

Plan of Finance Early Action Plan



November 9, 2007

Background

- Early Action Plan adopted by Board of Directors on August 13, 2007
- Board directed staff to:
 - Determine cash flow requirements of the Early Action Plan
 - Develop Plan of Finance

Freeway Program Requirements through FY 2011

SR-91 Eastbound, SR-241 to SR-71 (J)	\$	71.30	M
SR-57 Northbound, SR-91 to Lambert (G)	\$	46.50	M
I-5 / Ortega Interchange (D)	\$	32.00	M
SR-91, SR-55 to Weir Canyon (J)	\$	15.20	M
Administrative Costs	\$	9.01	M
SR-57 Northbound, Katella to Lincoln (G)	\$	7.50	M
I-405, SR-55 to I-605 (K)	\$	6.60	M
Program Management Consultant	\$	5.70	M
SR-91 Westbound, I-5 to SR-57 (H)	\$	4.50	M
SR-91, SR-241 to Riverside County Line (J)	\$	3.50	M
I-5, SR-73 to El Toro Y (C)	\$	2.00	M
SR-91, SR-57 to SR-55 (I)	\$	1.90	M
I-5, Pacific Coast Highway to Pico (C)	\$	1.30	M
I-405, I-5 to SR-55 (L)	\$	1.10	M
I-5, El Toro Y to SR-55 (B)	\$	0.90	M
I-5 South Orange County, Interchange (D)	\$	0.80	M
SR-55, I-405 to I-5 (F)	\$	0.50	M
SR-55, I-5 to SR-22 (F)	\$	0.50	M
I-605 Access Improvements (M)	\$	0.30	M

Transit Program Requirements through FY 2011

- High Frequency Metrolink Service \$54.4 M
- Transit Extensions to Metrolink \$ 6.7 M
- Convert Metrolink Stations to Regional Gateways \$ 7.9 M
- Expand Mobility Choices for Senior and Disabled \$ 0.1 M
- Community Based Transit/Circulators \$ 1.0 M
- Safe Transit Stops \$ 0.1 M
- Program Support \$ 0.8 M

Streets and Roads Program Requirements through FY 2011

- Regional Traffic Synchronization Program \$14.4 M

Requirements through FY 2011

■ Freeway Projects	\$211.1 M
■ Freeway Environmental Mitigation*	80.0 M
■ Transit Projects	71.1 M
■ Streets & Roads Projects	<u>14.4 M</u>
Sub-total:	\$376.6 M
■ Other Funding Sources (Freeway)	<u>(\$126.9 M)</u>
Total Project Requirements:	\$249.7 M
■ Future Potential Projects (Grade Separations, Extensions to Metrolink, etc)	\$100.0 M

* Requires Board Approval

Recommended Approach – Commercial Paper Program

Advantages

- Can accommodate both accelerations and delays in spending
- Sizing of program can be increased or decreased quickly and easily
- Draw proceeds on an “as needed” basis
- Documentation is standardized

Disadvantages

- Variable interest rate
- Ongoing staff administration

Recommendations

- Adopt the Plan of Finance and select a tax-exempt commercial paper program as the preferred method of funding Early Action Plan projects
- Select JP Morgan and Lehman Brothers to serve as dealers for the program
- Use tax-exempt commercial paper to fund all Renewed Measure M expenditures until the collection of sales taxes begins
- Authorize the issuance of request for proposals for Letter of Credit and trustee services
- Authorize the issuance of request for proposals to solicit ideas for a hedging program

Next Steps

- Work with financing team to implement recommended strategy
- Return to the Board of Directors for approval of financing documents and authorized amount in January 2008
- Evaluate hedging opportunities and return to the Finance and Administration Committee with recommendations