



DATE: December 1, 2016

TO: Transportation Authority of Marin Board of Commissioners

FROM: Dianne Steinhauser, Executive Director

SUBJECT: Program and Allocate TAM Reserve to Marin Transit for cost overruns on the Redwood/Grant Bus Facility in Novato (Action) – Agenda Item 11c

RECOMMENDATION

Reduce Measure A Reserve permanently to free up funds for Marin Transit to be able to award the facility contract to the lowest responsible bidder for planned improvements to their Redwood /Grant bus facility in the City of Novato. Reserve shall not fall below \$3.5 million.

TAM shall restore the reserve to its previous level of \$5.382 million utilizing excess sales tax collected annually above the budgeted amount. Note the relinquishment and restoration will be assigned to all strategies per the Measure A shares per strategy. Amount to Marin Transit: \$1.12 million in reducing reserve.

The TAM Executive Committee for Finance and Policy considered this item at their regularly scheduled meeting of November 14th, The TAM Citizen’s Oversight Committee reported on concerns they had regarding the diminishment of reserve, noting their full support of the project. Nancy Whelan and staff from Marin Transit reported on the project and their planned use of reserves held under Marin Transit’s budget. After consideration, the Committee voted unanimously to program the funds to Marin Transit, restoring reserve utilizing excess revenues collected.

BACKGROUND

TAM has committed funds for several years to further the Novato Redwood and Grant bus facility improvement project. A current commitment of funds would be consistent with past practice. Note TAM has committed over \$2.2 million in discretionary funds to date. See Attachment A for TAM commitment to this and other transit projects in Novato.

TAM staff learned of Marin Transit’s shortfall shortly after bids were opened for the Redwood and Grant bus facility in Downtown Novato. Several informal discussions have transpired since that time. Marin Transit has requested TAM identify new funding to close the \$1.2 million shortfall.

TAM staff informally recommended to Marin Transit an advance of Measure A funds, with a flexible payback period, in accordance with current TAM Board policy. Marin Transit asked that TAM identify new funds instead. TAM staff followed up with a recommendation for the use of TAM reserve to address the shortfall. The reserve would be reduced from the current level of \$5.382 million to \$3.5 million. The funds would be distributed back to each Strategy under the Measure A Sales Tax. Marin Transit’s share would be

\$1.12 million. Marin Transit would need to identify the remainder from their sources. Marin Transit staff viewed this option favorably.

At a meeting of the Marin Transit Board on November 21st, the Marin transit Board authorized their Board President to request Measure A Reserve Funds from TAM.

TAM Citizen's Oversight Committee input

TAM staff presented the proposal to use Reserve for this urgent situation to its Citizen's Oversight Committee on November 7th, 2016. The COC is charged with reviewing all Measure A Sales Tax expenditures. TAM has taken all uses of reserve to the COC for input over the past 12 years.

The COC did not support TAM staff's recommendation and raised a number of concerns. They addressed the TAM Executive Committee on November 14th regarding their concerns and recommendation.

The Committee felt restoring reserve with excess revenue collected would meet the concerns of the COC.

NEXT STEPS

Reduce TAM's Measure A Transportation Sales Tax reserve and re-program and allocate these funds to all eligible strategies under the Measure A sales tax expenditure plan. This re-programming yields \$1.12 million to Marin Transit for their shortfall at the Redwood and Grant bus facility. Restore reserve by utilizing Measure A sales tax collected annually over the projected revenue amount in each year's annual budget approved by TAM.

ATTACHMENTS:

Attachment A – TAM Discretionary Funds to MT for Novato Transit projects
Attachment B- Request Letter Marin Transit- use of TAM Reserve funds

TAM Discretionary Funds to Marin Transit for City of Novato Major Transit Projects- 2008-2016

NOTE: This does NOT include funds for the Marin Sonoma Narrows

	Date of TAM action/ type action	\$Amount	Fund Source	Purpose/ project/ phase
1	Sept 2008 / programming/ allocation	\$350,000	County RIP share (STIP)	Bus stop improv- Novato- Rowland/Hwy 101- PSE
2	Sept 2008 / programming/allocation	\$1,823,000	County RIP share (STIP)	Bus stop improv- Novato- Rowland/Hwy 101- CONSTR
	Subtotal Transit related to Novato	\$2,173,000		
3	March 2012/ programming - TAM concurrence	\$985,000	Lifeline - Prop 1B share	Redwood and Grant Bus Facility- PAED and PSE
4	January 2012/ programming/ allocation	\$100,000	CMA- Planning funds	Redwood and Grant Bus Facility- PAED and PSE
5	January 2015/ programming/ TAM concurrence	\$787,500	Lifeline - Prop 1B share	Redwood and Grant Bus Facility- CONSTR
6	July 2016 / programming/ allocation	\$311,000	TAM Local Funds	Redwood and Grant/ CONSTR
	Subtotal Transit related to Novato	\$2,183,500		
		\$4,356,500		

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November 21, 2016

Stephanie Moulton-Peters
Chair, Board of Commissioners
Transportation Authority of Marin
900 Fifth Avenue, Suite 100
San Rafael, CA 94901

Subject: Request for Funding for Redwood and Grant Transit Improvement Project in Downtown Novato

Dear Ms. Moulton-Peters:

Marin Transit appreciates working with the Transportation Authority of Marin (TAM) to implement the goals of the Measure A transportation sales tax and improve local transit in Marin County.

In March 2013, Marin Transit, the City of Novato, and the Golden Gate Bridge Highway and Transportation District began the design process to improve the downtown Novato transit facility, a critical bus transfer facility in Marin County. The Redwood and Grant Transit Improvement Project (RGTIP) addresses identified shortcomings of the current bus transfer facility. The redesigned facility specifically focuses on increasing passenger safety and security, enhancing pedestrian and bicycle access to the facility, and providing operational improvements for transit.

Following the comprehensive design phase, Marin Transit solicited contractor bids for construction of the RGTIP. Bids were opened on October 13, 2016. The low bid of \$3.9 million is 39 percent over the engineer's estimate of \$2.8 million. The project team reviewed the construction bids and determined the higher costs for construction are primarily due to the effect of a stronger economy on the current construction climate and the higher cost of materials.

Marin Transit reviewed several possible options to address the impact of the funding shortfall, including rebidding and canceling the project. Pricing trends indicate that rebidding will delay project completion. A rebid could result in even higher construction costs and increased costs for administration and construction management. Canceling or even delaying the project prolongs the critical need for improvements to pedestrian safety and transit operations on Redwood Blvd. The project is currently funded with \$989,000 in Active Transportation Program (ATP) funds, \$311,000 in OBAG funds, and \$1.9 million in PTMISEA (State Prop. 1B) Lifeline funds. Significant delays to the project will put existing

funding at risk and potentially jeopardize the likelihood that the project will be successfully constructed.

Our Board is not in favor of delaying this important project, and has decided to pursue the option of seeking additional funds to increase the project budget.

Today, the project is ready for construction that is scheduled to begin in January 2017. The total project construction budget adopted at the Marin Transit Board's August 15, 2016 meeting is shown below:

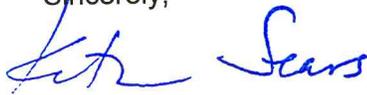
Redwood and Grant Transit Improvement Project Budget	
Project Budget	
<i>Revenues</i>	
PTMISEA State Transit Bond Funds	\$1,980,716
Active Transportation Project Grant	\$989,000
OBAG2 Local Funds	\$311,000
Marin Transit Measure A Funds	\$219,284
Total Revenue	\$3,500,000
<i>Expenditures</i>	
Construction Contract (including contingency)	\$2,978,620
Legal	\$20,000
Construction Management Contract	\$375,000
Project Management & Outreach	\$110,000
Additional Contingency	\$16,380
Total Expenditures	\$3,500,000

Based on the low bid for constructing RGTIP, an additional \$1.2 million is needed to complete the project for a revised total project budget of \$4.7 million.

TAM staff has reviewed our project shortfall and has identified \$1.12 million available from the Measure A Reserve Fund. The use of reserve funds for this purpose is consistent with the TAM Strategic Plan Reserve Policy, "to ensure that the projects included in this plan are implemented on schedule." Marin Transit is requesting that, at its next meeting, the TAM Board allocate those funds to the RGTIP for construction costs.

We really appreciate your effort to secure this vitally needed funding, and your continued support for this important project. We look forward to working with you and the TAM Board, and jointly taking a significant step toward improving public transit in Marin County.

Sincerely,



Kathrin Sears
President