

AGENDA: January 24, 2008

TO: Regional Transportation Commission
FROM: George Dondero, Executive Director
RE: Transportation Sales Tax Measure Development for the November 2008 General Election

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission (RTC) accept information presented by Peter Shellenberger of the PFM Group regarding finance planning, bonding requirements, and taxing authority responsibilities for implementation of a transportation sales tax measure.

BACKGROUND

The Santa Cruz County Regional Transportation Commission established a Transportation Funding Task Force to develop a local transportation funding plan in an effort to find areas of common transportation interests in the community which would in turn secure a super majority of Santa Cruz County voters. This approach was pursued following the failure in 2004 of the transportation funding plan developed primarily by the RTC.

The Transportation Funding Task Force, comprised of more than 70 community leaders, met for more than two years to solicit broad community input, discuss draft transportation plan options and gain a better understanding of the complex world of transportation funding. The RTC required that 2/3 of the Task Force members present and voting support a Transportation Funding Plan before it would be considered by the Commission. This was achieved at the final Task Force meeting in November 2007.

DISCUSSION

At its January 10, 2008 meeting, the RTC approved the Mobility Plan recommended by the Transportation Funding Task Force as the expenditure plan for a transportation sales tax measure. The RTC also approved the inclusion of an oversight committee and directed staff to return with potential committee composition options. In addition, the RTC directed staff to provide more information regarding the duties of tax authorities and the available options for transportation sales tax measure implementing authority. Staff also indicated that the research on Greenhouse Gas Emissions/Global Warming/Climate Change issues relative to transportation would be presented at the January 24th Transportation Policy Workshop meeting.

Tax Authority and Debt Issuance/Bonding

Based on the RTC's interest in the duties and functions of Tax Authorities, Peter Shellenberger, Senior Managing Consultant with the PFM Group (a financial planning consulting firm for public agencies) will provide a presentation on the typical responsibilities of a Tax Authority to develop a financing plan and the debt issuance process for optimizing planning and delivery of capital projects. Mr. Shellenberger has developed long-range capital plans for the San Diego Transportation Authority, Sacramento Transportation Authority, the Sonoma County Transportation Authority, Denver Regional Transit District and Miami Dade Transit, among others. He has executed numerous financial transactions for many of these clients based upon the long-range plans. Copies of Mr. Shellenberger's presentation will be available at the meeting. Information about the PFM Group along with Peter Shellenberger's resume can be found on the company's website (www.pfm.com).

In response to the RTC's request for more information about the financial duties of Tax Authorities, staff researched a few of the self-help counties in the state that are somewhat similar to Santa Cruz County. Attached are excerpts from the language of the transportation sales tax measures passed in Santa Barbara and Sonoma counties. The entities designated as tax authorities in these counties perform the duties of both the transportation planning agency as well as the Tax Authority (Attachment 1).

Tax measures include requirements for regular adoption of a funding plan for their program of projects, to provide documentation that the various agencies receiving the funds are meeting the prescribed expenditure percentages and to allow the oversight committees and the public access to a comprehensive reporting mechanism. The tax measures also outline requirements for consistency with other long term transportation planning efforts as well as a procedure for amending the Expenditure Plan should additional federal, state and local funds become available, or to account for other unforeseen circumstances. The approval process for amending the plan requires more than a simple majority support by the Tax Authority as well as notification and input processes to the affected entities and the public.

Global Warming/Greenhouse Gas Emission Reduction

There is a huge amount of interest in the community, the state, and the nation regarding Global Warming and the need to reduce Greenhouse Gas emissions. In a separate agenda item, staff has outlined some of the options for linking Greenhouse Gas Emission Reduction strategies with the sales tax measure, including a toolkit of potential implementation practices to meet strategic greenhouse gas reduction goals. It is apparent that addressing this issue will be required and that a proactive approach by the RTC would be a positive step toward this issue of community importance.

Next Steps

As reported at previous meetings, the community is looking to the Regional Transportation Commission for leadership to indicate whether to pursue a transportation sales tax measure at this time. While it is clear that there is an urgent need for local funding and that delays in securing new local funds could result in increased project costs or less community funding

capacity, polling results indicate that in the absence of an intensive outreach campaign 2/3 voter support for either a package of projects or single project measure will be a challenge. Premature action by one group that could have implemented such a campaign has cast a pessimistic shadow over the Regional Transportation Commission's and the Transportation Funding Task Force's efforts. Part of the mission of the Regional Transportation Commission is to lead the way by making the difficult transportation decisions for the community. The Regional Transportation Commission will be asked at their February 7th meeting to direct staff to continue with a Sales Tax Measure for the November 2008 ballot. This step will initiate the required plan-level Environmental Document, the continued commitment of staff resources for the development of the detailed Expenditure Plan components and for public outreach activities. Consensus on the direction at the February 7th meeting is critical.

SUMMARY

In November 2007, the RTC received the mobility plan recommended by the Transportation Funding Task Force for a transportation sales tax measure. Since then the RTC has been taking the necessary steps to place a transportation sales tax measure on the November 2008 ballot. Staff recommends that the RTC accept information presented by Peter Shellenberger of the PFM Group regarding finance planning, bonding requirements, and taxing authority responsibilities for implementation of a transportation sales tax measure.

Attachment 1: Excerpts from the Santa Barbara and Sonoma County Transportation Sales Tax Measures

\\Rtcserv1\shared\TPW\TPW 2008\0108\TaxMeasure\Tax Measure Staff Report.1.24.08.doc