

Expenditure Plan Subcommittee

DRAFT MINUTES

Monday – January 5, 2004 – 9:00 a.m.

SCCRTC Conference Room
1523 Pacific Avenue
Santa Cruz, CA 95060

Members Present: Commissioners Beautz, Campos, Fitzmaurice, Johnson, and Pirie
SCCRTC Staff Present: Pat Dellin, Rachel Moriconi, Karena Pushnik, Kim Shultz, Linda Wilshusen
Other Support Staff: Pat Busch (CAO), Eileen Goodwin (Commission Consultant)
Others Present: Jim Conklin (Business Council), Mark Dorfman (SCMTD), Edenilson Quintanilla (Alternate for Campos)

Commissioner Beautz called the meeting to order at 9:12 a.m.

- 1. Introductions:** All attendees were recognized.
- 2. Additions/Deletions to the Agenda:** None.
- 3. Approved Minutes of the December 1, 2003 Meeting (Fitzmaurice/Pirie)**

Commissioners Campos and Johnson abstained. In response to an inquiry from Commission Beautz, staff noted that the County Board of Supervisors rather than the Commission will probably place the sales tax measure on the ballot since the County would not have to pay the \$100,000 Elections Department fee to do so.

4. Reviewed Preliminary Draft Expenditure Plan and Ordinance

Director Wilshusen provided an overview of the preliminary draft Expenditure Plan prepared by staff. She noted that staff used the San Francisco, Riverside, and Library Sales Tax Measures as models for developing the plan, as well as elements of the Santa Clara measure. She emphasized that the Plan is only a preliminary draft, for the Subcommittee to begin working with.

Jim Conklin asked who drafted the Expenditure Plan in Santa Clara County. Eileen Goodwin responded that the private sector had prepared the initial plan, then presented to the transportation authority for review. Linda Wilshusen noted that staff prepared this initial plan given subcommittee direction and since nothing had been received from the private sector.

Ms. Wilshusen noted that the Plan assumes the Board of Supervisors will place the measure on the ballot, but the SCCRTC would be responsible for distribution of 25% of the funds to

various projects. She noted that the majority of the funds could be allocated to the Highway 1 Construction Authority (HCA) and local jurisdictions based on fixed formulas. She summarized an initial suggestion for distribution of the measure funds:

Highway 1 Widening/HOV	\$340M	64%
Local Street/Road Maintenance & Improvements	\$53M	10%
Bike Lanes and Sidewalks, including near schools	\$30M	6%
Highway 17 Safety Improvements & CHP Enforcement	\$20M	4%
Coastal Bicycle/Pedestrian Trail, adjacent to Rail Line	\$20M	4%
Senior & Disabled Transportation	\$16M	3%
Highway 1 Express Buses & Park and Ride Lots	\$13M	2%
Highway 1/9 Intersection Improvements	\$6M	1%
Watsonville-Pajaro Junction Rail Station	\$6M	1%
Carpool Programs	\$3M	0.5%
Contingency/Reserve	\$17M	3.5%
Administration	\$6M	1%

She noted that the funds for Local Streets and Roads would be distributed by the Auditor Controller directly to the local jurisdictions and funds for the Highway 1 project would be distributed directly to the Joint Powers Authority.

ORDINANCE - Subcommittee members suggested the following changes to the Ordinance:

- Commissioner Johnson - Formulas to determine how funds are split, should take into consideration that some roads, such as Mount Hermon, serve more than just a city's own population.
- Edenilson Quintanilla - Mention Highway 1 in the first paragraph of the ordinance.
- Commissioner Campos - Note in the Ordinance that Highway 1 Widening is the RTC's highest priority project.

The Subcommittee also discussed the following suggested changes:

Ending the Tax Early – Section III

Commissioner Beautz suggested adding language in Section III of the Ordinance that would allow the tax to end early if all projects are completed early. Commissioner Fitzmaurice asked and Pat Busch responded that though the bonds could be paid off early if escalation and revenue rates allow it, no one will lend money to the project unless the measure states that tax revenues will be collected for 30-years. Commissioner Pirie suggested that conditions could be listed to determine under what conditions the tax could be shortened. Commissioner Beautz expressed concern that it would be difficult to sell a 30-year tax to the public, especially if the length and amount is not tied to the highway project. Some members noted that the measure will likely include funds for general categories of projects (such as local streets and roads) that are not specific capital projects with completion points. Eileen Goodwin suggested the next poll test if people are more supportive if the sales tax level could go down early.

Mark Dorfman suggested that the measure address how operations for ongoing projects would be funded once the measure expires.

Jim Conklin noted that the Citizens for Improved Transportation will be polling several of these issues at the end of January/beginning of February.

Commissioner Beautz suggested that conditions for early sunset of the measure include: if extra sales tax revenues are generated and/or if other funds (such as Federal Earmarks) become available for the Highway 1 Widening project, thereby reducing the amount of sales tax measure funds needed to fund the Highway 1 project. Some committee members suggested Section IIIA state that the tax would be imposed for “a period not to exceed 30 years.” Ms. Wilshusen responded that conditions for early sunset of the measure could be included in Section XIV.

Commissioners requested additional information from Pat Busch regarding early retirement of bonds.

Commissioner Beautz requested copies of all government codes referenced in the Expenditure Plan and Ordinance. Staff responded that once County Counsel reviews the appropriateness of the codes referenced in the document, staff will share those codes with the subcommittee.

Maintenance of Effort – Section VI

Commissioner Beautz questioned how “Maintenance of Effort” (Section VI of the Ordinance) is defined. She noted that most agencies have lost significant funds in recent years (as the result of state budget shortfalls, etc) and in some cases measure funds may be needed to ensure some projects continue to move forward. Rachel Moriconi noted that in general, the public wants to know that they will be getting more transportation improvements by paying more taxes. Committee members discussed options such as looking at an average of funds spent by an agency on transportation over the past several years, or in FY03/04, or in FY04/05. Staff agreed to look into ways to address these issues and better define maintenance of effort. Some members suggested this section be included in the Expenditure Plan as well.

Administrative Costs – Section IX

Commissioner Beautz suggested that the administrative costs should reflect the actually administrative costs for each project and that those costs should be in proportion to the percentage of funds administered by each agency. Staff explained that the majority of the 1% would be used to fund annual audits, expenses related to the independent audit committee, etc. A small portion of that amount would be used by the RTC to distribute and monitor the discretionary funds. Administrative costs for individual projects are considered part of a project’s overall costs, not part of this line item of the Expenditure Plan.

Expenditure Plan Amendments - Section XIV

Commissioner Beautz expressed concern regarding the proposed process for amendments. After some discussion, Eileen Goodwin suggested the Commission use the Santa Clara County Traffic Authority Expenditure Plan language regarding amendments as a model

(outlined in her June 10, 2003 Memorandum regarding Undeliverable Projects). The subcommittee discussed establishing thresholds for when consensus among the Commission, Board of Supervisors, and local jurisdictions and/or all funding recipients is needed to amend the Expenditure Plan.

EXPENDITURE PLAN - Subcommittee members suggested the following additional changes to the Expenditure Plan:

Summary

- Commissioner Campos suggested it be noted in the first paragraph that the measure would fund projects identified as important to voters.
- Commission Alternate Quintanilla suggested the projects be listed after the first sentence
- Jim Conklin expressed concern that too many projects are on the list.

Goals and Objectives

Commissioner Beautz questioned whether or not the *Regional Transportation Plan* (RTP) goals needed to be listed. She especially expressed concern about the goal to coordinate land use and transportation decisions. Staff noted that since the Expenditure Plan will implement the RTP, and the environmental document for the Expenditure Plan is based on as much, it is important to reference the RTP in the Expenditure Plan. After some discussion, the subcommittee agreed to retain references to the RTP, but to delete the list of goals and the last sentence of the first paragraph.

Administration of the Sales Tax Measure

Commissioner Beautz expressed concern that annual allocations could be modified by the Auditor-Controller, upon request of the Commission and in consultation with fund recipients. She suggested that allocation modifications instead be determined by a group modeled after the Library Financing Authority, made up of all funding recipients, especially the Highway 1 JPA. She volunteered to ask Gary Knutson for additional information on setting up a financing authority and possible language for the Expenditure Plan.

Several subcommittee members and staff emphasized that it can be useful and important to be able to lend funds among projects as means to deliver projects when cash flow allows and other projects are not in immediate need of funds.

Bonding Authority

Similarly, Commissioner Beautz expressed concern having the Commission determine when and how funds would be distributed to projects, referenced in the “Bonding Authority Section.” Staff noted, as stated in the draft Plan, that bonding for the Highway 1 project shall be the priority and the proposal is that the Commission would decide when to release funds to other projects. Subcommittee members suggested it be clear when and how decisions would be made. Commissioner Beautz suggested decisions be made by a financing authority made up of all measure fund recipients.

The Projects

Subcommittee members discussed alternative splits of projected revenues.

Commissioner Fitzmaurice questioned if the project list and funding amounts could be changed after the measure is approved by voter if there are cost overruns on Highway 1. Staff noted that this could be done in accordance to the amendment provisions of the Plan. Eileen Goodwin noted that striping measure funds from other projects should only be considered after all other options, such as additional federal and state funds, are pursued.

Independent Audit Committee

Jim Conklin suggested the Plan spell out who would be members of the Committee and how they are selected. Several subcommittee members agreed. Eileen Goodwin noted that in Santa Clara County the oversight committee was selected by the League of Women Voters and included members of several interest groups, including non-profits and business groups. Staff agreed to develop oversight options for the subcommittee discuss at a future meeting.

Staff will return to the next meeting with Version 2 of the Draft Ordinance and Expenditure Plan.

Commissioner Campos, Commissioner Fitzmaurice and Pat Busch left the meeting.

5. Received Update on Status of Private Sector Campaign – Oral Report by Jim Conklin

Jim Conklin reported that the Citizens for Improved Transportation group has hired a consulting firm based out of Oakland to develop the private sector campaign. The same firm is working on the Contra Costa measure. The consultants are currently interviewing community leaders and developing a poll scheduled for late January/early February. They will use their poll to validate the Commission's poll, identify voting patterns and to develop an Expenditure Plan. He noted that they would use the Commission's draft Expenditure Plan as a basis. He added that the Executive Committee of the Business Council will determine if sufficient funding is available to fund a citizen initiative. He noted that the Citizens for Improved Transportation would decide whether or not they wanted to place it a measure on the ballot by mid-February.

6. Next Meeting: The next meeting of the Expenditure Plan Subcommittee is scheduled for 9:00 a.m. February 2, 2004 in the SCCRTC Conference Room, 1523 Pacific Avenue, Santa Cruz, CA.

Commissioner Beautz recommending the subcommittee look at the crosstabs at its next meeting, especially what polled well in different regions. Eileen Goodwin also suggested the subcommittee look at what projects moved people to supporting the measure.

Commissioner Beautz adjourned the meeting at 11:15 a.m.

Respectively Submitted _____
Rachel Moriconi, Staff