



Item #10

DATE: February 6, 2019

TO: GCTD Board of Directors

FROM: Steve L. Rosenberg 
Director of Finance and Administration

SUBJECT: **Consider Approval for Advance Withdrawals from Capital Reserve to Pay Construction Costs for new Administration and Operations Facility Project**

I. EXECUTIVE SUMMARY

The remaining budget for the new Administration and Operations Facility includes approximately \$3.1 million in Local Transportation Funds (LTF) from GCTD's Capital Reserve account. It is anticipated that these funds will be utilized toward the end of the project. When that occurs, there is the potential it may create a cash flow issue for the District. Staff proposes to plan for this occurrence by making one or more withdrawals from the Capital Reserve account in advance of making payment. This is not consistent with the standard reimbursement process overseen by VCTC. GCTD and VCTC have agreed to implement an alternate process specific to this situation, subject to approval by GCTD's Board of Directors.

GCTD's different types of grant funding are all received either as reimbursements after making payment or coincident with making payment. Federal grant funds may be requested in advance of payment, but payment must be issued no later than 3 days after receipt of funds. Federal funds are normally received electronically 1-2 days after submitting a request. For State Proposition 1B grant funds, GCTD holds funds previously received from the State in a separate bank account and can transfer funds into the operating account at any time as needed.

The normal Capital Reserve process is exclusively a reimbursement system; this typically works well because in most cases Capital Reserve is being used for matching funds. After GCTD makes its payments, a Capital Reserve reimbursement request is submitted to VCTC. These requests are usually approved quickly and forwarded to the County Auditor-Controllers office. GCTD normally receives its funds within 2-3 weeks.

A cash flow issue could occur when Federal, State and bond proceed funds are exhausted and GCTD is required to pay large invoices from operating funds and wait 2-3 weeks for reimbursement from Capital Reserve. This is likely to occur in the next few months.

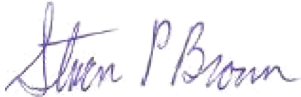
The proposed alternate process for addressing this issue is that GCTD would request from VCTC an advance from Capital Reserve not to exceed \$2 million. VCTC would approve the request and GCTD would receive funds in 2-3 weeks. Additional funding requests would be limited to replenishments, and GCTD will submit documentation of expenditures when requesting replenishment. Once the project is complete, all expenditures will be documented, and any funds received in excess of expenditures will be returned to capital reserve. Use of this process is exclusively for this project and is expected to be limited to no more than three withdrawals.

GOLD COAST TRANSIT DISTRICT

II. RECOMMENDED ACTION

IT IS RECOMMENDED that the Board of Directors approve GCTD to implement with VCTC this alternate process for making a limited number of advance withdrawals from the Capital Reserve account in support of the construction project costs for the new Administration and Operations Facility.

Concurrence:



Steven P. Brown
General Manager