

# Metropolitan Transportation Commission Administration Committee

October 9, 2019

Agenda Item 3b

## MTC Resolution No. 4394 – \$1 million Loan for the BayREN Water Bill Savings Program

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**Subject:** This item requests that the Committee authorize the referral of MTC Resolution No. 4394 to the Commission to authorize a loan of up to \$1 million for the Association of Bay Area Governments (ABAG) BayREN Water Bill Savings Program.

**Background:** In December 2018, MTC authorized a \$10 million operational advance for cash flow and liquidity to ABAG (MTC Resolution No. 4358). The advance was to manage the cash flow mismatch between contractor payments and grant reimbursement in the ABAG BayREN and Estuary Partnership programs. Assuming the Commission approves a proposed revision of MTC Resolution No. 4358, the operational advance will be extended for two years through December 2021.

Part of the proposed revision to MTC Resolution No. 4358 would authorize up to \$2 million for longer term loans to ABAG programs. The ABAG BayREN Water Bill Savings Program is requesting a loan of \$1 million to be used as startup funding for BayREN's new residential water saving program.

The loan would be secured by direct payment from the participating water utility. Basic proposed terms are:

- ABAG would sign a master participation agreement with a water utility;
- The water utility would perform outreach to its residential customers regarding the program;
- ABAG would reimburse the water utility for the device installation with funds drawn from the MTC loan;
- The customers would agree to pay an amortized cost through their regular water bills; and
- The utility would collect the amount due and forward monthly payments to ABAG.

Through the master agreement the utility would agree to pay amounts due to ABAG regardless of the residential customer payment. As such the ABAG repayment of advances made by MTC would be guaranteed by the water utility providing a fully secured loan.

Similar BayREN pilot programs in four utilities have seen residential water consumption reduced an average of 25%. BayREN staff believes

expanding the program will produce similar water and energy savings. BayREN staff hope to expand the program sufficiently to finance expansion and repay the initial MTC loan.

**Issues:** No Issues Identified

**Recommendation:** Staff recommends that the Committee refer MTC Resolution No. 4394 to the Commission for approval, to authorize a loan of up to \$1 million from the \$10 million ABAG cash flow advance as start-up funding for the ABAG BayREN Water Bill Savings Program, according to the terms set forth in Attachment A.

**Attachments:** Attachment A – Terms of the ABAG BayREN Loan  
MTC Resolution No. 4394

  
Therese W. McMillan

**ATTACHMENT A**

Terms of the loan to ABAG related to the BayREN Water Savings Program are as follows:

- Amount of the loan up to \$1 million to be drawn for eligible projects.
- Projects will be eligible for funding pursuant to a master agreement between ABAG and the utility guaranteeing repayment, regardless of customer payment status.
- ABAG shall pay 1% on all drawn amounts for up to two years and the MTC market book rate for all amounts outstanding after two years.
- Utilities will provide BayREN staff with a monthly list reconciling outstanding projects, payments to date, and remaining balance.

Date: October 23, 2019  
W.I.: 1152  
Referred by: Administration

ABSTRACT

Resolution No. 4394

This resolution approves the terms and conditions to provide the Association of Bay Area Governments (ABAG) a loan of up to \$1 million for the ABAG BayREN Water Bill Savings Program.

Further discussion of the terms and conditions to provide ABAG a loan of up to \$1 million for the ABAG BayREN Water Bill Savings Program is contained in the Administration Committee Summary Sheet dated October 9, 2019.

Date: October 23, 2019  
W.I.: 1152  
Referred by: Administration

RE: ABAG BayREN \$1 million Loan

METROPOLITAN TRANSPORTATION COMMISSION  
RESOLUTION NO. 4394

WHEREAS, MTC and ABAG executed a Contract for Services effective on May 30, 2017; and

WHEREAS, under the Contract for Services responsibility for ABAG financial services was transferred to MTC effective July 1, 2017; and

WHEREAS, in the process of administering ABAG finances, MTC determined that the volume of grants and contracts payable frequently exceeds the available cash to make timely payments and extended a \$10 million advance to meet cash flow needs

WHEREAS, MTC Resolution – 4385 Revised, authorized use of up to \$2 million for longer term ABAG loans; now, therefore, be it

RESOLVED that MTC authorizes a loan of up to \$1 million for the ABAG BayREN Water Bill Savings Program; and be it further

RESOLVED that repayment of all advances be secured in accordance with the terms and conditions listed in Attachment A; and be it further

RESOLVED the Executive Director or Chief Financial Officer is directed to set aside \$1 million from any available MTC undesignated reserve; and be it further

RESOLVED that ABAG will be charged 1% on drawn amounts for up to two years and the MTC market book rate thereafter, with no charge to be accrued on undrawn amounts.

METROPOLITAN TRANSPORTATION COMMISSION

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Scott Haggerty, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in San Francisco, California on October 23, 2019.

Date: October 23, 2019  
W.I.: 1152  
Referred by: Administration

Attachment A  
Resolution No. 4394  
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### **Attachment A**

Terms of the ABAG BayREN loan are as follows:

- Amount of the loan up to \$1 million to be drawn for eligible projects.
- Projects will be eligible for funding pursuant to a master agreement between ABAG and the utility guaranteeing repayment, regardless of customer payment status.
- ABAG shall pay 1% on all drawn amounts for up to two years and the MTC market book rate for all amounts outstanding after two years.
- Utilities will provide BayREN staff with a monthly list reconciling outstanding projects, payments to date, and remaining balance.