

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	08/27/18	Open	Action	08/22/18

Subject: Repealing Resolution No. 18-12-0179 and Delegating Authority to the General Manager/CEO to Execute a Loan Agreement/Grant Anticipation Note with the Sacramento Area Council of Governments

ISSUE

Whether to repeal Resolution No. 18-12-0179 and delegate authority to the General Manager/CEO to execute a Loan Agreement/Grant Anticipation Note with the Sacramento Area Council of Governments (SACOG).

RECOMMENDED ACTION

Adopt Resolution No. 18-08-____, Repealing Resolution No. 18-12-0179 and Delegating Authority to the General Manager/CEO to Execute a Loan Agreement/Grant Anticipation Note (GAN) with the Sacramento Area Council of Governments.

FISCAL IMPACT

SACOG will provide an interest-free loan of up to \$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 \$2.0 million by June 30, 2019 with local operating revenues (Local Transportation Funds (LTF), Measure A, or State Transit Assistance (STA)), and to reprogramming \$1.3 million of FY20 Federal 5307 funds, to repay the remaining loan balance. If SB1 is repealed, the full repayment would be made from 5307 funds.

DISCUSSION

On December 11, 2017, the Board delegated authority to the General Manager/CEO to execute an interest-free loan agreement with SACOG for the use of \$3.3 million of Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) funds to be repaid by December 31, 2020 through a combination of local funds and unspecified capital funds or, if SB1 is repealed, through all capital funding.

During the preparation of the loan agreement, it was determined that SacRT could not enter into the loan agreement as previously stated. In order to meet the requirements of SacRT's enabling legislation, any repayment of operating funds must occur within the same fiscal year and any repayment of capital funds beyond a single fiscal year must take the form of a GAN that specifically identifies the funds that are pledged to repayment of the loan.

To comply with these restrictions, the loan agreement would provide that any repayment with local or state operating funding would be accomplished by June 30, 2019. If SB1 is not

Approved:

Presented:

Final 08/22/18

General Manager/CEO

Treasury Controller

J:\Board Meeting Documents\2018\11 August 27, 2018\08-27-18 SACOG Loan Agreement.docx

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repealed, this would be \$2 million of Local Transportation Funds (LTF), Measure A, or State Transit Assistance (STA).

SacRT would use the GAN to make an irrevocable divestment of any interest in the future grant funds, essentially reprogramming the future grant funds to repay the capital portion of the agreement. SacRT would be divesting interest in \$1.3 million of the FY20 Federal 5307 funds that could otherwise be used for either capital or operating purposes.

In past years, SacRT used all of its 5307 funds to fund operations; however, as SacRT has gained operational efficiencies and controlled costs, not all of the 5307 funds are required for operations. Therefore, Staff does not anticipate an operating deficit as a result of using future 5307 to repay the capital portion of the agreement.

The agreement would specify that if Senate Bill 1 (SB1) is repealed in November 2018, SacRT would not have to repay any of this borrowing with local dollars and would instead reprogram the Federal 5307 funds in the following manner: FY20 \$1 million, FY21 \$1 million, FY22 \$1.3 million.

The loan funds are needed for several pressing capital projects:

1. \$1.1M for Jibe vehicles (Jibe will repay \$640K over 5 years)
2. \$800K for Microtransit vehicles
3. \$700K for Automated Passenger Counters
4. \$600K for fare vending machines

To meet these capital needs, Staff recommends that the Board repeal its former delegation and re-delegate authority to the General Manager/CEO based on the revised terms set out above.

RESOLUTION NO. 18-08-_____

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

August 27, 2018

REPEALING RESOLUTION NO. 18-12-0179 AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE A LOAN AGREEMENT/GRANT ANTICIPATION NOTE 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/grant anticipation note 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) If SB1 is not repealed, SacRT will repay the \$3,300,000 paid by SACOG with \$2,000,000 with state or local operating funds (Transportation Development Act/Local Transportation Funds or Measure A), with the remainder repaid through a reprogramming of FY20 Federal 5307 funds;

(3) if S.B.1 is repealed, SacRT will not have to repay any portion of the loan through state or local operating funding (Transportation Development Act/Local Transportation Fund or Measure A) and will instead repay the loan through the following reprogramming of Federal 5307 funds: FY20 \$1 million, FY21 \$1 million, FY22 \$1.3 million; and

(4) there is no interest associated with the loan.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary