



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Report

Legistar File Number: 17-0773

July 25, 2017

Introduced: 7/12/2017

Version: 1

Current Status: Agenda Ready

Matter Type: General Agenda Item

Approve the 5-year priority list of projects utilizing Measure X, Senate Bill 1, and Transient Occupancy Tax funds.

RECOMMENDATION:

It is recommended that the Board of Supervisors approve the 5-year priority list of projects utilizing Measure X, Senate Bill 1, and Transient Occupancy Tax funds.

SUMMARY:

With the recent passage of the Transportation Agency for Monterey County's (TAMC) sales tax measure (Measure X) in November 2016 and the Governor's approval of Senate Bill 1 (SB1) in April 2017, the Resource Management Agency (RMA) has prepared a list of priority projects for the next five (5) years. Funding for FY 17/18 is based on estimates with funding for Measure X that should start to be realized August 2017 and SB1 funding that should start around November 2017. Measure X funding is based on sales tax so it can vary depending on sales receipts. Monterey County sales receipts will be impacted by fires and floods in 2017.

To receive allocation from these funding sources, cities and counties must submit a list to TAMC and the California Transportation Committee (CTC) of proposed projects. Staff prepared a list for consideration that will utilize these funds along with Transient Occupancy Tax (TOT) funds (Attachment A). This list would work similar to the Capital Improvement Program (CIP) priorities list where the first year is programmed in the current year budget. RMA proposes being conservative in this first year to see how funding is realized, manage cash flow, and to also build some reserves for emergency (e.g. winter storms). While there are many projects, the RMA recommends establishing a base support for maintenance resources (staff, equipment, etc.). The remaining list is conceptual pending funding and changing priorities. As such, this list will be updated each year in conjunction with the CIP and the County's Pavement Management Plan.

On June 27, 2017, the Board approved the 5-year CIP as a consent agenda item and requested that staff return with a presentation. Staff plans to return in September 2017 to present the 5-year CIP, Measure X/SB1/TOT and Winter Storm priorities. In addition, RMA is managing a list of capital projects to address some of the damage caused by fires and storms in FY 16/17 using funds from the Strategic Reserve, with an expectation to receive reimbursement through State and Federal emergency programs.

DISCUSSION:

In April 2017, Senate Bill 1 was approved, making funds available for road repair and maintenance state wide. It is estimated that Monterey County's share would be \$10 million annually. The revenue allocations to the counties will come through the Road Maintenance and

Rehabilitation Account (RMRA). Eligible uses under this account include, but are not limited to: road maintenance and rehabilitation; safety projects; railroad grade separations; complete street components, including active transportation purposes, pedestrian and bicycle safety projects, transit facilities, and drainage and storm water capture projects in conjunction with any other allowable project; traffic control devices; and, to satisfy a match requirement to obtain state or federal funds for projects.

Prior to receiving an allocation of funds, cities and counties are required to provide to the CTC a list of projects to be financed by these funds, pursuant to an adopted city or county budget approved at a public meeting. Once submitted, the funds will not be limited to the list of projects. The cities and counties will have the flexibility to fund projects based on their needs and priorities as long as the projects are consistent with the eligible uses.

Similarly, Measure X's approval last fall, made funds available for local road repair, maintenance, and safety projects. The County's share under Measure X is estimated to be \$5 million annually, over a 30-year period. A list of projects is also required to be submitted to TAMC to receive appropriations through this funding source. Some of these projects listed were identified in the materials distributed with Measure X. In addition, the County's adopted Pavement Management Plan establishes a priority list for road maintenance. Other projects are identified as a result of grant funding opportunities.

Given these new funding streams (Measure X and SB1) for road maintenance and repair, staff has prepared a priority list of projects for the next five (5) years that will utilize these funding streams in conjunction with the current Transient Occupancy Tax contribution (attached). If actual costs for a planned year are greater than estimated, then any projects remaining after the appropriation limits are reached may be deferred until the total amount can be funded. However, if actual costs are lower and a portion of the appropriation remains, then projects listed in the following year may be accelerated.

For the past two (2) years, RMA has requested, and the Board has supported, use of TOT funds for staffing due to a lack of available Road Funds. This has been accomplished by deferring the Blanco Road overlay project. As such, Blanco Road is the top priority project. On June 12, 2017, the Capital Improvement Committee supported the list with a recommendation to make Gloria Road the second priority to leverage funds available from the Salinas Valley Solid Waste Authority in order to help facilitate the Salinas Valley Solid Waste Authority moving forward on other projects.

FINANCING:

Staff anticipates the new funding sources, Measure X and SB1, along with existing TOT will provide approximately \$10.7 million in FY 2017-18 for road maintenance and repair; \$5.2 million from Measure X, \$3 million from SB1 and \$2.5 million from TOT (TOT is \$5.5 million less \$3 million redirected from the Blanco Road overlay project to fund staffing). Since both Measure X and SB1 are new funding sources and SB1 funds will not be received until December, RMA prudently chose to budget only a portion of the estimated new revenue. The FY 2017-18 Adopted RMA Budget includes \$3 million of the \$10.7 million estimate; \$1 million in estimated Measure X funds and \$2 million in TOT funds. If funding comes in as anticipated, staff can return to the Board to request appropriating additional revenue for projects. Where possible, staff intends to use these funds as leverage/matches for federal and/or state grants to extend our dollars. We will also coordinate with cities for projects that benefit

both jurisdictions.

A five (5) year forecast of Measure X, SB1 and TOT follows (in millions):

Revenue	2017-18	2018-19	2019-20	2020-21	2021-22
Measure X	\$5.2	\$5.2	\$5.2	\$5.2	\$5.2
SB1	\$3.0	\$7.6	\$10.7	\$12.1	\$12.8
TOT	\$5.5	\$5.8	\$5.9	\$5.9	\$5.9
Subtotal	<u>\$13.7</u>	<u>\$18.6</u>	<u>\$21.8</u>	<u>\$23.2</u>	<u>\$23.9</u>
TOT Redirected	(\$3.0)	-	-	-	-
Total	<u>\$10.7</u>	<u>\$18.6</u>	<u>\$21.8</u>	<u>\$23.2</u>	<u>\$23.9</u>

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

A key objective has been to find funding sources for much needed maintenance to the County’s transportation infrastructure. Measure X and SB1 help to fulfill this objective. Combining these funds with grants will extend funding even further. This project list prioritizes projects needed to maintain and repair the County’s transportation infrastructure. The recommended action supports the following Board of Supervisors’ Strategic Initiative below:

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Jonathan L. Pascua, P.E., Senior Civil Engineer, (831) 755-8963

Approved by: Enrique M. Saavedra, P.E., Acting Chief of Roads & Bridges

Approved by: Carl P. Holm, AICP, RMA Director

The following attachment is on file with the Clerk of the Board:

Attachment A - Transportation Priority List