



**SAN LUIS OBISPO  
REGIONAL TRANSIT AUTHORITY  
July 8, 2020**

**AGENDA ITEM:                      A-1**

**TOPIC:                                      Executive  
Director's  
Report**

**Recommendation:              Receive as  
Information**

**PRESENTED BY:                      Geoff Straw**

# Late-Breaking News

- **Governor Newsom signed AB90 on June 29**
  - AB90 provides temporary legislative relief from TDA financial penalties, including:
    - Suspension of LTF farebox recovery ratio requirements, and
    - Suspension of penalties under STA when operating costs increase more than CPI
- **RTA received \$1.3M in CARES Act funds from the Santa Maria UZA**



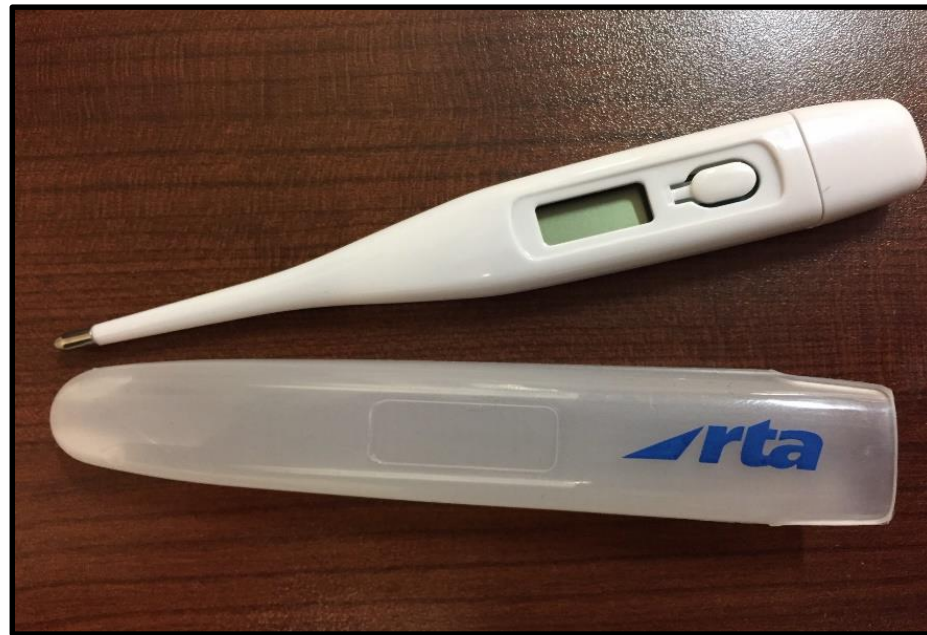
# Update on COVID-19 Response

1. Face Covering Required (June 12)
2. Interim Cash Fare implemented (June 14)
  - 50¢ regular, 25¢ discounted
  - Return to front door loading
  - Temporary curtains installed; permanent Plexiglas barriers on order
  - We will return to full fares 2 weeks after all City Halls reopen
3. Bus Operator Shake-Up for June 28 Service Ramp-Up (June 15)



# Update on COVID-19 Response

4. Implemented employee personal temperature screening policy (June 19)
  - Effective June 28, all employees are required to use an RTA-provided digital oral thermometer to check temperatures prior to reporting to work



# Update on COVID-19 Response

5. Implemented Modified Regular Service (June 28): weekday hourly service on RTA without Express trips; SoCo Transit & Paso Express operate regular service levels.
6. COVID-19 Administrative Leave Program ended (June 29)
7. Began installing hand sanitizing gel dispensers installed on buses (July 2)



# Employee Recruitment

- One new Bus Operator in service & one candidate in training
- Nine candidates in the background check/permitting process



# Service Planning & Marketing

- May 17: Downtown SLO Transit Center Improvements project went live
- Marketing has been focused on COVID-19 service changes, fare and policy changes, and rider/employee updates

# Bus Maintenance Facility Update

- Waiting for announcement of awards for next round of FTA Section 5339(b) grants
- Decided to cancel possible July 20<sup>th</sup> groundbreaking ceremony due to COVID-19 concerns





# Finance & Administration

## Ridership through end of May 2020:

- Fixed-Route: 24.9% decline compared to last year
  - Only 3.1% decline before COVID-19
  - 60% decline March – May 2020
- Runabout: 16% decline
  - 2.7% decline pre-pandemic
  - Also 60% decline March – May 2020



# Finance & Administration

## **Budget Results:** non-capital expenses within budget

- Administrative costs: slightly above budget primarily due to increased Professional Technical Services line-item
- Service Delivery costs: under budget with low fuel costs & slightly reduced paid staff hours due to COVID-19



# Finance & Administration

## Farebox Recovery Ratio:

- Fixed-Route: 13.3%
- Runabout: 3.6%

## YTD Subsidy per Passenger-Trip:

- Fixed-Route: \$9.57
- Runabout \$96.34





# **SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY**

**JULY 8, 2020**



**AGENDA ITEM:**

**B-1**

**TOPIC:**

**Financing of New Bus  
Maintenance Facility**

**PRESENTED BY:**

**Geoff Straw, Executive Director**

## **Staff Recommendation:**

- 1. Approve Resolution Regarding:
  - a. Term Sheet**
  - b. Credit and Security Agreement**
  - c. Collateral accounts and security agreement****
- 2. Approve Direction of LTF Funds between the RTA and SLOCOG**
- 3. Approve Direction of Farebox Revenue between the RTA and the  
County of San Luis Obispo Auditor/Controller/Treasurer/Tax  
Collector**

# New RTA Bus Maintenance Facility

## Existing Facility

- Leased property
- Lease ends February 2022

## The Project

- Admin headquarters
- Bus maintenance facility
- Enhanced space – current and expanded services



# Project Budget and Funding Gap

New Bus Maintenance Facility: Project Budget and Funding Gap				
Budget as of 6/8/2020				
	Total Esimtated Cost	Secured Funding		Funding Gap
		Federal Amount	State/Local Amount	
Land Purchase	\$1,512,602	\$0	\$1,512,602	\$0
Environmental & Design	\$2,554,486	\$905,787	\$1,648,699	\$0
Construction				
Total Construction Cost	\$20,830,395	\$6,285,662	\$2,259,426	\$12,285,308
Furniture, Fixtures, and Expenses	\$1,422,412			\$1,422,412
Financing Costs	\$392,280			\$392,280
(RTA legal, advisor, trustee, and rating agency fees)				
Sub-Total Construction, FF&E, and Financing Costs	\$22,645,088	\$6,285,662	\$2,259,426	\$14,100,000
Total RTA Bus Facility Budgeted Costs	\$26,712,175	\$7,191,449	\$5,420,727	\$14,100,000

Note correction to Staff Report: \$24.1M is incorrect

# Plan of Finance Approach

## **Plan A: Execute Loan Financings**

- TIFIA Loan
- PacWest Bank Loan

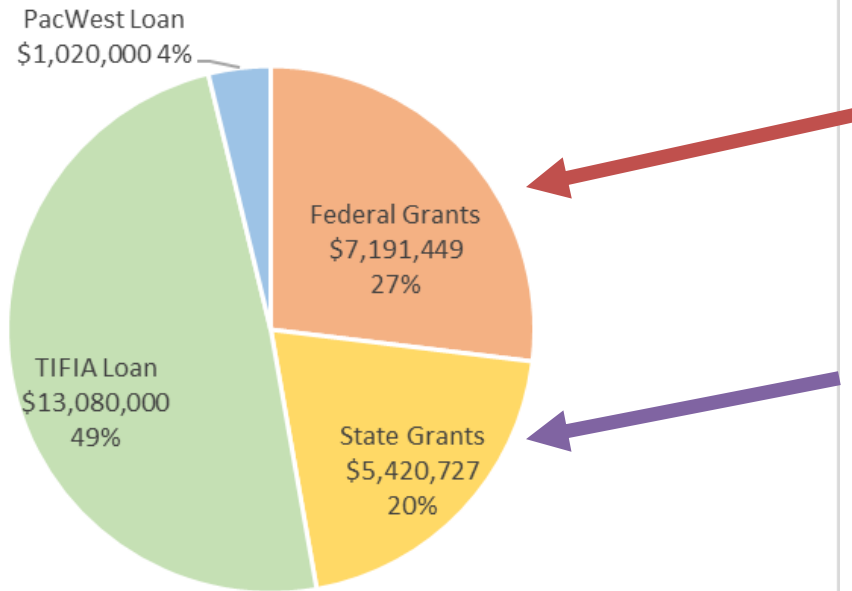
***ONLY if TIFIA is No Longer a Viable Funding Option, RTA will Pursue Plan B....***

## **Plan B: Sell Securities in Public Municipal Market**

- Certificates of Participation Issuance (COPs)
- Market COPs to Investors



# Plan A Funding Sources



Continued efforts  
to maximize grant  
funding  
opportunities

<u>Sources of Funding</u>	<u>\$</u>	<u>%</u>
Federal Grants	\$7,191,449	26.9%
State Grants	\$5,420,727	20.3%
<b>TIFIA Loan</b>	<b>\$13,080,000</b>	<b>49.0%</b>
<b>Pacific Western Bank Loan</b>	<b>\$1,020,000</b>	<b>3.8%</b>
<b>Total Sources:</b>	<b>\$26,712,175</b>	<b>100.0%</b>
<u>Funding Allocation</u>		
Total Federal Funding (FTA Grants & TIFIA Loan)	\$20,271,449	76%
Total Other Funding (State Grants & Bank Loan)	\$6,440,727	24%
<b>Total Funding</b>	<b>\$26,712,175</b>	<b>100%</b>

# TIFIA Loan

## ■ **Transportation Infrastructure Finance and Innovation Act (TIFIA) Rural Project Initiative (RPI)**

- New Federal transportation initiative
- RTA's BMF is the inaugural project in the United States
- Below market borrowing costs – 50% of 30-YR UST rate
- Up to 35-year term
- Subsidized application and loan fees

## ■ **TIFIA/RPI Loan**

- Borrowing Amount: \$13 million
- Structure: 3-Year interest only; level debt service thereafter
- Final maturity: July 1, 2056
- Borrowing Cost: 0.8 APR (based on UST rates as of 6/9/2020)
- Prepayment: Anytime

# PacWest Bank Loan

## Term Sheet Overview

- Funding commitment to “bridge” delay in TIFIA Loan process
- Long-term loan to address funding gap

### ■ Interim Funding – Line of Credit

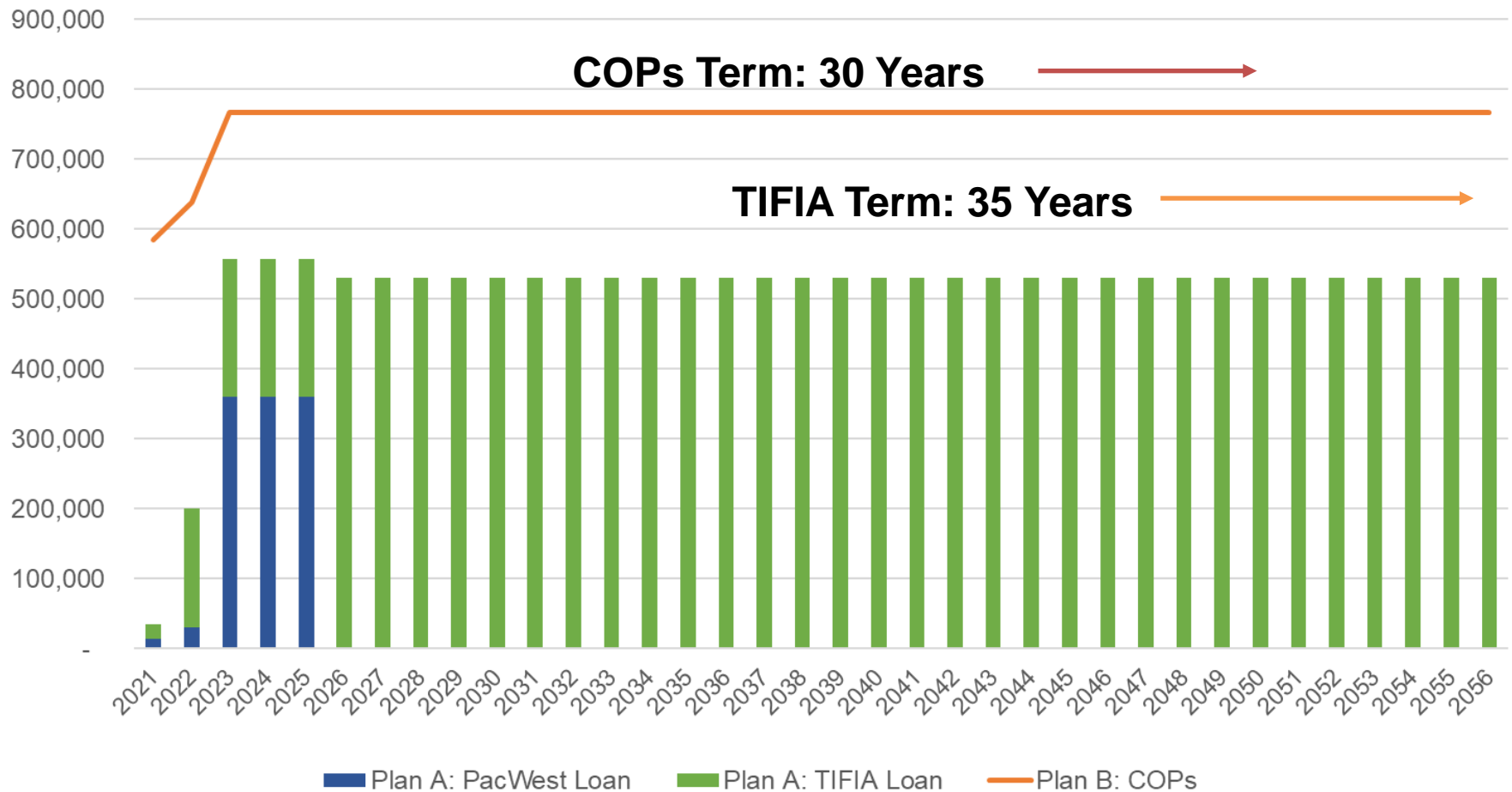
- Amount: \$14.1 million
- Structure: Interest only on drawn amount
- Borrowing Cost: 3.0%

### ■ Permanent Bank Loan

- Amount: \$1 million
- Structure: 3-Year level debt service
- Final Maturity: July 2, 2025
- Borrowing Cost: 3.0%
- Prepayment: Anytime

# Estimated Loan Payment Schedule

## Estimated Aggregate Project Debt Service



# Security Pledge

## ■ Loan Agreements

- PacWest Bank
- U.S. DOT / Build America Bureau (TIFIA)

## ■ Loan Payments

- Unconditional obligation of RTA
- Covenant to budget and appropriate funds annually
- Project NOT a security for repayment

## ■ Revenues for Payment

- Direction to Deposit Local Transportation Funds
- Pledge of Farebox Revenues
- Any Legally Available Funds, including State Transit Assistance
- ***Excludes*** all FTA capital and operating grant funds

# Proposed Revisions under Negotiation

## **Summary of Loan Agreement changes:**

1. Acknowledge that the security interests are now contained in the CASA vs the loan agreement per TIFIA counsel request.
2. Reference 2 notes—one for each tranche/maturity.
3. Added express optional prepayment language for Tranche B.
4. 2025 final maturity date.
5. No lien on funds pledged to other creditors (eg, the TIFIA Debt Service Reserve).

## **Summary of CASA changes:**

1. Governing law changed to California from NY in response to TIFIA counsel comment.
2. Waiver of jury trial vs. decision by a judicial referee.

# Timeline

## ▪ **July 2020**

- RTA Board Approval of Construction Contract
- RTA Board Approval of PacWest Bank Loan Agreement
- Update on TIFIA Loan Process and Plan B Discussion
- Commence Project Construction
- Close on PacWest Bank Loan

## ▪ **August 2020**

- Board Approval of TIFIA Loan Agreement

## • **September 2020**

- Close on TIFIA Loan

# Staff Recommendation

1. Approve Resolution:
  - Term Sheet from Pacific Western Bank (**Attachment A**)
  - Credit and Security Agreement (**Attachment B**)
  - Collateral Accounts and Security Agreement (CASA) and fee schedule(**Attachment C and D**)
2. Approve the Direction RE Deposit of LTF Funds between the RTA and SLOCOG (**Attachment E**)
3. Approve the Direction RE Deposit of Farebox Revenue between the RTA and San Luis Obispo County Auditor/Controller/Treasurer/Tax Collector (**Attachment F**)





**SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY**  
**JULY 8, 2020**



**AGENDA ITEM:**

**B-2**

**TOPIC:**

**Award BMF Construction  
Contract**

**PRESENTED BY:**

**Geoff Straw, Executive Director**

**Staff Recommendation:**

**Approve and execute the Resolution awarding the contract for the construction of the RTA Bus Maintenance Facility to the Successful Bidder, Specialty Construction of San Luis Obispo, California, for the Contract Price of \$16,873,000.**

# Consider Award Authority

Three bids received by the June 4<sup>th</sup> rebid deadline:

1. Specialty Construction for \$16,873,000
2. Newton Construction for \$17,274,000
3. Katch Environmental for \$17,577,213

Katch's bid was determined non-responsive for failing to submit follow-up documents. The bid protest submitted by Newton Construction on June 11<sup>th</sup> was denied.

# Summary of Resolution (1 of 2)

- Specialty Construction is deemed the low-responsive Successful Bidder, and its price to be reasonable.
- The RTA Board authorizes the Project to move into the Construction Phase upon the following conditions:
  - Successful Bidder must deliver two executed Agreements, along with a Performance Bond, Payment Bond, proof of insurance, and a recycling plan.
- The RTA Executive Director is authorized to execute the Agreement and to issue a Notice to Proceed once above conditions are met.

# Summary of Resolution (2 of 2)

- The Agreement incorporates all terms, conditions, plans and designs, and identifies liquidated damages provisions.
- RTA Executive Director is authorized to order any changes that are consistent with PCC Section 20142 and shall be in writing.
- RTA Executive Director shall provide a Completion of Construction report and provide recommendations to the RTA Board for a Notice of Completion.

## Staff Recommendation

**Approve and execute the Resolution awarding the contract for the construction of the RTA Bus Maintenance Facility to the Successful Bidder, Specialty Construction of San Luis Obispo, California, for the Contract Price of \$16,873,000.**



# Consent Agenda Items

- C-1 Executive Committee Meeting Minutes of April 8, 2020 (Info)
- C-2 RTA Board Meeting Minutes of May 6, 2020 (Approve)
- C-3 RTA Board Meeting Minutes of May 22, 2020 (Approve)
- C-4 RTA Board Meeting Minutes of June 3, 2020 (Approve)
- C-5 Paso Robles Parking Yard Mitigations Report (Approve)
- C-6 Declare Vehicles and Supplies Surplus (Approve)

Note on Item C-6: Mileage of bus 638 (report shows 167,775 miles) represents the hubodometer miles and not the chassis miles.



