

REGIONAL TRANSIT AUTHORITY

MOTION NO. 98-1 BACKGROUND AND COMMENTS

Meeting:	Date:	Agenda Item:	Staff Contact:	Phone:
Public and Government Affairs Committee	1/16/98	No. 7	Sheila Dezarn, Government Relations Manager	(206) 684-1730
Executive Committee	1/16/98	No. 6-C		
Board of Directors	1/22/98	No. 7C-3		

ACTION:

Amending the RTA's 1998 State Legislative Program, adopted by the Board on December 11, 1997 as Motion 47. Changes to the original background/comments for Motion 47 and to the adopted legislative program are highlighted.

BACKGROUND:

In preparation for the 1998 legislative session, the PGA Committee began an outreach effort to the legislators whose districts are in or overlap the RTA District and to leadership, particularly transportation leadership. The purpose of this effort was to (1) provide information about the RTA's policies and implementation program and (2) identify any questions or concerns that legislators may have regarding how projects/services will affect their district and how they and their constituents will be informed and involved. Response to this effort has been very positive and these discussions seem to be generating greater understanding and support. From these discussions, which are still underway, it is apparent that legislative leaders are again working to develop a comprehensive transportation revenue proposal for the 1998 session. Also, discussions regarding transit funding and performance are continuing and it is possible that legislation that would result in less funding for local transit agencies may again be introduced.

During the development of the 1998 state legislative program, staff reviewed -- with the Public & Government Affairs Committee -- the option of seeking authority to undertake certain lease finance transactions for significant facility/equipment purchases (buses, rail cars and major facilities). The issue was deferred pending further evaluation. Staff now recommends that the RTA seek this authority as a new provision to be codified as a general transportation provision.

This would involve seeking authority for public transportation agencies to enter into a series of agreements in which the agency sells or leases the relevant asset (e.g., buses or rail vehicles) to an investor who, in turn, leases them back to us (with a clear purchase option right at the end of the lease term). The investor derives tax benefits (depreciation)

that would not otherwise be available to the RTA – and shares that tax benefit with the RTA.

These types of transactions would only apply to major equipment/facility purchases (e.g., \$50 to \$100+ million). Utilizing lease purchase arrangements for rail and bus transit equipment could yield a 2% to 9% up front reduction in purchase costs for such equipment.

This authority falls within the second general area of emphasis listed below, i.e., it would enable the RTA to implement its project more cost-effectively.

King County is seeking this type of authority as well and we will work with their staff and lobbyists in pursuit of this legislation. Based on this, it is recommended that the RTA focus its efforts during the 1998 session in three general areas:

- (1) Support additional funding for transportation in general – and for projects that support and enhance RTA investments in particular.
- (2) Support or seek legislation that enables the RTA to implement its projects and services more efficiently and/or more cost-effectively.
- (3) Monitor and oppose efforts to reduce local transit funding or modify the RTA's enabling legislation in a way that would encumber its ability to deliver the program that the voters supported.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

The recommended program reflects policies adopted in *Sound Move* to encourage the state to fund the other investments necessary in the Central Puget Sound region to improve mobility.

Motion 47, adopting the 1998 state legislative program.

KEY FEATURES:

- Advocate additional state funding for completing the HOV lane system and for investments in intercity passenger rail.
- Monitor and respond to any legislation introduced that directly affects Central Puget Sound transit programs, or which would affect the RTA.
- Clarify the authority of public transportation agencies to undertake lease finance transactions with respect to transportation facilities.

FUNDING:

N/A

ALTERNATIVES:

The Board may decide not to seek this authority. ~~Board members may have amendments or revisions to propose to the discussion draft.~~

CONSEQUENCES OF DELAY:

~~The RTA needs to be prepared to represent its interests to the Washington State Legislature when the session gets underway on January 12, 1998.~~

Because the RTA is procuring approximately \$170 million worth of commuter rail vehicles and buses in 1998, it is in our interest to seek authority to utilize lease purchase transactions during the current legislative session.

**Central Puget Sound
Regional Transit Authority**

Motion No. 98-1

A motion of the Board of the Central Puget Sound Regional Transit Authority for the Pierce, King and Snohomish Counties region amending the 1998 state legislative program.

Background:

On December 11, 1997 the RTA Board adopted its 1998 state legislative program to provide policy guidance to RTA staff and its contracted representatives in Olympia, Washington and to regularly report on activities affecting the agency.

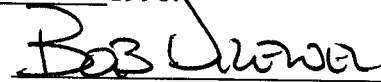
During the development of the legislative program staff discussed, with the Public & Government Affairs Committee, the option of clarifying the RTA's authority to undertake certain lease finance transaction with respect to significant facility or equipment purchases. The issue was deferred pending further evaluation.

Staff is now recommending that the RTA seek a general provision to authorize public agencies to utilize lease purchase transactions. In the course of completing lease purchase arrangements for rail and transit equipment, the RTA could realize a 2% to 9% reduction in the purchase costs for such equipment.

Motion:

It is hereby moved by the Board of the Regional Transit Authority that the 1998 state legislative program be amended to include seeking authority to undertake lease finance transactions with respect to transportation and other public capital facilities.

Approved by the RTA Board on January 22 1998.



Bob Drewel
Board Chair

ATTEST:



Marcia Walker
Board Administrator

**1998 State Legislative Program
Central Puget Sound Regional Transit Authority**

- **1997-1999 Supplemental Transportation Budget.** Support state funding for WSDOT and other agency projects that complement the RTA's program.
- **Transportation Revenue Package.** Support revenue enhancement package for transportation. Support funding for projects that are highly related to the RTA's program of investments, e.g., HOV system and the intercity passenger rail program.
- **Legislative Transportation Committee Transit Issues.** Monitor and respond to any legislation introduced that directly affects Central Puget Sound transit programs.
- **Partnerships.** Support other agency programs that complement, or are related to the RTA program, such as investments in freight mobility, grade separations and economic development
- **Monitoring.** Monitor and quickly respond to legislation brought to the legislature by other interests which would affect the RTA.
- **Short-term Borrowing Act.** Seek to be listed as one of the governmental entities authorized to use the Short-term Borrowing Act (RCW 39.50).
- **Lease finance transactions.** Seek a general transportation provision clarifying public transportation agencies' authority to utilize lease purchase transactions when undertaking major rail and bus equipment/facility procurements.