

SFCTA Debt Management Strategy and Revolving Credit Agreement

Citizen Advisory Committee
Agenda Item 8



SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

January 25, 2017

Background

- ▶ Prop K Strategic Plan
- ▶ Strategic Plan guiding principles
 - ▶ Optimize leveraging of sales tax funds
 - ▶ Support timely and cost-efficient project delivery
 - ▶ Maximize cost effectiveness of financing





Background – Cont.

- ▶ Since 2004, SFCTA has managed the cash needs of the Prop K program using annual Prop K revenues and short-term debt instruments. We've been able to do this due to:
 - ▶ Slower than anticipated allocations
 - ▶ Slower and lower amounts of reimbursement requests
 - ▶ Pro-active cash management (e.g. amendments to approved reimbursement schedules)





Debt Management Approach

- ▶ Since 2015, SFCTA has used a \$140 million, tax-exempt revolving credit agreement (Revolver)
 - ▶ \$46,335,836 is available to draw upon to fund upcoming Prop K expenditures
- ▶ Use the Revolver to meet short-term cash needs while preparing to use long-term debt (e.g. bonds)



FY 2016/17 Capital Project Costs



- ▶ The adopted 2016/17 budget assumed \$200 million in Prop K capital expenditures
 - ▶ Includes projected borrowing of \$25 million from the Revolver loan
- ▶ Prop K capital projects costs through 1/25/2017, total \$41.9 (represents first quarter expenditures)
 - ▶ Typically, reimbursement rates ramp up over the course of the fiscal year
 - ▶ Based on close monitoring of project delivery we anticipate needing to draw down funds quicker

Major Prop K Cash Flow Drivers

- ▶ Many of our largest projects are reaching major milestones, triggering increased reimbursement requests
- ▶ Prop K projects driving short-term need include:
 - ▶ SFMTA's Radio Replacement Project, associated Central Control and Communications Projects
 - ▶ Purchase of new motor coaches, trolleybuses and light rail vehicles



Major Prop K Cash Flow Drivers



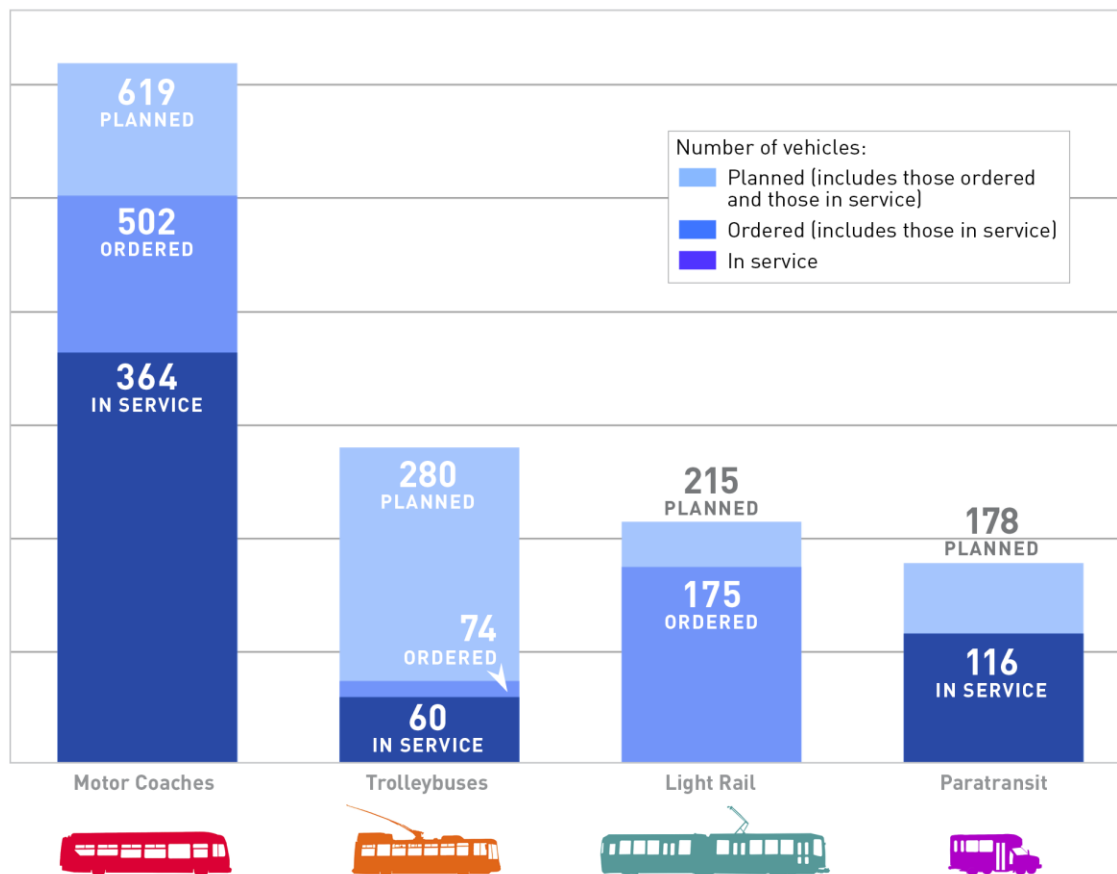
Prop K Major Cash Drivers	Total Prop K Allocations (as amended)	Remaining Balance as of 01.18.2017	Max Remaining FY16/17 Reimbursement ¹
Motor Coach Procurement	\$119,564,460	\$66,770,433	\$58,250,519
Radio Replacement	\$59,174,932	\$54,960,674	\$23,785,742
C3	\$35,313,094	\$12,013,357	\$11,449,565
Trolley Coach Procurement	\$26,192,073	\$11,656,004	\$7,156,004
Light Rail Vehicle Procurement	\$131,153,144	\$131,153,144	\$3,092,490
Totals	\$371,397,703	\$276,553,613	\$103,734,321

¹Max Remaining FY 16/17 Reimbursement represents the maximum reimbursement amount the project sponsor could request this fiscal year based on the currently approved Prop K cash flow reimbursement schedule.



New Muni Vehicles Funded by Prop K Sales Tax

AS OF DECEMBER 15, 2016



Prop K Sales Tax leverages other federal/local dollars to fund new Muni Vehicles.

- ✓ 1,059 vehicles have been programmed
- ✓ 715 vehicles have been allocated to date
- ✓ 387 vehicles have been placed in service to date

Next Steps

- ▶ **Reflect Revolver drawdown to FY 16/17 mid-year budget amendment**
- ▶ **On-going monitoring of project delivery and cash needs**
- ▶ **Return to CAC/Board for approval to issue additional debt**
- ▶ **Provide regular updates to CAC/Board**
- ▶ **Approve FY17/18 budget**



Questions?



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