



DATE: May 13, 2019

TO: Transportation Authority of Marin Administration Projects and Programs Executive Committee

FROM: Dianne Steinhauser, Executive Director
David Chan, Programming and Legislation Manager

SUBJECT: Measure AA Strategic Plan (Discussion), Agenda Item No. 8

RECOMMENDATION

This is a discussion item.

BACKGROUND

On November 6, 2018, 76.7% of Marin voters approved the renewal of the ½-cent Transportation Sales Tax Expenditure Plan, known as Measure AA. The Measure AA Expenditure Plan was based on the expectation that the ½-cent sales tax would generate approximately \$827 million over the 30-year period. The Measure AA Expenditure Plan approved by voters lists projects and programs that are eligible for sales tax funds and establishes the maximum percentage of funds that can be allocated to each category. It did not establish exactly when allocations will be made.

The Expenditure Plan directed TAM to prepare an Annual Strategic Plan, which will identify the dates for project and program implementation based on project readiness, ability to generate matching or leveraged funds, need for borrowing and other relevant criteria.

TAM has developed this Measure AA Strategic Plan to establish the timing of all allocations and procedures for funding priorities within competitive categories of funding. It provides a 30-year outlook on how local transportation sales funds will be allocated in the context of anticipated demands, timing, and other available revenues. The Measure AA Strategic Plan reconciles the timing of expected revenues with the schedule for when those revenues are needed in order for sponsors to deliver projects and services. Like its predecessor, the Measure A Strategic Plan, the Measure AA Strategic Plan serves as the overall roadmap for programming Measure AA funds to the four categories, as identified in the Measure AA Expenditure Plan.

The Measure AA Strategic Plan must be approved by the TAM Board, following a noticed public hearing on the Draft Annual Strategic Plan and a 30-day public comment period.

MEASURE AA STRATEGIC PLAN

Attached is the Draft Measure AA Strategic Plan. In its entirety, the Measure AA Strategic Plan contains the document itself and the following:

- Appendix 1 – Measure AA Expenditure Plan

- Appendix 2 – Comments and Responses
- Attachment - Revenue and Expenditure Component
 - Attachment 1 - Sales Tax Revenues and Assignment to Categories
 - Attachment 2 - Sales Tax Programming/Expenditure Summary
 - Attachment 3-1 - Category 1: Reduce Congestion on Highway 101 and Adjacent Roadways
 - Attachment 3-2 - Category 2: Marin's Local Transportation Infrastructure
 - Attachment 3-3 - Category 3: School-Related Congestion and Safer Access to School
 - Attachment 3-4 - Category 4: Maintain and Expand Local Transit Services
 - Attachment 4 - Set Aside for Major Roads and RSR Approaches

Appendix 1 is not attached with this memo. Appendix 1 is available upon request and readily downloadable on TAM's website. When comments are received, Appendix 2 will be included with final Measure AA Strategic Plan that will be presented to the TAM Board for adoption on June 27, 2019.

Strategic Plan, Appendices, and Attachments 1 – 4 listed above will be provided under separate transmittal.

Annual updates to the Measure AA Strategic Plan are anticipated. While the primary document containing long term policies and procedures may see little revision on an annual basis, the Revenue and Expenditure component of the Strategic Plan will be annually updated to reflect the actual revenue collection, forecasted growth, and carryovers. The annual update to the Revenue and Expenditure component of the Strategic Plan allows local agencies to more accurately budget for the coming years.

CATEGORIES

Category 1

Category 1 is intended to support projects that reduce congestion on Highway 101 and adjacent roadways by leveraging non-local funds to accelerate completion of key multimodal projects. Projects funded under Category 1 includes the Marin Sonoma Narrows and the North Bound Highway 101 / Eastbound I-580 Direct Connector. Category 1 provides funds to plan for improvements to local road interchanges with Highway 101. The local funds will serve to attract state and regional toll funds for these essential projects to be completed. Lastly, Category 1 provides funds to continue Marin County's successful programs to reduce congestion by working with employers and employees on commute alternatives and trip reduction. Strategies such as promoting telecommuting, vanpooling, and carpooling incentives, and first/last mile services to regional transit hubs have all proven to be successful ways to providing quality options to driving.

Details on the revenues and expenditure of Category 1 are shown in Attachment 3-1.

Category 2

Category 2 is intended to maintain, improve, and manage Marin's local transportation infrastructure, including roadways, bikeways, sidewalks, and pathways. Category 2 provides funds to local agencies for local street and road maintenance and rehabilitation. Funds are eligible for a wide variety of local road needs, to create a well-maintained and resilient transportation system. This category will continue our local jurisdictions' recent progress rebuilding, repaving, and reconstructing our local roads, including the addition of features that support walking, biking, and taking transit.

Funds for Marin's local transportation infrastructure are allocated to local agencies based on a formula weighted 50% by the population of the local agency's jurisdiction and 50% by the number of lane miles within the limits of that agency's jurisdiction. This formula is updated on a biennial basis to address changes in population and lane mile figures.

Category 2 also provides funds for larger school-related projects known as Safe Pathways to Schools. Safe Pathways is the capital improvement element of the Safe Routes to Schools program. A Call for Projects will be issued about every four years when sufficient amount of funds has been accumulated.

Category 2 includes new infrastructure projects that promote resiliency and innovation, particularly projects that tackle flooding and sea level rise impacts to our transportation infrastructure. Innovative technology for better managing traffic will also be supported, such as the installation of smart traffic signals and real-time transit information.

Details on the revenues and expenditure of Category 1 are shown in Attachment 3-2.

Category 3

Category 3 is intended to reduce school related congestion and provide safer access to schools. Category 3 provides funds for the Safe Routes to School program that focuses on education, encouragement, safe pathways, and crossing guards to enable students to bike, walk and take the bus to school. Measure AA adds funds to the current crossing guard program and saves more than 20 school crossing guards that would otherwise have to be cut in 2019. Category 2 maintains the Safe Routes to School education and encouragement program in over 60 schools and will provide a steady source of funding for both large and small safety-related improvements around schools.

Details on the revenues and expenditure of Category 1 are shown in Attachment 3-3.

Category 4

Category 4 is intended to maintain and expand efficient and effective local transit services in Marin County to reduce congestion and meet community needs, including services to schools and specialized service for seniors and persons with disabilities, to reduce congestion and meet community needs.

Category 4 provides funds to preserve and enhance the array of local transit services that many residents and workers rely on. Category 4 supports transit and paratransit services for Marin's seniors and persons with disabilities. Category 4 also provides funds for unique services such as the Muir Woods Shuttle, West Marin Stagecoach.

Category 4 also dedicates funds for yellow school bus and other school transit services, including providing matching funds for alternative fuel buses, such as all-electric buses, and planning for alternatives to traditional transit services. Lastly, Category 4 provides a small amount of funds to Golden Gate Transit to operate shuttle services to the Larkspur Ferry Terminal.

Detailed funding share of each of the four categories is presented in the table below:

IMPLEMENTATION CATEGORY		Estimated (in millions)
Category 1 Reduce Congestion on Hwy 101 & Adjacent Roadways	7.0%	\$57.9
1.1 Provide matching funds for the MSN Project	1.5%	\$12.4
1.2 Provide matching funds for Hwy 101/I-580 Direct Connector	2.0%	\$16.5
1.3 Improve Hwy 101 local interchanges and freeway access routes	3.0%	\$24.8
1.4 Implement commute alternatives and trip reduction strategies	0.5%	\$4.1
Category 2 Maintain, Improve, and Manage Marin’s Local Transportation Infrastructure	26.5%	\$219.2
2.1 Maintain and manage local roads	22.0%	\$181.9
2.2 Provide safe pathways for safe walking and biking access to schools	3.0%	\$24.8
2.3 Develop projects to address transportation impacts from sea level rise	1.0%	\$8.3
2.4 Support operational improvements through innovative technology	0.5%	\$4.1
Category 3 Reduces School-Related Congestion and Provide Safer Access to Schools	11.5%	\$95.1
3.1 Maintain the Safe Routes to Schools Program	3.5%	\$28.9
3.2 Expand the Crossing Guard Program	7.0%	\$57.9
3.3 Provide capital funding for small school safety related projects	1.0%	\$8.3
Category 4 Maintain and Expand Local Transit Services	55.0%	\$454.9
4.1 Maintain and improve existing transit service	33.0%	\$272.9
4.2 Maintain and expand rural and recreational bus services	3.0%	\$24.8
4.3 Maintain and expand transit services for those with special needs	9.5%	\$78.6
4.4 Provide transit services to schools	5.0%	\$41.4
4.5 Invest in bus transit facilities	4.0%	\$33.1
4.6 Expand access to ferries and regional transit, managed by Golden Gate Transit	0.5%	\$4.1
TOTAL	100%	\$827.0

AREAS OF DISCUSSION

Revenue Assumptions

Total revenue estimated to be available to the four categories in the Measure AA Expenditure Plan is \$827 million as illustrated in the table above. However, actual funding available every year is based on what’s set in the Measure AA Strategic Plan. Based on most recently sales tax collection and economic condition and outlook, TAM staff recommended, and the TAM Board adopted the FY2019-20 Measure A revenue level at \$27.5 million. A conservative 2.5% annual increase is assumed for the 30-year time period. The updated revenue estimate provides a net total of \$1.1 billion to the four categories. Attachment 1 of the Strategic Plan shows the anticipated revenue collection over a 30-year period with an annual 2.5% growth factor.

Reserve Fund Set Aside

The Measure AA Expenditure Plan states that TAM will have the ability to set aside a reserve fund of up to 10% of the annual transportation sales tax receipts for contingencies, to ensure a cushion if economic decline occurs that adversely affects the collection of the sales tax. This reserve is in addition to the Major Roads reserve to meet existing commitments.

MEASURE A RESERVE FUNDS

TAM had previously collected approximately \$5.4 million reserve funds under Measure A in the first five years of collection. In February 2017, TAM allocated approximately \$1.88 million in proportional percentage to the three Strategies of Measure A. The reserve has been replenished since 2017 and by the end of this current FY 2017-18, stands at \$5.38 million

Staff is proposing to distribute all reserve funds collected under Measure A. in the same proportional percentage to each strategy eligible for the funds. Strategy 2 is not being considered for its share of the Reserve because the lone project in Strategy 2, Highway 101 Gap Closure Project, is complete and funding commitments have been fulfilled. The Reserve Funds that would have been assigned to Strategy 2 were proportionally assigned to the remaining strategies as shown in the table under the column labeled, Measure A Reserve Funds Programming.

	Measure A Expenditure Plan		Measure A Reserve Funds Programming	
Strategy 1	Transit	55.00%	Transit	59.46%
Strategy 2	Highway 101 Gap Closure	7.50%	Highway 101 Gap Closure	0.00%
Strategy 3	Streets and Roads 3.1 Major Roads – 11.25% 3.2 Local Roads – 11.25%	26.50%	Streets and Roads 3.1 Major Roads – 14.32% 3.2 Local Roads – 14.32%	28.64%
Strategy 4	Safe Routes to Schools 4.1 Safe Routes to School – 3.3% 4.2 Crossing Guards – 4.2% 4.3 Safe Pathway Projects – 3.5%	11.00%	Safe Routes to Schools 4.1 Safe Routes to School – 3.57% 4.2 Crossing Guards – 4.54% 4.3 Safe Pathway Projects – 3.79%	11.90%
	Total	100.00%	Total	100%

MEASURE AA RESERVE FUNDS

After the Measure A reserve funds have been allocated, staff is proposing to set aside Measure AA Sales Tax revenue to a new reserve fund for the first five full years, starting in FY 19/20. Below is a table showing scenarios where 0%, 5%, and 10% are set aside for reserve funds and the corresponding available revenues for the four categories. Staff is proposing to set aside 5% for reserve funds under Measure AA, but to allow more funds to be distributed, particularly to Marin Transit, the TAM Board can consider any level of reserve, or delaying the retention of reserve to a future year.

RESERVE FUND OPTIONS							
	Total	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Reserve Fund Set Aside							
0% Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5% Reserve	\$7,227,452	\$0	\$1,375,000	\$1,409,375	\$1,444,609	\$1,480,725	\$1,517,743
10% Reserve	\$14,454,903	\$0	\$2,750,000	\$2,818,750	\$2,889,219	\$2,961,449	\$3,035,485
Revenue Available							
0% Reserve	Total	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Category 1	\$8,219,373	\$429,363	\$1,464,250	\$1,509,969	\$1,556,830	\$1,604,864	\$1,654,098
Category 2	\$34,276,913	\$1,625,444	\$6,175,375	\$6,348,453	\$6,525,858	\$6,707,698	\$6,894,085
Category 3	\$13,896,113	\$705,381	\$2,484,125	\$2,559,234	\$2,636,221	\$2,715,133	\$2,796,018
Category 4	\$71,937,933	\$3,373,563	\$12,976,250	\$13,335,469	\$13,703,668	\$14,081,072	\$14,467,911
Total	\$128,330,332	\$6,133,750	\$23,100,000	\$23,753,125	\$24,422,578	\$25,108,768	\$25,812,112
5% Reserve	Total	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Category 1	\$7,713,452	\$429,363	\$1,368,000	\$1,411,313	\$1,455,708	\$1,501,213	\$1,547,856
Category 2	\$32,361,638	\$1,625,444	\$5,811,000	\$5,974,969	\$6,143,037	\$6,315,306	\$6,491,883
Category 3	\$13,064,956	\$705,381	\$2,326,000	\$2,397,156	\$2,470,091	\$2,544,850	\$2,621,477
Category 4	\$67,962,834	\$3,373,563	\$12,220,000	\$12,560,313	\$12,909,133	\$13,266,674	\$13,633,153
Total	\$121,102,881	\$6,133,750	\$21,725,000	\$22,343,750	\$22,977,969	\$23,628,043	\$24,294,369
10% Reserve	Total	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Category 1	\$7,207,530	\$429,363	\$1,271,750	\$1,312,656	\$1,354,585	\$1,397,562	\$1,441,614
Category 2	\$30,446,364	\$1,625,444	\$5,446,625	\$5,601,484	\$5,760,215	\$5,922,914	\$6,089,681
Category 3	\$12,233,799	\$705,381	\$2,167,875	\$2,235,078	\$2,303,961	\$2,374,567	\$2,446,937
Category 4	\$63,987,736	\$3,373,563	\$11,463,750	\$11,785,156	\$12,114,598	\$12,452,275	\$12,798,394
Total	\$113,875,429	\$6,133,750	\$20,350,000	\$20,934,375	\$21,533,359	\$22,147,318	\$22,776,626

Advancement of Funds

Depending on the project delivery schedule, funds needed for capital projects may exceed funds available. As happened in the original Measure A, the major highway projects - the Marin Sonoma Narrows and the NB 101 to EB 580 Connector - along with Major Road projects will likely require 30 years (14 years for Major Road projects) of funds under a compressed timeframe.

Staff has yet to finalize cash flow projections for these projects. Note that when the Board allocates funds for these projects, it will need to be accompanied by an accurate cash flow analysis. While one project alone may not result in sufficient cash being available, an accumulation of several project expenditure demands could result in TAM needing to borrow to meet the cash flows of those projects. Staff will be exploring all financing options, including but not limited to interagency loan and debt issuance, and bring those options for the review and approval of the Board at the appropriate time.

Remaining Measure A Commitment Set Aside (Major Road and Other Projects)

In accordance to the Measure AA Expenditure Plan, TAM will set aside \$2.35 million annually to fund existing commitments to several outstanding major road projects and to the Richmond-San Rafael Bridge approaches (on East Sir Francis Drake and Bellam Boulevard). This Major Road Reserve will replace the Bond Debt Reserve identified in the original 2004 Measure A Sales Tax Expenditure Plan. This set-aside will occur for approximately 14 years or until unallocated commitments as defined are met. This set aside continues a practice TAM has had in place since the 2005 beginning of the original Measure A.

Unallocated funding commitments to Major Roads projects by planning area are limited to the following programmed amounts:

- \$11.587 million for the Novato Boulevard Rehabilitation Project in the North Planning Area,
- \$12.522 million for the 3rd Street Rehabilitation Project in the Central Planning Area,
- \$1.897 million for the East Blithedale Avenue Rehabilitation Project in the South Planning Area,
- \$11.870 million for the Sir Francis Drake Boulevard Rehabilitation Project in the Ross Valley Planning Area, and
- \$74,000 for the Sir Drake Boulevard Rehabilitation Project in West Marin Planning Area.
- The unallocated funding commitment to the Richmond-San Rafael Bridge approaches is approximately \$3.8 million.

Under the original Measure A Program, \$2.35 mil per year was set-aside as a “Bond Debt Reserve” to pay for the needed advancement of sales tax funds to enable the Highway 101 Gap Closure to be built. TAM was able to obtain an advantageous loan from MTC at a much-reduced cost than a formal market-based sales tax bond.

The Bond Debt reserve was used to pay back the MTC loan, completed in 2015. The remaining years of the Bond Debt reserve set-aside were used for Major Roads and on a one-time basis by TAM for the Bellam Boulevard Off-Ramp and Intersection Project, the East Sir Francis Drake Boulevard (ESFD) Project, and the Highway 101/I-580 Direct Connector Feasibility Study.

This off-the-top set aside for these major road projects will not diminish the funding level of other categories receiving funds under Measure AA because the new set-aside is taking the place of the old existing set-aside. Details on the revenues and expenditure on the Major Road Set Aside are shown in Attachment 4.

Interest Fund Policy

Interest Fund policy is being brought to the TAM board for consideration under separate cover.

Highlights of the proposed policy include a recommendation regarding how interest funds should be allocated. In all cases, interest funds can only be spent on projects and programs authorized in the Sales Tax Expenditure Plan.

Current Interest Funds should be reserved for upcoming critical project delivery. Two projects will be entering the construction phase in FY2019-20. The first is the Bellam Boulevard Off-ramp improvements. This project will improve access to the Richmond-San Rafael Bridge as well as improve safety. Traffic is current stopped daily on mainline Highway 101 in the afternoon waiting to exit at Bellam. Rear end collisions are frequent, and this project will reduce the back-up. The Project will also improve access to eastbound I-580 allowing for better Richmond-San Rafael Bridge access and relieving the traffic on Sir Francis Drake.

The second Project is the Northern Segment of the North-South Greenway. This Project improves bicycle and pedestrian access across Corte Madera Creek. The current path of travel does not meet current standards and is highly utilized by bicyclists and pedestrians. The project is a high priority to both user groups.

Both projects are nearing design, permit and right of way completion and expected to go to bid sometime this Summer/ Fall. Unfortunately, construction bids have been significantly over the engineers estimate on several recent projects - in some cases, exceeding expectations by over 30%. Staff have been working with our consultants to verify that the estimates are based on recent unit prices to avoid surprise. However, the current bidding environment is very volatile, with a small number of bidders on each project with resulting uncertainty.

Further discussion of this policy will occur under separate cover to the TAM Board.

FISCAL IMPACTS

Most of the planned spending needs for items included in FY2019-20 of the Measure AA Strategic Plan are already included in the Proposed FY2019-20 TAM Annual Budget. Staff will continue to work with all the Measure AA funding recipients to confirm all final requests. Updated numbers will be included in the final FY2019-20 Annual Budget for the TAM Board's adoption on June 27, 2019.

NEXT STEPS

Upon approval by the TAM Board to open a 30-day public comment period, staff will post the Measure AA Strategic Plan on TAM's website and circulated the document to local agencies. Staff will include all pertinent comments received and responses on the Measure AA Strategic under Appendix 2 when the Measure AA Strategic Plan return to the TAM Board for adoption on June 27, 2019.