

# Committee Report

Management Committee



**Committee Meeting Date:** September 28, 2022

**For the Metropolitan Council:** October 12, 2022

## Business Item: 2022-252

METRO Gold Line Bus Rapid Transit Cash Flow Financing Plan

### Proposed Action

That the Metropolitan Council authorize the Regional Administrator to execute a Cash Flow Financing Plan (the “Plan”) for the METRO Gold Line Bus Rapid Transit project (the “Project”), which will allow the Project to borrow up to an aggregate maximum amount of \$40 million from the Council internal investment pool until funds from the associated FFGA are received.

### Summary of Management Committee Discussion/Questions

Mark Thompson, Director of Treasury and Alicia Vap, Acting Gold Line Bus Rapid Transit Project Director, presented the business item to provide information on project status, funding sources, timing of FFGA grant funds and projected negative cash flow balances. A negative cash flow balance occurs for a 3-4 month period December 2022 thru March 2023 when no other local funding sources are available under a Joint Powers Agreement. Council policy FM 2-2 allows for temporary short-term internal loans from the Council’s investment pool to finance cash flow. Loans over 3 months in length or over \$10 million must be approved by the Council. Interest is paid on the loan.

Council Member Lilligren asked if we have done this before? Mr. Thompson responded that we also did this type of internal loan for the Green Line extension project about two years ago. Council Member Lilligren also asked if other projects were covered under the Gold Line BRT Joint Powers Agreement, and Ms. Vap responded that Gold Line BRT was the only project covered under this agreement.

Motion by Lee, seconded by Barber. Motion carried.

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METRO Gold Line Bus Rapid Transit Cash Flow Financing Plan

<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Council Policy FM 2-2 Finance and Asset Management
<b>Staff Prepared/Presented:</b>	Marie Henderson, Deputy Chief Financial Officer 651-602-1387 Mark Thompson, Director Treasury, 651-602-1629 Wes Kooistra, General Manager, 612-349-7510 Nick Thompson, Deputy General Manager, 612-349-7507 Alicia Vap, Acting Gold Line Project Director 612-349-7079
<b>Division/Department:</b>	Metro Transit Capital Programs – METRO Gold Line Project Office

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### Background

In February 2022, the Council submitted to the Federal Transit Administration (FTA) the Full-Funding Grant Agreement (FFGA) application for the \$505 million Gold Line project. The FTA is actively reviewing the application with FFGA appropriation anticipated in November of this year. The FFGA request is for \$239 million with the balance of the cost being fully funded by the Gold Line Joint Powers Board (JPB) who have already provided the Project with a significant amount of their share of the funding.

The FTA has published its anticipated disbursement schedule for the Project with all \$239 million federal funds awarded in Federal Fiscal Year 2023.

The FTA sent a Letter of No Prejudice (LONP) on June 28, 2022, which allows the Council to incur costs for the Civil Construction contract that would be eligible for reimbursement under the future FTA grant. The LONP does not obligate the FTA to reimburse any costs even if the costs are FTA-eligible costs. The Gold Line JPB allows the Council to utilize JPB funding for construction activities anticipated under the FTA’s LONP work but restricts the use of JPB funds for the project until the FFGA funding is received. The Council issued a Limited Notice to Proceed to the Civil Construction contractor on August 12, 2022.

There will be a period of approximately four months after the award of the FFGA and before federal funds are available. It is expected that FFGA funds will be available for reimbursement to the Project in March 2023. As the Council must fulfill obligations to contractors and vendors for the Project to stay on schedule, the Project office and Council have developed this Plan to provide

interim cash to pay invoices until FTA dollars are received. The Project is forecasting a maximum cash flow deficit of \$35.27 million in the period between the expected FFGA award date and when funds are available to reimburse Project expenses.

### **Rationale**

Council Finance and Asset Management Policy FM 2-2 allows a short-term loan to be made to meet temporary cash flow needs. Any loan longer than three months or more than \$10 million must be approved by the Council. This loan is needed as the Project awaits \$239 million from an FFGA grant. The loan is also needed to keep progress advancing as the construction contract was awarded on August 11, 2022. The loan will be repaid from FFGA grant funds and the projected interest costs of \$230,000 will be paid from Transit debt service reserves.

### **Thrive Lens Analysis**

Investment in high-quality transportation options will advance the Thrive outcome of prosperity by making the region more economically competitive through increased workers' access to employment, and support to employers by increasing available workforce with affordable, convenient transportation.

The Project advances the Equity outcome by distributing transit resources throughout the region and improving access to jobs, educational opportunities, and health services to diverse communities.

### **Funding**

Local funding is fully provided through an executed Capital Grant Agreement with the Gold Line Joint Powers Board and incorporated into the Council's Authorized Capital Budget under Project #61402.

### **Small Business Inclusion**

There are no direct impacts to small business inclusion associated with the proposed action.

