

# City of Hesperia

## STAFF REPORT



**DATE:** May 1, 2018

**TO:** Mayor and Council Members

**FROM:** Nils Bentsen, City Manager

**BY:** Michael Blay, Assistant City Manager  
David Burkett, Project Construction Manager

**SUBJECT:** Approve the Term Loan Agreement Between the City of Hesperia and the San Bernardino County Transportation Authority Related to the Construction of the Ranchero Road & I-15 Interchange Project

---

### RECOMMENDED ACTION

It is recommended that the City Council approve the Term Loan Agreement, Contract No. 17-1001629, between the City of Hesperia and the San Bernardino County Transportation Authority (SBCTA), formerly the San Bernardino Associated Governments (SANBAG), for the principal amount of \$18,762,403.05 plus interest, related to the construction of the Ranchero Road & I-15 Interchange Project (C.O. No. 7086) and authorize the Mayor to execute the Agreement.

### BACKGROUND

The City pursued the construction of a new interchange on Interstate 15 at Ranchero Road for many years. In order to move forward with this project the City partnered with the SBCTA during the construction phase of the project. On April 3, 2012, the City Council approved a COOP (Agreement No. C12219) with the SBCTA for construction, which was subsequently approved by the the SBCTA Board on April 4, 2012. The COOP defined the roles and responsibilities of the parties, including the funding sources for all phases of the project. The project was released for bids on September 12, 2012, bids were opened on October 18, 2012, and the construction contract was awarded to Security Paving, Inc. on November 7, 2012. Construction commenced at the beginning of January 2013, and all work was complete in June 2015 and the interchange was opened to vehicular traffic.

### ISSUES/ANALYSIS

The Ranchero Road & I-15 Interchange project was on the SBCTA's Measure I Major Local Highway Projects (MLHP) list and was within its "10-Year Delivery Plan"; however, funding for construction was not anticipated to be available for many years.

Staff met with SBCTA staff and Caltrans staff in 2012 and discussed the project status and funding options. With the adoption by SBCTA of the 10-Year Delivery Plan, bond funds had been received for specific projects that were not likely to be constructed within their original schedule. Coupled with that, the construction bidding environment at the time had allowed the state to realize savings that could be applied to other "shovel-ready" projects. The Ranchero Road/I-15 Interchange Project met SBCTA's criteria for readiness, and created a funding opportunity that allowed the project to go to construction in early 2013, by advancing or loaning

the City unused “public-share dollars” the SBCTA had available. The SBCTA agreed to fund the City’s share of the project’s costs up front with Corridor Mobility Improvement Account (CMIA) transportation funds, which must be paid back. In view of this funding opportunity, a Cooperative Funding Agreement (COOP) was executed with the SBCTA prior to commencement of construction. Under the adopted Countywide Nexus Study, the City would be held responsible for a 57.5% share of the total costs of the project and the SBCTA would be responsible for the remaining 42.5%.

The COOP stipulated that upon completion of the project and reconciliation of all project costs, that the City would be responsible for re-payment of the public-share dollars advanced to the City in order to construct the interchange. Staff is requesting that the City Council approve the proposed Term Loan Agreement and approve signature by the Mayor. The Term Loan Agreement stipulates the conditions and terms for repayment of the loan over a ten-year period. Funding for repayment of the loan is to come from the City’s Development Impact Fees.

### **FISCAL IMPACT**

The principal amount of the loan is \$18,762,403.05 and funding for the first year of this 10-year loan will be included in the FY 2018-19 Budget (in the DIF-Streets fund 300) and each budget thereafter until the loan is repaid in full. The first loan payment is due March 15, 2019 and each March 15<sup>th</sup> thereafter. In the event that insufficient DIF-Streets funds are available to pay the annual loan installment, SBCTA will withhold the insufficient amount from the City’s Measure I allocation. This withholding from Measure I will create an interest free loan between Measure I and DIF-Streets that will be repaid from DIF-Streets revenues.

### **ALTERNATIVE(S)**

1. Provide alternative direction to staff.

### **ATTACHMENT(S)**

1. Term Loan Agreement – Contract No. 17-1001629