

## SBCAG BOARD STAFF REPORT

**SUBJECT:** Measure A Strategic Plan Financial Memorandum

**MEETING DATE:** September 19, 2019

**AGENDA ITEM:** 4F

**STAFF CONTACT:** Sarkes Khachek

### RECOMMENDATION:

Approve clarification to Measure A Strategic Plan Financial memorandum to allow use of Regional Surface Transportation Program (RSTP) reserve funding for U.S. 101 High Occupancy Vehicle (HOV) Phase 4 project and parallel projects as part of innovative corridor level programming approach.

### DISCUSSION:



In March, the SBCAG Board approved the Measure A Strategic Plan Financial Memorandum. The memorandum included scenarios examining the cash flow needs and financing options for the Measure A program due to the match required for Senate Bill 1 (SB1) grants awarded by the California Transportation Commission in May 2018 for the U.S. 101 HOV project Segments 4A, 4B and 4C and parallel projects.

The two scenarios in the March memorandum are as follows:

- 1) Two Bond Issuances (Fiscal Year (FY) 21/22 and FY 24/25) – No use of Regional Surface Transportation Program (RSTP) funds.
- 2) Single Bond Issue in FY 23/24 by using U. S. 101 HOV RSTP reserve funds in FY 21/22, FY 22/23, and FY 23/24. **(Approved by the SBCAG Board in March).**

Ultimately, the SBCAG Board approved Scenario 2 where \$42 million in RSTP reserve funds would be utilized in lieu of Measure A funds for the Measure A program to maintain minimum cash annual cash balance of no less than \$5 million. Another result was that one bond issue was eliminated and the other downsized in FY 23/24. What Scenario 2 of the March memo did not specifically address was what projects and programs were to utilize the RSTP funds.

Subsequently, SBCAG staff presented TTAC revised versions of the financial memorandum in August and in September that clarified the use of RSTP reserve funding. The clarification, as noted in the Scenario 2 'Clarified' in Attachment A, related to use of RSTP reserve funding specifically for the U.S. 101 HOV project and parallel projects. The use of RSTP would begin in FY 19/20 and continue through FY 22/23 for a combined total use of RSTP funds of \$42 million, which is the same amount as proposed under Scenario 2 approved by the Board in March. As under Scenario 2, additional bond proceeds of \$61 million are needed in FY 2023-24 which provide sufficient revenues to meet expenditure needs during the implementation of the U.S. 101 HOV project and result in an ending Measure A fund balance of \$5 million in FY 2026/27. The following table provides a comparison of the two scenarios.



<p align="center"><b><u>Scenario 2</u></b>  <b>(Approved by the SBCAG Board in March)</b></p>	<p align="center"><b><u>Scenario 2 ‘Clarified’</u></b>  <b>(Staff recommendation and unanimously recommended by TTAC in September)</b></p>
<p align="center">Use of \$42 million in RSTP reserve to maintain cash flow for Measure A program</p>	<p align="center">Use of \$42 million in RSTP reserve for expenditures for U.S. 101 HOV Phase 4 and parallel projects</p>

The overall financial result of clarified scenario remains consistent with the previously approved Scenario 2. Scenario 2 approved by the Board remains the same, however, Scenario 2 ‘Clarified’ relates to the clarification on use of RSTP for the U.S. 101 HOV project and parallel projects.

**Use of RSTP on U.S. 101 HOV and Parallel Projects – ‘Corridor Level Programming’**

The availability of \$42 million in RSTP reserve in conjunction with Measure A and SB1 grant funding not only to the U.S. 101 HOV project, but also for the parallel projects, provides SBCAG to program projects as part of a concept called ‘Corridor Level Programming’. This will be especially key for completion of pre-construction components to get projects ready for funding requests for cycle 2 of the SB1 competitive programs. This fall, with support from TTAC and the SBCAG Board, SBCAG staff will be proposing to Caltrans and the CTC that corridor level programming be approved for the entire Phase 4 corridor. This will allow SBCAG and Caltrans to identify any opportunities and efficiencies with programming activities, including FTIP amendments, that can help improve and expedite delivery. If implemented, certain fund types can be applied to certain components or projects to improve delivery. Finally, as parallel projects progress, there still remain some needs to fund pre-construction components which will be key as SBCAG seeks to fund construction of the U.S. 101 Phase 4D and 4E projects and parallel projects in spring 2020. With the corridor level programming, SBCAG staff can fund remaining needs with RSTP funding with regular updates to TTAC and the Board on identified needs.

**Request to advance Circulation Improvement Funding for City of Carpinteria**

Additionally, the City of Carpinteria requested that their \$1 million in Circulation Improvement funding be advanced from FY 21/22 to FY 19/20 to allow for the delivery of improvements. The memorandum has been updated to reflect the city’s request. The Cities of Buellton, Guadalupe and Solvang are identifying projects for programming of their respective circulation improvement programs. Once identified, SBCAG staff will work with our partners to program the projects.

**Recommendation by Technical Transportation Advisory Committee (TTAC)**

SBCAG staff presented the amendment to the financial memorandum to TTAC on September 5 and TTAC unanimously recommended approval by the SBCAG Board.

**2020 Measure A Strategic Plan**

SBCAG will be required to adopt a full update to the Measure A Strategic Plan by December 2020. SBCAG staff will present the proposed schedule and key policy items for the 2020 Strategic Plan to TTAC and the SBCAG Board starting in November as part of a Board workshop. SBCAG staff will also provide an update on the U.S. 101 HOV project and the strategy for cycle 2 of the SB1 competitive programs.

**ATTACHMENT:**

- A. Updated KNN Financial Memorandum (web posting only)