

TTAC STAFF REPORT

SUBJECT: Revised Measure A Revenue Estimates and Draft Measure A Program of Projects, FY 2020/21

MEETING DATE: May 7, 2020

AGENDA ITEM: 7

STAFF CONTACT: Jacky Mata

RECOMMENDATION:

- A. Receive presentation on revised Measure A Revenue Estimates for Fiscal Years 20/21 to 24/25 and recommend approval by SBCAG Board of Directors.
- B. Receive presentation on Draft Measure A Program of Projects and provide comments to staff.

SUMMARY:



In December 2019, the SBCAG Board approved Measure A revenue estimates for Fiscal Years 20/21 to 24/25. The estimates were provided to our local partners to develop their Local Programs of Projects that were then submitted to SBCAG by February 28. SBCAG used the estimates to develop the Authority Program of Projects.

However, due to impact of the COVID19 pandemic on the national economy, in mid-April, SBCAG received revised Measure A revenue estimates from our revenue monitoring firm, HdL. These revised revenue estimates indicate a decline in revenues in FY 20/21 and 21/22 compared to estimates approved by the Board in December 2019 prior to the pandemic.

As such, SBCAG is proposing that the Program of Projects be based on the revised revenue estimates from HdL. These revised revenue estimates were provided to local agencies by email. Subsequently, after updating the Measure A cash flow document to reflect new costs, SBCAG staff has identified the need for financing for Measure A in FY 21/22. This is earlier than projected in the Fall of 2019 which further impacts Measure A revenues due to 'off the top' costs for issuing a public bond or for securing a federal TIFIA loan. In May, SBCAG staff recommends that TTAC recommend approval of revised revenue estimates by the Board and that the Program of Projects reflect the revised revenue estimates.

SBCAG staff is circulating the draft Measure A Program of Projects for Fiscal Years 2020/21 to 24/25 to TTAC and the SBCAG Board in May for review and comment. The final Program of Projects will then be presented to the SBCAG Board for approval at their June 18 meeting.

SBCAG staff requests any feedback from TTAC members in the Draft POP by May 11.

For the FY 20/21 Program of Projects, nearly \$186 million in Measure A funding will be available to local agencies, SBCAG and regional partners to deliver critical transportation improvements in Santa Barbara County. The attached draft program of projects details all expenditures for the five-year period.

Some project highlights from the draft five-year program of projects include:

Member Agencies

Buellton ■ Carpinteria ■ Goleta ■ Guadalupe ■ Lompoc ■ Santa Barbara ■ Santa Maria ■ Solvang ■ Santa Barbara County

- Delivery of local transportation improvements by the County of Santa Barbara and the cities of Buellton, Carpinteria, Goleta, Guadalupe, Lompoc Santa Barbara, Santa Maria and Solvang.
- Continuation of peak hour passenger rail service from Ventura County
- Construction of the Highway 101 Phase 4 widening
- Leveraging of state funds by local partners for active transportation projects
- Delivery of local and regional transit services by transit operators
- Continued delivery of carpool and vanpool services by Traffic Solutions

DISCUSSION:

Revised Measure A Revenue Estimates

The SBCAG Board approved Measure A revenue estimates for Fiscal Years 20/21 to 24/25 in December 2019. Our local partners used these estimates to develop their Local Programs of Projects for the Measure A Program that were submitted to SBCAG by February 28. SBCAG also used the estimates to develop the Authority Program of Projects.

However, due to impact of the COVID19 pandemic on the national economy, SBCAG received revised Measure A revenue estimates from our revenue monitoring firm, HdL in mid-April. These revised revenue estimates show a decline in revenues in FY 20/21 and 21/22 compared to estimates approved by the Board in December 2019 prior to the pandemic.

As such, SBCAG is proposing that the Program of Projects be based on the revised revenue estimates from HdL. These revised revenue estimates were provided to local agencies.

Subsequently SBCAG staff has identified financing needs for Measure A in FY 21/22 which is further impacting the Measure A revenues due to ‘off the top’ costs for issuing a public bond or for pursuing a federal TIFIA loan. SBCAG staff recommends that TTAC recommend approval of revised revenue estimates by the Board and that the Program of Projects reflect the revised revenue estimates.

The following table provides a comparison of the revenue amounts approved by the SBCAG Board in December versus the revised revenue estimates provided by HdL in April. Attachment A provides a comparison of revenues between December 2019 and April 2020 and Attachment B provides the updated Tables 1-5 which provides the revised revenues for all Measure A programs. Per the table, there is a projected decline of 9.7% for FY 20/21 and 5% in 21/22. Revenues are projected to rebound in FY 22/23.

Table 1. Comparison of HdL Revenue Estimates Between December 2019 and April 2020.

	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	TOTAL
<u>Adopted by SBCAG Board in December</u>	\$40.7 M	\$41.1 M	\$41.5 M	\$41.5 M	\$42.5 M	\$207.4 M
<u>Updated Figures per HdL - April 17</u>	\$36.7 M	\$39.0 M	\$40.5 M	\$41.9 M	\$43.3 M	\$201.3 M

Updated Need for Financing

SBCAG has also updated the projected needed for financing the Measure A program per updated figures since the Fall of 2019. The revised revenue estimates also reflect a bond issuance of \$60.1 million by SBCAG in FY 21/22 to accommodate the construction of the U.S. 101 HOV Phase 4 project. This bond issuance will impact the overall program with debt payments beginning in FY 21/22.

Program of Projects

The SBCAG Board must adopt a program of projects identifying all transportation projects to be funded with Measure A revenues during the next five fiscal years, FY 20/21 through FY 24/25. Only projects that are included in the approved Program of Projects are eligible for Measure A funding.



Similar to prior years, SBCAG staff has prepared a summary document for the Measure A Program of Projects, which provides an overview of the document and highlights various expenditures for the five-year period.

Draft Program of Projects

In May, SBCAG staff is circulating the draft program of projects for review and comment. The SBCAG Board is scheduled to adopt the Program of Projects at its June 18th meeting. Per the revenue estimates, Measure A revenues available for allocation are estimated to be \$185.7 million during the five year period with nearly \$36.1 million available in FY 20/21.

Table 1. Measure A Funding Available for Allocation, FYs 20/21 to 24/25

FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	Total
\$36.1 M	\$37.7 M	\$36.0 M	\$37.3 M	\$38.6 M	\$185.7

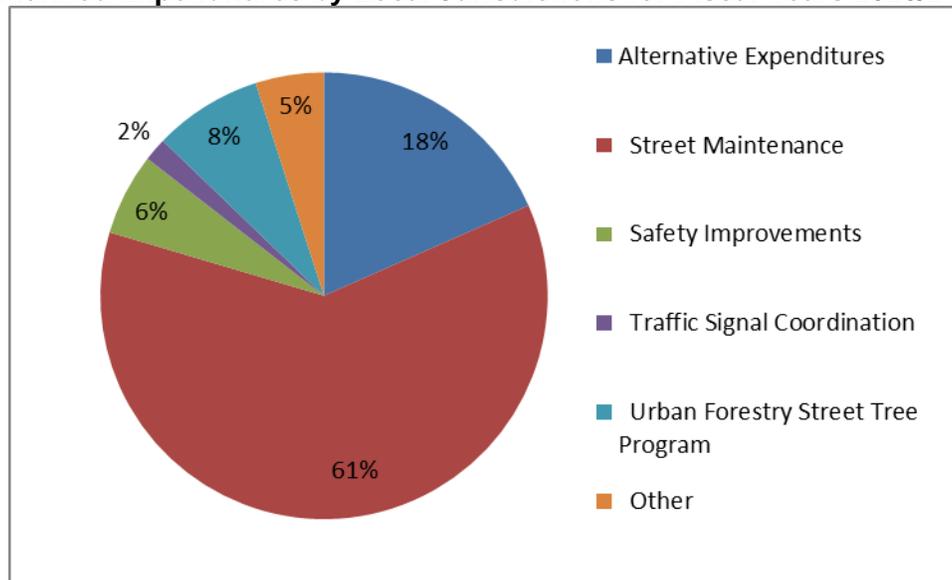
Local Program of Projects

The Local Program of Projects consists of street, bikeway and transit improvement projects to be funded by the cities and the County with revenues from the Local Street and Transportation Improvements (LSTI) category in the North and South sub-programs. Each local agency was required to adopt a Program of Projects for their respective share of funding after holding a public meeting. Local jurisdictions provided their Local POP's to SBCAG staff by February 28. They are included in Attachment C as **Appendix A – Local Programs of Projects**.

An estimated \$108.5 million, or 58.4% of available revenues, will be made available to local agencies in LSTI funding during the five-year Measure A Program of Projects period (not including the allocation by South Coast agencies to SBMTD for South Transit Operations or South Coast Transit Capital Program or local projects funded through the Bike/Pedestrian/Safe Routes to Schools programs).

The Local Agency Program of Projects were developed and adopted by local policy boards and compiled together for adoption by the SBCAG Board. Based on projects included in the Local POPs, staff compiled information on the planned expenditures local agencies intend to make using Measure A Local Streets and Transportation Improvement funding. For the upcoming five-year period, local jurisdictions plan to expend 61% of their Local Streets funds on the maintenance or construction of local roadways and bridges. The next highest category for planned expenditures is alternative transportation projects at 18%, which includes sidewalk improvements, bicycle and pedestrian facilities and subsidizing transit for the elderly and disabled. Figure 1 shows planned expenditures by category.

Figure 1. Planned Expenditures by Local Jurisdictions for Fiscal Years 2020/21 to 24/25.



Certification Statement of MOE requirement in Authorizing Resolution

SBCAG cannot allocate revenues to a local agency in a fiscal year until the agency has certified that it will include in its budget for that fiscal year an amount of local discretionary funding for streets and roads purposes at least equal to its Maintenance of Effort amount. The purpose of the MOE requirement is to ensure that Measure A funds are used by local agencies to supplement discretionary spending (e.g., general fund revenues) on local street repair and maintenance rather than to supplant local discretionary expenditures. Local jurisdictions meet this requirement by including it in the authorizing resolution when their Measure A Program of Projects is adopted by their governing board. All local agencies will have their resolution adopted prior to the adoption of the final Program of Projects at the June Board meeting.

Authority Program of Projects

The Authority Program of Projects has been developed by SBCAG except for the South Coast Transit Operations and Capital Programs, which was developed by Santa Barbara MTD. The Measure A expenditures reflected in the draft program of projects are consistent with project and program delivery priorities in the adopted Measure A Strategic Plan. The Authority POP is listed as **Appendix B in Attachment C** and includes projects and programs funded with all estimated revenues excluding those revenues estimated for the LSTI program.

Projects in the Authority POP include improvements on Highway 101 on the South Coast, “named” highway improvements in North County, circulation improvements in Buellton, Guadalupe, Carpinteria and Solvang (named projects are those that are specifically identified in the Measure A Investment Plan approved by voters). Additional projects include Santa Barbara MTD’s operating and capital projects, providing reduced transit fares for the elderly and disabled, bicycle, pedestrian and safe routes to school improvements, interregional transit, formation of carpools and vanpools, and commuter/passenger rail on the South Coast.

It is estimated that \$77.2 million or 41.6% of the total Measure A revenues for FYs 20/21 to 24/25, will be made available to fund the Authority Program of Projects. Approximately \$1.9 million from the Authority POP will be made available to transit operators over the five-year period for specialized transit services.

Final Program of Projects in June

The final Measure A Program of Projects for FY 20/21 will be presented to TTAC in June with the recommendation for adoption by the SBCAG Board on June 18.

Feedback on Draft Measure A POP

Questions or comments about the draft program of projects should be directed to Jacky Mata, Transportation Planner, at 961-8904 or jmata@sbcag.org. **Please submit feedback by Monday, May 11.**

ATTACHMENTS:

- A. Comparison chart – Differences in revenues between December and April (web posting only)
- B. Updated Measure A Five-Year Revenue Estimates (Tables 1-5) (web posting only)
- C. Measure A Local Programs of Projects – Includes Programs of Projects (web posting only)