

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 6.1

SECTION 6: NEW BUSINESS

Meeting Date:	February 11, 2008
Subject/ Title:	Resolution Supporting 2008 Transportation Sales Tax Initiative
Submitted by:	Richard Holmer, City Manager
City Manager Approval:	_____

RECOMMENDATION:

Staff recommends Council adopt Resolution supporting a 2008 Sales Tax Initiative.

STAFF SUMMARY:

In 2006, a initiative was placed on the ballot to charge a ½ cent tax on sales of goods for transit purposes. Though the majority of residents voted for its approval (57%), it required a super majority (66.6%) to pass into law.

In reviewing the failure of its passage, the following information was gleaned:

1. The timeframe for the tax was too long (30-years).
2. Too much focus was put on Highway 99.
3. Not enough funds were dedicated to local projects.
4. The cities were not actively involved in this measure. In a sense it was left to the Alliance to raise private funds and manage the campaign.
5. The public relations firm was from Sacramento and had little knowledge of local programs or unique eccentricities.

The nine City Mayors have solidly supported attempting another ballot measure this November. Because of the reduced timeframe, each city must decide now if it will participate in this new attempt at passage. If one city or the County is not supportive it will probably fail.

The critical issue is becoming a self-help county. Counties in California, where 90% of the population resides are self-help counties (e.g. have a ½ cent sales tax dedicated to

transit). By having “self-help” status it is easier to receive funds through a local match for major and minor projects.

City and County officials have been meeting and believe a fair and equitable plan has been devised. Briefly the major components are:

1. Twenty (20) year ½ cent sales tax allocation.
2. Fifty percent (50%) to three major projects, fifty percent (50%) to local projects.
3. Funding would be based equally on population and sales tax. There would be an annual true-up (if our sales tax increased, our share would increase).
4. There would be \$350,000 for major projects and \$350,000 for local projects. One of the major projects is the North County Corridor.
5. The Public Relations firm would be local.
6. Funds would come through TDA funds shared equally by population through all jurisdictions. There would be some fundraising, too.

FINANCIAL IMPACT:

Some TEA funds to the City would be redirected for this campaign.

ATTACHMENTS: (List attachments in order of placement)

1. Resolution
2. 2008 Transportation Sales Tax Program Status Update from Vince Harris, Executive Director

CITY OF RIVERBANK

RESOLUTION

**A RESOLUTION OF THE CITY OF RIVERBANK CITY COUNCIL
SUPPORTING THE 2008 TRANSPORTATION SALES TAX INITIATIVE.**

WHEREAS, The City Council of the City of Riverbank understands the importance of transit funding allocated to self-help counties; and

WHEREAS, If the City is to improve its road conditions and traffic congestion, it is important that we become a self-help County; and

WHEREAS, The proposed initiative provides a balance of funding for both local and regional projects; and

WHEREAS, The basis for funding is equitable to all entities; and

WHEREAS, There is a true-up clause which changes appropriations based on population and sales tax.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Riverbank does hereby support a ½ cent sales tax initiative be placed on the November ballot and the City Council will unite in its efforts for the passage of this measure.

PASSED AND ADOPTED by the City Council of the City of Riverbank at a regular meeting held on the 11th day of February 2008, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Linda Abid-Cummings, CMC
City Clerk

Christopher Crifasi
Mayor

TO: Policy Board

Staff Memorandum
INFORMATION

FROM: Vince Harris, Executive Director

DATE: January 22, 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 indicated 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%	2,817,500	4.23%	2,961,000	20,111,000
Hughson	0.72%	1,764,000	1.17%	409,500	0.87%	609,000	2,782,500
Modesto	37.72%	92,414,000	40.11%	14,038,500	20.02%	14,014,000	120,466,500
Newman	0.61%	1,494,500	1.98%	693,000	1.01%	707,000	2,894,500
Oakdale	4.28%	10,486,000	3.57%	1,249,500	2.49%	1,743,000	13,478,500
Patterson	1.42%	3,479,000	4.00%	1,400,000	1.61%	1,127,000	6,006,000
Riverbank	1.76%	4,312,000	4.12%	1,442,000	2.07%	1,449,000	7,203,000
Turlock	14.06%	34,447,000	13.29%	4,651,500	8.13%	5,691,000	44,789,500
Waterford	0.42%	1,029,000	1.65	577,500	0.83%	581,000	2,187,500
County	33.16%	81,242,000	22.06	7,721,000	58.74%	41,118,000	130,081,000
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%	28,175,000	4.23%	0	28,175,000
Hughson	0.72%	0	1.17%	4,095,000	0.87%	0	4,095,000
Modesto	37.72%	0	40.11%	140,385,000	20.02%	0	140,385,000
Newman	0.61%	0	1.98%	6,930,000	1.01%	0	6,930,000
Oakdale	4.28%	0	3.57%	12,495,000	2.49%	0	12,495,000
Patterson	1.42%	0	4.00%	14,000,000	1.61%	0	14,000,000
Riverbank	1.76%	0	4.12%	14,420,000	2.07%	0	14,420,000
Turlock	14.06%	0	13.29%	46,515,000	8.13%	0	46,515,000
Waterford	0.42%	0	1.65	5,775,000	0.83%	0	5,775,000
County	33.16%	0	22.06	77,210,000	58.74%	0	77,210,000
TOTALS	100.00%	0	100.00%	350,000,000	100.00%	0	350,000,000

Based on these formulas it was determined that only the County and the City of Oakdale would receive less funds if the Road Mile formula was the basis of distribution. Based on the regional role of the County and the important road maintenance interface with the Cities, County representatives agreed to propose to the Board of Supervisors (BOS.) the population based formula. The City of Oakdale representative requested that Oakdale's share be no less than the amount generated by the 70%, 20%, 10% formula. In order to achieve this the group agreed to prorate a portion of each of their shares such that Oakdale's request could be achieved.

Subsequent to the January 18th meeting, the City of Oakdale further requested, based on the population formula, that their share of Local Traffic Improvement and Road Maintenance dollars be increased to that equal to the City of Riverbank due to the proximity of the jurisdictions and their comparable populations. This request was shared with the County CEO, and County staff has offered the following proposal as shown in Table 4 below to be proposed to the BOS:

**Table 4- 100% Population Adjusted Distribution
 Local Traffic Improvement and Road Maintenance Program**

Jurisdiction	Method	Jurisdiction \$ According to Population	Oakdale Adjustment		Adjusted Jurisdiction Total \$
Ceres	Population	28,175,000	0		28,175,000
Hughson	Population	4,095,000	0		4,095,000
Modesto	Population	140,385,000	0		140,385,000
Newman	Population	6,930,000	0		6,930,000
Oakdale	Population	12,495,000	1,925,000		14,420,000
Patterson	Population	14,000,000	0		14,000,000
Riverbank	Population	14,420,000	0		14,420,000
Turlock	Population	46,515,000	0		46,515,000
Waterford	Population	5,775,000	0		5,775,000
County	Population	77,210,000	(1,925,000)		75,285,000
TOTALS	Population	350,000,000	0		350,000,000

The County's offer to reconcile the population based road maintenance program is with the understanding that the following conditions are assumed:

1. The County views this solution as an advancement of funds. Repayment of these funds would happen in the first year under this scenario if a 3% growth rate is achieved.
2. The \$14.42 million distribution to Oakdale is the 20 year estimate so the initial year subvention by the County to Oakdale would actually equate to \$96,250.
3. Under this proposed scenario, the County would guarantee the base for each of the 9 Cities. Any growth, once the County advance (\$96,250 in year one) is repaid, would be allocated to all Cities based on population.

The remainder of the January 18th meeting focused on capital improvements. 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

<i>Project</i>	<i>Improvements</i>	<i>Estimated Project Cost**</i>	<i>Proposed Sales Tax Allocation</i>	<i>PSR Status</i>	<i>Construction Award Schedule</i>
Northern Corridor	North County Corridor: New 2 to 4 Lane Expressway, Dale Rd to east of City of Oakdale	TBD	\$117 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 Operational Improvements from SR99 to Waterford Includes SR99 @ SR132 Connectivity Improvements	TBD	\$86 million	TBD	TBD
Southern Corridor	W. Main Improvements: Widen and provide Operational Improvements from Turlock to I-5	TBD	\$117 million	TBD	TBD
TOTALS		TBD	\$350 million		

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.

**Cities and County Proposed 20 year - 1/2 cent Transportation Tax Allocation
50% Local Jurisdiction Allocation and 50% Regional Allocation
Prepared January 25, 2008**

Agency	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 greater of sales tax or population figures	Agency Share Annual Growth at 3% based on Sales Tax percentage	Agency Share Annual Growth at 3% based on Population percentage	Allocation based on 50% Population and 50% Sales Tax****
CERES	5.85%	\$ 20,475,000	6.05%	\$ 28,186,068	\$ 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	1.88%	\$ 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	1.78%	\$ 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
UNINCORPORATED	33.18%	\$ 116,060,000	22.08%	\$ 77,205,813	\$ 77,601,481	\$ 3,880,074	\$ 174,090	\$ 115,815	\$ 144,953
TOTAL	100.00%	\$ 350,000,000	100.00%	\$ 350,000,000	\$ 350,000,000	\$ 17,500,000	\$ 525,000	\$ 525,000	\$ 525,000

* Based on Department of Finance estimates for January 1, 2007

**Based on Board of Equalization's "Taxable Sales by City, 2006"

***Proposed Base allocation (guarantee)

****Proposed methodology for allocation of Transportation Tax Growth - Annually this figure would be updated based on most current audited figures from Board of Equalization (Sales Tax) and Department of Finance (Population)

Transportation Tax Proposal									
Proposed Tax				1/2 cent					
Proposed Term				20 years					
Proposed Allocation				50% to local Jurisdictions and 50% to Regional Projects					
Local Share Base Amount				\$ 350,000,000					
Annual Base Amount				\$ 17,500,000					
Growth in local Share amount is proposed to be allocated based on 50% population and 50% Sales Tax percentages.									
Regional Share Base Amount				\$ 350,000,000					
North County Corridor				\$ 116,667,000					
Central County corridor									
Hiway 132				\$ 85,666,000					
Service/Mitchell				\$ 31,000,000					
Total Central County Corridor				\$ 116,666,000					
South County Corridor/West Main				\$ 116,667,000					
Total Allocation				\$ 350,000,000					
Proposed methodology for allocation of Transportation Tax Growth based on 1/3 allocation of growth to each of the three projects -									