



COUNCIL AGENDA REPORT
COUNCIL MEETING
Date: January 28, 2008

CITY COUNCIL

Anthony Cannella, Mayor
Chris Vierra Ken Lane
Guillermo Ochoa Bret Durossette

Report Preparation Date: 1/22/08

TO: Mayor and City Council
FROM: Kenneth H. Craig, Community Development Director
SUBJECT: Transportation Sales Tax Program
CONTACT: Michael F. Brinton, mbrinton@ci.ceres.ca.us, (209) 538-5621

RECOMMENDED COUNCIL ACTION:

Indicate support, opposition or make and alternative recommendation to the proposed allocation of funds from the Transportation Sales Tax Program that was developed at a meeting on January 18, 2008 of the City Managers, County CEO, the StanCOG Executive Officer and associated staff.

I. BACKGROUND:

It is planned to place a measure on the November Ballot to request approval of a ½ cent Transportation Sales Tax. A similar measure was rejected by the voters in 2006. The program as proposed would be for a twenty year period and is expected to generate \$700,000,000.00. The funding was to be split 50-50 to local road maintenance and regional projects.

A meeting composed of the County and City staff representatives was held on Friday January 18 to develop a draft expenditure plan for review and approval by the County, each city and the StanCOG Board. If supported by the nine cities and the County, the goal of StanCOG is to place this measure on the November 2008 ballot. Therefore the expenditure plan needs to be approved no later than February to permit time for all the necessary steps to be completed by November.

Though the intent of the meeting was to have an open discussion regarding the amount of funding to be requested and how it would be distributed, it was obvious from the beginning of the meeting that several parameters had been predetermined based on previous discussions by the County, the business community and some city representatives. Specifically the total dollar amount to be collected (\$700,000,000), the time frame for collection (20 years) and the proposed 50-50 split between local maintenance and regional projects had been predetermined. There also were three specific regional projects (corridors) recommended to receive the entire regional funding share.

What had not been decided was the formula for distribution of the local road maintenance share. In brief the justification given for having the majority of the expenditure plan drafted prior to the meeting was based on the input StanCOG and those parties who were involved in the previous effort received from those who opposed the last measure.

Attached is the handout material from the meeting, including the letter sent by Ceres outlining our preferred expenditure plan format. At the conclusion of the meeting, Vince Harris the StanCOG Executive Officer agreed to develop a draft paper outlining the discussion and agreed upon points to be included in the expenditure plan. It will not be ready for distribution until after publication of the Council January 28 Council packet. We will forward it to you once it is received. Since we do not have the document, the purpose of this staff report is to provide the Council with a general understanding of what took place at the meeting and what is being proposed. Vince Harris will be present at Monday's meeting to discuss the proposed expenditure plan and answer questions.

Local Road Maintenance Funding

Fifty percent (\$350,000,000) would be used for local road maintenance and would be distributed based on each jurisdiction's percentage of population. Ceres' share would equal approximately \$28,175,000 over 20 years. The exception was the City of Oakdale which requested that their local fund allocation be based on a 70% sales tax, 20% population and 10% road miles maintained as proposed by the City of Turlock. Subsequent to the meeting Oakdale further requested their share be boosted to that which Riverbank will receive given the proximity of the two cities and their similar population. No justification has been given on why Oakdale warranted this special treatment. Ceres agreed to the use of a population formula as this would generate almost \$ 8 million more over 20 years than the 70/20/10 Turlock split. At this point it is our understanding the County will make Oakdale whole through a loan process. However, we do not know if the other cities will be impacted by this formula.

Regional Projects

The other fifty percent would be allocated for Regional Corridor Projects. There is a heavy emphasis on corridors over improvements to Highway 99 and interchanges. This is supposedly based on StanCOG's criteria for establishing STIP project funding priorities and the feedback received on the last measure. Allegedly those in opposition felt too much funding was allocated to Highway 99 and interchanges, which they believed to be the responsibility of the State. As a result three corridor projects were recommended to be funded out of the \$350,000,000 regional share as follows:

North Corridor - \$117,000,000 - This project would provide funds for a revised southern Oakdale Bypass Project that would connect to SR 120 near Oakdale and to Kiernan Road near Salida. However, funding for the original north Oakdale bypass is still being retained in StanCOG's project budget.

South Corridor - \$117,000,000 - This project would provide funds to improve the roadway between West Main Street in Turlock and I-5 near the City of Patterson. The western portion of the roadway would consist of a new road parallel to Las Palmas in order to save the existing palm trees.

Central Corridor - \$117,000,000 - This project would provide funds to improve SR 132 east and west and through the City of Modesto.

Per the attached letter the City of Ceres protested the lack of a regional project that addressed the traffic needs of Ceres, Hughson and south Modesto. Under the draft proposal the entire funding generated by the sales tax and most likely all STIP funding for the next 20 years would go to these three corridors and none for other critical regional transportation projects. The previous measure addressed regional project funding by listing all the priority projects from StanCOG's Regional Transportation Plan (RTP) and allocated a set amount of funding to that category. The process then would be to allocate the new revenue through the bi-annual STIP process based on those projects that were ready to proceed to construction.

None of the proposed corridors are any where near the construction phase, except for portions of the 132 corridor. Of all the projects in the County, except for Whitmore Interchange and parts of 132, the Service/Mitchell interchange is the furthest along in development. Under the traditional StaCOG STIP process Service/Mitchell would be most likely the first funded and built. As stated above the draft proposal would essentially lock up all the new sales tax revenue and StanCOG funding for the next 20 years. It was based on these facts Ceres staff requested \$62 million of the \$350 million regional share be allocated to Service/Mitchell. If this funding were to be available it is very likely the project could be under construction in less than five years.

At the meeting the other cities and the County acknowledged the importance of Service/Mitchell to the County's regional circulation system. However, they were not willing to allocate any of the funding from the north or west corridor projects. Finally the County and Modesto agreed to allocate \$31 million from the central corridor project, which would leave \$86 million for 132. Again it should be noted that the funding for any of these projects is not sufficient to complete construction.

II. REASONS FOR RECOMMENDATION:

The allocations for funding as shown above were the consensus of the group as best meeting the transportation needs of the county over the next twenty years. Ceres did not agree with the proposed regional project formula, however, we said we would present it to the City Council for your consideration. It should be noted that no individual entity was able to secure the total amount of funds needed for any individual regional project. Regarding funding of the local maintenance share, staff concurred with the use of the population based formula; however, we are still awaiting the details of how Oakdale's requested will be addressed and whether this will have any impact on Ceres' local share.

III. EXISTING POLICY / RELATIONSHIP TO THE STRATEGIC PLAN:

The construction of improvements at the Mitchell/Service Over Crossing is in accordance with the first goal of the Strategic Plan to "Define and implement actions to address the City's primary infrastructure needs (waste water treatment and disposal, water, Mitchell Road interchange)"...

IV. POLICY ALTERNATIVES:

The alternative to approving the recommendations as shown would be to request that additional recommendations are prepared that better suit the needs of the City of Ceres. Additional projects could be considered or adjustments to the recommended funding could be made.

V. FISCAL IMPACTS:

The allocation of funds obviously affects the construction of the Mitchell/Service Interchange. It is hoped to have sufficient funds allocated from this program to allow construction to be started in the next few years. It is recognized that additional funding will be needed to complete this project.

VI. INTERDEPARTMENTAL COORDINATION:

This program involves the City Manager, Administrative Services Department and the Engineering Division of the Community Development Department.

VII. PUBLIC PARTICIPATION:

The Transportation Sales Tax Program will need to be approved by two thirds of the voters in order to be enacted.

VIII. COMMITTEE RECOMMENDATION:

This proposal was approved by a committee consisting of the City Managers, County CEO, and StanCOG Executive Director.

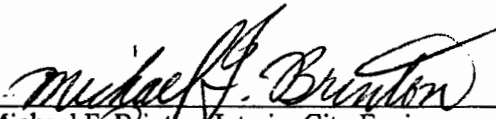
IX. ENVIRONMENTAL REVIEW:

This action is Statutorily Exempt under Section 15276 of Transportation Improvement and Congestion Management Programs of CEQA. Individual projects will be subject to CEQA requirements when they are designed and built.

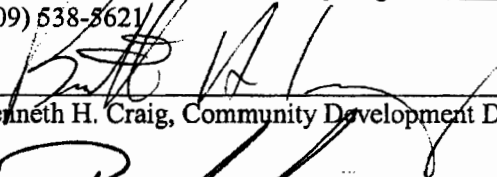
X. STEPS FOLLOWING APPROVAL:

Upon approval of this recommendation by all the City Councils within the County and the Board of Supervisors, proper steps will be taken to place this on the November 2008 ballot.

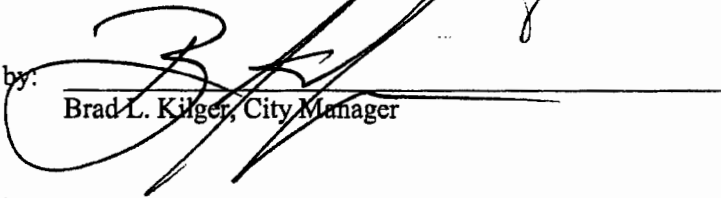
Prepared by:


Michael F. Brinton, Interim City Engineer, mbrinton@ci.ceres.ca.us;
(209) 538-5621

Reviewed by:


Kenneth H. Craig, Community Development Director

Submitted by:


Brad L. Kilger, City Manager

Attachments:

- 1) Ceres letter dated 1/17/08 commenting on proposed expenditure plan
- 2) Handouts from January 18, 2008 StanCOG
- 3) 2006 proposed 30 year Transportation Sales Tax Expenditure Plan



CITY COUNCIL

Anthony Cannella, Mayor
Chris Vierra Ken Lane
Guillermo Ochoa Bret Durossette

January 17, 2008

Vince Harris
Executive Director
Stanislaus Council of Governments
900 H Street, Suite D
Modesto, CA 95354

Dear: Mr. Harris

In response to your request for input on the structure of an expenditure plan for the proposed Transportation Tax, I offer the following comments. Of course the City of Ceres' final position is dependent on formal action by the Ceres City Council, which is tentatively scheduled to occur at their meeting of January 28th, 2008.

Let me begin by saying that in general the City of Ceres understands the importance of obtaining additional funding for our local and regional circulation system and supports a collaborative approach. However, the methodology utilized in any funding approach must treat all parties equitably to the greatest extent possible.

The following comments are based on the current proposal being circulated that provides for a 50/50 split of \$750 million dollars over twenty years for regional and local projects. In short it is our position that the current regional formula consisting of three projects must include a fourth regional project, the Service/Mitchell Interchange. To adequately fund the construction of the project will require allocating \$62 million of the \$350 million regional share. In regards to the local component, the current formula bases the allocation on a combination of population, sales tax generation and road miles to be maintained. This formula results in a loss of over \$7 million over twenty years to the City of Ceres. Our position would be that the plan utilizes a straight population factor to determine local share distribution. However, in that the Service/Mitchell interchange is our top transportation priority, we remain somewhat flexible on the local formula and are willing to discuss further.

Our requirement that Service/Mitchell be included in the list of regional projects is based on the following reasoning. It has been implied that the three currently proposed projects address the regional circulation needs of the entire County. This is incorrect. None of these projects will service the regional circulation requirements of Ceres, Hughson or southwest Modesto.

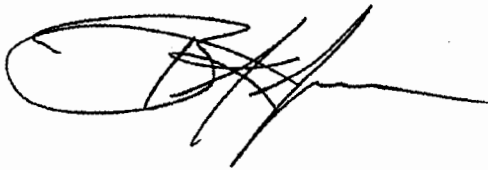
The Service/Mitchell interchange is a true regional project that will positively influence thousands of residents and jobs for the County. Improvement of this critical interchange will enable better transportation routes for trucks throughout the region, resulting in greater job creation and economic development. Mitchell and Service roads which connect to the interchange are regional thoroughfares for commerce providing access for thousands of trucks traveling to and from the major manufacturing and employment centers of West Ceres, the 2,000 acre Beard Industrial Park, and the adjacent cities of Modesto, and Hughson (see attached map). A recent study completed by Ceres indicates that between 1000 to 2000 shipping trucks use Mitchell Road daily depending on the time of year.

Furthermore of all the proposed regional projects, the Service/Mitchell interchange is the most project ready. It is a designated priority project within StanCOG's RTP. The City has already committed over \$6 million of its own funds to this project. The CalTrans PSR (Project Study Report) is completed and the PA/ED (Project Approval and Environmental Document) is nearing completion. Our schedule anticipates completing sufficient engineering design this year to establish a plan line and begin acquiring right of way in late 2008 or early 2009.

In conclusion, it is our position that any funding formula for the regional project component of the expenditure plan that does not include the Service/Mitchell interchange would not accomplish the intended purpose of a County Transportation Tax which is to improve the regional circulation system to improve our resident's quality of life and promote economic development.

Thank you for this opportunity to provide comments.

Sincerely:

A handwritten signature in black ink, appearing to read 'Brad L. Kilger', with a long horizontal line extending to the right.

Brad L. Kilger, AICP
City Manager

CC: Ceres City Council