

STAFF REPORT

SUBJECT: Measure A Strategic Plan

MEETING DATE: October 7, 2009

AGENDA ITEM: 5

STAFF CONTACT: Steve VanDenburgh

RECOMMENDATION:

Receive a report on the development of financially constrained cash flow scenarios for the Strategic Plan.

DISCUSSION:

The passage of Measure A will provide over \$1.0 billion for transportation needs over 30 years within the county, from 2010-2040, and help leverage and match an estimated \$ 0.5 billion in state and federal funds. Measure A goes into effect and revenues begin to be collected on April 1, 2010. Funds will be spent according to the Investment Plan approved by voters. But not all \$1.5 billion in projects can be delivered in the first year of the program. A schedule of when funding will be available must be developed. Funding from other sources required to complete the projects included in the Investment Plan must be identified. This information must be incorporated into a Strategic Plan that the Measure A ordinance requires the SBCAG board to adopt before revenues are distributed.

The Parsons Brinckerhoff (PB) consulting team has worked with TTAC representatives to develop components for the Strategic Plan. These include project data sheets for Measure A projects, protocols that will be used to allocate funding to projects, and a prioritization matrix for the 13 roadway capital projects. The matrix was based on four qualitative criteria: congestion relief, safety, readiness, and funding. The projects were placed into three groups, with Group I being the highest priority. Geographic balance and modal balance will also be applied to the resulting project scheduling to make sure these factors are taken into account in the strategic plan. These work products were presented to the subregional committees in August.

Information from the project data sheets, protocols and prioritization matrix were used to help develop draft financially constrained cash flow scenarios for the Measure A Strategic Plan. The PB team will attend the subregional committee meeting to discuss the scenarios with committee members. The purpose of the cash flow scenarios is to estimate the amount of Measure A and matching funding that will be available on a fiscal year basis to deliver the projects and programs according to the protocols and prioritization matrix they have developed.

Due to the economic recession, Measure A revenues received in 2010 will total approximately \$30 million, or \$5 million below what was assumed in developing the investment plan. Beginning in 2011/12, it is assumed revenues would begin growing at a 3.5% rate but would not reach the amount assumed in 2010 of \$35 million until Fiscal Year 2015/16. Over the first five years of the program, this results in an approximately \$10 million reduction in Measure A funding compared to what was anticipated. The cash flow scenarios also assume that no new State Transportation Improvement Program (STIP) funding will be available in the 2010 and 2012 STIP programming cycles resulting in a reduction of \$30 million for Highway 101 HOV project, and the 13 other north county and south coast projects, compared to what was

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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. This revenue gap in the early years constrains the ability to deliver the Measure A projects, in particular, those roadway projects requiring large amounts of non-measure matching funds.

Working with TTAC over the last two months, the consulting team has developed three cash flow scenarios. Each of the cash flow scenarios assumes that the north and south Local Street & Transportation Improvements programs receive funding on an annual basis. The scenarios also give priority to providing funding “off the top” each fiscal year for the operation of transit programs since these programs require ongoing, annual subsidies. Subjecting operating programs to a competition for funding with capital projects on an annual basis would leave transit operators uncertain about their funding stream and unable to make long-term service plans. Projects that receive annual funding in the cash flow scenarios include Specialized Transit for Elderly and Disabled, transit capital and operating funding (for MTD and interregional transit), carpool and vanpool funding, and commuter/passenger rail. The exception is the Safe Routes to Schools and Bike/Pedestrian Programs in both the North County and South Coast. They receive Measure A funds every other year. This frequency does not, however, dictate the frequency of fund distribution to selected projects.

After taking funding “off the top” each fiscal year for these projects and programs, the balance of the funding in the cash flow scenarios is left to deliver the Highway 101 HOV project and 13 other capital roadway projects in the north and south programs. The strategic use of Measure A and matching funds to deliver the roadway projects has been the focus of discussion at recent TTAC meetings. The PB team will attend the subregional committee meetings to present the three cash flow scenarios and receive input from committee members.