



DATE: May 13, 2019

TO: Transportation Authority of Marin Funding, Programs & Legislation Executive Committee

FROM: Dianne Steinhauser, Executive Director
Dan Cherrier, Deputy Executive Director

SUBJECT: Policy on use of Measure A / AA Interest (Action) – Agenda Item 6

RECOMMENDATION

Approve the Measure A/ AA Interest Policy as presented and forward to the full TAM Board.

BACKGROUND

Due to an accumulation of unspent revenues and a strong investment policy, TAM has managed to realize investment interest. The interest reserve has allowed TAM to respond quickly to changing needs. Interest funds have been spent on a variety of uses including, last minute project shortfalls, increasing construction costs, bicycle path maintenance, and transit requirements. These funds have been assigned only to expenditures allowed by the original fund sources such as the ½ cent transportation sales tax Measure A, but allow flexibility, enabling TAM to keep projects and programs on track with minimal disruption.

To date TAM has spent interest funds as follows:

<u>Project/Program</u>	<u>Measure A Interest Amount</u>
Bellam Boulevard off-ramp Improvements	\$687,000
North South Greenway Northern Segment	\$1,000,000
Yellow School Bus Program	\$1,100,000
Bike/Ped Routine Maintenance	\$971,075
Golden Gate Ferry Shuttle	\$510,000
SMART CMFC Insurance Policy	\$57,784
San Rafael 2 nd to Anderson Bike Path Study	\$60,000
Total	\$4,385,859

Staff have resisted using interest fund money for routine projects or as a source of funds for projects that can be funded by any other source. A perfect example is bike path maintenance. Up until the passage of TAM's \$10 vehicle registration fee program, which includes a small level of bike path maintenance funding, none of the normal sources of funds could be allocated to this function due to the associated restriction placed by the grantor of the funds.

DISCUSSION/ANALYSIS

TAM staff is recommending reserving current Interest Funds for upcoming critical project delivery. Two projects will be entering the construction phase in the 2019/2020 Fiscal Year. The first is the Bellam

Boulevard Off -ramp improvements. This project will improve access to the Richmond-San Rafael Bridge as well as improve safety. Traffic is current stopped daily on mainline Highway 101 in the afternoon waiting to exit at Bellam. Rear end collisions are frequent, and this project will reduce the back-up. The Project will also improve access to eastbound I-580 allowing for better Richmond-San Rafael Bridge access and relieving the traffic on Sir Francis Drake.

The second Project is the Northern Segment of the North-South Greenway. This Project improves bicycle and pedestrian access across Corte Madera Creek. The current path of travel does not meet current standards and is highly utilized by bicyclists and pedestrians. The project is a high priority to both user groups.

Both projects are nearing design, permit and right of way completion and expected to go to bid sometime this Summer/ Fall. Unfortunately, construction bids have been significantly over the engineers estimate on several recent projects - in some cases, exceeding expectations by over 30%. Staff have been working with our consultants to verify that the estimates are based on recent unit prices to avoid surprise. However, the current bidding environment is very volatile, with a small number of bidders on each project with resulting uncertainty.

Staff is recommending that the existing Measure A interest balance and future interest earned be set aside for project cost overruns and for dealing with higher than expected bid prices. It is also recommended to continue to fund previously allocated commitments included one year of the SMART CMFC Insurance police and Bike Path Maintenance.

A very short time exists between the opening of bids and the need to either locate additional funding or reject all bids. TAM requires the ability to deal with situations like this with a minimum of disruption to other committed funds.

Therefore, staff are recommending that the Board formally adopt a policy where interest funding is set aside for use in the following order:

1. Maintain commitment to fund SMART insurance per previous agreement with SMART;
2. Provide immediate funding to respond to bid opening and construction shortfalls;
3. Maintain funding commitments to routine bike/ped path maintenance

Note: the above policy has been used informally up to this point; however, the Board may wish to memorialize past practice by adopting this recommendation.

FISCAL CONSIDERATION

Interest funds have allowed projects and programs to proceed without impacting other programmed funding. The ability to quickly respond to unanticipated issues, reduces delay costs and to continue moving projects and programs forward in an environment of continually raising costs.

NEXT STEPS

Staff will present this item to the full TAM Board upon approval by this Committee.

ATTACHMENTS

None