

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
22	12/11/17	Open	Action	12/06/17

Subject: Delegate Authority to the General Manager/CEO to Execute a Loan Agreement with the Sacramento Area Council of Governments

## ISSUE

Whether to delegate authority to the General Manager/CEO to execute a Loan Agreement with the Sacramento Area Council of Governments (SACOG).

## RECOMMENDED ACTION

Adopt Resolution No. 17-12-\_\_\_\_, Delegating Authority to the General Manager/CEO to Execute a Loan Agreement with the Sacramento Area Council of Governments.

## FISCAL IMPACT

SACOG will provide an interest free loan of \$3.3 million in Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) funds to SacRT for immediate capital project needs. SacRT will be committed to repaying SACOG \$3.3 million by December 1, 2020, of which at least \$2 million must be from local revenues (Local Transportation Funds (LTF) or Measure A) and the remaining \$1.3 million from other sources.

## DISCUSSION

In September 2017, SACOG reached out to SacRT to determine if the agency had an immediate need for capital funds. SacRT expressed an interest for three projects that could benefit from immediate capital funds. The City of Galt received an allocation of Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) funds, but because Galt would not be able to spend the funds within the required timeline, the funds were at peril of being returned to the State. To keep the funds for the region, SACOG proposed that SacRT apply for the PTMISEA funds and repay SACOG in future fiscal years with local monies. SACOG will work with the City of Galt to find alternative funding for the fueling facility when it is ready for construction.

The PTMISEA program is a 10-year, transit capital state bond program that was approved by the California State Legislature in 2008, for which SACOG is direct recipient of regional funds. The state program is managed by the California Department of Transportation (Caltrans) and the deadline for regions to submit their final list of projects was November 8, 2017. SACOG submitted the SacRT requested projects to Caltrans before the November 8<sup>th</sup> deadline, making the three applied-for projects eligible.

SacRT has immediate capital needs that could benefit from the use of \$3,300,000 PTMISEA dollars. The projects include the purchase of vehicles (\$1.9 million), installation of an above ground fuel tank (\$100,000), Automatic Passenger Counters (\$700,000) and Fare Vending

Approved:

Presented:

Final 12/6/17

General Manager/CEO

VP Finance/CFO

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Machines (\$600,000). By reallocating the PTMISEA funds to SacRT for immediate use, SacRT would be committed to meeting all deadlines and requirements for spending the PTMISEA funding and full repayment of the funds to SACOG by December 1, 2020. At least \$2 million of the repayment is to be made with local revenues (LTF or Measure A). SACOG would have a subordinate pledge to the revenue sources, as US Bank LLC currently holds the primary pledge on all revenue sources (except for farebox, which is pledged to SacRT’s outstanding bonds) under the terms of the line of credit. There is no interest cost associated with the capital funding swap. Due to the nature of this agreement, SacRT would be required to record a liability of \$3,300,000 because SacRT is promising future operating revenue funds to SACOG. SACOG agrees that if S.B.1 is repealed, SacRT is not obligated to repay any portion of the PTMISEA loan with Transportation Development Act funds or local funds.

Project Descriptions:

Replacement and Expansion Vehicles – Procure up to eleven 30 foot gasoline “cutaway” style Americans with Disabilities Act (ADA) accessible vehicles with passenger seating count of up to 24. Vehicles are needed for replacement of six 2012 vehicles, with five of the vehicles already exceeding their 150,000 miles service life. Up to five expansion vehicles are needed for planned increases in neighborhood service. The project cost will include funding for on-board electronic equipment such as fare boxes and automatic stop announcement (AVA) system, and funds for vehicle spare parts.

Above Ground Fuel Tank – Purchase and install an above ground fuel tank with secured dispensing. The approximately 2,500-gallon fuel tank will be located at SacRT’s secondary Bus Maintenance Facility (BMF2) located at McClellan Park. Manufacturers will no longer produce/sell Compressed Natural Gas (CNG) conversions for cutaway style vehicles after December 31, 2017, which is why gas vehicles are being procured rather than CNG. The fuel tank will store gasoline to allow fueling of both cutaway vehicles and SacRT’s non-revenue vehicle fleet. This project will result in decreased fuel costs from purchasing gasoline in bulk to fuel approximately 75 SacRT non-revenue vehicles.

Automatic Passenger Counter – Purchase and install automated passenger counters (APC) for SacRT’s light rail fleet. The APCs will replace the current manual counting methodology, which is survey based, providing substantially more accurate and detailed rail ridership data. Counting ridership is required by funding agencies and the Federal National Database reporting. SacRT staff time will be reallocated to verify automatic counts systemwide and for special surveys.

Fare Vending Machines – Purchase and install up to eight fare vending machines (FVM). The FVMs will replace or augment the current FVMs. Currently, SacRT is in the solicitation for a contract for purchasing and installing a fare collection and data collection system, including design, manufacture, testing, delivery and installation of 61 FVMs, and associated software, for SacRT’s light rail stations on the Blue Line Corridor. The contract will have options to procure

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additional FVMs for the Gold Line Corridor. This funding would enable SacRT to procure eight additional FVMs for Gold Line Corridor stations.

Staff recommends delegating authority to the General Manager/CEO to execute the loan agreement with SACOG.

RESOLUTION NO. 17-12-\_\_\_\_\_

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

December 11, 2017

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE A  
LOAN AGREEMENT WITH THE SACRAMENTO AREA COUNCIL OF  
GOVERNMENTS**

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

THAT, the Board hereby delegates authority to the General Manager/CEO to execute a loan agreement with the Sacramento Area Council of Governments (SACOG) on the following terms and conditions:

(1) SACOG provides SacRT with \$3,300,000 in Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) funds for eligible projects;

(2) SacRT will repay \$3,300,000, by December 1, 2020, with at least \$2,000,000 being repaid with either Local Transportation Funds (LTF) or Measure A;

(3) if S.B.1 is repealed SacRT does not have to repay the funds with Measure A funds, Transportation Development Act funds, or any local funding source (fare revenues, advertising revenues, etc.); and (4) there is no interest associated with the loan.

\_\_\_\_\_  
ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary