

STAFF REPORT

SUBJECT: Measure A Strategic Plan

MEETING DATE: November 4, 2009

AGENDA ITEM: 5

STAFF CONTACT: Steve VanDenburgh

RECOMMENDATION:

Receive report on revised Measure A Strategic Plan cash flow scenarios.

DISCUSSION:

At the October subregional meeting, the Parsons Brinckerhoff team led the committee through a review of draft financially constrained strategic plan cash flow scenarios, referred to as Scenario 1, or the base scenario, and scenarios 2A and 2B developed based on comments received from TTAC in September.

All scenarios assume that, due to the economic recession, Measure A revenues in 2010 will be approximately \$30 million, or \$5 million below what was assumed in developing the investment plan. Beginning in 2011/12, revenues would begin growing but would not reach \$35 million until Fiscal Year 2015/16. Over the first five years of the program, this results in a reduction in Measure A funding of over \$10 million compared to what was anticipated. All scenarios also assume that no new STIP funding will be available in the 2010 and 2012 STIP programming cycles resulting in a reduction of \$30 million compared to what was expected to be available when the Investment Plan was drafted. Altogether, this results in an approximately \$40 million reduction in Measure A and matching revenues in the early years of the program.

Consequently, in the first five years of the scenarios, matching funds are scarce. The scenarios therefore schedule in the measure program's early years projects that don't require large amounts of STIP or RSTP matching funds to be delivered. Matching funds accumulate in the early years of the program and are applied to delivering improvements on Highway 101 on the South Coast, including the Linden\Casitas interchanges in Carpinteria which has a \$40 million shortfall, and the Highway 101 HOV project, which SBCAG staff has assumed in developing the Measure A investment Plan would need \$135 million discretionary funds from SBCAG to match Measure A and discretionary funds from the State's interregional portion of the STIP.

The base scenario gives priority to delivering the 101 widening project and assumes that the Highway 101 HOV project and the Linden\Casitas interchange project would be delivered in a window between 2015 and 2025 utilizing STIP and RSTP matching funds. This is expected to the earliest the project could be delivered based on the project development and construction schedules and the availability of matching funds. The Linden\Casitas project includes elements that are prerequisites of widening Highway 101, so it is considered the third of four phases of the widening project.

In September, TTAC expressed concern that under Scenario 1, all other named projects aside from the 101 and projects not needing matching funds were pushed to the outer years of the

program. TTAC members asked the PB team to develop a scenario showing the 101 project being delivered in phases, which would be spread out to allow named projects from the outer years in the base scenario to move forward and be delivered between the 101 phases.

Scenario 2A was developed at the request of TTAC to show the 101 HOV project being delivered in phases. The four projects from scenario 1 that did not require matching funds from SBCAG are still in the years preceding the 101 HOV lane project in Scenario 2A. The first Highway 101 HOV project in this scenario is the Linden\Casitas interchange. This project needs \$35 million in matching funds to be delivered. The second Highway 101 project in the scenario is referred to it as Phase 4A. It is a hypothetical segment funded with bond proceeds and STIP interregional funds. Because it relies on STIP interregional funds, and not SBCAG's STIP matching funds, matching funds are available to move the Highway 246 passing lane project forward into FY 18/19. The scenario also spreads the circulation improvement funding for Buellton and Guadalupe out so that they are getting approximately 20% of their funding every 5 or 6 years.

TTAC members also asked the PB team to develop a scenario, 2B, that set aside matching funds in a reserve to allow unidentified regional and local projects that are not in the measure program to be delivered. The PB team set aside \$1 million of matching funds annually into a reserve in the scenario. The PB team reported that the effect of this scenario was to delay named projects a total of 45 years and require an additional \$100 million in matching and measure A funds to deliver the program due to escalation costs on delayed projects, on top of the \$45 million reserve created. The team also expressed concern that at least two named projects couldn't be delivered within the 30-year measure program horizon. The team concluded that this was not a feasible scenario.

The PB team presented scenarios 1, 2A and 2B to the North and South subregional committees at their October 7 meeting. The committees generally expressed concern that Scenario 2A resulted in the 101 HOV project taking 17 years to complete versus 10 under the base scenario. In the North there was concern that the scenarios scheduled the Highway 246 Passing Lanes project too far out in the program. This project's draft environmental document is circulating for public comment and the project schedule shows it could be under construction as soon as 2013, contingent on the availability of funding. In the South, there was discussion over how STIP/RSTP funds were distributed between the north and south over the 30-year program and whether there would be capacity to program additional projects not in the Measure A investment plan.

The Citizen's Oversight Committee met on Oct 28 and was given an orientation on the strategic plan and reviewed scenarios 1, 2A and 2B. The committee expressed strong and unanimous concerns about any scenario that would result in delays for the 101 HOV project and referred to language in the Measure A Investment Plan stating that 101 is the region's highest priority project. The committee also stated that the 101 HOV project and other projects included in Measure A are commitments to voters and that they must take priority over other projects not included in Measure A.

As a result of the comments received from TTAC and the sub-regional committees last month, the PB team has been re-analyzing Scenario 2B to reflect the start of an RSTP reserve after the 101 HOV project is delivered instead of starting a reserve in 2009/2010. The team has also cash-flowed a trifurcated scenario whereby the 101 HOV project receives 13.4% and each sub-region receives 43.3% of Measure A revenue annually.

The PB team presented these new scenarios at the TTAC meeting on October 29. The PB team will report on the new scenarios at the November 4th subregional committee meeting and report on the comments received on the new scenarios from TTAC.

Staff and the consulting team have prepared a proposed schedule of committee and board meetings (attached) outlining the dates and expected actions related to the development of the Measure A strategic plan.

Recommendation

This is an information item to receive a report from the consultant team on the revised Measure Strategic Plan cash flow scenarios.

Attachment:

Attachment 1: Proposed Measure A Strategic Plan Schedule

Attachment 1

Proposed Measure A Strategic Plan Schedule

TTAC	October 1	Review cash flow scenarios
Subregional Committees	October 7	Review cash flow scenarios
Citizens Oversight	October 28	Review cash flow scenarios
TTAC	October 29	Review revised cash flow scenarios
Subregionals	November 4	Review revised cash flow scenarios
TTAC	November 17	Review cash flow scenarios
SBCAG Board	November 19	Presentation on cash flow scenarios
Citizens Oversight	December 2	Review final draft cash flow scenarios
TTAC	December 3	Review final draft cash flow scenarios
Subregionals	December 2 or 9	Review final draft cash flow scenarios
Board	December 17	Review final draft cash flow scenarios
TTAC	January 6	Review draft strategic plan
Citizens Oversight	January ??	Review draft strategic plan
Subregionals	January 7	Review draft strategic plan
SBCAG Board	January 21	Review draft strategic plan
TTAC	February 4*	Review second draft of strategic plan
Citizens	February ??	Review second draft of strategic plan
Subregionals	February 3	Review second draft of strategic plan
SBCAG Board	February 18	Review second draft of strategic plan
TTAC	March 4*	Recommend adoption of final strategic plan
Citizen's Oversight	March ??	Recommend adoption of final strategic plan
Subregionals	March 3	Recommend adoption of final strategic plan
Board	March 18	Adoption of strategic plan

*The February 4 and March 4 meetings of TTAC may need to be advanced ahead of the subregional committee meetings.