

## STAFF REPORT

**SUBJECT:** Measure A Program of Projects

**MEETING DATE:** January 21, 2010

**AGENDA ITEM:** 6C

**STAFF CONTACT:** Sarkes Khachek, Steve VanDenburgh

**RECOMMENDATION:**

Receive information on the process for preparing the FY 2010-11 Measure A program of projects.

**SUMMARY:**

As the Local Transportation Authority, SBCAG is responsible for allocating transportation sales tax revenues according to the voter-approved ordinances and investment plans. During the Measure D era, this process would normally start in February with the release of revenue estimates for the local and regional programs so that local agencies and SBCAG could develop and adopt a “Program of Projects” before the start of the upcoming fiscal year. Because Measure A is new and significantly different from Measure D, the allocation process is being started a month early so that SBCAG staff and TTAC can review the allocation requirements included in the ordinance and investment plan and recommend allocation methodologies that should be used if a formula or methodology is otherwise unspecified in the ordinance or investment plan. It is possible to start this process because the board has adopted a cash flow scenario for Measure A to be included in the draft strategic plan. The revenue estimates on the attached preliminary draft table are therefore based on that scenario. Any change to the scenario when the Strategic Plan is adopted by the board (scheduled for March) could require that the attached table, and program and project estimates derived from it, be modified possibly delaying the POP schedule and potentially affecting local agency budget processes.

The estimates on Table 1 will be used to derive the respective annual shares of funding that each program and project in Measure A will receive, including Local Street and Transportation Improvement funding for the cities and County, transit operation and capital funding for SBMTD, Clean Air and Coastal Express interregional transit funding, bike, pedestrian, and safe routes to school funding in the North County and South Coast, Specialized Transit, Highway 101 HOV project and other named projects. The policy board of each designated recipient will be required to adopt an itemized program of projects to SBCAG, after holding a public hearing, that explains how their respective revenue share will be expended over the first five years of the program. A project must be in the adopted program of projects to receive funding. SBCAG must also adopt the program of projects, after holding a public hearing, before revenues can be released to the recipient.

This is being provided as an informational report—no action is being requested this month. In February, the board will be requested to approve the estimated apportionments of Measure A funds so agencies can begin preparing their 5 year programs of projects.

## **DISCUSSION:**

The Measure A Program of Projects process is the process by which designated Measure funding recipients itemize how they intend to spend revenues estimated by SBCAG to be available to them over a five year period. Cities and the County for example, must annually adopt a program of projects (POP) after a public hearing including information about each of the projects to be funded with Local Street & Transportation Improvement Program revenues allocated according to the investment plan. After a noticed public hearing, SBCAG must also adopt the respective POPs provided that they are consistent with the Measure A ordinance and investment plan, and prior to releasing the local agencies their respective share of local program funding for the first fiscal year in the program of projects. Expenditures may be made on projects only if they are included in a program of projects adopted by SBCAG.

To initiate this process, SBCAG staff has distributed preliminary draft estimates of Measure A allocations for the five year period FY 10/11 to FY 14/15. Table 1 shows the overall Measure A program revenue estimate for the five year period based on estimates developed by the Parsons Brinkerhoff strategic plan team. The amount of net revenues available for allocation each fiscal year is based on the first five fiscal years in scenario 2F that the SBCAG board approved last month for incorporation into the draft Strategic Plan. A deduction is made in FY 2010-11 to pay back the \$202,363 expended on the Measure A election costs and \$300,000 expended on the Measure A Strategic Plan that were borrowed from Measure D. In February 2009, TTAC recommended that a loan be made from Measure D to cover these costs with repayment coming from the first year's Measure A receipts. The SBCAG board approved this recommendation in February 2009. The table also shows annual deductions for Board of Equalization administration costs, which are limited to a maximum of 1.5%. The table also includes a deduction of 1.0% for SBCAG administrative costs, per statute. The table includes debt service payments from a \$50 million bond issuance beginning in FY 2012-13, consistent with scenario 2F. Finally, the table assumes that there will be interest earned on the measure fund balance that will be allocated along with the sales tax revenues. The net amount of Measure A revenues estimated to be available for allocation for projects in the investment plan for each of the five years is shown at the bottom.

From Table 1, SBCAG staff will derive allocations to be made annually over the five year period to programs in the North County and South Coast sub-programs consistent with the programs scenario 2F has assumed will receive annual allocations. The investment plan specifies that the North County and South Coast programs each receive 43.3% of the total measure revenues over 30 years. But the amount of funding that projects or programs within the sub-programs are to receive are reflected in the investment plan as estimated revenues (in \$) over 30 years, not as a percentage. So dollar amounts will be used to derive a percentage of the sub-program revenue that each will receive annually.

For the Specialized Transit programs, the investment plan does not specify how funds are to be allocated to eligible operators within the North and South subregions. Easy Lift is the sole specialized transit service provider on the South Coast. But in the North County, transit operators and Consolidated Transportation Service Agencies (CTSA) are eligible recipients of this funding, which is intended to reduce fares charged to the elderly and disabled by funding operating expenses of specialized services. Under Measure D, funding for paratransit services was allocated by population to COLT, SMAT, Santa Ynez Valley Transit and Easy Lift. There are two additional eligible recipients in the North County that need to be considered for funding under Measure A, Guadalupe Transit and SMOOTH, a CTSA operating primarily in the Santa Maria Valley that provides specialized transit services in addition to the fixed route and dial-a-

ride services provided by public transit operators. This makes using population as the basis for allocating specialized transit funding in the North County problematic because SMOOTH's service area includes populations that SMAT and Guadalupe Transit serve. Therefore, SBCAG staff has scheduled a meeting of North County specialized transit operators to recommend a methodology to TTAC and the SBCAG board that should be used to allocate this funding.

A summary schedule of the Measure A POP process is attached to this report (Attachment A). In February, the board will receive a draft of the five-year revenue estimate and resulting program and project allocations for review.

**RECOMMENDATION:**

This is an information item to notify the board that the first Measure A Program of Projects cycle has been initiated using revenue estimates included in scenario 2F that the board directed staff to include in the draft Strategic Plan. The estimates and program\project allocations will be the subject of additional discussion at the February TTAC meeting and will be included on the February board agenda for action.

**COMMITTEE REVIEW:**

At its January 7 meeting, TTAC received a presentation by SBCAG staff on this item and the preliminary draft revenue estimates were reviewed and discussed for the program as a whole (Table 1), the North, South and Highway 101 HOV subprograms, and for projects and programs within those subprograms. This was an information item so no action was taken by TTAC.

Attachments:

*Attachment A: Measure A Program of Projects Development Schedule*

*Table 1 – Five Year Revenue Estimate*

Attachment A

**MEASURE A**  
**Program of Projects Development Schedule**  
FY 2010-2011 Cycle

	<u>Date</u>
• Technical Transportation Advisory Committee discusses the ordinance requirements, process and methodology for developing the first Measure A program of projects for the FY 10/11 cycle. SBCAG provides a preliminary draft of revenue estimates based on scenario 2F estimates.	January 7, 2010
• SBCAG provides the Technical Transportation Advisory Committee with a second draft estimate of the Measure A revenues and seeks approval of apportionments and allocations.	February 4, 2010
• The second draft of the five-year apportionments and allocations will be on the board agenda for review.	February 18, 2010
• Local agencies, SBMTD and Consolidated Transportation Service Agencies submit a five year program of projects to SBCAG. The project listing should be prepared and adopted consistent with the Measure A Ordinance.	April 2010
• SBCAG reviews local programs of projects and seeks modifications as necessary.	April/May, 2010
• SBCAG board approves Local and Authority Program of Projects and allocation of Measure A funds FY 2010-11.	June 2010



**Table 1**  
**Five Year Measure A Revenue Estimate**  
**(FY 2010-15)**

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	<b>FY 10-11</b>	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>FY 14-15</b>
<b>Total Receipts</b>	\$31,682,674	\$32,284,645	\$32,930,338	\$33,918,248	\$35,105,387
Measure A Election & Strategic Plan Costs	(\$502,363)	\$0	\$0	\$0	\$0
Board of Equalization Administrative Costs	(\$475,240)	(\$484,270)	(\$493,955)	(\$508,774)	(\$526,581)
LTA Administration: Staff + Indirect Costs	(\$312,074)	(\$318,004)	(\$324,364)	(\$334,095)	(\$345,788)
Debt Service on Bonds	\$0	\$0	(\$3,286,000)	(\$3,286,000)	(\$3,286,000)
Interest on Measure A Fund Balance	\$61,504	\$75,793	\$40,787	\$1,341,037	\$1,148,556
<b>Available for Allocation</b>	<b>\$30,454,501</b>	<b>\$31,558,164</b>	<b>\$28,866,806</b>	<b>\$31,130,416</b>	<b>\$32,095,574</b>