

**Metropolitan Transportation Commission
Administration Committee**

December 13, 2023

Agenda Item 2e - 24-0002

**MTC Resolution No. 4358, Revised –
ABAG Operational Advance for Liquidity and Cash Flow**

Subject:

A request that the Committee authorize the referral of MTC Resolution No. 4358, Revised to the Commission for approval to extend the \$10 million ABAG Operational Advance for Liquidity and Cash Flow through December 2025 and to clarify certain terms of the liquidity support and multi-year loans.

Background:

Under the Contract for Services between ABAG and MTC, MTC provides administrative and financial services to ABAG. One unintended consequence of this structure was to create a mismatch between contract payments for grant-funded projects and reimbursement from the granting agencies. To remedy this cash flow mismatch and the subsequent account deficits, starting in FY 2018, MTC Resolution No. 4358 authorized a \$10 million operational advance to be used to provide liquidity between the contract payment and reimbursement period.

Since approval of the operational advance in December 2018 we have eliminated cash deficits in all the ABAG operating and special revenue funds. The liquidity support has been in the following forms:

- FY 2019 \$10 million liquidity support
- FY 2020 \$ 8 million liquidity support and \$2 million multi-year loans
- FY 2020 – MTC Resolution No. 4394 – authorized a loan of up to \$1 million for the ABAG BayREN Water Bill Savings Program (a portion of the \$2 million multi-year loans authorized by MTC Resolution No. 4358, Revised)
- FY 2022 extend the \$8 million liquidity support through December 2023

The liquidity support has proven extremely valuable in eliminating operating deficits particularly related to the timing of payroll and contractor payments and the subsequent grant reimbursement. All the advances have been repaid from subsequent grant payments.

The Water Bill Savings Program currently has a \$250,000 loan outstanding. The loan will be repaid from the utilities regardless of the customer status.

Staff recommends continuation of a \$10 million in ABAG liquidity support through December 2025, including \$2 million for multi-year loans. Multi-year loans for the ABAG BayREN Water Bill Savings Program will be governed by MTC Resolution No. 4394 first approved in October 2019.

Issues:

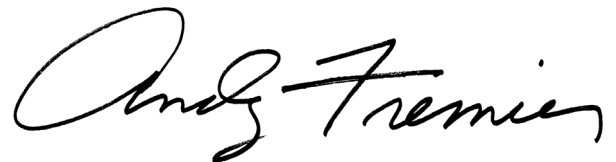
None identified.

Recommendations:

Staff recommends that the Committee refer MTC Resolution No. 4358, Revised to the Commission for approval to authorize extension of the ABAG operational advance program through December 2025.

Attachments:

- MTC Resolution No. 4358, Revised



Andrew B. Fremier