ("VTA"), and the San Mateo County Transit District ("SamTrans"). The JPB operates the Caltrain commuter rail service.

The JPB is undertaking the Peninsula Corridor Electrification Project (the "PCEP") in order to convert the Caltrain commuter rail service running between San Francisco and the Tamien Station in San Jose from diesel-hauled trains to electric multiple unit trains. The JPB anticipates that completion of the PCEP will enable the JPB Board to (i) meet current and future transportation demand between San Jose and San Francisco, (ii) offset existing and future worsening roadway congestion, (iii) address continuing regional air quality issues, (iv) reduce greenhouse gas emissions and (v) provide electrical infrastructure compatible with contemplated future high-speed rail service. The PCEP is expected to be completed by June 2022.

Request for Approval to Satisfy Section 6586 and Section 6586.5 of the of the Government Code:

In order to satisfy the requirements set forth in Section 6586.5 of the of the Government Code, the JPB has requested that the Board of Supervisors of the City and County of San Francisco (i) cause a public hearing to be held, (ii) make a finding of significant public benefit in accordance with the criteria specified in Section 6586 of the of the Government Code after such public hearing has been held, and (iii) approve the proposed financing to be undertaken by the JPB which is described herein in order to satisfy the requirements of Section 6586.5 of the of the Government Code.

Proposed Interim Financing:

The JPB intends to finance on an interim basis certain costs of the PCEP. The interim financing is being undertaken by the JPB to pay costs of the PCEP expected to be due and payable in advance of receipt of funds identified to such costs (the "Project Funding"). The PCEP is expected to be fully funded from local, state and federal grants available under various programs. As with any project funded by grants, the funds are available on a reimbursement basis after expenditures have been incurred and paid. Managing cash flow is critical when funding is provided on a reimbursement basis. The JPB intends to utilize short-term, interim financing in order to mitigate anticipated cash flow challenges.

Local funds are comprised primarily of contributions committed to the PCEP via a nine-party MOU and a 7-party supplemental MOU that leverages local support from Caltrain JPB's member agencies, CCSF, VTA and SamTrans, and other regional agencies. State funds are comprised primarily of California High-Speed Rail Authority ("CHSRA") funds pursuant to an agreement with CHSRA signed on August 9, 2016. Federal funds are expected to be made available by the Federal Transit Administration (the "FTA") primarily under two federal programs. FTA formula funds (i.e., FTA 5307 and 5337 funds) are scheduled to be allocated to the PCEP by the Metropolitan Transportation Commission ("MTC"). In addition, the PCEP qualifies for a "Core Capacity Grant," a discretionary FTA grant awarded to transit corridors for expansion projects. The JPB is working with the FTA to secure a Full Funding Grant Agreement ("FFGA") and expects the FFGA will be signed by the end of 2016 or early 2017.

The indebtedness to be incurred by the JPB in connection with the interim financing is expected to be secured by and payable from receipts of the Project Funding, passenger fares, parking, shuttle and pass revenues and other revenues from the operations of the Caltrain commuter rail service. CCSF is not obligated to levy any form of taxes, and no credit, funds, or property of CCSF are pledged to provide for payment of the indebtedness to be incurred by the JPB in connection with the interim financing.

Selection of Financing Structure:

JPB has bond obligations outstanding in the amount of approximately \$34 million which are secured by system "Farebox Revenues" under an existing Trust Agreement and related bond documents. The existing borrowing program and document structure provides the most expedient path to issuing additional obligations to support the interim financing of the PCEP. However, as described above, the source of funding for the PCEP, including repaying any short-term borrowed funds, comes from various grant funds. The concept of offering a security interest in "Farebox Revenues" while asking a lending partner to look to various federal, state and local grant funds as the source of repayment for any loan draws required detailed discussion and education to potential lending partners on the project and the grant funding sources. Upon completion of discussions and review of proposals regarding financing structures submitted by potential lending partners with its financial advisor, Public Financial Management, Inc., the JPB identified a direct revolving loan as the preferred financing structure. The

direct revolving loan does not involve bank credit and counterparty risk and provides for the JPB to draw and repay funds on a periodic basis at a pre-negotiated rate of interest.

Interim Financing Structure:

Certain basic terms and features of the revolving line of credit, which is essentially a direct loan from a bank, are identified below.

- Program or Facility size: Not to exceed \$150 million outstanding at any one time
- Term of Revolving Line of Credit: 6 years
- Purpose: To fund PCEP costs in anticipation of receipt of grant reimbursements
- Security: A subordinate pledge of farebox revenues
- Desired closing timeframe: November 2016
- Covenants: To be negotiated

Your consideration of this matter is greatly appreciated. Please contact Eli Kay at 650-508-6466 if you have any questions.

CC: Angela Calvillo, Clerk of the Board of Supervisors
Harvey Rose, Budget and Legislative Analyst
Nicole Elliott, Director of Legislative & Government Affairs
Melissa Whitehouse, Acting Mayor's Budget Director
Mark Blake, Deputy City Attorney
Ben Rosenfield, City Controller
Nadia Sesay, Public Finance Director

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

NOTICE OF PUBLIC HEARING
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO
BUDGET AND FINANCE COMMITTEE

NOTICE IS HEREBY GIVEN THAT the Budget and Finance Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

Date: Wednesday, October 26, 2016

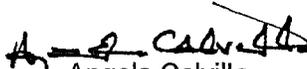
Time: 10:00 AM

Location: City Hall, Legislative Chamber, Room 250
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

Subject: File No. 161129. Resolution authorizing interim financing by the Peninsula Corridor Joint Powers Board, a joint exercise of powers authority among the Santa Clara Valley Transportation Authority (formerly known as the Santa Clara County Transit District), the City and County of San Francisco and the San Mateo County Transit District, for the Peninsula Corridor Electrification Project, in an aggregate principal amount not to exceed \$150,000,000 outstanding at any one time (pursuant to Government Code Sections 6586 and 6586.5).

Subsequent to the holding of the public hearing, the Board of Supervisors of the City and County of San Francisco will consider adoption of a resolution approving the Financing of the Project by the JPB and make a finding of significant public benefit in accordance with the criteria specified in Government Code, Sections 6586 and 6586.5.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, October 21, 2016.


Angela Calvillo
Clerk of the Board

DATED: October 19, 2016
PUBLISHED/MAILED/POSTED: October 21, 2016

CALIFORNIA NEWSPAPER SERVICE BUREAU

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Victor Young
CCSF BD OF SUPERVISORS (OFFICIAL NOTICES)
1 DR CARLTON B GOODLETT PL #244
SAN FRANCISCO, CA 94102

COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE
Ad Description: vy BF - Notice of Hearing - File No. 161129 - 10/26/16

To the right is a copy of the notice you sent to us for publication in the SAN FRANCISCO EXAMINER. Thank you for using our newspaper. Please read this notice carefully and call us with ny corrections. The Proof of Publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

10/21/2016

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an invoice.

EXM# 2938542

**NOTICE OF PUBLIC HEARING
BOARD OF SUPERVISORS
OF THE CITY AND
COUNTY OF SAN FRAN-
CISCO**

**BUDGET AND FINANCE
COMMITTEE**
NOTICE IS HEREBY GIVEN
THAT the Budget and
Finance Committee will hold
a public hearing to consider
the following proposal and
said public hearing will be
held as follows, at which time
all interested parties may
attend and be heard:
Date: Wednesday, October
26, 2016

Time: 10:00 AM
Location: City Hall,
Legislative Chamber,
Room 250

1 Dr. Carlton B. Goodlett
Place, San Francisco, CA

Subject: File No. 161129.
Resolution authorizing
interim financing by the
Peninsula Corridor Joint
Powers Board, a joint
exercise of powers authority
among the Santa Clara
Valley Transportation
Authority (formerly known as
the Santa Clara County
Transit District), the City and
County of San Francisco and
the San Mateo County
Transit District, for the
Peninsula Corridor Electrifi-
cation Project, in an
aggregate principal amount
not to exceed \$150,000,000
outstanding at any one time
(pursuant to Government
Code Sections 6586 and
6586.5).

Subsequent to the holding of
the public hearing, the Board
of Supervisors of the City
and County of San Francisco
will consider adoption of a
resolution approving the
Financing of the Project by
the JPB and make a finding
of significant public benefit in
accordance with the criteria
specified in Government
Code, Sections 6586 and
6586.5.

In accordance with Adminis-
trative Code, Section 67.7-1,
persons who are unable to
attend the hearing on this
matter may submit written
comments to the City prior to
the time the hearing begins.
These comments will be
made part of the official
public record in this matter,
and shall be brought to the
attention of the members of
the Committee. Written
comments should be
addressed to Angela Calvillo,
Clerk of the Board, City Hall,
1 Dr. Carlton B. Goodlett
Place, Room 244, San

Francisco, CA 94102.
Information relating to this
matter is available in the
Office of the Clerk of the
Board. Agenda information
relating to this matter will be
available for public review on
Friday, October 21, 2016.
Angela Calvillo, Clerk of the
Board



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2158

Print Form

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2016 OCT 18 PM 4:26
Time stamp
or meeting date

Introduction Form

By a Member of the Board of Supervisors or the Mayor

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.

Sponsor(s):

Cohen

Subject:

Authorizing up to \$150,000,000 of interim financing by the Peninsula corridor Joint Powers Board for the Peninsula Corridor Electrification Project

The text is listed below or attached:

[]

Signature of Sponsoring Supervisor: *W. Cohen*

For Clerk's Use Only:

