

ORDINANCE NUMBER O- 20929 (NEW SERIES)

DATE OF FINAL PASSAGE MAY 15 2018

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE MAYOR TO ENTER INTO A MEMORANDUM OF AGREEMENT TO PARTICIPATE IN SAN DIEGO ASSOCIATION OF GOVERNMENTS' TRANSNET COMMERCIAL PAPER PROGRAM FOR THE WEST MISSION BAY DRIVE BRIDGE OVER SAN DIEGO RIVER CAPITAL IMPROVEMENT PROGRAM PROJECT AND RELATED FISCAL ACTIONS.

WHEREAS, the West Mission Bay Drive Bridge over SD River CIP Project (project) will replace the structurally deficient and functionally obsolete four-lane bridge with two three-lane bridges to optimize traffic circulation within the area and provide for a six-lane roadway as designated in the community plan; and

WHEREAS, in July 2017, the Federal Highway Bridge Program (HBP) awarded the City of San Diego (City) a grant of \$103 million to support the construction phase of the project, reimbursable up to \$20 million per year over a duration of six or more years. TransNet Commercial Paper will ensure the City has necessary cash flow to support construction expenditures of the project; and

WHEREAS, the City Council appropriated funding for the construction phase of the project in November 2017, including a grant of \$103 million from the HBP as well as local funding. The total estimated cost of the construction phase is approximately \$138 million; and

WHEREAS, the HBP requires all high-cost projects receiving HBP grants to enter into a High Cost Policy Agreement. High-cost projects are defined by HBP as projects with construction or Right-of-Way (R/W) total costs in excess of \$20 million. The High Cost Policy Agreement states that HBP will reimburse the City up to \$20 million per year over a duration of six or more years. The exact amount of funding per year is approved by HBP based upon the program's capacity and project needs; and

WHEREAS, the City anticipates up to \$20 million per year will be reimbursed by HBP upon the City submitting invoices via California Department of Transportation (Caltrans); however, cumulative grant-eligible project expenditures over the first three years are estimated to be approximately \$90 million; and

WHEREAS, per the High Cost Policy Agreement with HBP, the City would be reimbursed up to \$60 million in the first three years, meaning the City would have to advance local funding of approximately \$30 million during this timeframe; and

WHEREAS, the City reached out to SANDAG about leveraging the TransNet Commercial Paper Program as a short-term, low-interest borrowing tool to supplement the City's local funds on an as-needed basis. These funds would be advanced until the full amount of the HBP grant-eligible expenditures are reimbursed over the projected six-year period; and

WHEREAS, SANDAG's TransNet Commercial Paper Program allows an agency to receive funding through debt financing and currently has a very favorable interest cost estimated at 2.5%. The commercial paper will be drawn to reimburse the City for any funds advanced by the City and/or to directly fund the project expenditures as they are incurred; and

WHEREAS, the City's TransNet funds would support interest payments as well as issuance costs only if the commercial paper notes are issued; and

WHEREAS, because the HBP grant reimbursement schedule and amounts per fiscal year may change annually, it is requested that the City enter into an MOA with SANDAG for use of its TransNet Commercial Paper Program to supplement the project on a short-term basis until all grant funding is received. If Council does not approve a MOA to use SANDAG's Commercial Paper Program, alternative cash sources would need to be identified to support the City's cash expenditures in excess of the reimbursements provided under the HBP; and

WHEREAS, under San Diego Charter section 99, a supermajority vote of the City Council is required for passage of this ordinance; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That the Mayor or his designee is authorized to request SANDAG to fund through the TransNet commercial paper program in the amount not to exceed \$40 million on an as-needed basis for the West Mission Bay Drive Bridge over SD River CIP (S-00871) project purposes.

Section 2. That the Mayor or his designee is authorized to execute any necessary documents relating to the receipt of commercial paper program funds from SANDAG, including but not limited to a Memorandum of Agreement (MOA) between SANDAG and the City.

Section 3. That the Chief Financial Officer is authorized to make City payment for its proportionate share of the annual interest and administrative costs of the TransNet commercial paper program when the commercial paper is issued on behalf of the City for the West Mission Bay Drive Bridge over SD River CIP (S-00871) project purposes.

Section 4. That the first priority use of the City's annual allocation of the TransNet revenues are any issuance costs, administrative costs, and any interest due on the City-issued commercial paper. The City agrees not to subordinate SANDAG's lien on the TransNet revenues to any other claim upon these funds.

Section 5. Declare the City's intent to use funds made available from SANDAG's TransNet Commercial Paper Program to reimburse itself for any eligible expenditures advanced by the City for the West Mission Bay Drive Bridge over SD River CIP (S-00871) project.

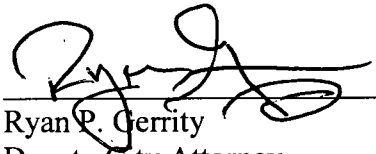
Section 6. That the Chief Financial Officer is authorized to reimburse from SANDAG's TransNet Commercial Paper Program any eligible expenditures are advanced by the City for the West Mission Bay Drive Bridge over SD River CIP (S-00871) project.

Section 7. That the Chief Financial Officer is authorized to establish a special interest-bearing account for the SANDAG TransNet Commercial Paper contingent upon approval of the Commercial Paper MOA with SANDAG.

Section 8. That a full reading of this ordinance is dispensed with prior to passage, a written copy having been made available to the Council and the public prior to the day of its passage.

Section 9. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.


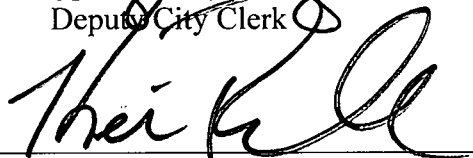
APPROVED: MARA W. ELLIOTT, City Attorney

By  _____
Ryan P. Gerrity
Deputy City Attorney

RPG:amc:ccm
April 10, 2018
Or.Dept: Transportation & Storm Water
Doc. No.: 1721846_2.docx

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of MAY 15 2018.

ELIZABETH S. MALAND
City Clerk

By  _____
Deputy City Clerk

KEVIN L. FAULCONER, Mayor

Approved: 5/15/18

(date)

Vetoed: _____

(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on MAY 15 2018, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Ward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gomez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage MAY 15 2018

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

(Seal)

By *Stacy Reed*, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

APR 23 2018, and on MAY 15 2018

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

(Seal)

By *Stacy Reed*, Deputy

Office of the City Clerk, San Diego, California
Ordinance Number O- <u>20929</u>