



DATE: June 28, 2018

TO: Transportation Authority of Marin Board of Commissioners

FROM: Dianne Steinhauser, Executive Director
David Chan, Programming and Legislation Manager

SUBJECT: Commitment to Program Cycle 2 Local Partnership Program (LPP) Formula Funds and Forward Letter to MTC Requesting Funding Assistance for the Novato Downtown SMART Station (Action), Agenda Item No. 9

RECOMMENDATION

- 1) Recommend that the TAM Board program Local Partnership Program (LPP) Cycle 2 Formula funds to Novato's Downtown SMART Station Phase II.
- 2) Recommend the attached letter be sent by TAM to MTC requesting funding assistance in closing the funding gap for the Novato Downtown SMART Station.

BACKGROUND

The Road Repair and Accountability Act of 2017 (SB1) approved by Governor Brown in April 2017, is a \$5.24 billion annual transportation funding package aimed at fixing the state's local roads, freeways and bridges and investing more funding toward transit and safety projects. The revenue generated from taxes and a variety of other sources statewide (12 cent/gallon gas tax, 20 cent/gallon diesel tax, increased vehicle registration fees, fees for electric vehicles starting in 2020) will provide the first significant on-going increase in state transportation funding in more than two decades.

In some cases, SB1 funding will augment existing programs (including the Active Transportation Program (ATP), State Highway Operation and Protection Program (SHOPP), Transportation Asset Management Program (TAMP), and State Transportation Improvement Program (STIP). Funding will also be provided through newly developed SB1 programs (including Local Streets and Roads (LS&R), Solutions for Congested Corridors, Trade Corridor Enhancement, and Local Partnership Program (LPP)).

The objective of the LPP is to reward counties, cities, districts, and regional transportation agencies in which voters have approved fees or taxes solely dedicated to transportation improvements or that have enacted fees solely dedicated to transportation. LPP is divided into two programs of funding – Competitive Programs whereby agencies statewide must submit grant applications to receive funding, and Formula Programs in which a specific amount of funding will be set aside by formula. Both programs of LPP are administered by the California Transportation Commission (CTC).

TAM is listed in SB1 as an eligible recipient of LPP Formula funds because of Measure A Transportation Sales Tax and Measure B Vehicle Registration Fee. Whereas, the towns, cities, and County receive annual LS&R funding from SB1, TAM receives LPP Formula funds from SB1: Note LPP is a much smaller amount of funds, approximately \$500,000 annually.

Instead of an annual allocation, LPP Formula funds will be distributed by cycle. Cycle 1 of LPP included funding from FY 17/18 and FY 18/19. Cycle 2 of LPP will include only FY 19/20. Note the California Transportation Commission (CTC) is expected to issue the Cycle 2 Local Partnership Program Call for Projects on June 29, 2018.

PRIOR PROGRAMMING OF LPP FORMULA FUNDS

In Cycle 1, the CTC made available LPP funds from FY 17/18 and FY 18/19. TAM's share of LPP Formula funds in Cycle 1 was \$1,002,000. The TAM Board approved the programming of \$500,000 to the Marin Sonoma Narrows Project and \$502,000 to San Rafael's Francisco Boulevard West Multi-Use Path (2nd to Andersen). The project list and amounts were submitted to the CTC in October 2017 and the funds have since been allocated to TAM and San Rafael.

LPP CYCLE 2

Unlike Cycle 1, Cycle 2 will only include one year of funding from FY 19/20. According to the CTC's draft Formula Shares, TAM will receive a total of \$483,000 for programming in Cycle 2. Of the \$483,000 total available, \$100,000 is derived from Measure B and \$383,000 is derived from Measure A. Attachment A is the draft LPP Formula Shares.

The CTC is scheduled to adopt the guidelines and fund shares for Cycle 2 on June 27, 2018 with the Call for Projects to be issued on June 29, 2018. Recipients of LPP Formula funds are due to submit project application(s) to the CTC by August 29, 2018.

NOVATO'S DOWNTOWN SMART STATION PHASE II

Novato's Downtown SMART Station Phase II project will complete the construction of a new SMART station located at the corner of Grant Avenue and Railroad Avenue in downtown Novato. This work includes the installation of rail switches, a signal house, electrical switching components, Positive Train Control software and hardware, system integration/testing, and platform amenities. The current cost estimate for the Downtown SMART Phase II project is \$5,214,000. The project is intended to be constructed as a change order to SMART's ongoing Larkspur Extension contract.

In July of 2017, Novato City Council approved \$3,094,716 to construct the Phase II project. This amount was based off of a \$3.1M engineer's cost estimate provided by SMART at the time. Since then, SMART contracted with Stacy & Witbeck/Herzog to construct their Larkspur Extension project and the contractor provided the updated \$5.2M construction estimate in March 2018. The cost increase was primarily due to high demand for Positive Train Control hardware/software as well as labor and material price escalations. The revised construction estimate created a funding gap of \$2,119,284 to complete the project.

The previous Downtown SMART Phase I project constructed the station platform, siding rails, and installed electrical conduit for future switching controls and was completed in April of 2017 for a total cost of \$2,400,000. A Phase III project is in the planning phase and will likely improve the adjacent Depot Lot and Building to support commuters, visitors, and patrons of downtown Novato.

Note as part of TAM's cycle of federal gas tax funds in OBAG2, the TAM Board programmed \$1,450,000 to the Novato Downtown SMART station. The City of Novato has also dedicated a substantial amount of its own funds of over \$3.5 million to fund the project.

PROPOSAL ON PROGRAMMING CYCLE LPP FORMULA FUNDS

LPP Formula funds are required to exhibit a one-to-one match of non-state funds. LPP formula funds under Cycle 1 were assigned based on other non-state funds being dedicated. The same condition is being met in staff's proposal for Cycle 2.

Novato is faced with an urgent need to finalize a funding plan in order to have the work done by SMART's contractor, Stacy&Witbeck/Herzog. Due to significant demand nationally for Positive Train Control work in particular, it would cost substantially more to complete the work under a separate contract, if bidders could in fact be attracted to a small amount of work. The City of Novato has contributed substantially to the effort, and staff in Novato intends to seek a match of \$500,000 of their own funds, to address the shortfall. In addition, staff at Novato has agreed to move funds previously dedicated by MTC for parking and landscaping improvements to this urgent Phase 2 work. This leaves a final gap of approximately \$600,000 unfunded.

In a meeting with MTC's staff leadership including Executive Director Steve Heminger, MTC committed to working on closing the final gap of approximately \$600,000. MTC stated they would not allocate RM3 funds until after January 1, 2019. SMART has indicated they will work with the partners to develop a cash flow plan that responds to MTC's schedule of funding.

TAM staff recommends the attached letter be sent to MTC committing to TAM's share of the funds and documenting MTC's assistance in a solution.

FISCAL IMPACTS

There are no fiscal impacts to the TAM. If the funds are programmed to a project of TAM, TAM's budget would need to be amended to show the anticipated funds. Since the proposal is to program LPP funds to Novato, TAM's budget would not be affected. The CTC will issue the funds directly to Novato through a funding agreement.

NEXT STEPS

Submit a project application for an amount of \$483,000 in Cycle 2 LPP Formula funds to the CTC by August 29, 2018 and forward the attached letter (Attachment B) to MTC requesting funding assistance in closing the funding gap for the Novato Downtown SMART Station.

ATTACHMENT

Attachment A – Cycle 2 LPP Formula Shares

Attachment B – Letter to MTC on Novato Downtown SMART Station Funding

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**2019 Local Partnership Formulaic Program
Eligible Submittals and Proposed Formulaic Shares** Item 9 - Attachment A
(Shares in \$1,000s)

| Local Partnership Formulaic Program | | 2019-20 |
|---|--|-----------|
| Formulaic Program Cycle 2 | | \$100,000 |
| Incentive Program (funded by Competitive Program Cycle 2) | | \$5,000 |

| Proposed Annual Share Distribution | | 2019-20 |
|------------------------------------|-------|----------|
| Tolls + VRF + parcel/property tax | 7.0% | \$6,978 |
| North sales tax | 27.3% | \$27,288 |
| South sales tax | 65.7% | \$65,733 |

| Shares for Voter-Approved Tolls, VRF, Parcel/Property Taxes | | |
|--|-------------------|------------------|
| Applicant Agency (Measure) | Revenue | Funding Share |
| Bay Area Transportation Authority (RM1, RM2) | 285,496 | \$4,649 |
| Alameda County Transportation Commission (Measure F-VRF) | 12,275 | \$212 |
| Transportation Authority Marin County (Measure B-VRF) | 2,376 | \$100 |
| San Francisco County Transportation Authority (Prop AA-VRF) | 5,302 | \$100 |
| City/County Association of Governments of San Mateo County (Measure M-VRF) | 7,471 | \$122 |
| Santa Clara County Valley Transportation Authority (Measure B-VRF) | 16,545 | \$269 |
| Alameda-Contra Costa Transit District (Parcel Tax) | 29,509 | \$480 |
| Bay Area Rapid Transit District (Parcel Tax) | 51,899 | \$845 |
| City of Orinda (Measures J & L-Parcel Tax) | 1,686 | \$100 |
| Yuba County Depletion Surcharge (Measure D-Parcel Tax) | 483 | \$100 |
| Totals | 413,902 | \$6,978 |

| Shares Based on Voter-Approved Sales Taxes - North | | |
|---|--------------------|------------------|
| County (Agency) | Population | Funding Share |
| Alameda (Alameda County Transportation Commission) | 1,660,202 | \$3,589 |
| Contra Costa (Contra Costa Transportation Authority) | 1,149,363 | \$2,486 |
| Fresno (Fresno County Transportation Authority) | 1,007,229 | \$2,173 |
| Lake (City of Clearlake) | 15,917 | \$100 |
| Madera (Madera County Transportation Authority) | 158,804 | \$241 |
| Marin (Transportation Authority Marin County) | 263,886 | \$383 |
| Marin (Sonoma Marin Area Rail Transit District) | - | \$192 |
| Mendocino (City of Fort Bragg) | 7,512 | \$100 |
| Mendocino (City of Point Arena) | 448 | \$100 |
| Mendocino (City of Willits) | 5,128 | \$100 |
| Merced (Merced County Transportation Authority) | 279,977 | \$599 |
| Monterey (Transportation Agency for Monterey County) | 443,281 | \$724 |
| Monterey (Monterey-Salinas Transit District) | - | \$241 |
| Napa (Napa Valley Transportation Authority) | 141,294 | \$311 |
| Nevada (Nevada City) | 3,226 | \$100 |
| Nevada (Town of Truckee) | 16,681 | \$100 |
| Sacramento (Sacramento Transportation Authority) | 1,529,501 | \$3,304 |
| San Francisco (San Francisco County Transportation Authority) | 883,963 | \$1,907 |
| San Joaquin (San Joaquin County Transportation Authority) | 758,744 | \$1,629 |
| San Mateo (San Mateo County Transportation Authority) | 774,155 | \$840 |
| San Mateo (San Mateo County Transit District) | - | \$840 |
| Santa Clara (Santa Clara County Valley Transportation Authority) | 1,956,598 | \$4,228 |
| Santa Cruz (Santa Cruz County Regional Transportation Commission) | 276,864 | \$302 |
| Santa Cruz (Santa Cruz Metropolitan Transit District) | - | \$302 |
| Sonoma (Sonoma County Transportation Authority) | 503,332 | \$551 |
| Sonoma (Sonoma Marin Area Rail Transit District) | - | \$551 |
| Stanislaus (Stanislaus County Transportation Authority) | 555,624 | \$1,196 |
| Totals | 12,391,819 | \$27,288 |

| Funding Shares Based on Voter-Approved Sales Taxes - South | | |
|--|-------------------|-----------------|
| County (Agency) | Population | Funding Share |
| Imperial (Imperial County Local Transportation Authority) | 190,624 | \$556 |
| Los Angeles (Los Angeles County Metropolitan Transportation Authority) | 10,283,729 | \$29,973 |
| Orange (Orange County Transportation Authority) | 3,221,103 | \$9,388 |
| Riverside (Riverside County Transportation Commission) | 2,415,955 | \$7,042 |
| San Bernardino (San Bernardino County Transportation Authority) | 2,174,938 | \$6,339 |
| San Diego (San Diego County Regional Transportation Commission) | 3,337,456 | \$9,727 |
| Santa Barbara (Santa Barbara County Local Transportation Authority) | 453,457 | \$1,322 |
| Tulare (Tulare County Transportation Authority) | 475,834 | \$1,387 |
| Totals | 22,553,096 | \$65,733 |

| Shares for Agencies through Local Partnership Program Incentive Grant | | |
|---|--|---------------|
| Applicant Agency (Measure) | | Funding Share |
| Bay Area Transportation Authority (RM3) | | \$5,000 |

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June 28, 2018

Mr. Jake Mackenzie
 Chair
 Metropolitan Transportation Commission
 Bay Area Metro Center
 375 Beale Street
 San Francisco, CA 94105

Subject: SMART Station in Downtown Novato

Dear Chair Mackenzie:

The advent of the SMART rail system in Marin and Sonoma has been an important part of our multi-modal system of options for travelers in the corridor. Over the past two years the City of Novato, seeing the benefits that the SMART rail system was providing, elected to fund an additional SMART station in downtown Novato on Grant Avenue.

Working with the Metropolitan Transportation Commission (MTC) and TAM, the City developed a funding plan that, until recently, would have secured the station being constructed. Recent estimates, especially the cost of positive train control, have placed the funding plan in jeopardy. The station site is under construction and there is an urgency to closing the funding gap.

TAM and the City of Novato request consideration from MTC to close the funding gap of \$636,284. TAM and the City of Novato met with MTC senior staff on June 19th to discuss the issue, with all partners present. Cooperation expressed at that meeting by all of the partners resulted in a positive path forward. TAM supports the station implementation as a key access point to downtown Novato, businesses, commercial areas and residences, and is approving a contribution of \$483,000 towards meeting the City's needs.

Thank you for your consideration of helping us reach a successful conclusion.

Respectfully,

Stephanie Moulton-Peters
 Chair
 Transportation Authority of Marin

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