Metropolitan Transportation Commission
Programming and Allocations Committee

April 9, 2025 **Agenda Item 3a-25-0395**

MTC Resolution No. 3738, Revised. BART Car Exchange Account.

Subject:

Authorize withdrawal of $27.7 million in interest earnings from the BART Car Exchange Account for costs related to the BART Railcar Replacement Project.

Background:

In 2006, MTC and the San Francisco Bay Area Rapid Transit District (BART) signed the BART Car Replacement Funding Exchange and Reserve Account Agreement (Agreement) to set aside funds for the eventual purchase of new railcars to replace BART's aging fleet, due to the recognition at the time that forthcoming federal formula funds alone would not be sufficient to fund the replacement of the BART fleet in the years of procurement. Reserving funds in advance of the project served the region by minimizing the impact that railcar replacement would have on other essential capital needs, by accruing interest at a favorable rate to generate additional funds to replace the cars, and by accumulating a significant down payment on the project that helped minimize financing charges. MTC agreed to program eligible Federal Highway (FHWA) or Federal Transit Administration (FTA) funds to BART's preventive maintenance program in exchange for BART depositing an equal amount of local funds into the Exchange Account. From FY 2005-06 through FY 2015-16, approximately $390 million was deposited to the account. The account has gained approximately $53 million in interest over time, for a total fund availability of approximately $442 million.

Previous Actions:

There have been four prior authorizations for withdrawal, totaling $414.6 million. As of March 2025, this balance has been drawn down for eligible project expenses. Currently, the balance of the account (deposits plus accrued interest, minus withdrawn funds), is approximately $27.7 million.

Proposed Action:

MTC funding for the BART Replacement Railcar Project includes direct programming of FTA formula funds to BART, the Exchange Account, and financing against future FTA formula

revenues. The use of financing proceeds to pay for project expenses is ongoing, with approximately $289 million drawn down to date. Staff proposes authorization of $27.7 million for withdrawal from the BART Car Exchange Account for expected project expenses in the coming months. As part of this authorization, staff also proposes the authorization of any additional interest accrued in the account until the account is liquidated. Based on the current payment schedule and estimated interest earnings, additional interest earned could be roughly $300,000. The use of Exchange Account funds will allow the use of less financing, saving the region in future interest costs to be borne by the Transit Capital Priorities program.

Per the Agreement, the BART Board of Directors is also required to authorize this withdrawal. They are scheduled to do so at their April 14, 2025, meeting. This action is conditioned accordingly.

Issues:

None

Recommendation:

Refer MTC Resolution No. 3738, Revised to the Commission for approval.

Attachments:

- MTC Resolution No. 3738, Revised
    - Attachment B
- Presentation

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