



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 16-131, **Version:** 1

Consider a draft transportation sales tax investment plan presented by the Transportation Agency of Monterey County (TAMC).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive a presentation on a draft transportation sales tax investment plan by the Transportation Agency of Monterey County (TAMC); and
- b. Provide comments or direction to staff and TAMC on the draft plan.

SUMMARY:

The Transportation Agency of Monterey County (TAMC) is working on developing a 2016 ballot measure that would increase the sales tax by 3/8-cent for transportation projects, which is estimated to generate \$20 million per year. This measure would provide funding for a 30-year period commencing in 2017.

TAMC requested an opportunity to present the discussion draft transportation sales tax investment plan to city councils and the Board of Supervisors for review and comment in January or February. Attached is a summary, which the TAMC Board approved for distribution on December 2, 2015 and that the TAMC community leaders group reviewed and had strong praise for on December 7 (**Attachment A**). TAMC's goal is to get as many comments in January and early February as possible, so they can take a revised version to the TAMC Board on February 24, 2016.

TAMC staff will attend the meeting to make a presentation to the Board of Supervisors. Staff recommends that the Board receive a presentation from TAMC. No formal action is required; however, this is an opportunity for the Board to provide comments or direction on the draft transportation sales tax investment plan.

DISCUSSION:

Local agencies requested that a portion of the tax be given to the cities and County to use for road and bridge maintenance. TAMC submitted a draft transportation sales tax investment plan for consideration by the jurisdictions where 50% of the funds generated would be managed by TAMC for specific construction projects. A list of the construction projects identified is included as **Attachment A**.

Under this plan the other 50% would be allocated to the cities and County. Attached is the formula for the proposed distribution of the local share funding, which TAMC's ad hoc committee asked staff to release for discussion purposes (**Attachment A**).

There is a significant amount of deferred maintenance and gas taxes have been declining over the past couple of years. State officials have been discussing options for how to backfill the declining gas tax revenue, but there currently is no agreed plan. Most outside funding sources (e.g. grants) are limited to new construction projects. The total deficit for deferred road and bridge maintenance in the unincorporated County is over \$1 billion with over \$700 million attributed to roads.

A group of public works directors from the cities and County met to discuss the local share of sales tax revenue from this initiative. This group developed the following recommended plan:

- Allocate 60% of the funds for road and bridge maintenance
- There was no consensus regarding how to divide up the local share. There was suggestion that taxable sales be included as a factor.
- Provide a minimum allocation. There was a suggestion of \$200,000 to \$250,000. At this threshold, it is likely that the cities of Carmel, Del Rey Oaks, Gonzales, and Sand City would receive the minimum. This would mean that the rest of the local agencies would need to give up a portion of what would otherwise be their local share.
- Agencies would put together a 5-year plan to help give citizens in their jurisdiction an idea of what they would be voting for. Monterey County prepared a Pavement Management Plan in April 2015. **Attachment B** is the summary of the Monterey County Pavement Management Plan.
- Propose that local agencies to have complete control over the local shares. Local funds should be provided on a regular interval (i.e. quarterly) directly to local agencies. Verification that local funds were being used properly would be through periodic audits.
- Include a *Maintenance of Effort* as part of the program to insure that discretionary funds currently being provided for road purposes cannot be taken away if this new revenue source is approved by voters.

This plan was presented at a city managers group meeting, which included the County CAO.

OTHER AGENCY INVOLVEMENT:

Transportation Agency of Monterey County (TAMC)

Resource Management Agency (RMA)

RMA-Public Works

County Administrative Office

FINANCING:

With reducing gas tax revenues, RMA estimates that Monterey County will be looking at a \$3-4 million deficit in Fund 002 (Road Fund) from current spending beginning FY 16/17. A 50% allocation would provide \$10 million per year to local agencies. Jurisdictional shares would be allocated based on 50% on population and 50% on road mile. Using TAMC's formula for distribution, Monterey County would receive about \$4.3 million per year for the 30-year period that the sales tax is effective in present day dollars. If that share is increased to 60%, the County would receive an estimated \$5.2 million per year. There is no financial impact to the General Fund by receiving this report.

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

Attachments:

- A- Discussion Draft Transportation Investment Plan
- B- Monterey County 2015 Pavement Asset Management Plan
- C- Transportation Investment Plan Project List

cc: BOS, CAO (Bauman, Woods), County Counsel (Girard), RMA-PW (Young, Saavedra), TAMC (Hale, Muck)