



# Use of TAM Reserves of Measure A Funding

Update and request for action

TAM Board December 1<sup>st</sup>, 2016

# Item 11) a. Program Debt Reserve funds



# Request for additional Local Streets and Roads funds

## History of request:

- 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.
- TAM staff consulted with TAM's Citizen's Oversight Committee on September 19<sup>th</sup> - 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 or Highway 101

# 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 28<sup>th</sup> , 2016, with TAM Board action in July as well as final adjustments September 22<sup>nd</sup>, 2016

Applications received:

| <b>Category</b>       | <b>Amount</b>       |
|-----------------------|---------------------|
| 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           |
| <b>Total</b>          | <b>\$49,027,500</b> |

# 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%                   |
| <b>Total</b>          | <b>23</b>                | <b>\$10,992,000</b> | <b>100%</b>          |

# Request for additional Local Streets and Roads funds

The following Local Streets and Roads projects were approved for funds in accordance with evaluation/scoring criteria and were funded by TAM:

- 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 funds from PCA

- TAM also distributed \$2.05 million in PCA funds to a County Local Road project:
  - \$369,700 went to Hicks Valley Road- County of Marin

# 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)

- Reaffirmed in annual Strategic Plan updates and Debt Policy adoption

# 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

NOTE: 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 on input from TAM's Citizen's Oversight Committee, and input from the County of Marin Department of Public Works, TAM staff recommend assigning the remaining Debt Reserve, totaling approximately \$7.5 million to Major Roads projects

under two conditions

# 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

3<sup>rd</sup> 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)

## Item 11) b.

**Re-affirm existing policy regarding use of Interest Funds for Class 1 Bike/Ped Path Routine Maintenance, on a 50/50 shared basis with local jurisdictions. Adopt a new inventory of projects, continue working closely with project sponsors on refinement of details on projects and costs.**

# Measure A Interest Funds

## History

In considering a source of funds for Local Streets and for Marin Transit, TAM brings forward existing policy the TAM board has adopted on use of interest funds, and advises TAM retain that policy in light of upcoming needs for those funds.

- TAM has long-standing policy- in 2006, 2008, 2012 - 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

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 needs to update its inventory on Class 1 bike/ped paths coming online in the next 1-3 years

# 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 bike/ped path maintenance, TAM has assigned interest to urgent 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 2<sup>nd</sup> to Anderson bikepath feasibility within SMART right of way

# TAM Interest Funds

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

## Item 11) c.

**Reduce Measure A reserve to allow \$1.12 million to be assigned to Marin Transit for the Redwood and Grant Bus Facility**

**Restore reserve to previous levels by capturing additional Measure A revenue collected annually beyond adopted budgeted revenue estimates**

# 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

## Policy History of Reserve

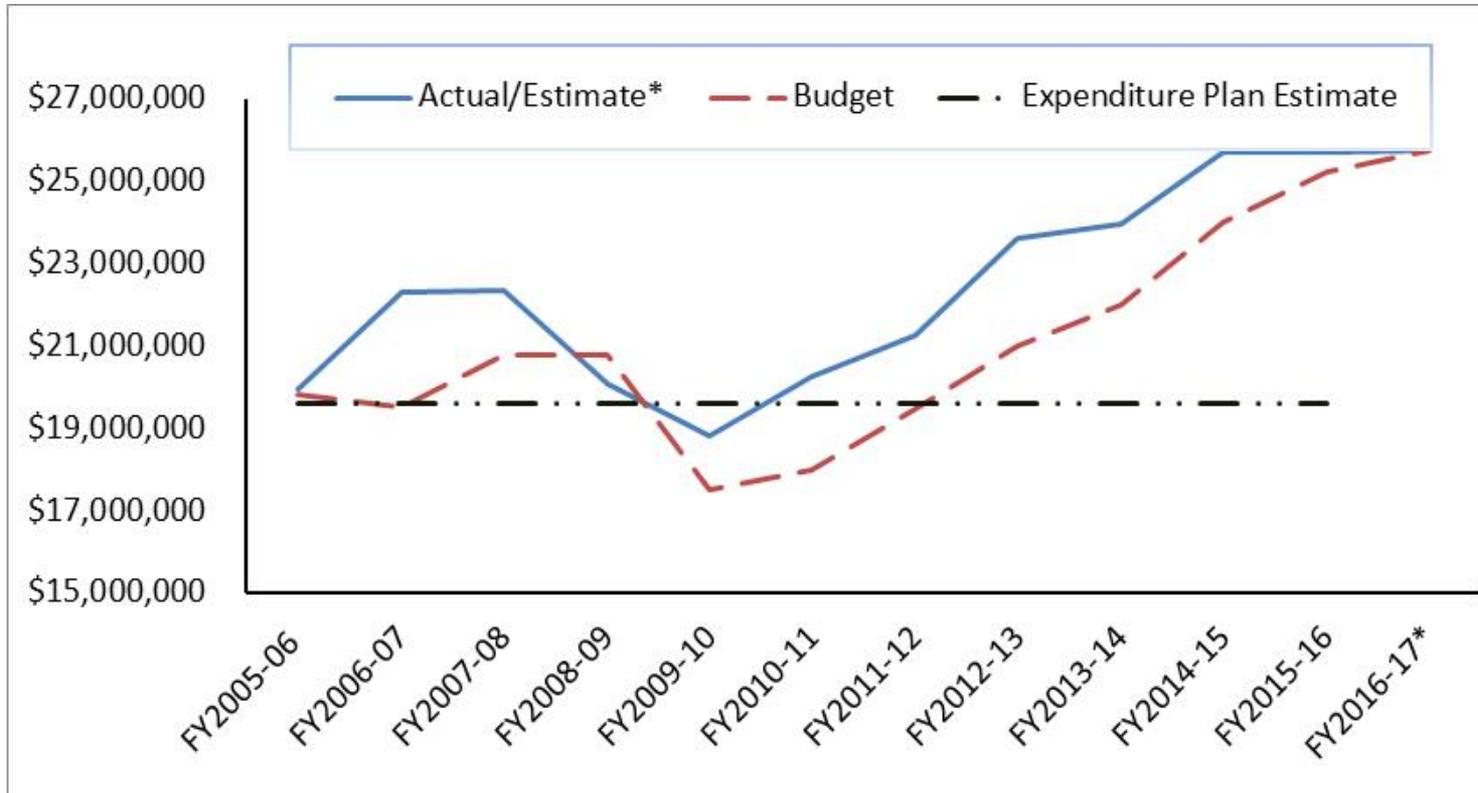
### Reserve of 2004 Measure A Sales Tax

“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 adopted policy in FY 2005-06 and has set aside 5% reserve to address fluctuations in sales tax , adopted in the first full year of Measure A. 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 currently \$5.382 mil

# 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.

# Reduction of Reserve

- Reserve reduction would also free up the following funds:
  - \$269,727 to Major Roads ( distributed by formula to priority Major Roads projects in the 5 Planning Areas per the Sales Tax Expenditure Plan)
  - \$269,727 to Local Infrastructure ( by formula to each jurisdiction for their usage)
  - \$223,924 to Safe Routes to Schools program

# Questions?

