

## STAFF REPORT

**SUBJECT:** Measure A Program of Projects

**MEETING DATE:** February 18, 2010

**AGENDA ITEM:** 11

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

**RECOMMENDATION:**

- A. Approve five year revenue estimate for the first Measure A program of projects.
- B. Approve a two-year pilot methodology for allocating North County specialized transit funding.

**DISCUSSION:**

As the Local Transportation Authority, SBCAG is responsible for allocating transportation sales tax revenues according to the voter-approved ordinances and investment plans. Under Measure D, this process would normally start in February with the release of revenue estimates for local and regional projects 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 was started a month early so that SBCAG staff and TTAC could 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 was possible to start this process in January because in December the board adopted a cash flow scenario for Measure A to be included in the draft strategic plan that will be presented for review in March. The revenue estimates on the attached tables are therefore based on that scenario. If changes are made to the scenario when the strategic plan is adopted by the board, it could require that the estimates in the attached tables be modified, possibly delaying the POP schedule described later in the staff report.

The estimates are the basis for deriving 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 and submit to SBCAG an itemized program of projects, after holding a public hearing, which 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.

The starting point for program of projects process is estimates of Measure A allocations for the five year period FY 10/11 to FY 14/15 reflected in the attached tables 1 - 5.

- Table 1 - The overall Measure A program revenue estimate for the five year period is presented in Table 1. The amount of net revenues available for allocation each fiscal year is consistent with the first five fiscal years in scenario 2F that the SBCAG board approved 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 and \$345,000 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 a maximum 1.5%. The table also includes a deduction of gross revenues of 1.0% for SBCAG administrative costs. In January, the administrative costs were incorrectly calculated from the net revenue amount, after Board of Equalization costs had been deducted. The table has been adjusted to derive the administrative costs from gross revenues, as the state statute prescribes. The table includes debt service payments from a \$50 M 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.
- Table 2A - Table 2A lists the 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 have been used to derive a percentage of the sub-program revenue that each will receive annually.
- Table 2B - The estimated revenues available for the South Coast Highway 101 HOV project and other "named" projects are reflected in Table 2B. The estimate is derived by deducting the North County and South Coast annual allocation total from the net revenues available for allocation in Table 1.
- Table 3 - Table 3 derives the estimated North County and South Coast Local Street and Transportation Improvement revenues by jurisdiction within sub-regions using the LTSI estimate from Table 2A and population estimates from January 2009. The North County and South Coast unincorporated population split is based on the 2000 census. When 2010 census information becomes available (expected in 2011) it will be updated. The investment plan specifies that on the South Coast, each local agency will provide SBMTD with a percentage of their gross LTSI allocation to be used for transit operations. These estimates are reflected in Table 3. The funds will be distributed directly to SBMTD per the investment plan. The table also reflects the minimum percentage of LTSI funding and the corresponding dollar amount that each local agency must expend on alternative transportation by the end of the five year period as required by the Investment Plan.

Table 4 - Table 4 reflects the estimated revenues for Easy Lift, the sole specialized transit service provider on the South Coast, and a revenue estimate for the North County based on population and paratransit ridership. Per the investment plan, transit operators and Consolidated Transportation Service Agencies 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. 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..

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. The methodology recommended by a staff committee comprised of North County transit operators, and TTAC, is to distribute half of the annual North County Specialized Transit funding based on population, with a \$5,000 base allocation to Guadalupe and SMOOTH, and the other half based on specialized transit ridership figures. Table 4 reflects population figures from the Department of Finance for January 2009 and specialized transit ridership figures from FY 08/09 as provided by transit providers for the 2010 Transit Needs Assessment. The population and ridership figures will be updated to reflect the most current population and specialized transit figures and staff recommends the North County methodology be reviewed in two years when the Strategic Plan is updated.

Table 5 - This table is a summary of revenue estimates reflected in Tables 1-4, organized by the two Programs of Projects, a Local program, and an Authority program, that the ordinance requires be annually adopted by SBCAG. It includes a column showing which agencies are responsible for preparing the various components of the two POPs.

#### Program of Projects Submittal Form

The submittal form for Local Street & Transportation Funding Programs of Projects is based on Appendix B1 (Local Street and Transportation Improvements Funding Eligible Uses) and Appendix B2 (eligible Local Street and Transportation Improvements Funding Alternative Transportation Expenditures) of the Measure A Investment Plan. The submittal form also includes a designated area for agencies to identify how they are meeting their prescribed alternative transportation expenditure percentages. These percentages for local alternative expenditures need to be met by the end of the fifth year of the POP. One column is to be used exclusively by the County to identify expenditures on Class 2 bikeway maintenance that may be oriented towards its alternative transportation percentage. The County may count 50% of such expenditures towards its percentages, but these expenditures may not exceed 50% of the prescribed percentage in the five year period.

## Program of Projects Workshop for Local Agency Staff and Transit Operators

At the January TTAC meeting, public works staff expressed the need for a workshop to explain the POP process and the differences between Measure D and Measure A POPs to staffs in their finance departments. This workshop is set for March 17<sup>th</sup> in Solvang. Additionally, staff is currently developing the Measure A POP manual which will be distributed to local agency staff prior to the workshop.

### Schedule

A summary schedule of the Measure A POP process is attached to this report (Attachment A).

### Recommendation:

- A. Approve five year revenue estimates for the first Measure A program of projects.
- B. Approve a two-year pilot methodology for allocating North County specialized transit funding.

### Committees

The TTAC unanimously approved the recommendation at its February meeting.

### Attachments:

Attachment A - Measure A Program of Projects Development Schedule  
Attachment B - Draft Measure A Local Program of Projects Submittal Form

Table 1 – Five Year Revenue Estimate

Table 2 – North County and South Coast Annual Allocations

Table 3 – Five Year Revenue Estimate: Local Street & Transportation Improvement and South Coast Transit Operations

Table 4 – Five Year Revenue Estimate: Specialized Transit For Elderly & Disabled

Table 5 – Five Year revenue Estimate: Local & Authority Program of Projects

**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 |
| • Measure A orientation and accounting workshop in Solvang for finance, public works, administration and transit staffs.   | March 17, 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 15, 2010   |
| • SBCAG reviews local programs of projects and seeks modifications as necessary.   | Late April, 2010 |
| • Draft Measure A POP presented to TTAC for review .   | May 6, 2010      |
| • SBCAG approves Local and Authority Program of Projects and allocation of Measure A funds FY 2010-11.   | June 2010        |