

AGENDA: May 6, 2004

TO: Regional Transportation Commission  
FROM: Linda Wilshusen, Executive Director  
RE: Draft Expenditure Plan for Local Transportation Sales Tax Measure – Public Input

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## **RECOMMENDATION**

Staff recommends that the RTC schedule an evening public hearing on the draft Expenditure Plan for Thursday, June 3, 2004.

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## **BACKGROUND**

At the April 15, 2004 Transportation Policy Workshop, the Commission reviewed and released for public comment the Draft Ordinance and Expenditure Plan, including the draft Program of Projects, for a local Transportation Sales Tax Measure.

The timeline calls for the SCCRTC to finalize the Expenditure Plan in June, and subsequently forward it to the County Board of Supervisors to include on the November 2004 ballot. During the month of May, the Commission is soliciting input from local jurisdictions, local transportation agencies, the Commission's committees and the general public.

## **DISCUSSION**

As Commissioners and staff solicit input, it is important to remember that the Commission's role is to provide factual, explanatory information to the public on the Expenditure Plan and proposed ballot measure. The Commission already does many public outreach activities, such as distributing fact sheets, articles for newsletters, holding public meetings, and making presentations to business, community, & governmental organizations. Commission Consultant Eileen Goodwin and staff have developed the attached Fact Sheet on the Expenditure Plan ([Attachment 1](#)).

As requested in earlier correspondence to Commissioners, please put the draft Expenditure Plan on the agenda for your City Council, Board of Supervisors or SCMTD Board meeting in early or mid-May. Staff further suggests Commissioners solicit input on the plan at any other community meetings they may attend this month. SCCRTC seeks input and endorsement of the draft Expenditure Plan.

Giving the draft Expenditure Plan to these entities to review is an important step in the Public Information Program for the Sales Tax Measure and also gives the Commission the opportunity to consider potential concerns of likely voters before the Plan is finalized.

## **Public Hearing/Timeline**

**Staff recommends the Commission schedule a public hearing for its June 3<sup>rd</sup> meeting, to take testimony from the public and other interested parties on the proposed Expenditure Plan.** Commission consultant Gene Bregman will conduct a final poll on the proposed Expenditure Plan later this month or early June. The Commission is scheduled to finalize the Expenditure Plan and forward it onto the Board of Supervisors next month. The Board of Supervisors must agree to place the ordinance and Expenditure Plan on the ballot by August 6, 2004. The Commission will continually implement and expand the public information program for the measure.

## **Additional Information**

At its April 15, 2004 meeting, the Commission asked for additional information, on: (1) cash flow and project delivery, (2) administrative tasks and costs, (3) contingency funds.

## **Project Delivery**

In very preliminary discussions about the draft Expenditure Plan earlier this fiscal year, it was stated that the Highway 1 project would use all the sales tax revenues in the early years of the measure and that other projects in the Expenditure Plan would have to wait until later years to receive funds. Since that time, Assistant County Administrative Officer Pat Busch has updated the financial analysis and determined that each category of projects in the Expenditure Plan can receive a percentage of the sales tax revenues each year. The amount of funding for each category is determined by the percentage share of the sales tax revenues in the Expenditure Plan. However, as with the State's GARVEE bonds which have priority over other STIP distributions, the debt service the Highway 1 bonds will have priority over other distributions. This financing convention allows us to use City/County distributions as part of the required coverage for the Highway 1 bonds.

Each of the recipient agencies will manage the funds they receive from the sales tax each year and use the funds as they see fit to deliver the projects as specified in the Expenditure Plan. For example, each city will receive a share of the Local City and County Transportation funds for its own projects each year (its share is based on its share of countywide population). A city council could decide to expend only the amount of funds it receives each year, or it could use financing tools to deliver projects in the earlier years, based on sales tax funds it will expect to get over the life of the sales tax measure.

For Expenditure Plan projects with fixed amounts of funding, the agency receiving the funds can also use cash management tools, if it chooses, to fund the project when it is ready to be implemented. For example, the SCCRTC could offer to pay the Transportation Agency for Monterey County some funds up front, and some in the future, for its share of the Watsonville-Pajaro Junction train station when it is ready to be constructed, currently scheduled for 2009.

The Highway Construction Authority (HCA), similar to other agencies receiving funding from the sales tax measure, will determine its financial management and project delivery plans. It is assumed that the HCA will bond to deliver the Highway 1 HOV Lane project as soon as feasible; Phases 1 and 2 will be implemented based on the HCA's financial management plan and project readiness.

### **Administrative Tasks & Costs**

All local transportation sales tax measures include a small amount of funding to administer the measure. Usually the amount is limited to 1% of annual revenues, as is done in the proposed draft Expenditure Plan. An average of approximately \$185,000 is projected to be used each year, as needed, for a variety of administrative tasks performed by the Auditor-Controller, independent auditors, and SCCRTC staff and consultants; Attachment 2 provides more details on these expected tasks. The actual amount of funding needed each year for administrative tasks may vary, based on actual costs for those tasks.

### **Contingency**

Though the Project Study Report (PSR) for the Highway 1 Carpool Lanes project includes contingencies within the cost estimates, in response to concerns expressed by some Commissioners, staff believes it is prudent to include additional contingencies in the Expenditure Plan, especially given the magnitude of the Highway 1 project. The amount identified in the Expenditure Plan is 5% of the amount targeted for Highway 1. As noted in the draft Expenditure Plan, if the contingency is not needed to fund cost overruns on any of the specific projects listed in the plan, the Commission would amend the plan to allocate those funds to a different project.

### **SUMMARY**

Commission consultant Eileen Goodwin and staff have developed a Fact Sheet for the draft Expenditure Plan, which is available to agencies and the public for review and input. Staff recommends the Commission hold a public hearing at its June 3, 2004 meeting to receive and consider input from the public.

#### Attachments:

1. Fact Sheet
2. Administrative Tasks for Expenditure Plan