



TO: Mayor and Councilmembers
SUBMITTED BY: Luke Rioux, Finance Director
SUBJECT: Capital Projects Debt Financing Update

RECOMMENDATION:

Receive and file the update on debt financing for priority capital projects and provide any necessary direction to staff.

BACKGROUND:

On December 19, 2023, the City Council awarded the construction contract for Project Connect, approved budget appropriations from various funds, and directed staff to prepare a financing reimbursement resolution and pursue tax-exempt financing as a contingency.

On April 2, 2024, during a workshop on the Capital Improvement Program (CIP), staff presented updates on the CIP project sheets, funding estimates, and budget appropriations for FY 2024/25. Funding strategies for active priority capital improvement projects with identified unfunded amounts were also discussed, focusing on Annual Work Program projects, must-do projects with grant deadlines, and emergency projects. Two main priority projects for potential tax-exempt financing were identified: the Cathedral Oaks Crib Wall Repair Project (Project No. 9053) and the San Jose Creek Multipurpose Path – Northern and Southern Segments (Project No. 9006). In addition, it was discussed that staff would bring back a reimbursement resolution for financial flexibility as part of the overall strategy. Staff was directed to continue working with its municipal financial advisor to put together the financing team, evaluate funding, and consider issuing tax-exempt obligations.

On June 18, 2024, the City Council held a public hearing on the adoption of the FY 2024/25 Budget. During this public hearing, staff summarized major updates to the CIP since the CIP Budget Workshop. This update included revised project cost estimates based on recent bids and discussed that the reimbursement resolution will include the Goleta Train Depot and South La Patera Improvements (Project No. 9079) as a contingency.

On July 16, 2024, the City Council approved a reimbursement resolution of up to \$37 million, declaring its intention to reimburse certain expenditures from the proceeds of tax-exempt obligations. This resolution allows the City to reimburse itself with debt proceeds for projects recently funded by the General Fund or other eligible local funds. The projects included as part of the reimbursement resolution were the three main projects that have unfunded amounts, in addition to recently awarded projects that have significant General Fund dollars that could also potentially be reimbursed back to the City, and the City could subsequently utilize those dollars towards the unfunded projects. The main priority unfunded projects identified at the time included the Cathedral Oak Crib Wall Repair (Project No. 9053), San Jose Creek Multipurpose Path – Northern and Southern Segment (Project No. 9006), and the Goleta Train Depot and South La Patera Improvements (Project No. 9079). It should be noted that the initial financing amount of \$1.5 million needed for the Goleta Train Depot project has since been identified after the close of year-end and fully funded by the General Fund's unassigned fund balance.

On August 29, 2024, the Finance and Audit Standing Committee met to receive an update on debt financing capital projects. The update included a discussion on two types of issuances being recommended, including forming a financing authority to support tax-exempt financing. The two types of issuances being recommended are the following:

- 1) Local Transportation Sales Tax Revenue Bonds, which will be supported by a portion of the City's annual allocation of Measure A
- 2) Lease Revenue Bonds, which will be supported by the General Fund and secured by one or more city assets

On September 3, 2024, the City Council received a report on forming the Goleta Facilities Financing Authority (GFFA), a joint powers authority, with the California Statewide Communities Development Authority, and adopted Resolution No. 24-59, which approved and authorized the execution and delivery of the "Joint Exercise of Powers Agreement by and between the City of Goleta and the California Statewide Communities Development Authority".

DISCUSSION:

This report provides the City Council with a comprehensive update on the status of debt financing for key capital projects and outlines the next steps for securing funding. It is designed to ensure the Council understands the fiscal impacts of debt obligations on the City's General Fund and Measure A revenue streams. Additionally, the report aims to provide high-level insights into how these debt obligations may influence City priorities, overall financial stability, and ongoing service delivery.

Project Overview and Funding Needs

It is important to note that these are existing priority projects that are all transportation and Measure A related projects. They have been part of the Measure A Program of Projects. This is not asking to take on new projects but address the unfunded gap and

accelerate project funding needs to get these projects done. With the construction cost impacts driven by the pandemic and other market factors, project costs have increased causing unfunded gaps, and the City needs to accelerate funding by “issuing debt” or, in other words, borrowing, so it is able to get these projects done.

Cathedral Oaks Crib Wall Repair Project (Project No. 9053)

The project includes designing and constructing permanent repairs to the crib walls and multi-purpose path along the north side of Cathedral Oaks Road that has been damaged during past storm events experienced since 2017. The damage has raised concerns over the integrity of the roadway and thus prompted the closure of this portion of Cathedral Oaks Road. The roadway has since been open during the dry season, however if there are wet periods or any other concerns that come up, the City will need to close the road. This is a high priority critical project to strengthen citywide infrastructure, including roads and traffic circulation. Total project costs are estimated at \$17.8 million, with an unfunded amount of approximately \$15.5 million. The final design is currently in progress, and the estimated award of construction and construction start date is projected at the end of Summer 2025. Deferring this project will likely necessitate continued closures of portions of Cathedral Oaks Road, impacting traffic flow and potentially increasing construction costs due to market inflation.

San Jose Creek Multipurpose Path – Northern and Southern Segments (Project No. 9006)

The project includes construction a Class I bike path adjacent to San Jose Creek, from Hollister Avenue to the Atascadero Creek Class I Bike Path at Goleta Beach. This project comprises an important link of the much larger San Jose Creek Multipurpose Path system which extends from the Obern Trail to Cathedral Oaks Road. The purpose and need of the San Jose Creek Multipurpose Path is to 1) close the gaps for the regional network path, 2) remove the barriers to active transportation, 3) connect disadvantaged community of Old Town Goleta to key destinations, and 4) provide a separate, dedicated non-motorized path between areas in the north and areas to the south - the Coast Route, UCSB, and Goleta Beach. This project is supported by multiple funds, including an Active Transportation Program (ATP) grant of approximately \$18 million. It is subject to grant deadlines and must be awarded for construction before September 2025. The total project cost estimate is \$48.8 million, with an estimated unfunded amount of \$19.2 million. The final design is complete and ready to go out for bid. The estimated timing for the award of construction is early Summer 2025, with the estimated construction start date at the end of Summer 2025. Failure to meet the grant deadlines would result in forfeiture of \$18 million in ATP grant funding, significantly affecting the City’s ability to complete this project within a feasible budget.

Reimbursement Resolution – Other Projects

The City authorized a reimbursement resolution that also included recently awarded, funded projects to maintain flexibility with the General Fund and other local funds. This reimbursement resolution provides the City with cash flow flexibility by allowing the

General Fund to be reimbursed for eligible expenditures, thereby freeing up funds that can be reallocated to other priority projects or emerging needs. The projects listed in the reimbursement resolution include Project Connect (the Ekwil Street and Fowler Road Extensions – Project No. 9002, Hollister Avenue Old Town Interim Striping – Project No. 9114, Hollister Avenue Bridge Replacement – Project No. 9033), and Goleta Train Depot and South La Patera Improvements (Project No. 9079).

In practice, this means that should debt financing occur, the City can reimburse itself for portions of the General Fund and other eligible local funds and replace them with debt proceeds. This strategy returns funds to the General Fund, which can then be used to address other priority needs. This approach may be advantageous to the City, particularly if there are any delays in project awards or spending down proceeds.

Recommended Financing Overview

The recommended financing strategies aim to achieve the lowest possible borrowing costs, maintain high credit quality, ensure access to credit markets, and preserve financial flexibility, especially concerning the General Fund and City assets. The following table summarizes the two types of debt issuances with current assumptions that will be discussed in further detail at the December 3, 2024, City Council meeting. The assumptions may be further updated as the City moves through the process and discussed in more detail at future meetings.

Table 1 – Summary of Debt Issuances

Note: Actual results will change based on market conditions

	(1) Sales Tax Revenue Bonds	(2) Lease Revenue Bonds	Total
Source of Funds	Measure A Sales Tax	General Fund	
Est. Net Proceeds Generated	\$18.4 Million	\$18.6 Million	\$37 Million
Pledge/Security	Measure A - \$2.3 million (150x coverage)	Secured by leaseback of City-owned facilities	
Est. Annual Debt Service	\$1.51 Million	\$1.07 Million	\$2.58 Million
Est. Total Principal and Interest	\$24.1 Million	\$33 Million	\$57.17 Million
Final Maturity	2040	2055	
Rating and True Interest Cost Assumptions	Assumed 'A+' Insured Rating, with an All-In True Interest Cost (TIC) of approximately 3.68%.	Assumed 'AA-' Uninsured Rating, with an All-In TIC of about 4.28%.	
Excess Annual Revenue	Measure A - \$760 K	General Fund ~ \$500 K (subject to change, based on overall General Fund performance)	

The Sales Tax Revenue Bonds will be supported by a portion of the City's annual allocation of Measure A and secured by Measure A revenues and the Lease Revenue Bonds will be supported by the General Fund and secured by a city asset. Both revenue bonds will utilize the Goleta Facilities Financing Authority (GFFA) as its counterparty with a lease-back arrangement. Further details will be discussed at the December 3, 2024, City Council meeting.

Budget Impact Analysis

The following section summarizes the estimated annual impacts on the City's General Fund and Measure A should debt financing be pursued. For the forecast scenarios, the staff made assumptions on market conditions to model out what a hypothetical financing would look like, including an example debt service schedule with annual principal and interest payments for both the General Fund and Measure A.

General Fund (Fund 101)

- The General Fund will be obligated to provide for approximately \$1 million in annual lease payments starting in FY 24/25 for a period of 30 years.
- Prioritizing debt service payments may impact the City's ability to fund other initiatives or increase allocations to programs outside of statutory or contractual obligations. This debt issuance aligns with the City's strategic goal of achieving intergenerational equity by matching long-term assets with long-term financing.
- The City can afford these payments due to the 1% transaction and use tax that went into effect January 1, 2024, and the former RDA annual settlement payment of \$776,000 coming to an end this fiscal year.
- The General Fund budget will need to prioritize annual debt service payments, which will impact the ability to increase funding for other needs. Should one-time savings become available or additional revenues be realized at the end of the year, staff will continue to prioritize setting aside for continued pavement and concrete maintenance, CIP and other unfunded priorities.
- The upcoming two-year budget for FY 25/26 and FY 26/27 will need to remain status quo, with statutory increases evaluated on a case-by-case basis. Any program enhancement, increased funding, or personnel increases will need to have an offsetting expenditure or permanent decreases elsewhere in the budget.
- The table below is a high-level summary and updated forecast of the General Fund over the next five years, factoring in what annual debt service payments may look like and impacts on the overall fund balance. Early revenue projections for FY 25/26 are at \$51.4 million and will be further refined in the coming months as the City starts the two-year budget process. Expenditures assume status quo funding levels, with adjustments to labor costs and contracts, and include one-time capital-related costs of \$2.6 million of the General Fund.

Table 2 – General Fund Preliminary Five-Year Forecast

General Fund - Preliminary Forecast	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
Beginning Fund Balance	\$ 20,731,292	\$ 19,637,270	\$ 20,342,274	\$ 20,602,607	\$ 20,792,052
Total Ongoing Revenues	51,403,570	52,812,900	54,337,300	55,800,100	57,284,900
Total Ongoing Operating Expenditures	48,923,892	50,807,896	52,776,967	54,310,655	55,653,212
Total One-time Expenditure	2,573,700	300,000	300,000	300,000	300,000
Total Expenditures	51,497,592	51,107,896	53,076,967	54,610,655	55,953,212
<i>Annual Debt Service Payment</i>	<i>1,000,000</i>	<i>1,000,000</i>	<i>1,000,000</i>	<i>1,000,000</i>	<i>1,000,000</i>
<i>Total Expenditures + Annual Debt Service</i>	<i>52,497,592</i>	<i>52,107,896</i>	<i>54,076,967</i>	<i>55,610,655</i>	<i>56,953,212</i>
Net Change to Fund Balance	(1,094,022)	705,004	260,333	189,445	331,688
Ending Fund Balance	\$ 19,637,270	\$ 20,342,274	\$ 20,602,607	\$ 20,792,052	\$ 21,123,741

Note: The preliminary forecast will be discussed in detail at the meeting.

Measure A (Fund 205)

- The current and future Measure A Program of Projects (POP) will need to be adjusted accordingly, as Measure A will need to obligate approximately \$1.3-\$1.5 million annually dedicated to annual lease payments on the debt service. This will leave an estimated residual balance of approximately \$1 million, that will continue to support pavement maintenance and alternative transportation projects.
- The future impacts will be on the “pay-go” funding that may get programmed to other future projects, as this essentially obligates \$1.3 to \$1.5 million annually through Measure A’s sunset date of 2040.
- Based on current programming, approximately \$1 million annually has historically been programmed towards ongoing operating expenditures, such as with pavement maintenance, striping and signage, street tree maintenance, traffic signal maintenance, and median parkway maintenance.
- With the financing, the City will continue to meet its financial and compliance provisions with Measure A, such as the maintenance of effort requirements, including meeting the alternative transportation minimum percentage requirement of ten percent, as these projects are qualified and existing Measure A projects that have been on the POP, and need accelerated funding to be completed.
- In the event there is excess Measure A revenue, it will get programmed accordingly, and most likely will be recommended towards ongoing street related expenditures such as pavement maintenance.
- An updated discussion on Measure A and the POP will happen at a future City Council meeting in March or April 2025, along with the upcoming budget process.

City-Owned Facilities as Leased Assets

- The City is limited on the amount of physical assets it has available to be secured as a leased asset. To help the City be more attractive to investors, the Financing Team is working with its partners at IBank in doing a leased asset swap with other City facilities, such as the Goleta Library and Corporation Yard, and freeing up City Hall as the secured asset for the proposed debt issuance. The City Hall is considered the most valuable facility that will help lower the cost of borrowing.

Next Steps and Upcoming Items Related to Debt Financing

The following is a tentative timeline outlining the next steps related to debt financing:

December 2024

- December 3: The City Council and Financing Authority will receive a presentation and training on federal securities law disclosure responsibilities. The training will be provided by Bond and Disclosure Counsel, Stradling Yocca Carlson & Rauth.
- Separate Public Hearing: The City Council and Financing Authority will review and approve legal documents and authorize the issuance of the Sales Tax Revenue Bonds and Lease Revenue Bonds. The Financing Team will be available to answer questions.

January 2025

- The Financing Team will work to secure a credit rating from Standard & Poor's Global Ratings to help enhance its credit quality and borrowing rates.
- January 21: The City Council and Financing Authority will review the Preliminary Official Statements (POS) and receive an update on the bond credit rating (if available). The POS represents the offering documents for the bond issue and provides investors with the information they need to make an informed investment decision.

February 2025

- The Financing Team will post the POS, finalize bond pricing, issue final Official Statements, and target to close by the end of February.

GOLETA STRATEGIC PLAN:

City-Wide Strategy 3: Ensure Financial Stability

- **Strategic Goal 3.2:** Enhance revenue by seeking grants and implementing financing strategies that strengthen the City's Budget
 - **Objective 3.2.1:** Evaluate debt financing options and secure financing for large infrastructure projects with long useful lives to achieve intergenerational equity.

FISCAL IMPACTS:

This report is for information purposes only, as it provides an update on the debt financing process and upcoming actual items the City Council will need to take. The fiscal impact will depend on future Council action during the December 3, 2024, meeting, the successful issuance of bonds, and prevailing market conditions at the time of issuance. Any final impacts on the budget will be incorporated into future financial planning documents and budget updates and reported back to the Council.

As a recap, the City will be evaluating the raising of up to \$37 million, primarily for funding the Cathedral Oaks Crib Wall Repair Project and San Jose Creek Multipurpose Path – Northern and Southern Segments. Annual debt service payments are estimated at \$2.5 million, with \$1 million from the General Fund through 2055 and \$1.5 million from Measure A through 2040. Should the City Council move forward, annual debt service payments will be prioritized and appropriated in future budgets.

ALTERNATIVES:

The City Council may provide alternative direction to staff.

LEGAL REVIEW BY: Megan Garibaldi, City Attorney

APPROVED BY: Robert Nisbet, City Manager

ATTACHMENTS:

1. Debt Financing Update PowerPoint Presentation

ATTACHMENT 1

Debt Financing Update PowerPoint Presentation

Capital Projects Debt Financing Update

City Council Meeting
November 19, 2024

Presentation by:
Luke Rioux, Finance Director



Background

- October 30, 2023 - Five Year CIP Project Delivery
- December 19, 2023 - Awarded contract for Project Connect, directed staff to prepare reimbursement resolution and pursue tax-exempt financing as a contingency should Measure A funding not be available.
- March 5, 2024 - Update on CIP project delivery, preliminary cost estimates, and recommended project prioritization to be applied to future CIP projects ahead of programming the next budget cycle.
- April 2, 2024 - CIP Budget Workshop, updated project sheets, funding estimates and funding strategies near-term and long-term
- June 18, 2024 - Adoption of Mid-Cycle Budget
- July 16, 2024 - Reimbursement Resolution
- September 3, 2024 - Formation of Goleta Facilities Financing Authority

Financing Team

Financing Team Summary	Lease Revenue Bonds	Sales Tax Revenue Bonds
Issuer	City of Goleta	City of Goleta
Issuer's Counsel	Best Best & Kreiger LLP	Best Best & Kreiger LLP
Municipal Advisor	Urban Futures, Inc	Urban Futures, Inc
Bond Counsel	Stradling Yocca Carlson & Rauth LLP	Orrick, Herrington & Sutcliffe LLP
Disclosure Counsel	Orrick, Herrington & Sutcliffe LLP	Stradling Yocca Carlson & Rauth LLP
Underwriter	Stifel, Nicolaus & Company, Inc	Stifel, Nicolaus & Company, Inc
Underwriter's Counsel	Anzel Galvan	Anzel Galvan
Trustee	BNY Mellon	BNY Mellon

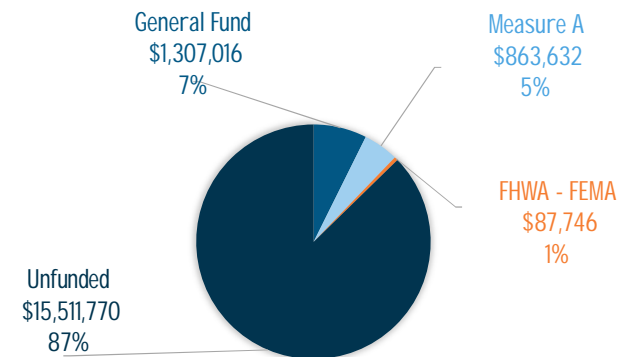
Recap – Priority Projects

- This item is a continued discussion from a series of meetings to discuss funding of critical capital projects
- Main focus has been on the annual work program projects and must-do projects with grant deadlines
- Each project reviewed by type, future use, useful life, source of funds, timing of funding needed and construction deadlines
 - 1) Cathedral Oaks Crib Wall Repair Project (Project No. 9053)
 - 2) San Jose Creek Multipurpose Path Northern & Southern Segment (Project No. 9006)
- Initial funding analysis was reviewed first by the Finance Director and working with Municipal Advisor and Financing Team on most cost-effective approach

#	List of Current Short-Term Solutions	Pros	Cons
1	Direct staff to pursue tax exempt financing through use of Certificate of Participations (COPs) secured by Measure A funds, to free up General Fund and apply the General Fund to Cathedral Oaks Crib Wall Repair Project Note: Staff will continue to evaluate General Fund for COPs with its municipal advisor and financing team as an option for San Jose Creek Bike Path Northern & Southern Segment	Generate up to \$12.4M - \$16.7M (estimate) Secured by the Measure A revenues No lease asset or General Fund required	Measure A revenues will be limited. However, considering the benefits versus the General Fund, staff recommends pursuing this option.

Cathedral Oaks Crib Wall Repair

- **Project Description:** Design and construct permanent repairs to the Cathedral Oaks crib wall and associated slopes, road, shoulder and bikeway
- **Estimated Project Useful Life:** 30 years
- **Estimated Award of Construction Date:** End of Summer 2025
- **Estimated Construction Start Date:** End of Summer 2025
- **Estimated timing of when proceeds are needed:** Summer 2025
- **Project Status:** Final design in progress



Total Project Cost
\$17,770,164

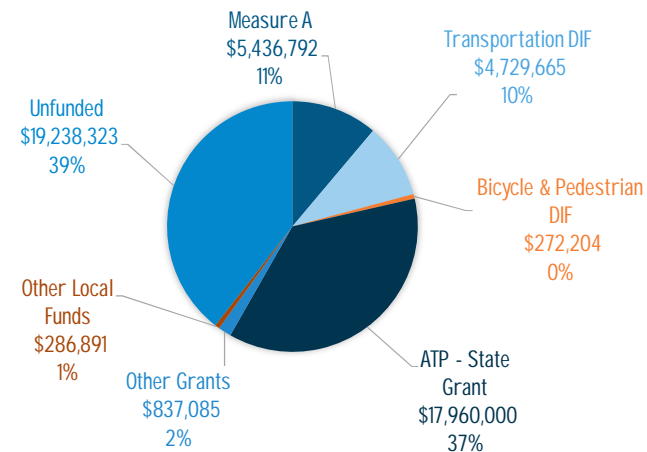
Financing Amount
\$15,511,770



San Jose Creek Multipurpose Path Northern and Southern Segments

- **Project Description:** Construct a Class I/Class II bike path adjacent to San Jose Creek, from Hollister Avenue to the Atascadero Creek Class I Bike Path at Goleta Beach.
- **Estimated Project Useful Life:** 30 years
- **Estimated Award of Construction Date:** Early Summer 2025
- **Estimated Construction Start Date:** Summer 2025
- **Estimated timing of when proceeds are needed:** Spring 2025
- **Project Status:** Final design complete, ready to go out for bid

Grant extension deadline request, must award for construction before September 2025



Total Project Cost
\$48,760,961

Financing Amount
\$19,238,323



Recommended Financing Strategies

Note: Actual results will change based on market conditions

	(1) Sales Tax Revenue Bonds	(2) Lease Revenue Bonds	Total
Source of Funds	Measure A Sales Tax	General Fund	
Est. Net Proceeds Generated	\$18.4 Million	\$18.6 Million	\$37 Million
Pledge/Security	Measure A - \$2.3 million (150x coverage)	Secured by leaseback of City-owned facilities	
Est. Annual Debt Service	\$1.51 Million	\$1.07 Million	\$2.58 Million
Est. Total Principal and Interest	\$24.1 Million	\$33 Million	\$57.17 Million
Final Maturity	2040	2055	
Rating and True Interest Cost Assumptions	Assumed 'A+' Insured Rating, with an All-In True Interest Cost (TIC) of approximately 3.68%.	Assumed 'AA-' Uninsured Rating, with an All-In TIC of about 4.28%.	
Excess Annual Revenue	Measure A - \$760 K	General Fund ~ \$500 K (subject to change, based on overall General Fund performance)	

These two types of debt issuance will be discussed in further detail on December 3, 2024

JPA- Goleta Facilities Financing Authority

- Staff and financing team recommended the formation of a “joint exercise of powers authority” (“JPA”) under the California Government Code, approved by Council on September 3, 2024.
- The City has approached the California Statewide Communities Development Authority (“CSCDA”) to act as the other party to a joint exercise powers agreement forming the Goleta Facilities Financing Authority (“GFFA”)
- One-time costs associated with creating the GFFA and managing the Secretary of State filings
- By creating the GFFA, the City will have an entity that can issue revenue bonds for financing.

Goleta Facilities Financing Authority

- The Governing Board (Board) will consist of members of the City Council
- The City Manager is the Authority's Executive Director
- The Finance Director will perform the duties of the Treasurer of the Authority, disbursing funds, overseeing the audit, and reporting
- Board meetings, if called pursuant to the Brown Act, will be conducted at the same time and location as City Council Meetings.
- Will be subject to the same conflict of interest code

Fiscal Impacts to Budget

➤ General Fund

- **Annual Debt Obligation:** Approximately \$1 million in annual lease payments beginning FY 24/25, continuing for 30 years.
- **Strategic Financial Alignment:** Debt issuance supports the City's goal of intergenerational equity by matching long-term financing to long-term assets.
- **Revenue Sources:** Payments supported by the new 1% transaction and use tax (effective Jan 2024) and the conclusion of the \$776,000 annual RDA settlement, ending June 30, 2025.
- **Budget Impact:** Debt service prioritization may limit funding flexibility for new initiatives or increasing funding to deferred ongoing maintenance items. Year-end savings or extra revenue will prioritize pavement, CIP, and other key needs.
- **Budget Outlook:** FY 25/26 and FY 26/27 budgets will remain steady, with any new funding or personnel costs requiring offsets.
- **Five-Year Financial Forecast:** Initial projections for FY 25/26 revenue at \$51.4 million, with detailed budget planning to follow in the upcoming two-year budget process.

Fiscal Impacts to Budget

► General Fund - Preliminary Five-Year Forecast

General Fund - Preliminary Forecast	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
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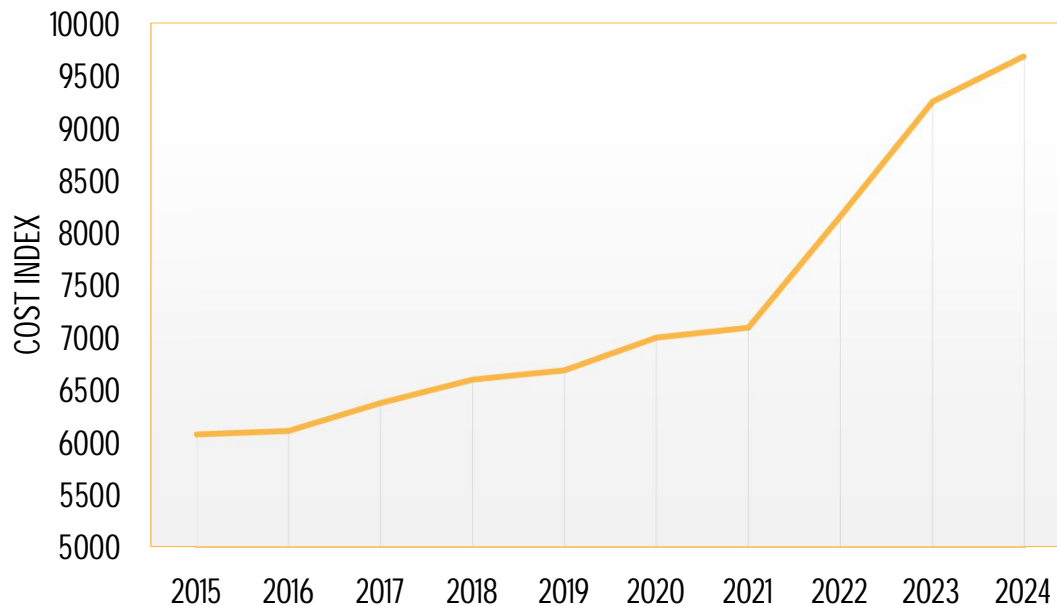
Fiscal Impacts to Budget

➤ Measure A Program of Projects (POP) and Debt Service Impact

- **Annual Debt Service Allocation:** Measure A will allocate \$1.3 - \$1.5 million annually for debt service, leaving an estimated \$1 million balance for pavement maintenance and alternative transportation projects.
- **Impact on “Pay-Go” Funding:** The debt obligation will extend through Measure A’s sunset in 2040, impacting “pay-go” funding for new projects.
- **Ongoing Operating Expenditures:** Approximately \$1 million of Measure A has historically funded essential services (e.g., pavement, striping, street tree, traffic signal, and median maintenance).
- **Compliance with Measure A Requirements:** Financing ensures the City meets Measure A’s financial and compliance provisions, including the 10% alternative transportation requirement for eligible POP projects.
- **Future Revenue:** Any excess Measure A revenue will likely be allocated to pavement maintenance.
- **Upcoming POP Review:** Updated Measure A and POP discussion scheduled for March/April 2025 during the budget process.

Cost of Waiting - Deferring

10-Year New Construction Inflation



- ▶ Up 59% in the past 10 years
- ▶ Up 47% since 2018 (pre-pandemic)
- ▶ Up 5% compared to last year

- ▶ Drivers of increased construction costs:
 - Increased labor costs (labor shortages, high cost of living, smaller market)
 - Material cost increases (supply chain issues and inflation)
 - Regulatory costs
 - Increased demand
- ▶ Will remain an ongoing challenge for City budget
- ▶ Other Factors:
 - ▶ Interest rates
 - ▶ Market demand
 - ▶ Escalating costs
 - ▶ Will have ability to refund in 10 years

Source: Department of General Services – California Construction Cost Index (CCI), 2024
Information graphed by the Finance Department, January 2024

The California Construction Cost Index (CCI) is developed based upon Building Cost Index (BCI) cost indices average for San Francisco and Los Angeles ONLY as produced by Engineering News Record (ENR) and reported in the second issue each month.

Next Steps

The following is an outline of next steps to get funding “shovel ready” for projects

Date	Event
December 2024	<ul style="list-style-type: none"> December 3: The City Council and Financing Authority will receive a presentation and training on federal securities law disclosure responsibilities. Separate Public Hearing: The City Council and Financing Authority will review and approve legal documents and authorize the issuance of the Sales Tax Revenue Bonds and Lease Revenue Bonds.
January 2025	<ul style="list-style-type: none"> Secure a credit rating from Standard & Poor’s Global Ratings January 21: The City Council and Financing Authority will review the Preliminary Official Statements (POS) and receive an update on the bond credit rating (if available).
February 2025	<ul style="list-style-type: none"> The Financing Team will post the POS, finalize bond pricing, issue final Official Statements, and target to close by the end of February.