



**Transportation Committee**  
**Meeting Date:** 6/7/2018  
**Agenda Item No.:** 2018-June-6.

**Subject:** Loan to City of Placerville (Est. time: 10 minutes)

**Action**

**Prepared by:** Jose Luis Caceres

**Approved by:** Matt Carpenter

**Attachments:** Yes

**1. Issue:**

Should SACOG provide a loan to the City of Placerville for the Western Placerville Interchange project?

**2. Recommendation:**

That the Transportation Committee recommend that the board approve a loan of \$1,000,000 of SACOG Managed Funds to the City of Placerville, with the principal and interest to be repaid by August 1, 2019.

**3. Background/Analysis:**

SACOG has local funds that it controls called SACOG Managed Funds (SMF), that it uses for funding projects and providing loans. As part of the approved Delivery Plan Process, SACOG may loan Congestion Mitigation and Air Quality (CMAQ) or Surface Transportation Block Grant Program (STBG, formerly RSTP) to sponsors in order to help with delivery or with project funding needs. Sponsors sometimes pay back loans with local funds into the SMF account. SACOG has traditionally used SMF funds as a more flexible version of CMAQ or RSTP, funding projects as part of the regional funding round. Usually SACOG uses SMF to fund projects that would not be a good fit for federal funding, such as Community Design projects and small requests that are typically between \$100,000 and \$200,000. SACOG has a current and forecasted SMF balance sufficient to cover this proposed short-term loan.

Over the coming year, staff intends to provide a recommendation to the board on policies for the ongoing use of SMF funds. These proposed policies will include additional guidelines for providing short-term loans to member agencies. The timing of the proposed SMF policies may coincide with the 2019 delivery plan coming forward for board consideration later this year.

**4. Discussion/Analysis:**

El Dorado County Transportation Commission (EDCTC) staff approached SACOG about the City of Placerville (City) request. The City needs help floating the cost of paying its contractor for the Western Placerville Interchange Project (ELD19347). The project is already out to construction and has a construction cost of \$11.65 million. The first of several anticipated invoices (estimated at \$500,000 to \$1,000,000 each) will come in as early as June. The City needs to be able to float \$500,000 to \$1,000,000 at a time to pay those larger invoices. State and federal funds pay for the cost of construction on a reimbursement basis. However, reimbursement can lag up to 60 days. Unfortunately, the City does not have enough transportation fund liquidity to cash flow the project. The City, therefore, seeks to borrow \$1,000,000 of local funds in order to cover the cash flow. Once most of the construction costs are completed this winter, the City could pay back the loan, along with the interest that would have otherwise accrued if the funds remained in the SMF account.

EDCTC does not have local funds to loan the City. El Dorado County cannot loan the funds to the City based on public utilities code. The City receives a form of local funds, STBG Exchange, from Caltrans, but only about \$200,000 a year, and cannot hope to get a five-year advance on or loan of such funds.

This is an opportunity for SACOG to help a partner agency and one of the smallest member agencies with a shared focus on delivering a needed and regionally significant transportation project at no cost to SACOG. The Western Placerville Interchange project is the largest project the City has ever delivered, and without SACOG's support it is unclear how the project can be completed within the targeted timeframe.

## **5. Fiscal Impact/Grant Information:**

The proposed recommendation is revenue neutral. The funds would be paid back within one year. SACOG has sufficient funds to loan the City and cover all forecasted disbursements.

**This staff report aligns with the following SACOG Work Plan Goal(s):**

#7: Deliver Key High-Profile Transportation Projects