



MEETING OF THE
TRANSPORTATION AUTHORITY OF MARIN
EXECUTIVE COMMITTEE
Funding, Programs & Legislation
May 13, 2019
2:00 p.m.

TAM CONFERENCE ROOM
900 FIFTH AVENUE
SAN RAFAEL, CALIFORNIA

MEETING MINUTES

Members Present: Judy Arnold, County of Marin Board of Supervisors, Committee Chair
P. Beach Kuhl, Ross Town Council
Eric Lucan, Novato City Council
Katie Rice, County of Marin Board of Supervisors

Members Absent: Stephanie Moulton-Peters, Mill Valley City Council

Commissioners Present: Alice Fredericks, Transportation Authority of Marin
David Kunhardt, Town of Corte Madera

Staff Members Present: Dianne Steinhauser, Executive Director
Bill Whitney, Principal Project Delivery Manager
Dan Cherrier, Deputy Executive Director
David Chan, Manager of Programming & Legislation
Derek McGill, Planning Manager
Helga Cotter, Senior Accountant
Li Zhang, Chief Financial Officer
Molly Graham, Public Outreach Coordinator
Nick Nguyen, Principal Project Delivery Manager
Scott McDonald, Senior Transportation Planner

Chair Arnold called the meeting to order at 2:05 p.m.

1. Chair's Report (Discussion)

Chair Arnold welcomed everyone to the meeting and said she had nothing to report.

2. Commissioner Comments (Discussion)

There were none.

3. Executive Director's Report (Discussion)

ED Steinhauser announced that the Town of San Anselmo has received TAM's rebate from the Measure B VRF funds, for its first electric bike, which provides the Town staff with a clean transportation option.

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ED Steinhauser invited Nick Nguyen, TAM's Principal Project Delivery Manager, to provide an update on TAM's participation in the "May Madness" event in downtown San Rafael on May 11. Mr. Nguyen stated that attendance increased from last year and that the car dealers were pleased. There were 10 EV cars and a handful of people test drove the cars. In response to Chair Arnold, Mr. Nguyen confirmed the cars available for viewing included a Jaguar I-Pace and a BMW I8 sports car.

ED Steinhauser noted that 46% of TAM staff now own an electric or hybrid vehicles.

ED Steinhauser reported that the Ramp Metering project is underway on northbound Hwy101 between Spencer Avenue and Sir Francis Drake Boulevard. She also reported on a separate project to replace a barrier from Seminary Drive to the Tiburon Boulevard off ramp along Hwy 101. ED Steinhauser noted that both projects should be complete by the end of the year.

ED Steinhauser reported that Bill Whitney, TAM's Principal Project Delivery Manager, and Caltrans staff had a successful presentation on the Ramp Metering project at a recent Mill Valley City Council meeting, and that they were scheduled to address the Tiburon Town Council. ED Steinhauser confirmed that staff are available to discuss the project with other town and city councils if requested.

ED Steinhauser also reported on the Marin Commutes spring promotion, which she noted continues until June 9. Scott McDonald provided an overview of the website, marincommutes.org, and ED Steinhauser explained that TAM is using the Ride Amigos platform to track commuter behavior. She stated that the data should provide information on commute behavior as more counties adopt the platform. ED Steinhauser encouraged members to go online and log their green trips.

ED Steinhauser discussed the ongoing joint repair work on the Richmond-San Rafael bridge. She noted that drivers should maintain the posted speed when crossing the steel plates, which she said were designed to reduce the bump effect that slows traffic, and that work should continue into July.

ED Steinhauser discussed TAM's participation in Bike To Work Day on May 17, where TAM staff set up a service station by the Ferry Connector and provided bikers with information on Marin Commutes.

ED Steinhauser reminded the members that the May Board Meeting has been rescheduled from Thursday, May 23 to Thursday, May 30.

4. Open Time for Public Expression

No one from the public came forward to speak.

5. Approval of Minutes from April 8, 2019 (Action)

Commissioner Kunhardt noted that while he attends many of the Executive Committee meetings, he was not at the meeting of April 8 and asked that his name be removed from the "Commissioners Present" line on the first page. He also asked that "Highway 10" be changed to "Highway 101" on page 5, paragraph 3.

Commissioner Fredericks asked that a change be made on Page 6, 7th paragraph as follows: "... the funds where never intended to fund whole projects", amended to "... the funds were never intended to fund whole projects".

Commissioner Kuhl moved to approve the minutes of April 8, 2019 with the suggested corrections. Commissioner Lucan seconded the motion, which was unanimously approved.

6. Policy on use of Measure A / AA Interest (Action)

ED Steinhauser introduced Dan Cherrier and Bill Whitney, Principal Project Delivery Managers, to present the report which asked that the Committee to review the Measure A/ AA Interest Policy as presented and forward to the full TAM Board for approval.

Mr. Cherrier discussed the use of Measure A interest funds for urgent project fund needs, construction projects that need immediate funds for higher than anticipated bids, and also for bike path maintenance where funding sources are scarce. Mr. Cherrier explained that staff has identified two major projects that will go out to bid later in the year and would like to have access to the interest funds: the North-South Greenway and the Bellam Boulevard Off-ramp projects. Mr. Cherrier discussed concerns that project bids could exceed cost estimates therefore project scope may need to be reduced if no additional funds can be provided. And he noted that in the current construction environment, costs tend to escalate easily.

Mr. Cherrier noted that part of the contingency for the Bellam Boulevard project has been used on costs that were higher than anticipated for acquiring rights-of-way, and that they would like to access to funds should there be other unanticipated cost increases.

Mr. Cherrier discussed staff's recommendation for adopting a policy that prioritizes the use of Measure A/AA interest funds for the following: A SMART insurance policy that TAM is committed to paying for the Central Marin Connection Project being constructed in SMART's right-of-Way; the immediate need for funds to cover project shortfalls; honoring previous commitments to bike path maintenance.

Mr. Whitney explained that SMART required the insurance policy to open the facility and it is envisioned that when passenger service begins to Larkspur, SMART, as the owner of the bridge, will take over the insurance policy costs.

Mr. Whitney discussed a bike path maintenance policy that was developed when the Puerto Suello Hill Pathway opened, whereby TAM reimburses agencies for their costs to maintain approximately 13 Class 1 bike paths. Mr. Whitney stated that staff would like to continue funding the maintenance of these bike paths, such as Cal Park, Central Marin and the North-South Greenway.

ED Steinhauser provided background information on the policy for funding maintenance of these Class 1 bike paths, noting that it was established at a time when funds from Measure B were not available and that towns and cities had a shortfall in streets and roads funds.

ED Steinhauser reiterated staff's concerns that bids might be too high or that project costs exceed available funds, and that staff has identified these interest funds as a possible source to ensure TAM-sponsored projects succeed.

In response to Chair Arnold, ED Steinhauser confirmed that the bike paths would continue to receive Measure B funds, but that interest funds could be used for the remaining needs.

Mr. Whitney explained that TAM made a commitment to these projects and that Measure B funds will be used first, and the remainder would be split 50/50 with the jurisdiction.

Commissioner Rice and Chief Financial Officer Li Zhang discussed the amount of interest expected to be generated, and Ms. Zhang confirmed that approximately \$900,000 of interest should be generated in FY2019-20.

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Commissioner Rice stated that she agreed with the need for access to funds for one-time needs, and she inquired if thought had been given to allocating the interest in the appropriate amounts to the Expenditure Plan strategies/categories. ED Steinhauser noted that the policy had been consistent for funding path maintenance and emergencies since its inception in 2006. Commissioner Rice discussed concerns that the policy will continue beyond completion of the Bellam Boulevard and North-South Greenbrae projects, and ED Steinhauser noted that the policy could be reviewed annually.

In response to Commissioner Lucan, Ms. Zhang explained how the interest has accumulated over a 14 years period. She stated that TAM collected more than \$5 million in reserve funds for the first 5 years of the Measure a revenue collection and that only a portion was spent. Ms. Zhang stated that Marin Transit always carries excess funds that are not claimed, noting that there is a clear policy in the expenditure plan that revenue can only be reimbursed if it has been spent. She noted that the balance is approximately \$40 million for both Measures A and AA, and ED Steinhauser explained that interest accrued on revenue that had been held for a long time for major roads projects.

Commissioner Lucan suggested an alternative policy option whereby a certain amount could accumulate, beyond which the funds could be returned to the strategies. ED Steinhauser reminded the committee members that there is an agreement to sponsor projects under Measure AA, which will need access to funds this year

Commissioner Lucan discussed his concern that an especially large interest fund will accumulate over a 5 to 10-year period that has not been used and that a different board could decide on how the funds are spent.

In response to Chair Arnold, Ms. Zhang confirmed that a portion of next year's projected \$900,000 of interest is committed to the insurance policy associated with the Central Marin Ferry Connection project and to bicycle and pedestrian maintenance. She explained that the amount remaining should not be significant and that there would be minimum benefit if the interest was returned to the strategies. Furthermore, Ms. Zhang noted that the Expenditure Plan enables the Board to spend the interest fund on any project or program that is eligible, and she note that the interest funds is the only flexible funding sources available.

Chair Arnold opened the public comment period.

Lauren Gradia, Marin Transit, stated that it would be helpful to understand the amount generated by Measure A funds, and what the Measure A funds would be for the period. Ms. Gradia also state that some of the interest appears to derive from transit funds, and that the policy prevents the expenditure of interest funds on transit. She noted that Sonoma County Transportation Authority return interest proportionally to the strategies.

Commissioner Kunhardt stated his support for adopting a policy that allows interest funding to be set aside for bid openings and construction shortfalls to enable projects to be completed.

Chair Arnold closed the public comment period.

ED Steinhauser stated that \$1.1 million was assigned to the Yellow Bus Program out of the Measure A interest fund, which was an urgent need.

Commissioner Rice moved to approve a recommendation that the Board formally adopt a policy where interest funding is set aside for use in the following order and reviewed on an annual basis:

1. Maintain commitment to fund the insurance policy associated with the Central Marin Ferry Connection per previous agreements;
2. Provide immediate funding to respond to bid opening and construction shortfalls;
3. Maintain funding commitments to routine bike/ped path maintenance

4. Emerging immediate one-time needs.

Commissioner Fredericks seconded the motion which was unanimously approved.

7. Measure AA Strategic Plan (Action)

ED Steinhauser introduced David Chan, Manager of Programming & Legislation, to present the staff report that asked the Committee to recommend that the TAM Board open a 30-day public comment period on the Measure AA Strategic Plan.

ED Steinhauser stated that staff is requesting a recommendation to the Board that it opens a 30-day comment period and seeks policy direction on items that will be reviewed during the presentation. ED Steinhauser stated that staff is recommending adoption of both the Strategic Plan and the Budget before the start of the fiscal year.

Mr. Chan provided background information on Measure AA and the Expenditure Plan, which directs TAM to prepare an Annual Strategic Plan. Mr. Chan discussed the purpose of the Strategic Plan, which he said is to ensure funds are available when projects are ready to proceed.

Mr. Chan explained that the Strategic Plan provides an overview of Measure AA and the accomplishments under Measure A. He explained the need to continue a commitment of approximately \$42 million for five major road projects and for the remaining Richmond-San Rafael Bridge project. He added that the Strategic Plan sets aside \$2.35 million over a 14-year period for this commitment, which replaces the old bond under Measure A.

ED Steinhauser confirmed that the Major Roads category has been eliminated from the new Expenditure Plan, but that there was agreement to continue funding the major roads projects committed under Measure A. ED Steinhauser stated that \$2.35 million will continue to be collected in order to fund completion of the remaining Major Roads projects.

Mr. Chan discussed revenue under Measure AA, noting that the TAM Board has adopted a budget for FY19-20 based on estimated revenue of \$27.5 million. He discussed the amounts that will be set aside, including 5% for administration and program management, and noted that approximately \$1.1 billion will be collected over a 30-year period under four categories under Measure AA.

Mr. Chan discussed the main expenditures the Board will be asked to make at the beginning of FY19-20, which include matching funds for the Marin Sonoma narrows (MSN) and direct connector projects, and local streets and roads. He stated that $\frac{1}{4}$ of the funds allocated to local streets and roads will come from Measure A, while $\frac{3}{4}$ will be funded from Measure AA, and he noted that funding from Measure B will also be available. Mr. Chan stated that approximately \$6.2 million will be allocated to towns and cities next month under Measure A/AA and Measure B.

Mr. Chan discussed categories 2 and 3 of the Strategic Plan, noting that the fourth cycle of a Safe Pathway's call for projects is scheduled for June. Mr. Chan noted that funding includes Measure AA and TDA money, and he stated that only applications that have been approved by the Safe Pathways task force will be considered. Mr. Chan discussed the two types of Safe Pathway funds under Measure AA for large and small projects, noting that approximately \$690,000 is collected for large Safe Pathway projects and \$210,000 for small Safe Pathway projects on an annual basis. He noted that approximately \$3 million has accumulated for large pathway projects and about \$900,000 for small pathway projects, and that staff is proposing a maximum of \$400,000 for each large project and \$50,000 for small pathway projects. Mr. Chan explained that the intent of the small project is to fund small projects that can be completed quickly with minimal environmental review.

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Mr. Chan discussed transit funds provided under Category 4 of the Strategic Plan, noting that Measure AA established two new categories: School Bus Service, which receives 5%, and 0.5% that was allotted to Golden Gate Transit for expanded shuttle access to ferries, which he noted is approximately \$110,000 annually. ED Steinhauser explained that this allocation replaces the provision of \$85,000 of interest money under Measure A that was given to Golden Gate Transit annually.

Mr. Chan discussed the difference in revenue for transit for the previous 5 years and the changes in revenue for Transit for the next five years. He explained how unused funds from Strategy 2 under Measure A were returned to the 3 eligible strategies, which effectively provided transit with 59.5%. Under Measure AA, transit will now receive the allotted 55% only. ED Steinhauser explained that the \$2.35 million annually off the top bond reserve funds were used for the gap closure loans, and then diverted to major roads and improvements to the Richmond-San Rafael Bridge approach. She confirmed that the same level of set aside will continue to be used to fund major road commitments under Measure AA. ED Steinhauser and Mr. Chan explained that revenues should increase in all categories after 5 years because a 5% reserve is recommended to be collected for the first 5 years of the measure pending Board approval.

Mr. Chan noted that the Expenditure Plan will be reviewed every 6 years, while the Strategic Plan will be updated annually.

Mr. Chan moved on to discuss the reserve fund policy under the Expenditure Plan, which TAM is allowed to set aside up to 10% to provide a financial cushion should there be a decline in revenue. He confirmed these reserves are in addition to the Major Roads reserve funds.

He discussed a table that showed what revenues would likely be collected if 0%, 5% or 10% were set aside, and how those funds would be distributed amongst the categories if there was a decline in revenue. Mr. Chan explained that staff is proposing to distribute reserve funds of \$5.38 million under Measure A to all categories.

ED Steinhauser explained that staff is proposing to dissolve funds under Measure A because the distribution of funds to the categories and subcategories under Measure AA is different.

Commissioner Rice discussed her concerns about using the reserves under Measure A before building up reserve funds under Measure AA. ED Steinhauser explained that the funds could be dissolved over time, and the reserves under Measure AA could continue accumulating. She noted that staff is recommending that 5% is reserved under Measure AA over a period of 5 years.

In response to Commissioner Rice, ED Steinhauser confirmed that Marin Transit would need to request and spend the funds, so that they could be reimbursed, and would not be able to hold them in reserve. Ms. Zhang explained that there will be a recommendation to the Board to begin collecting the reserve immediately, and she noted that next year's budget is conservative to offset any downturn in the economy.

In response to Commissioner Lucan, Ms. Zhang stated that the reserves are used for urgent funding needs. She recalled that Marin Transit needed funds to close the gap on the Redwood Avenue Project, for which TAM released monies from the reserve funds. Ms. Zhang also discussed the need for both agencies to have reserve funds.

In response to Commissioner Lucan, ED Steinhauser explained that jurisdictions have multi-year projects and that the reserves meet the funding requirements over that period of time. She noted that 22% of revenue is allocated to local streets and roads under Measure AA, which was increased from 13.5% under Measure A.

Mr. Chan discussed a policy for the local streets and roads category under Measure A, which has allowed advancement of funding, and that staff would like to continue this policy Measure AA. Mr. Chan also explained

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that advances will also be requested for major projects, such as MSN and the direct connector, and that staff will prepare a cash flow plan and finance options.

ED Steinhauser explained that 1.5% of Measure AA funds are allocated to MSN, approximately \$15 million over a 30-year period, which will be needed in the next 2-3 years, and she noted that there will be similar needs for the direct connector project and the San Rafael Bridge approach. ED Steinhauser noted that only 7% is allocated to these capital projects.

In response to ED Steinhauser, Commissioner Rice confirmed that there should be enough flexibility and that the shortfall for Marin Transit appears to have been mitigated and she asked Marin Transit staff to confirm.

Lauren Gradia from Marin Transit commented that it was helpful to hear the Committee discuss the item and she shared her suggestions on whether a target amount should be set for the Reserve instead of determining it on a percentage basis. She added that it would be helpful if it could be spread over more years, which would mitigate a little bit of the initial decline.

In response to Commissioner Rice, Ms. Zhang confirmed that the current policy is in percentages rather than dollar amounts and that, based on 5-year assumptions, a little over \$7 million would be collected.

In response to Commissioner Kunhardt, ED Steinhauser stated that a specific allocation of funds was not created for electric vehicles (EV) or EV infrastructure in the final Expenditure Plan. ED Steinhauser explained that language in Category 2 relating to local transportation funds allows a local agency to spend funds on a broader set of eligible activities, including municipal fleet conversions, electric or zero emission vehicles. Furthermore, the Board adopted a policy that commits over \$1 million from the Measure B registration fee to EV programs.

Commissioner Lucan moved to approve a recommendation that the Draft Strategic Plan is released for a 30-day public comment period. Commissioner Fredericks seconded the motion, which was unanimously approved.

8. Review the Proposed TAM FY2019-20 Annual Budget (Discussion)

ED Steinhauser noted that the item has been brought forward to this committee for discussion only, and she introduced Li, Zhang, Chief Finance Officer, to present the FY2019-20 Annual Budget.

Ms. Zhang explained that the new budget report is more comprehensive and includes all the revenue expenditures in addition to the work plan. She stated that it is staff's belief the new report is easier to read and more transparent, and she asked for comments and suggested improvements from the commissioners.

Ms. Zhang discussed the contents of the budget report, including a message from the Executive Director, a general overview of the budget, and a detailed workplan. She explained that the purpose of the Executive Director's message is to share with the community the accomplishments achieved during the previous year and upcoming major projects/programs. She noted that a 6-year review and history of the budget have been provided and that, in the past 3 years, there has been increasing expenditure levels due to the delivery of Measure A projects and programs.

Ms. Zhang discussed the need for the budget to be adopted no later than the Board's June meeting, followed by a 30-day public comment period. She noted that the Executive Director can approve transfers of expenditure of up to 5% within the categories, while the Board must approve expenditures over 5%.

Ms. Zhang explained that staff is requesting the Executive Committee to review and comment on the budget. She noted that TAM is a funding agency and that projects are often controlled by other agencies, which results in

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differences between budgeted and actual costs. Ms. Zhang discussed revenues that total \$44.3 million amongst five major funds, noting that local revenue makes up 70% of the total budgeted revenue.

Ms. Zhang explained that there is a recommendation to maintain the current staffing levels, and for the new Executive Director to oversee a classification study and review work priorities. She noted that the salary and benefits costs assume a 3% Cost of Living Adjustment (COLA), subject to Board approval. Ms. Zhang noted that the overall staffing costs are 4.8% higher than last year due to the assumption of a higher salary and benefits package for the new Executive Director, in addition to a 3-month overlap with the existing Executive Director.

Ms. Zhang discussed the drop in professional services, which she explained is due to funding for the Hwy 101/Hwy 580 direct connector project being moved to Measure AA.

Ms. Zhang explained that the fund balance for Measure A will be reduced, with an expectation that funds for Marin Transit will be spent first. She noted that some funding will remain, mostly under major road category, and that further details will be provided to the Board at its June meeting.

Ms. Zhang discussed funding under Measure AA, and she noted that projects under Category 1 will have immediate funding and cash needs. She also noted that the expenditure level under Measure B will be significantly higher due to the 3-year allocation cycle for local streets and roads.

Ms. Zhang discussed the Interagency Agreement category with a budget of almost \$16 million due to the construction work that is expected, including the northern segment of the North-South Greenway and Bellam Boulevard projects, where TAM will partner with Caltrans and the County of Marin. She noted that the actual amount might differ from the funds by the end of the year for reasons that include changes to the project delivery schedule.

Ms. Zhang concluded her discussion with the final category for TFCA (Transportation Fund for Clean Air) funds, and she noted the variance between budget and expenditure, which she explained is due to low priority being set for project delivery.

There were no comments from the commissioners.

The meeting was adjourned at 3:35 p.m.