

**COUNTY OF SAN MATEO  
INTERDEPARTMENTAL CORRESPONDENCE**

**To:** Honorable Board of Supervisors  
**From:** Paul Scannell, Assistant County Manager  
**Subject:** ABAG Financing for BART Extension to SFO  
**Date:** September 17, 2002

**RECOMMENDATION**

Adopt a resolution subsequent to a public hearing approving the issuance of bonds by the Association of Bay Area Governments ("ABAG") for the financing of BART extension to the San Francisco International Airport.

**BACKGROUND**

The County is a member of the Association of Bay Area Governments ("ABAG"). Under the Marks-Roos Local Bond Pooling Act (Government Code section 6500 and following), joint powers authorities are authorized to issue bonds to pay for the costs of mass transit facilities or vehicles. However, Government Code section 6586.5 requires that before a joint powers authority can authorize such bonds, the local agency within whose boundaries the public capital improvement is to be located must: (1) hold a public hearing, (2) make a finding of "significant public benefit" and (3) approve the issuance of the bonds.

The San Francisco Bay Area Rapid Transit District ("BART") has requested ABAG to issue SFO Extension Bonds (the "Bonds") to assist in financing the BART extension to San Francisco International Airport ("SFO Extension"). BART will use the proceeds of the Bonds to fund the continued construction of the SFO Extension. The bond proceeds will be given to BART in exchange for a pledge of revenues from the premium fare to be collected by BART from passengers who board or depart the BART system at the San Francisco International Airport station (the "Premium Fare Revenues"). The Premium Fare Revenues will be assigned to the bond trustee to secure payment of the Bonds.

**DISCUSSION**

ABAG will undertake this financing on behalf of BART which will own and operate the SFO Extension. However, in order to comply with Government Code section 6586.5, the County of San Mateo is requested to approve the issuance of the bonds after holding a public hearing.

The County Board of Supervisors must make a finding that the financing of the public capital improvement will result in "significant public benefit". "Significant public benefit" means any of the following:

- (a) Demonstrable savings in effective interest rate, bond preparation, bond underwriting, or issuance costs.

- (b) Significant reductions in effective user charges levied by a local agency.
- (c) Employment benefits from undertaking the project in a timely fashion.
- (d) More efficient delivery of local agency services to residential and commercial development.

FISCAL IMPACT

The proposed Bonds are payable solely from the Premium Fare Revenues and are not payable from or secured by any revenues of the County. Therefore, the County's approval of the Bonds will have no short-term or long-term budgetary implications for the County.

cc: Thomas F. Casey III, County Counsel