



County of Monterey

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

Board Report

File #: A 20-032, **Version:** 1

- a. Approve Amendment No. 1 to the Measure X Master Programs Funding Agreement between the Transportation Agency of Monterey County (“TAMC”) and County of Monterey; and
- b. Authorize the Resource Management Agency Director to execute Amendment No. 1 to the Measure X Master Programs Funding Agreement.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve Amendment No. 1 to the Measure X Master Programs Funding Agreement between the Transportation Agency of Monterey County (“TAMC”) and County of Monterey; and
- b. Authorize the Resource Management Agency Director to execute Amendment No. 1 to the Measure X Master Programs Funding Agreement.

SUMMARY:

With the passage of Measure X, Monterey County entered into an agreement that includes a requirement for the jurisdictions to report on Maintenance of Effort (MOE) to assure that no funds previously used for transportation get shifted to other uses and then back-filled with Measure X monies. TAMC staff evaluated this year’s process and recommended a few changes to help clarify MOE requirements and avoid reporting delinquencies in the future. Each local jurisdiction receiving a share of the Local Streets and Roads component of Measure X funding must approve an amendment to the Measure X Master Programs Funding Agreement to make the calculation of MOE included in that agreement consistent with Ordinance 2019-01. Measure X has amounted to approximately \$7.4 Million in revenue for FY 2019/20.

DISCUSSION:

On December 6, 2016, the Monterey County Board of Elections certified that Measure X passed with 67.71% of the vote. Sales tax established by this measure started being collected on April 1, 2017 and revenues will be available to the jurisdictions by September 2017.

With the passage of Measure X by the voters of Monterey County, Transportation Agency of Monterey County (TAMC) staff has been working to develop the organizational framework and agreement necessary to implement the measure in advance of revenues being available by September 2017. As required by the implementing ordinance, each city and the County of Monterey must enter into a funding agreement with the TAMC. That agreement is to include enforcement procedures, designed to reassure the public that tax revenues are spent in accordance with the ballot language. The agreement was approved by the TAMC Board on May 24, 2017. The Agreement also includes a requirement for the jurisdictions to report on maintenance of effort, which was defined in the agreement using the same language from the Measure X implementing ordinance (Ordinance 2016-01) as a rolling three-year average of general fund transportation expenditures.

TAMC staff evaluated this year’s process and recommended a few changes to help clarify the maintenance of effort requirements and avoid reporting delinquencies in the future. One of the changes TAMC staff recommended is an adjustment to the Maintenance of Effort (MOE) requirement.

The purpose of the Maintenance of Effort requirement is to assure that no funds previously used for

transportation are shifted to other uses and then back-filled with Measure X monies. Measure X previously had a rolling three-year average calculation of MOE. By contrast, the state's Senate Bill 1 program calculates MOE based on a fixed three years of past expenditures (Fiscal Years 2009/2010, 2010/2011, and 2011/2012). TAMC stated the goal of modifying the Measure X MOE is to meet the Measure X MOE intent without penalizing agencies that make a large one-time investment in transportation. All jurisdictions must meet the SB 1 maintenance of effort requirement in order to receive state SB 1 maintenance funds.

This issue was discussed by the TAMC Technical Advisory Committee and the Measure X Citizen Advisory Committee. The Citizen Advisory Committee added a recommendation for an annual inflationary growth factor, resulting in the modification to the MOE section of the Measure X ordinance:

LOCAL ROAD MAINTENANCE, POTHOLE REPAIRS AND SAFETY FUNDS.

B. Maintenance of Effort Requirements

Each local jurisdiction shall expend each fiscal year from its general fund for street and highway purposes an amount not less than the annual average of its expenditures from its general fund during the **2009-10, 2010-11, and 2011-12 fiscal years, but not less than what was expended in 2016-17 (when Measure X passed)**, as reported to the Controller pursuant to Streets and Highways Code section 2151. **This baseline amount will be indexed annually to the Engineering News Record construction index.**

At the August 28, 2019 meeting, the TAMC Board of Directors initiated a process to amend the implementing ordinance (Ordinance 2019-01) to revise the MOE calculation to be the higher of either the amount used for the Senate Bill 1 Local Streets and Roads MOE (average of general fund transportation expenditures for fiscal years 2009/10, 2010/11, and 2011/12) or the general fund transportation expenditures for fiscal year 2016/17, indexed for construction cost inflation.

At the October 23, 2019 TAMC Board of Directors meeting, the TAMC Board approved Ordinance 2019-01. This requires each local jurisdiction receiving a share of the Local Streets and Roads component of Measure X funding to approve an amendment to the Measure X Master Programs Funding Agreement to make the calculation of MOE included in that agreement consistent with Ordinance 2019-01.

OTHER AGENCY INVOLVEMENT:

TAMC has approved the Ordinance and sent an Amendment No. 1 to Monterey County for approval. The Office of the County Counsel has reviewed the Agreements as to form.

FINANCING:

Measure X has amounted to approximately \$7.4 Million in revenue for FY 19/20 for Fund 002. The tax measure is a 30-year term, and the sunset date is 2047.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This item supports the Board's efforts to provide adequate infrastructure by ensuring the County has access to its share of funding generated by Measure X.

Check the related Board of Supervisors Strategic Initiatives:

- ☐ Economic Development
- ☐ Administration
- ☐ Health & Human Services

☒ Infrastructure

☐ Public Safety

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Approved by: Leigh Ann Sutton, P.E., RMA Deputy Director of Public Works, Parks and Facilities

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

The following attachments are on file with the Clerk to the Board:

Attachment A - Amendment No. 1

Attachment B - Measure X Funding Agreement