



October 18, 2023

Finance Committee Communication

Agenda Item D

**TO:** MERA Finance Committee  
**FROM:** Heather Plamondon, Executive Officer  
**SUBJECT:** REVISED Cash Flow Projections

Background:

Cash flow projections were presented to the finance committee at the July 19<sup>th</sup>, 2023 meeting as well as discussed over the past few months. There was some clarification needed as to the availability of certain funds held by US Bank. Staff have since discussed these funds with US Bank representatives and have some new information and revisions to the cash flow projections.

Fiscal Impact:

While these cash flow projection revisions have no current fiscal impact, there will be an impact in the future if additional debt is secured as shown in these projections. The terms of this debt and exact impacts will be determined at a future date.

The discussions with US Bank representatives have clarified the availability of the Interest (1081), Principal (1082) and Surplus (1083) accounts held by US Bank related to the Measure A Bond funds. These funds are collected by US Bank quarterly, invested while they are held, and then used to pay the annual debt service due each August. These funds were shown as available for use in previous versions of the projected cash flows but should not have been. While there are sometimes excess earnings on these funds that are remitted to MERA, the funds are strictly for debt service related to the Measure A debt.

These funds have been removed from the revised cash flow projections to reflect this. The total of these funds that were previously shown as available and now removed are \$3,215,970. Previous versions of the cash flow projections showed positive ending cash balances through 2038. The revised cash flow projections show ending cash balances beginning to be negative in the year 2036.

Staff has also been working on tracking Contract Change Orders that will result in Credits back to the approved construction and construction support contract costs, including evaluation of the contract contingency funds and the likelihood they will not be expended which will increase the ending cash balances. This information is fluid until the construction efforts are completed and the contracts are settled, which is expected in Q2 2024. To date we have processed Change Orders to the two open Fidato Construction Contracts equaling approximately \$370,000 in credits back.

Attachments:

Item 1\_Fin Plan 2023 2024 Jun 2023 Revised 8 31 23