

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 6/12/2019

Staff Report No. 19-221

TO: AC Transit Board of Directors

FROM: Michael A. Hursh, General Manager

SUBJECT: Set Public Hearing for Finding of Significant Public Benefit for BRT Line of Credit

ACTION ITEM

RECOMMENDED ACTION(S):

Consider setting a public hearing at 5:00 p.m. on July 10, 2019, regarding the finding of significant public benefit in the use of line of credit proceeds to finance construction of the East Bay Bus Rapid Transit (BRT) project.

BUDGETARY/FISCAL IMPACT:

Setting the public hearing does not have a fiscal impact on the District, other than the cost to publish the notice. The fiscal impact of the enabled financing for the BRT project was initially described in Staff Report 17-132a and will be further detailed in a subsequent staff report.

BACKGROUND/RATIONALE:

With approval of Staff Report 17-132a, the Board authorized staff to pursue a plan for a short-term financing strategy to complete the BRT project. Staff has continued to work with PFM Financial Advisors LLC to refine the strategy first described in that staff report. The District issued a request for proposals on February 21, 2019, for a short-term line of credit (LOC), and has selected a firm based on the responses received. Part of the requirements for the LOC is that it stays open over the three years required to complete the BRT project and then pursue longer-term financing to pay off the unfunded portion of the project cost. Due to limitations in the District's enabling legislation, the LOC must be contracted through the California Statewide Communities Development Authority (CSCDA), a joint-powers agency that enables financing of public-benefit projects throughout California. CSCDA is functioning as a "conduit borrower" for the District.

To enable the LOC the District must join CSCDA and must also, per California Government Code Section 6586.5a(2) of the Joint Powers Act, hold a public hearing to establish that it finds significant public benefit in approving the financing and implementing the BRT project (the capital improvement). Government Code Section 6586 defines significant public benefit in several ways. For the BRT project the District believes that it satisfies "(d) More efficient delivery of local agency services to residential and commercial development." The BRT project will bring more frequent, more reliable, more accessible, and a safer pedestrian and rider environment to the 9.5-mile corridor.

If the Board approves the finding upon conclusion of the public hearing, staff will follow immediately with the

report and resolution to approve the financing and all necessary agreements.

ADVANTAGES/DISADVANTAGES:

The advantage of setting a public hearing is that it will allow the financing process to continue as it is a necessary step in the District getting an LOC. Staff cannot identify any disadvantages in approving the setting of public hearing.

ALTERNATIVES ANALYSIS:

Working with the District's financial advisor, staff reviewed a few different financing strategies. The two most likely scenarios - a LOC and commercial paper - were described in Staff Report 17-132a. In pursuing the LOC there is no alternative to the District setting a public hearing as it is required by the Government Code.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR 17-132 - BRT Project Completion Plan inclusive of financing plan

SR 17-132a - BRT Financing Strategy

ATTACHMENTS:

1. Draft Public Hearing Notice

Approved by:

Claudia L. Allen, Chief Financial Officer

Reviewed by:

Denise C. Standridge, General Counsel

Prepared by:

Chris Andrichak, Director of Management and Budget