

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Service
SUBJECT: Community Facilities District – Reimbursement Resolution
DATE: August 1, 2006

NEEDS:

For the City Council to approve a resolution authorizing the reimbursement of Hwy101/46W (the Project) project costs advanced by the City from the proceeds of future debt financing.

FACTS:

1. In accordance with the Project Study Report (PSR), the City has advanced resources to cover the cost of property appraisals and a property acquisition.
2. It is and has been the City's intent to reimburse costs advanced out of proceeds of bond sales after the Community Facilities District (CFD) is established.
3. United States Treasury Regulation Section 1.150-2 requires the City to declare its' official intent to reimburse costs advanced from the proceeds of CFD debt financing.
4. Adoption of the reimbursement resolution must occur within sixty (60) calendar days of the first cost to be reimbursed.

ANALYSIS &
CONCLUSION:

Soft costs; i.e. engineering, architecture and appraisals for example, are always eligible for reimbursement for CFD bond sale proceeds without special consideration. However, IRS regulations dictate that to reimburse hard project costs; i.e. property acquisition and construction costs, the City must declare its' official intent to do so within sixty (60) days. Thus, this request for the Council to adopt a reimbursement resolution declaring its' official intent to reimburse hard costs for CFD bond sale proceeds.

Adoption of the reimbursement resolution starts the clock on the three (3) time period to issue bonds and have the project improvement(s) completed. The three (3) year time period may be extended if there are special extenuating circumstances beyond the City's control which delay completion of the improvements.

FISCAL
IMPACT:

The need for the Council to adopt the reimbursement resolution is prompted by the purchase of property at the southwest corner of Theatre Drive and Hwy 46W. The City has advanced \$1,372,331 to acquire this property. The Council authorized this property acquisition because it is necessary to install interchange improvements at this location.

OPTIONS:

- a. Adopt Resolution No. 06-xxx declaring the City's official intent to reimburse certain expenditures from the proceeds of indebtedness; or
- b. Amend, modify or reject above option.

RESOLUTION NO.06-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DECLARING ITS OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS

COMMUNITY FACILITIES DISTRICT NO. 2006-1
(Highways 101/46 Interchange Project)

WHEREAS, the City of El Paso de Robles, California (the "Issuer"), intends to acquire, construct, and/or improve the Project described in Exhibit A (the "Project");

WHEREAS, the Issuer expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis;

WHEREAS, the Issuer reasonably expects that debt obligations in an amount not expected to exceed THIRTY MILLION DOLLARS (\$30,000,000) will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations require[s] the Issuer to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, the Issuer declares:

SECTION 1. The Issuer finds and determines that the foregoing recitals are true and correct.

SECTION 2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the Project.

SECTION 3. The Issuer hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.

SECTION 4. This declaration shall take effect from and after its adoption.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles, State of California, this 1st day of August 2006, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Deborah Robinson, Deputy City Clerk

EXHIBIT A
To Declaration of Official Intent

PROJECT DESCRIPTION

Background

US Route 101 is the major south-north corridor in San Luis Obispo County. State Route (SR) 46 is the major east/west expressway serving San Luis Obispo County regional traffic. SR 46 has a route break at US Route 101 with the westerly segment of SR 46 (SR 46 W) intersecting US Route 101 at approximate SR 46 W KP 35.2 (US 101 KP 87.1) and then the easterly segment of SR 46 (SR 46 E) intersecting US Route 101 at approximate US 101 KP 93.2. US Route 101 crosses over SR 46 West at the southerly limits of the City of El Paso de Robles. The tight diamond interchange at the juncture of US 101 and 46 West was originally designed and constructed by the State in 1966 with the ramp intersections spaced at roughly 260 feet apart and the adjacent frontage roads less than 30 feet from the US Route 101 ramp intersections with State Route 46 West. The lack of separation between the ramp termini intersections and the frontage roads limits the amount of left turn and through movement storage and increases the potential for accidents. In addition, the current configuration of the interchange does not meet the current Caltrans Design Standards. The interchange includes signalized intersections of the US Route 101 ramps Theater/Vine Street parallels US Route 101 to the west. Ramada Drive parallels US Route 101 to the east.

The need to improve/upgrade the interchange was identified by the California Department of Transportation (Caltrans), the County of San Luis Obispo (County), and San Luis Obispo Council of Governments (SLOCOG) and the City of El Paso de Robles (City) in 1997. At that time, the City, County and SLOCOG entered into a Cooperative Agreement to share the responsibility in improving the interchange as the surrounding area develops.

This interchange plays a vital role for tourist and commercial traffic to and from the coastal areas and is on the main coastal regional route between southern and northern California. It also serves regional traffic accessing the retail and industrial facilities surrounding the interchange. Development of these retail and industrial areas will create a greater demand for improvement of the interchange.

Population Growth and Traffic Projections

The population within the City of El Paso de Robles and its Sphere of Influence has been analyzed as part of the City's Land Use and Circulation Elements of the 2003 General Plan. Anticipated regional, County, and City growth in areas east of US Route 101, and areas west and south of US Route 101 at the interchange, will result in additional traffic demand and

unacceptable Level of Service (LOS) at the US Route 101 ramp and frontage road intersections with State Route 46 West.

Traffic within the study area will experience a significant increase in congestion and delay by the year 2028 without implementation of interchange and intersection improvements. These reductions in levels of service will severely reduce mobility around this US Route to State Route Connection.

Proposed Project and Cost Estimates

In April 2005, a Project Study Report (PSR) was approved by Caltrans. The purpose of the PSR was to identify alternatives to improve safety and reduce congestion in and around the US Route 101/46 West Interchange consistent with local and regional plans.

It is expected that the ultimate improvements will be constructed in at least three or maybe more phases. The project description by phase and proposed cost estimates are as follows:

Phase 1A

Includes realignment of Theatre Drive, completing Theatre Drive improvements to the south City limits per the Plan Line adopted by the City Council, addressing drainage issues, undergrounding of utilities, right-of-way acquisition for future phases as available.

Estimated cost \$15 million

Phase 1B

Realignment of Vine Street

Estimated cost \$15 million

Phase 2

Installation of west roundabout

Estimated cost \$15 million

Phase 3

Installation of east roundabout

Estimated cost \$25 million