ATTACHMENT A

TO: Policy Board

Staff Memorandum
**INFORMATION**

FROM: Vince Harris, Executive Director
DATE: January 25, 2008
SUBJECT: 2008 Transportation Sales Tax Program—Status Update

## Background

At the January 9, 2008 Policy Board meeting, during my Executive Director's Report, I presented to Policy Board Members a recap of the December 12, 2007 Strategic Planning Workshop. As a part of that workshop, Members discussed the need and possibility of pursuing a 2008 Transportation Sales Measure. After completion of my Director's report, Members directed staff to proceed with the following activities:

a. By the February 13th Policy Board meeting, provide a consensus based framework for a new Transportation Expenditure Plan.
b. Create a budget for the development and outreach of a new Transportation Expenditure Plan.
c. Prepare a milestone schedule to complete all public sector work.

## Status of Activities

In order to achieve the directed worked activities, staff has proceeded as follows:

1. An informational email memorandum was sent to all City Managers, the County CEO and the Alliance CEO regarding the proposed Transportation Expenditure Plan. The memo explained the Policy Board's interest and requested that all attend a half day working meeting to discuss the issue.
2. The working meeting was held Friday January 18th at the City of Ceres Council Chambers. The following were in attendance:

Rick Robinson, County CEO
Matt Machado, County Public Works Director
Bill Bassitt, Alliance CEO
Brad Kilger, Ceres City Manager
Michael Brinton, Ceres
Kenneth Craig, Ceres
Sarah Ragsdale, Ceres
Joe Donabed, Hughson City Manager
David Chase, Hughson Public Works Director
Jim Niskanen, Modesto Acting City Manager
Judith Ray, Modesto Deputy City Manager
Michael Holland, Newman City Manager
Steve Hallam, Oakdale City Manager
Cleve Morris, Patterson City Manager
Bryan Whitemeyer, Patterson Deputy City Manager
Rich Holmer, Riverbank City Manager
David Melilli, Riverbank Public Works Director
Tim Kerr, Turlock City Manager
Chuck Deschenenes, Waterford City Manager
StanCOG staff: Vince Harris, Vince Canales, Carlos Yamzon & Lark Downs

The intent of the meeting was to reach agreement with all City Managers and the County on the following:

1. The duration of a propose Transportation Sales Tax Program
2. Projected sales tax to be collected
3. Elements of a 2008 Transportation Expenditure Plan

As a process of attempting to reach agreement, the previous 2006 Transportation Expenditure Plan was reviewed. The 2006 Plan was a comprehensive plan of transportation expenditures for the next 30 years in Stanislaus County. The 2006 Expenditure Plan components are summarized in the following Table 1.

**Table 1 – 2006 Expenditure Plan Summary**

| | % | 2006 Dollars ($) |
|---|---|---|
| 1. State Highway Corridors | 44.2% | $450 million |
| 2. State Highway Interchanges (will require local, state and federal funds match) | 15.7% | $160 million |
| 3. Local Transportation Improvements | 9.8% | $100 million |
| 4. Matching funds for Federal funds | 3.9% | $ 40 million |
| 5. Pavement Management Program (for pothole repair and curb to curb pavement overlays on existing city streets and county roads) | 24.4% | $250 million |
| 6. Commuter Rail Transit | 1.0% | $10 million |
| 7. Paratransit for Seniors and Disabled Persons | 1.0% | $10 million |
| TOTAL | 100% | $1,02 billion |

Under existing state law, the proposed half cent sales tax measure required a 66 2/3% majority approval in order to pass; and, the Stanislaus County Clerk Recorder's office indicted the 2006 Sales Tax Program received a 57.92% voter approval. As a point of reference, during this discussion the Alliance CEO provided a summary overview of election results by precinct and offered some insight into where the Measure was successful and where it was perceived to be weak amongst the voters. This information was used as a reference to frame the continued discussion about the possible components of a 2008 Transportation Sales Tax Program.

The combined group reached agreement that the new sales tax program should be proposed at 20 years; and that the projected sales tax revenues should be based on the 2006 revenue projections less the 10 years of revenue collection. Based on these assumptions, the 20 year sales tax projection is assumed at $700,000,000.

The last task was to reach agreement on the elements of the sales tax program. As noted above, the 2006 Expenditure Plan was composed of seven different elements. Based on discussions with policy Board Members, and persons and groups opposing the previous Measure; the group agreed that a new Expenditure Plan should only include the following two components: (1) a "Local Traffic Improvement and Road Maintenance Program", and (2) Dedicated Capital Corridor Improvements.

The group agreed that the two programs should share equally in the projected sales tax revenues. Therefore, each program would receive 50% of expected revenues, or $350 million dollars for distribution. The "Local Traffic Improvement and Road Maintenance Program" discussion revolved around the equitable distribution of these funds to each City and the unincorporated area of the County. The discussion focused on the following two formulas:

1. Funds allocated (as a floor) based on 70% of Sales Tax, 20% Road Miles & 10% Population
2. Funds distributed based on 100% of Population

Tables 2 and 3 below summarize these formulas:

**Table 2- 70%, 20%, 10% Allocation**
**Local Traffic Improvement and Road Maintenance Program**

| Jurisdiction | Sales Tax Collection % | Sales Tax Collection $ | Population % | Population $ | Road Miles % | Road Miles $ | Jurisdiction Total $ |
|---|---|---|---|---|---|---|---|
| Ceres | 5.85% | 14,332,500 | 8.05% | 2,818,600 | 4.23% | 2,961,000 | 20,112,100 |
| Hughson | 0.72% | 1,764,000 | 1.17% | 408,190 | 0.87% | 609,000 | 2,781,190 |
| Modesto | 37.72% | 92,414,000 | 40.11% | 14,038,604 | 20.02% | 14,014,000 | 120,466,604 |
| Newman | 0.61% | 1,494,500 | 1.98% | 691,413 | 1.01% | 707,000 | 2,892,913 |
| Oakdale | 4.28% | 10,486,000 | 3.57% | 1,250,209 | 2.49% | 1,743,000 | 13,479,209 |
| Patterson | 1.42% | 3,479,000 | 4.00% | 1,401,015 | 1.61% | 1,127,000 | 6,007,015 |
| Riverbank | 1.76% | 4,312,000 | 4.12% | 1,442,424 | 2.07% | 1,449,000 | 7,203,424 |
| Turlock | 14.06% | 34,447,000 | 13.29% | 4,652,443 | 8.13% | 5,691,000 | 44,790,443 |
| Waterford | 0.42% | 1,029,000 | 1.65 | 576,513 | 0.83% | 581,000 | 2,186,513 |
| County | 33.16% | 81,242,000 | 22.06 | 7,720,581 | 58.74% | 41,118,000 | 130,080,581 |
| TOTALS | 100.00% | 245,000,000 | 100.00% | 35,000,000 | 100.00% | 70,000,000 | 350,000,000 |

**Table 3- 100% Population Distribution**
**Local Traffic Improvement and Road Maintenance Program**

| Jurisdiction | Sales Tax Collection % | Sales Tax Collection $ | Population % | Population $ | Road Miles % | Road Miles $ | Jurisdiction Total $ |
|---|---|---|---|---|---|---|---|
| Ceres | 5.85% | 0 | 8.05% | 28,186,000 | 4.23% | 0 | 28,186,000 |
| Hughson | 0.72% | 0 | 1.17% | 4,081,903 | 0.87% | 0 | 4,081,903 |
| Modesto | 37.72% | 0 | 40.11% | 140, 386,042 | 20.02% | 0 | 140, 386,042 |
| Newman | 0.61% | 0 | 1.98% | 6,914,134 | 1.01% | 0 | 6,914,134 |
| Oakdale | 4.28% | 0 | 3.57% | 12,502,085 | 2.49% | 0 | 12,502,085 |
| Patterson | 1.42% | 0 | 4.00% | 14,010,148 | 1.61% | 0 | 14,010,148 |
| Riverbank | 1.76% | 0 | 4.12% | 14,424,244 | 2.07% | 0 | 14,424,244 |
| Turlock | 14.06% | 0 | 13.29% | 46,524,429 | 8.13% | 0 | 46,524,429 |
| Waterford | 0.42% | 0 | 1.65 | 5,765,134 | 0.83% | 0 | 5,765,134 |
| County | 33.16% | 0 | 22.06 | 77,205,813 | 58.74% | 0 | 77,205,813 |
| TOTALS | 100.00% | 0 | 100.00% | 350,000,000 | 100.00% | 0 | 350,000,000 |

Based on these formulas it was determined that the County and the City of Oakdale would receive less funds if the 100% Population formula was the basis of distribution. Therefore, subsequent to the January 18th meeting, Cities and County staff proposed the following solution as shown in Table 4 below:

**Table 4- 98% Cities Population Basis**
**Local Traffic Improvement and Road Maintenance Program**

| Jurisdiction | Sales Tax Share (%) | Allocation Based On Sales Tax Only ($) | Population Share (%) | Allocation Based On Population Only ($) | Base Funding to Cities Established Using 98% of the Greater of Sales Tax or Population Percentages ($) | Annual Base Funding Using 98% of the Greater of Sales Tax or Population Percentages ($) | Agency Share Annual Growth at 3% based on Sales Tax % ($) | Agency Share Annual Growth at 3% based on Pop . % ($) | Allocation 50% Pop. & 50% Sales Tax |
|---|---|---|---|---|---|---|---|---|---|
| Ceres | 5.85% | 20,475,000 | 8.05% | 28,186,000 | 27,622,347 | 1,381,117 | 30,713 | 42,263 | 36,488 |
| Hughson | 0.72% | 2,520,000 | 1.17% | 4,081,903 | 4,000,265 | 200,013 | 3,780 | 6,143 | 4,961 |
| Modesto | 37.72% | 132,020,000 | 40.11% | 140, 386,042 | 137,578,322 | 6,878,916 | 198,030 | 210,578 | 204,304 |
| Newman | 0.61% | 2,135,000 | 1.98% | 6,914,134 | 6,775,851 | 338,793 | 3,203 | 10,395 | 6,799 |
| Oakdale | 4.28% | 14,980,000 | 3.57% | 12,502,085 | 14,680,400 | 734,020 | 22,470 | 18,743 | 20,606 |
| Patterson | 1.42% | 4,970,000 | 4.00% | 14,010,148 | 13,729,945 | 686,497 | 7,455 | 21,000 | 14,228 |
| Riverbank | 1.76% | 6,160,000 | 4.12% | 14,424,244 | 14,135,759 | 706,788 | 9,240 | 21,630 | 15,435 |
| Turlock | 14.06% | 49,210,000 | 13.29% | 46,524,429 | 48,225,800 | 2,411,290 | 73,815 | 69,773 | 71,794 |
| Waterford | 0.42% | 1,470,000 | 1.65 | 5,765,134 | 5,649,831 | 282,492 | 2,205 | 8,663 | 5,434 |
| Subtotal Cities | | | | | 272,398,519 | 13,619,926 | 350,910 | 409,185 | 380,048 |
| County | 33.16% | 116,060,000 | 22.06% | 77,205,813 | 77,601,481 | 3,880,074 | 174,090 | 115,815 | 144,953 |
| TOTALS | 100.00% | 350,000,000 | 100.00% | 350,000,000 | 350,000,000 | 17,500,000 | 525,000 | 525,000 | 525,000 |

The above proposal assumes distribution of sales tax revenues, 50% to local jurisdictions and 50% to regional projects. Growth in local shares is proposed to be allocated based on 50% population and 50% sales tax percentages.

The remainder of the January 18th meeting focused on capital improvements for regional projects. This activity distributed the remaining $350 million in projected sales tax revenues. The discussion delineated the following three regional corridors: northern, central and southern. Table 5 below indicates the projects proposed for these corridors.

**Table 5 – Proposed Capital Corridor Improvements**

| ***Project*** | ***Improvements*** | ***Estimated Project Cost**** | ***Proposed Sales Tax Allocation*** | ***PSR Status*** | ***Construction Award Schedule*** |
|---|---|---|---|---|---|
| | | | | | |
| Northern Corridor | North County Corridor: New 2 to 4 Lane Expressway, Dale Rd to east of City of Oakdale | TBD | $116.67 million | Complete by April 2008 | TBD |
| Central Corridor | SR99 @ Mitchell Rd./Service Rd. I/C Reconstruction | $80 million | $31 million | Complete | TBD |
| Central Corridor | SR132 Widening from I-580 to SR99: widen from 2 to 4 lanes. Widen and provide Operationl Improvements from SR99 to Waterford Includes SR99 @ SR132 Connectivity Improvements | TBD | $85.66 million | TBD | TBD |
| Southern Corridor | W. Main Improvements: Widen and provide Operational Improvements from Turlock to I-5 | TBD | $116.67 million | TBD | TBD |
| TOTALS | | TBD | $350 million | | |

The above corridor projects were discussed extensively by the group. The following are conditions associated with these proposed regional projects:

1. Any revenue growth in the overall Transportation Sales Tax program will be prorated across all three Capital Corridors.
2. It is anticipated that these projects will leverage both State and Federal funds as has been historically experienced by other “Self Help Counties” who have Transportation Sales Tax programs.
3. It is understood that projected Transportation Sales Tax revenues associated with each of these corridors will not change existing funding protocols to compete for other State or Federal transportation funds. Additionally, these existing transportation funding programs remain separate and distinct from the proposed Transportation Sales Tax program.
4. It is understood that the projects identified in each corridor must remain through the duration of the proposed Transportation Sales Tax Program; and must be delivered in a timely manner by each project sponsor based on agreed-to milestone schedules.

## Funding For Public Sector Work Activities

StanCOG staff reminded the group of the need to fund the public sector work activities through an amended FY07/08 StanCOG Operating Budget revision. The budget amendment is proposed at $400,000; and would fund the following activities:

a. Consultant fees for public polling
b. Staff time to re-write the Expenditure Plan based on polling results and other data.
c. Consultant fees to update the corresponding Environmental Impact Report.
d. Consultant fees to provide public education and outreach services.
e. Staff time to gain Local Jurisdiction and Board of Supervisors concurrence of the updated Expenditure Plan.

Staff proposed that the budget be achieved through the use Transportation Development Act (TDA) funds under the Transit Cost Sharing Step 3 Local Transportation Funds (LTF) process. Staff proposed to prorate (based on population) all Local Jurisdictions and Stanislaus County's FY07/08 LTF Road Fund shares to achieve the proposed $400,000 Expenditure Plan budget. The group agreed with this proposed approach.