

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	04/22/13	Open	Action	04/16/13

Subject: Confirm Funding of South Sacramento Corridor Phase 2 Light Rail Extension Project

ISSUE

Whether or not to confirm funding of South Sacramento Corridor Phase 2 Light Rail Project (Project).

RECOMMENDED ACTION

Adopt Resolution 13-04-____, Confirming Funding of the South Sacramento Corridor Phase 2 Light Rail Project.

FISCAL IMPACT

None as a result of this action.

DISCUSSION

On March 25, 2013, the RT Board delegated authority to the General Manager/CEO to award the contract for construction of the South Sacramento Corridor Phase 2 Civil, Track, Structures, Stations and Systems. Following this action, staff met with members of the California Transportation Commission (CTC) staff to discuss the award of \$1 million in Proposition 1B State-Local Partnership Program (SLPP) funds that recently became available and would go toward funding the Project. CTC staff expressed concern that the project was not fully funded due to the wording of the March 25th Issue Paper relative to the discussion on U.S. Department of Labor and Section 13(c) cash flow issues. In order to provide assurance to CTC staff, staff is seeking Board confirmation that the Project is fully funded.

Funding for the Project is comprised of a Full Funding Grant Agreement (FFGA), which was received in December 2012, and matching funds from the following programs: State Transportation Improvement Plan (STIP), Traffic Congestion Relief Program (TCRP), Sacramento County Measure A Sales Tax, State Transit Assistance (STA), Congestion Mitigation and Air Quality (CMAQ), Proposition 1B (Public Transportation Modernization, Improvement and Service Enhancement Account and regional SLPP), local developer fees and revenue bonds.

The revenue bonds were required in order to satisfy the Federal Transit Administration's requirement to demonstrate budgeted and committed funding to match the \$135 million in New Starts monies to be provided through the FFGA. It is RT's intention to reimburse the revenue bond monies on the Project with the TCRP and Proposition 1B monies as soon as they are available.

Staff continues to seek additional funding not currently listed in the funding plan to assist in reducing the amount of project funding dependent upon the revenue bonds and other flexible

Approved:

Presented:

Final 04/17/13

General Manager/CEO

Director, Project Management

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funding. The additional \$1 million in SLPP funds are to be distributed through the statewide competitive program in which RT's project was ranked first among applicants. It is important to note that should RT award the construction contract for the South Sacramento Corridor Phase 2 Civil, Track, Structures, Stations and Systems prior to the CTC taking action to allocate these monies, RT would not be eligible to receive the monies.

Additionally, it should be noted that cash flow concerns as a result of The Amalgamated Transit Union (ATU) filing a 13(c) objection with the Department of Labor (DOL) in response to the approval of RT's Full Funding Grant Agreement with the FTA, may require RT to take on additional borrowing measures until the Section 13(c) objection matter is resolved. However, RT has a cash flow plan that extends to mid-2015, to cover any temporary funding shortfall, whether operating or capital in nature, through the temporary borrowing of funds, capturing the full cost of SSCP2 through project completion. If Federal funds are delayed, RT will obtain additional funds through internal borrowing; securing a higher line of credit with Wells Fargo Bank; or through the issuance of commercial paper in anticipation of grant funds, whichever is most cost advantageous for RT. The total cost of this plan is contingent upon other external factors, such as market conditions, and borrowing additional funds will increase RT's operating and capital expenses. However, the projected costs of such borrowings will be factored into the cost of the project to the extent possible and paid from project contingency funds. Increases in operating costs as a result of borrowings will be accounted for in the RT operating budget.

Staff recommends confirmation by the Board that the South Sacramento Corridor Phase 2 Light Rail Extension Project is fully funded.

RESOLUTION NO. 13-04-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

April 22, 2013

**CONFIRMING FUNDING OF THE SOUTH SACRAMENTO CORRIDOR PHASE 2
LIGHT RAIL PROJECT**

WHEREAS, the RT Board of Directors delegated authority to the General Manager/CEO, in his sole and reasonable discretion, to award the Contract for Construction of the South Sacramento Corridor Phase 2 Civil, Track, Structures, Stations and Systems.

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, in December 2012, RT and the Federal Transit Administration entered into a Full Funding Grant Agreement (“FFGA”) to fund the South Sacramento Corridor Phase 2 (“SSCP2”) Project.

THAT, the FFGA commits \$135 million in Federal funds for the construction of RT’s SSCP2 Project.

THAT, the FFGA is a valid, legally binding contract that commits sufficient federal funds to the SSCP2 Project to fully fund the project.

PATRICK HUME, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary