

M Management Committee

Business Item

Item: 2009-193

Meeting date: May 27, 2009

For Metropolitan Council Meeting: June 10, 2009

ADVISORY INFORMATION

Date:	May 20, 2009
Subject:	Authorization for Internal Cash Flow Loan
District(s), Member(s):	All
Policy/Legal Reference:	Council Policy 3 – Finance and Asset Management
Staff Prepared/Presented:	Mary Bogie, Deputy Chief Financial Officer, 651-602-1359 Ed Petrie, Director of Finance, 612-349-7624
Division/Department:	Fiscal Services

Proposed Action

That the Metropolitan Council authorize internal loans to cover the cash flow needs of:

- Capital Projects Funds for Environmental Services and Parks, and
- Metro Transit: Hiawatha Light Rail, Northstar Commuter Rail and BAPTA Project Funds

Background

The Council's Finance and Asset Management Policy allows for short-term loans to meet temporary cash flow needs. Any loan for more than three months or \$10 million must be approved by the Council.

Capital Projects

General Obligation bonds are used to finance the cash flow needs of capital projects. Proceeds from Council bonds issued in 2008 have been depleted for Environmental Services and Parks. The market conditions in early 2009 prompted staff to delay issuing new bonds until this summer. An internal loan is necessary to fund the cash flow needs of projects until new bonds are issued in July 2009.

Metro Transit

Overall the Metro Transit Operations has positive cash flow, but the following funds have temporary cash flow needs.

Hiawatha Light Rail

Fifty percent of the funding for Hiawatha Light Rail operations after passenger fares is provided by the Counties Transit Improvement Board (CTIB). Cash balances for the fund are expected to go negative at the end of May pending completion and approval Operations Master Funding Agreement with CTIB. This funding agreement is anticipated to be completed and approved in the next few months.

Northstar Commuter Rail

Fifty percent of the funding for the Northstar Commuter Rail Operations after passenger fares is provided by the Counties Transit Improvement Board (CTIB) and Sherburne County. The Northstar Fund had a negative cash balance of \$16 thousand on April 30, 2009. Staff are working with CTIB and Sherburne County on the Operations Master Funding Agreements and anticipate completion and approval in the next few months.

BAPTA Project (Bond Accelerated Program Transit Advantage)

Cash balances in the BAPTA project fund are negative \$2.5M pending closeout and final review of the project by MnDOT expected by July 2009.

Rationale

Internal loans are necessary to continue to fund the cash flow needs of approved projects and operations.

Funding

This funding does not authorize capital spending, which is done through the adoption of the capital budget, but provides a temporary loans to cover the cash flow needs of approved projects and operations. Per the Council's policy, interest expense will be charged to the projects.

Know Support / Opposition

None