



DATE: July 8, 2019

TO: Transportation Authority of Marin Board of Commissioners

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

SUBJECT: State Legislation (SB277) (Action), Agenda Item No. 7

RECOMMENDATION

Recommend the TAM Board support proposed amendments on SB 277 to revise distribution percentage between Local Partnership Program's (LPP's) Formulaic and Competitive Programs from 50/50 to 85/15, respectively, with the 15% reserved for the Competitive Program to be used by the California Transportation Commission (CTC) for counties under 750,000 in population.

The proposed amendments also change the Formulaic Program that currently determines funding shares based on population only to funding shares determined by 75% on collected revenue and 25% on population.

Staff further recommends the change be phased in with a 5% adjustment per year starting in FY 20/21 until the 85%/15% split is achieved.

Lastly, staff recommends the TAM Board request the CTC to retain the current \$100,000 minimum share distribution for any qualifying fee or tax.

BACKGROUND

In 2017, Senate Bill (SB) 1 created the LPP to provide local and regional transportation agencies that have passed sales tax measures, developer fees, or other imposed transportation fees with a continuous appropriation of \$200 million annually to fund road maintenance and rehabilitation, sound walls, and other transportation improvement projects.

LPP funds are distributed through a 50% formula component and a 50% statewide competitive component, as originally administered by the CTC. The CTC selects projects for the statewide component. Jurisdictions with voter approved taxes, tolls, and fees dedicated solely to transportation are eligible for the formula component and submit applications for the statewide competitive component.

LPP Formula funds are distributed to agencies with the qualifying voter-approved transportation fees. LPP Formula funds are not intended to be redistributed within a county on a competitive basis.

TAM qualifies for the LPP Formula Program with our Transportation Sales Tax fees (Measure A and Measure AA) and Vehicle Registration Fee (Measure B). Since inception, Measure A generated approximately \$400,000 and Measure B generated \$100,000 in annual LPP Formula funds for a total of approximately \$500,000, depending on revenue collection from SB 1.

Measure AA will continue as TAM’s qualifying voter-approved transportation fee after the discontinuation of Measure A.

Since inception of the LPP Formula Program, TAM had received the following distribution of funds that had been programmed to the following capital projects:

TAM’s LPP Formula Funds				
	Cycle 1		Cycle 2	
	FY 17/18	FY 18/19	FY 19/20	Total
Multi Use Path (2 nd to Andersen)	\$502,000			\$502,000
MSN Design	\$250,000	\$250,000		\$500,000
Novato SMART Station Phase 2			\$483,000	\$483,000
Total	\$752,000	\$250,000	\$483,000	\$1,485,000

The CTC will start the discussion on the next cycle (Cycle 3) of LPP funds later this year with the goal of adopting guidelines in Spring 2020. It is unknown at this time how much funds will be available and how many years of funding will be included in Cycle 3. Regardless of the amount and number of years, the next fiscal year LPP funds will be available for programming will be FY 20/21.

DISCUSSION

Since the adoption of TAM’s Legislative Platform in January 2019, a matrix of bills has been reviewed by the TAM Board. Included in the matrix of bills is SB 277 on proposed revisions to the SB 1 Local Partnership Program. SB 277 was a spot bill authored by Senator Beall in Santa Clara and the TAM Board previously adopted a position to monitor. When the spot bill was first introduced, the goal of the Santa Clara Valley Transportation Authority (VTA) was to increase the formula share to as much as 95% and change the formula distribution to be more based on revenue generated rather than population. As of July 2, 2019, changes were incorporated so SB 277 is no longer a spot bill.

There have been numerous recent discussions among the Self-Help Counties Coalition (SHCC) to amend LPP from the current distribution percentage of 50/50 between the Formula and Competitive Programs. For the past month, different distribution percentage proposals were discussed, including distribution percentages of 95/5, 90/10, and 85/15 between the Formula and Competitive Programs, respectively. Also discussed extensively were the implications on the SHCC’s relationship with the CTC from each proposal.

Some Congestion Management Agencies (CMAs) felt that a 95/5 or 90/10 distribution percentage would infringe the CTC’s ability to fund pertinent statewide projects. After much discussions and consideration, the majority of the SHCC members voted to adopt a 85/15 distribution percentage between the LPP Formula and Competitive Programs, respectively. The vote also conditioned 15% reserved for the Competitive Program to be used by the California Transportation Commission (CTC) for counties under 750,000 in population. The 15% dedication is more than what was received by smaller counties in the first round of LPP Competitive funding (10.7%) and also more than the small counties’ population share of all counties represented (11.7%), which is why most small counties have agreed to the negotiated solution.

TAM’s share of formula funds is not that significant. To close a gap in a significantly sized highway project, such as the Marin Sonoma Narrows, TAM’s annual amount of \$500,000, perhaps now growing to \$800,000 will not be nearly enough. Small counties on the edge of urban areas with substantial congestion and large costly infrastructure investments needed, would benefit more from the CTC granting discretionary funds to our projects.

While staff contemplated recommending the 50/50 split be retained, in the spirit of partnership, a lesser share going to the CTC, as a minimum, would be acceptable. Staff is recommending this change be phased in, with a 5% shift in formula annually beginning in FY 20/21 until the final amount is achieved.

Staff is recommending the TAM Board to adopt the revisions to SB 277 as recommended by the SHCC.

Furthermore, staff is recommending the TAM Board to request the CTC to retain the current \$100,000 minimum share distribution for any qualifying fee or tax. As noted above, our Measure B funds currently qualify TAM for \$100,000 in LPP funds. Potentially, the new formula can reduce this amount to less than \$100,000. Staff is recommending asking the CTC to maintain the minimum share distribution of \$100,000 for any qualifying fee or tax.

FISCAL IMPACTS

If SB 277 is amended with revisions as recommended by the SHCC and approved the State Legislative and Governor, TAM is anticipated to receive approximately \$780,000 annually instead of the current \$495,000 annually starting in FY 20/21.

NEXT STEPS

If approved by the TAM Board, communicate TAM's position to the State Legislature and other relevant agencies.

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