



NEWS RELEASE

CITY SECURES \$7.8 MILLION TO FINANCE MUCH NEEDED ROAD IMPROVEMENTS

Funding enables the City to complete vital road projects along with maximizing its street rehabilitation program that will lengthen the useful life of the City's existing roads.

LAKE ELSINORE (November 6, 2014) – A positive credit rating and historically low interest rates helped the [City of Lake Elsinore](#) close its bond financing deal last week for \$7.8 million, saving the City \$1.8 million and providing the funding needed to improve more than 25 percent of its aged roadways.

The funding was secured through the [Total Road Improvement Program \(TRIP\)](#) that allows local governments to leverage their State Motor Vehicle Fuel Tax (the “Gas Excise Tax”), or Measure A funds in Riverside County, to finance road improvement projects. The City Council approved the bond funding at its meeting on June 24, 2014. At this time, it was estimated the City would receive up to \$6 million at a cost of approximately \$500,000 per year for 25 years. However, based on strong investor demand and an “A” credit rating from Standard & Poor’s, the City was able to secure a historically low, 25-year interest rate of 3.60 percent and save more than \$1.8 million. As a result, the City secured \$7.8 million at the same annual cost.

“Over the last several years, our roads have suffered and it was time for us to find a way to address this concern for our community,” said Mayor Natasha Johnson. “This is a bold move, but our staff’s hard work has paid off and we are thrilled to have the resources to take the first of many steps to preserve, protect and restore our roads.”

The City of Lake Elsinore has an overall pavement condition index (PCI) of 71, which is consistent with most cities. The new TRIP funding will allow the City to improve some of its worst roads while also freeing up Measure A funding to maximize its ongoing Pavement Management Program aimed to maintain the highest index possible by extending the life of local roads and ultimately saving the City money on future costly repairs.

The TRIP is offered by California Statewide Communities Development Authority (CSCDA), a joint powers authority sponsored by the League of California Cities and California State Association of Counties. The program began in 2008, when the Riverside County Transportation Commission (“RCTC”) approved the ability of a CSCDA to offer a program to cities and counties to finance street improvement projects by a pledge of local sales tax revenues, with the CSCDA entering into Installment Sale Agreements with such cities and counties which are members of the CSCDA. The installment payments represent payments on Certificates of Participation (“Certificates”) to be executed and delivered.

(MORE)

City Secures \$7.8 Million for Road Improvements

November 6, 2014

Page 2 of 2

The City received an “A” credit rating from Standard & Poor’s and the Certificates subsequently qualified for “AA” municipal bond insurance. The strong credit rating was based on improving economic conditions within the City and County and the City’s conservative fiscal practices. Lake Elsinore was able to secure some of the lowest interest rates seen in the program to date which enabled the City to raise an additional \$1.8 million in proceeds without extending the financing term or increasing the annual payment.

The Certificates will be repaid from Measure A sales tax revenues received by the City over the next 25 years. These funds are legally restricted for use on local transportation projects.

“Participating in TRIP enables us to finance important street projects today and take advantage of favorable construction costs without committing any dollars from the General Fund,” said City Manager Grant Yates. “By making these investments now, we can avoid more costly repairs in the future and reduce our long-term street maintenance costs.”

The City anticipates only 44 percent of its Measure A revenues (\$500,000 of the approximately \$1,137,000 in total revenues based on FY 2014 estimated revenues) for Certificate payments. The remaining Measure A revenue of approximately \$637,000 will continue to be used for ongoing street operations and maintenance.

The Certificate proceeds will fund over \$7.87 million of new street infrastructure within the City. Planned projects include a new Interstate 15 Railroad Canyon Road Deceleration Lane; assessment of the Main Street Interchange; the Grand Avenue Rehabilitation Project; Gunnerson Street Pavement Rehabilitation, which is currently in design; and \$5 million for many other overdue arterial pavement rehabilitation projects located throughout the City.

This week, the City is in the midst of implementing the first phase of its Pavement Management Program, which [includes slurry sealing more than 20 lane miles throughout the City paid for with Measure A maintenance funds](#). The second phase of this program will be funded through the TRIP bonds and will include identifying and addressing other major roadway capital projects. Together, both phases of the City’s Pavement Management Program are expected to result in improvements on more than 25 percent of the City’s roads.

For more information, please contact: Nicole Dailey, Management Analyst, (951) 674-3124 ext. 314

About the [City of Lake Elsinore](#): *The City of Lake Elsinore features Southern California’s largest natural freshwater lake. It is the second oldest and fastest growing city in Riverside County, celebrating its 125th Year of Incorporation on April 9, 2013. The City’s current population is estimated at approximately 56,718. The City’s brand and slogan, “Dream Extreme,” exemplify the scenic beauty and active lifestyle of this 126-year old boomtown. Visitors and residents enjoy water sports such as skiing, power boating and fishing, a world-class sky diving drop zone, a regional motocross track, professional baseball, an 18-hole golf course, outlet shops, plus dining and entertainment in Historic Downtown. Visit www.Lake-Elsinore.org for more information.*