



## Finance Department

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Metro Transit has four separate resolutions on the May 10, 2021 Finance Committee agenda. The purpose of this memo is to summarize these resolutions and provide context with Metro's larger initiatives.

### Rescue Funds and Borrowing

Metro Transit is expected to receive approximately \$69,000,000 in federal funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARPA) (collectively the "Rescue Funds"). Metro plans to use the funds over the next several years to support core operations and support investments that promote long-term cost savings. Under Metro's current plan, Rescue Funds will be allocated:

- \$51.8 million to support operating expenses and to address continuing revenue impacts from the economic effects of the COVID-19 pandemic. Allocation of this funding will be reflected in future operating budgets.
- \$10 million to replace Metro-supported general obligation borrowing for capital projects (see below).
- \$7 million to fund new capital projects that will reduce long-term operating costs. These projects will be considered as part of the 2022 capital budget process.

Resolution 64972 (Item 16) before you addresses the second point above. This resolution amends the 2021 Adopted Capital Budget to change the funding source for the \$10,000,000 Transit Technology System project from general obligation borrowing to instead use Rescue Funds.

Separately, Resolution 64972 also changes the funding source for Metro's Facilities Repairs and Improvements program from Metro supported to General Fund-supported borrowing. Metro debt service has increased as the agency's capital program has expanded. This impacts the General Fund subsidy to Metro because it includes amounts to pay the agency's debt service. Because the general fund subsidy is considered within the limits of the state's Expenditure Restraint Program (ERP), the increased debt service puts stress on the City qualifying under ERP. To address the ERP issue, major facilities projects within Metro's capital budget will be funded from General Fund-supported borrowing and contribute the resulting asset to Metro. Metro equipment (e.g., buses) will continue to be funded from Metro-supported general obligation borrowing.

### Satellite Bus Facility

Resolution 64012 enacted March 3, 2021 authorized the purchase of property for Metro's new Satellite Bus Facility. The new facility, located at 3901 and 33829 Hanson Road, alleviates space constraints as the City prepares for Bus Rapid Transit. The acquisition cost of the property is \$16,220,000 plus an estimated \$40,000 for environmental studies and closing costs.

The 2020 Adopted Capital Budget appropriated \$12,893,000 in general obligation borrowing to purchase land for Metro's Satellite Bus Facility project. Resolution 64017 enacted March 3, 2021 amended the capital project to apply \$7,000,000 in U.S. Department of Transportation grant awards towards the land purchase. With this federal grant funding, total funding for the Satellite Bus Facility project is \$19,893,000.

Resolution 64737 (Item 14) before you will add an additional \$3,673,990 in federal grant funding towards the purchase of the satellite facility. The funds represent previously awarded and unused federal grant amounts available to Metro Transit. Metro had planned to use the amounts towards minor renovations of the facility. Instead, the agency feels it is best to combine them with the \$7,000,000 in federal funding already appropriated for the purchase of the property. This resolution will bring total funding for the Satellite Facility project to \$23,566,990. Remaining funding after the acquisition of the property will be used towards renovation of the facility.

While the purchase of the satellite facility property is funded through Metro's capital budget, no costs associated with operating the new facility were included in Metro's 2021 operating budget. Resolution 64905 (Item 15) before you amends Metro's 2021 operating budget to appropriate \$300,000 in operating costs for the new facility. These costs include \$105,000 in personnel costs for 3.0 FTE positions and \$195,000 in utility costs. To fund these costs in 2021, Metro Transit will utilize federal Rescue Funds.

#### **New Accounting Position**

With several major initiatives occurring within Metro including Bus Rapid Transit and the new satellite facility, the agency has increased procurement activity. Resolution 65074 (Item 17) before you amends Metro's 2021 Operating Budget to create a new accounting position to meet this increased workload. The annualized salary and benefit costs for the position are \$95,000 with \$55,000 in costs expected in 2021. Metro plans to fund this position over the next four years by utilizing Rescue Funds. After the exhaustion of the Rescue Funds, continued funding for the position will be decided through the annual operating budget process (either fund the position permanently with agency revenues or general fund support or eliminate the position).