



Item 7

Use of TAM Reserves of Measure A Funding

Update and request for action



**Issue One- Board item 7a.
Debt Reserve funds
Demand for Local Streets and Roads funds**



Request for additional Local Streets and Roads funds

1. Under OBAG 2 Cycle, staff issued a Call for Projects, received 42 applications for the various fund sources, and evaluated/ scored projects based primarily on MTC criteria, per MTC policy , updated July 2016

A recommendation to the TAM board occurred July 28th , 2016, with TAM Board action in July as well as final adjustments September 22nd, 2016

Applications received:

Category	Amount
Transit Capital	\$17,092,000
LSR/Highway	\$12,699,000
Bicycle/Pedestrian	\$15,493,500
Safe Routes to School	\$3007,000
Planning/Study	\$634,000
Total	\$49,027,500

Request for additional Local Streets and Roads funds

Category	# of Funded Applications	Funding Amount	Percentage of Funded
Transit Capital	3	\$3,180,000	29%
LSR/Highway	5	\$3,291,000	30%
Bicycle/Pedestrian	11	\$3,218,000	29%
Safe Routes to School	2	\$979,000	9%
Planning	2	\$324,000	3%
Total	23	\$10,992,000	100%



Request for additional Local Streets and Roads funds

The following Local Streets and Roads projects fell above the line in accordance with evaluation/scoring criteria and were funded:

- San Anselmo- Sir Francis Drake Boulevard Pavement Rehabilitation and Crossing Improvements- \$1.134 mil
- Marin County/ Marin City CSD- Phillips Drive Pavement and Streetscape Improvement Project- \$1.150 mil
- Marin County- Signal Coordination Improvements, Traffic Signal Controller Upgrade and Interconnect Work on SFD Blvd - \$340,000



Additional LSR/ Pathway funds from PCA

- TAM also distributed \$2.05 million in PCA funds:
 - \$500,000 went to Mill Valley Sausalito Pathway, County of Marin
 - \$369,700 went to Hicks Valley Road- County of Marin
 - \$312,000 went to Paradise Drive Pathway Gap Closure in Corte Madera
 - \$500,000 went to Fort Baker Vista Point trail- NPS
 - \$103,950 went to Carmel Open Space Land Acquisition – Novato
 - \$64,350 went to Hill Recreation Improvements - Novato

Request for additional Local Streets and Roads funds

- Upon adoption of OBAG2 and funds for the Richmond Bridge approaches, the TAM Board members representing the County asked for a discussion to return to the TAM board with options for how to fund other Local Streets and Roads needs. Note required and published guidance TAM followed in assessing (MTC Resolution No 4202) the three Local Streets and Roads projects in question - totaling \$2.9 million, fell below the cutoff line for funding
- TAM staff consulted with TAM's Citizen's Oversight Committee on September 19th - the COC oversees expenditures of all Measure A sales tax funds. The COC generally did not support a change in policy away from the current planned use of the funds for Major Roads projects



Bond Debt Reserve

Bond Debt Reserve

- Set aside in TAM policy in FY 2005-06 for Major Roads and Highway 101 Gap Closure needs

(Strategic Plan and Debt Policy adoption FY 2005-06)

- Counsel opinion recommends spending it in accordance with original intent- Major Roads and Local Infrastructure, or Highway 101 Gap Closure improvements
- TAM policy is for Debt Reserve to be spent on Major Roads or Highway 101 Gap Closure Improvements



Bond Debt Reserve

- TAM is using near term Debt Reserve for a Major Road project and an unfunded Highway 101 Gap Closure element:
 - Approach to the Richmond San Rafael Bridge on SF Drake through Larkspur
 - Widening the offramp from Northbound US 101 to Bellam Blvd
 - Final project cost on both of these complex projects Are Unknown
- Remaining funds available when collected in FY 2021-22



Programming remaining Debt Reserve to Major Roads

- Based in part on input from TAM's Citizen's Oversight Committee, TAM staff have reached general consensus on assigned the remaining debt reserve to Major Roads projects



Programming remaining Debt Reserve to Major Roads

- The funds would be assigned with following conditions:
 1. If there is additional needs on the approaches to the Richmond San Rafael Bridge, then debt reserve will first be assigned to these needs
 2. Make the funding commitment but not cash disbursement until the cash flow becomes positive . If anyone needs to access the cash prior to that, TAM will apply 3% per year discount rate, paid out of the allocation to the sponsor. For Example, if the need to access the cash is 3 years sooner than cash flow allows, discount applied of $3 \times (3\% \times X)$, which will be 9% cost to the sponsor, as an example



Programming remaining Debt Reserve to Major Roads

- Funds assigned to Major Roads projects in each Planning Area in accordance with current adopted priorities:

Northern Planning Area: City of Novato , \$1,492,500

Novato Blvd, Diablo to San Marin Drive

Central Planning Area: City of San Rafael, \$1,905,000

3rd Street, Grand Avenue to 2nd Street

Southern Marin Planning Area: City of Mill Valley, \$1,500,000

East Blithedale Blvd, Sunnyside to Tiburon Blvd

Ross Valley: County of Marin, \$1,620,000

Sir Francis Drake Blvd, US 101 to Ross Town Limits

West Marin: County of Marin, \$982,500

Sir Francis Drake Blvd, Fairfax Town Limits to Samuel P. Taylor Park
(Shafter Bridge)



Issue Two Item 7b.

- TAM needs to update its inventory on Class 1 bike/ped paths coming online in the next 1-3 years
- TAM has long-standing policy it has adopted which assigns interest funds for bike/ped path maintenance, for which it shares costs with local cities/towns/County on a 50/50 basis
- TAM has also used interest for unforeseen needs



Measure A Interest Funds

2- TAM has interest funds on the Measure A program that serves bike/ped path maintenance (2006 policy updated in 2010) AND TAM's risk management pool

- In the draft FY 2016-17 Strategic Plan update, interest unassigned totals \$1.67 mil



Update of inventory- bike/ped path maintenance

- There is considerable additional bike/ped path maintenance



TAM's usage of Measure A Interest Funds

- As its Risk Management Pool of funds, TAM has assigned these funds to urgent needs:
 - Cost increases on projects just prior to advertising (final estimate)
 - Bid opening impacts- higher than anticipated bids
- Along with programming funds to Local Streets and Roads, TAM has assigned interest funds to the following unforeseen needs as they crop up:

2006- \$250,000-Award of Highway 101 Gap Closure contract

2009- \$300,000 reimburse SMART for re-design of SMART Lincoln Hill relocation / Gap Closure Change Order

2013- \$190,000 Insurance policy for CMFC Bridge over SFDrake

2015- \$60,000 Study of 2nd to Anderson bikepath feasibility within SMART right of way



Staff anticipate these needs to continue

Making the Most out of Marin Transportation Dollars



TAM Interest Funds

- TAM staff recommend keeping with existing policy and assigning interest funds towards
 - bike/ped path maintenance on a 50/50 shared basis for Class 1 bike/ped paths
 - unique costs during the final stages of a project OR at bid opening when faced with higher than expected bids



Issue Three- Item 7c.

Marin Transit opens bids on their Novato Redwood and Grant Bus Transit facility and has higher than expected bids



Marin Transit Shortfall

- Marin Transit opened bids in mid-October on the new Redwood and Grant bus station facility, in the City of Novato
- With an adopted budget of \$3,500,000, Marin Transit is projecting a final budget need of \$4,700,000, due to bids coming in higher than expected
- Marin Transit has requested TAM identify the \$1.2 mil in needed additional funds



Marin Transit Shortfall

- Current policy with projects that utilize Measure A funds is to offer the project sponsor an advance of their Measure A funds, as allowed in the Measure A sales tax expenditure plan
- Offered 4 times, sponsors have enacted the advance 2 times
- The advance repayment can be flexible, note that a reasonable interest charge is expected



TAM Measure A Reserve

3- Reserve of 2004 Measure A Sales Tax

“The Authority will also have the ability to set aside a reserve fund of up to 10% of the annual receipts from the tax for contingencies, to ensure that the projects included in this plan are implemented...”

TAM has set aside 5% reserve to address fluctuations in sales tax , adopted in the first full year of Measure A, FY 2005-06. After 5 years of collection, TAM stopped taking funds off the top. The Board has maintained this reserve since 2010.

Fund amount for this reserve is \$5.382 mil - it is to be returned via Measure A formula:

55% Local Transit

26.5 % Major Roads and Local Infrastructure (13.25% each)

11 % Safe Routes to School

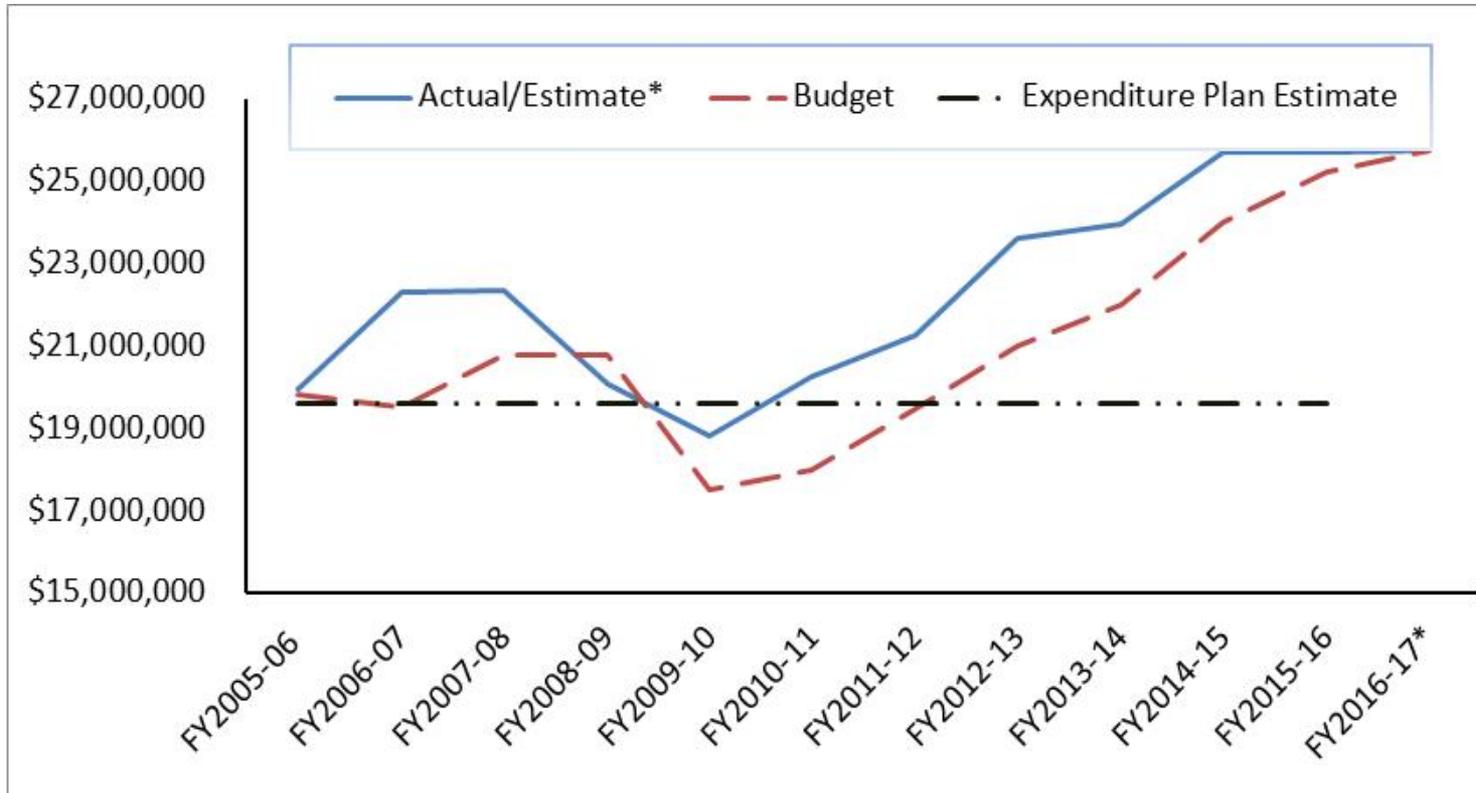
7.5 % Highway 101 Gap Closure

TAM adopts Reserve Policy FY 2005-06

- The Expenditure Plan states “The Authority will also have the ability to set aside a reserve fund of up to 10% of the annual receipts from the tax for contingencies, to ensure that the projects included in this plan are implemented on schedule.” The purpose of establishing a reserve is to not only ensure that projects are implemented on time, but to allow for fluctuations in annual sales tax receipts that might negatively impact ongoing operating programs. The impacts on revenue availability to strategies of establishing a 5% and a 10% annual reserve fund were analyzed. Given that the reserve fund is only one mechanism TAM will use to address fluctuations in sales tax revenue and that a conservative (low) sales tax forecast will be used, a 5% annual reserve is established for the first five years of the Strategic Plan. The conditions and process for disbursing revenues from the reserve will be considered in future policy discussions of the Board.



Sales Tax history



Sales Tax History

Measure A Actual Revenue Vs. Budget Comparison

	Actual/Estimate*	Budget	Expenditure Plan Estimate
FY2005-06	\$19,963,513	\$19,819,256	\$ 19,600,000
FY2006-07	\$22,296,485	\$19,503,000	\$ 19,600,000
FY2007-08	\$22,336,086	\$20,800,000	\$ 19,600,000
FY2008-09	\$20,095,696	\$20,800,000	\$ 19,600,000
FY2009-10	\$18,816,292	\$17,500,000	\$ 19,600,000
FY2010-11	\$20,259,801	\$18,000,000	\$ 19,600,000
FY2011-12	\$21,265,462	\$19,500,000	\$ 19,600,000
FY2012-13	\$23,619,507	\$21,000,000	\$ 19,600,000
FY2013-14	\$23,987,178	\$22,000,000	\$ 19,600,000
FY2014-15	\$25,698,637	\$24,000,000	\$ 19,600,000
FY2015-16	\$25,698,637	\$25,250,000	\$ 19,600,000
FY2016-17*	25,770,000	\$25,770,000	\$ 19,600,000



Marin Transit Shortfall

- TAM staff believe it is an option for the TAM Board to consider reducing the TAM reserves,

From a current level of \$5.383,000

to

A revised level of \$3,500,000, which is the maximum the sales tax has dropped over the last 12 years.

This action returns by formula share a total of \$1.88, of which Marin Transit would recoup \$1.12million. They would need to identify the remaining needed funds from their own fund sources.



Marin Transit Shortfall

- TAM presented the proposal for use of TAM reserve to assist Marin Transit in this emergency to the TAM Citizen's Oversight Committee. The COC raised concerns that they will discuss with the TAM Board at the Executive Committee meeting.

