

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 16 | 12/12/16 | Open | Action | 12/01/16 |

Subject: Authorize Inter-Fund Borrowing Due to Delay in Receipt of County Developer Fees

ISSUE

Whether or not to authorize temporary inter-fund borrowing from the Developer Fee Trust Account to cover UTDC Refurbishment Project Costs as a Result of Delay in Receiving County Approval for Reallocation of Developer Fees.

RECOMMENDED ACTION

Adopt Resolution 16-12-____, Authorizing Temporary Inter-fund Borrowing from the Developer Fee Trust Account to Cover UTDC Refurbishment Project Costs as a Result of Delay in Receiving County Approval for Reallocation of Developer Fees.

FISCAL IMPACT

This action will enable staff to temporarily borrow up to \$2 million in Developer Fee Trust Account Funds to cover UTDC Refurbishment Project costs as a result of the delay in receiving County Approval for reallocation of the developer fees. The interest cost associated with the borrowing is anticipated to be less than \$5,000. Interest expense for borrowing will be paid out of the Operating budget.

Assuming that the County approves a permanent reallocation of the Developer Fees to the UTDC project, only the interest amounts would be repaid to the Developer Fee account. Interest will accrue at the FY 2016 annual CalTRUST rate.

DISCUSSION

The UTDC Refurbishment Project incurred additional unplanned costs in 2015 that included changes to the mini-high platforms on both the Blue and Gold line stations as well as a significant redesign and modification to the Historic Folsom Station in order to operate the UTDC vehicles on RT's system. The General Manager/CEO and Executive Management Team identified the County Developer Fees as a potential source to fund the shortfall.

RT holds funds in trust that were collected from development in Sacramento County from 1987 to 2008. The funds were to be spent on a variety of projects identified in a Transit Analysis document that identified projected future transit needs based on a nexus study completed at the time. The majority of the projects identified have been completed but RT still has a fund balance because (1) some projects that were originally identified have now become obsolete; or (2) the projects were completed for an amount lower than the estimated cost. RT has temporarily borrowed and repaid these fees several times in recent years.

Approved:

Presented:

Final 12/6/16
General Manager/CEO

VP, Transit Services/Chief Operating Officer
J:\Board Meeting Documents\2016\21 December 12, 2016\12.1.16 UTDC Internal Borrowing Authorization version 2.0.docx

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Beginning earlier this year, Staff began a dialogue with Sacramento County to develop a mechanism to permit RT to re-direct the funds to projects not included in the original Transit Analysis, including the UTDC refurbishment project. The County was amenable to reallocation of the funds, but concluded that an approved Memorandum of Understanding (MOU) is required between Sacramento County, the City of Rancho Cordova, and RT. The MOU will be brought to each entity's respective Board early next year for approval.

RT has requested that the funds for the UTDC Refurbishment be drawn from developer fee accounts for District 4 and District 5. District 4 includes the unincorporated portion of the County south of Highway 50 and east of Highway 99 that is within RT's boundaries (South Sacramento/Vineyard). District 5 includes the area west of Highway 99 and south of Calvine (the Laguna area that is within Sacramento County). The majority of the money (\$1,934,853) would be drawn from District 4, with the remainder (\$65,147) being paid from District 5 funds. Staff feels that this is an appropriate use of the funds from these areas because the UTDC Light Rail Vehicles (LRVs) are needed for RT to provide service on the SSCP2 extension, which serves these areas.

The UTDC Refurbishment Project has expended or has committed all available funds. Currently the last 3 LRVs are being refurbished and the construction on the Gold line platforms and Historic Folsom Station is ongoing. The delay in funding has resulted in insufficient funds for invoice payments and internal labor costs. It is anticipated that the borrowing will be for a brief period until the MOU is executed and the funds can be permanently redirected to this project.

Currently these funds are invested in a CalTRUST Account yielding .81%. Therefore, a reasonable lending interest rate would be an amount equivalent to the foregone interest earnings. Staff would recommend a borrowing interest rate of .81%, which is consistent with expected returns.

Staff hereby requests that the Board authorize the General Manager/CEO to temporarily borrow Developer Fees to address UTDC funding needs while a permanent reallocation of funds to this project is sought and obtained.

RESOLUTION NO. 16-12-_____

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

December 12, 2016

AUTHORIZING TEMPORARY INTER-FUND BORROWING FROM THE DEVELOPER FEE TRUST ACCOUNT TO COVER UTDC REFURBISHMENT PROJECT COSTS AS A RESULT OF DELAY IN RECEIVING COUNTY APPROVAL FOR REALLOCATION OF DEVELOPER FEES

WHEREAS, pursuant to Sacramento County Ordinance No. 0742, the Sacramento Regional Transit District (RT) is the trustee of transit development fees assessed against new development in the unincorporated areas of Sacramento County; and

WHEREAS, RT has requested authorization from the County to reallocate funds to transit projects that were not identified in the original Transit Analysis under the Ordinance, including the UTDC Refurbishment Project; and

WHEREAS, RT, the County, and the City of Rancho Cordova are in the process of drafting a Memorandum of Understanding (MOU) for reallocation of the funds; and

WHEREAS, RT requires approximately \$2 million to fund anticipated expenses, including current invoices, for the UTDC refurbishment project; and

WHEREAS, RT desires to borrow up to \$2 million in developer fees to temporarily bridge the funding gap until the MOU is executed.

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

THAT, up to \$2 million currently held in the developer fee trust account(s) may be borrowed by RT to fund the UTDC project, on the terms set forth in Exhibit A to this Resolution, provided that the loan and its proceeds are accounted for in accordance with the standards established by the Governing Accounting Standards Board (GASB).

JAY SCHENIRER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

Inter-fund Loan from County Developer Fees on Deposit to RT to Cover UTDC
Refurbishment Project Costs Due to Delay in Receipt of County Approval for
Reallocation of Developer Fees

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| Loan Amount: | Up to \$2 million |
| Issuance Fees: | No issuance fees |
| Interest Rate: | 0.81% per annum, or the actual rate earned on RT's investments in CalTRUST, whichever is greater. |
| Effective Date of Interest: | Interest will begin accruing at the time of the first borrowing of funds. |
| Repayment Schedule: | The loan is to be repaid within one year of the first borrowing. |
| Prepayment: | The loan may be prepaid at any time. |
| Other Terms: | None |