	CITY OF MODESTO **COUNCIL AGENDA REPORT**	**COUNCIL MEETING:** **February 5, 2008**

January 29, 2008

TO: City Council

FROM: Jim Ridenour, Mayor

SUBJECT: One-Half Cent Sales Tax Measure in Support of County-wide Transportation Expenditure Plan

CONTACT: James E. Niskanen, Interim City Manager; jniskanen@modestogov.com; 209-577-5404

RECOMMENDED COUNCIL ACTION

Adopt a motion in support of a county-wide one-half cent transportation sales tax measure and placement on the November 2008 voter ballot.

BACKGROUND

In November 2006, the electorate of Stanislaus County and its nine cities rejected Measure K, a proposal to increase the sales tax by one-half cent. This measure, if passed, would have generated revenue to address transportation deficiencies throughout the region.

Recognizing that significant transportation infrastructure deficiencies still exist and adequate funding is not available, StanCOG is preparing, pending the StanCOG Policy Board's concurrence, to resubmit this issue for voter consideration in November 2008. The StanCOG Policy Board is scheduled to review and act on this item at their February 13, meeting.

Over the past three weeks, significant effort has been made to provide a consensus based framework for the new Transportation Expenditure Plan. This work is summarized in the attached report from Vince Harris, StanCOG Executive Director, dated January 25, 2008. Mr. Harris will also be available to answer any questions from the Council at the February 5, meeting.

Proposal highlights include:

- 20-year plan with estimated revenue of $700,000,000.
    - 50% of the sales tax revenue for capital corridor improvements – North County Corridor Project, Central Corridor, and Southern Corridor (see Table 5 of StanCOG report).
    - 50% for local traffic improvements and road maintenance efforts.
- Base funding for the nine cities is allocated based on the greater of sales tax or population percentage (see Table 4 of StanCOG report).

REASONS FOR RECOMMENDATION
Support from each of the nine cities and Stanislaus County is critical to the success of any proposed sales tax measure.

POLICY ALTERNATIVES
The Council may elect any of the following alternatives:

1. Take no action.
2. Support the current recommendation.
3. Support the recommendation, but recommend a different methodology.

COMMITTEE RECOMMENDATION
The Finance Committee reviewed and concurred with this recommendation at their regular meeting of January 28, 2008.

FISCAL IMPACTS
The fiscal impact will be better defined once a final strategy has been determined. However, initial estimates are that a 20-year plan will generate approximately $700,000,000 with $350,000,000 committed to regional projects and $350,000,000 divided among the County and nine cities for local traffic improvements and road maintenance. Under the proposed allocation formula, Modesto could anticipate receiving $137.6 million over the 20-year period or approximately $6.9 million annually.

STEPS FOLLOWING APPROVAL
This matter will be considered by the StanCOG Policy Board at their February 13, meeting. The City of Modesto representatives on the Policy Board are Mayor Ridenour and Councilmembers Hawn and Keating.

Submitted by: _____
Jim Ridenour, Mayor

Attachment: StanCOG Executive Director's report of January 25, 2008