



**DATE:** June 24, 2021

**TO:** Transportation Authority of Marin Board of Commissioners

**FROM:** Anne Richman, Executive Director *Anne Richman*  
David Chan, Programming and Legislation Manager

**SUBJECT:** Adoption of the 2021 Transportation Sales Tax Strategic Plan (Action), Agenda Item No. 8b

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## RECOMMENDATION

The TAM Board adopts the 2021 Transportation Sales Tax Strategic Plan (hereinafter, “Strategic Plan”), provided that the preceding public hearing, Item 8a of the agenda, and the 30-day public comment period that officially closes on June 26, 2021, do not produce questions and comments that may have substantially alter the 2021 Strategic Plan.

## BACKGROUND

Measure A, approved by 71.2% of Marin voters in November 2004, dedicates local sales tax revenues to transportation needs over a twenty-year period from 2005 to 2025. Measure A was a major source of transportation funding in Marin County for 14 years and was set to expire on March 31, 2025.

Subsequently, Measure AA was approved by 76.7% of Marin voters in November 2018. This renewed the ½-cent transportation sales tax for another 30 years, until 2039. The Measure AA Expenditure Plan was based on the expectation that the transportation sales tax will continue the efforts started by Measure A.

Both the Measure A and Measure AA Expenditure Plans list projects and programs that are eligible for transportation sales tax funds and establish the maximum percentage of funds that can be allocated to each strategy and category. They did not, however, establish exactly when allocations will be made. Both Expenditure Plans direct TAM to prepare Strategic Plans to identify the dates for project and program implementation based on project readiness, ability to generate matching or leveraged funds, need for borrowing and other relevant criteria.

While Measure A stopped collecting revenues on March 31, 2019, TAM still has allocated Measure A funds that have not been reimbursed and remaining commitments that still need to be fulfilled. Therefore, TAM is required to maintain a Strategic Plan for Measure A for the foreseeable future until all funds have been reimbursed and commitments have been honored.

Since Measure AA is an extension of Measure A, both measures are collecting the same transportation sales tax revenue stream over a consecutive period with most of the same project/program priorities. Staff is recommending an overall redesign of the current two Strategic Plans and combining them into a single document, with a unified development and update process. The new 2021 Strategic Plan will follow the same update and amendment process as specified in both Expenditure Plans.

## **DISCUSSION**

As discussed with the Administration, Projects, and Planning (APP) Executive Committee, the TAM Board, and the Citizens' Oversight Committee (COC) last month, staff has combined the two separate strategic plans for Measure A and Measure AA this year and developed the 2021 Strategic Plan to establish the timing of all allocations and procedures for funding priorities within the prescribed strategies/categories of the sales tax funding. The 2021 Strategic Plan provides a 5-year outlook on how local transportation sales funds will be allocated in the context of anticipated demands, timing, and other available revenues.

Some notable differences for the 2021 Strategic Plan include the introduction two new policies on equity and wildfire/evacuation awareness. Also, historical expenditure and allocation data are summarized for each strategy/category/program/project and five-years of future allocation or expected expenditure information has been provided, instead of the year by year historical and future data which could be too voluminous for the general public.

While the 2021 Strategic Plan will only include a five-year outlook, the data for the entire duration of both funding sources will still be maintained for reference and truing up the percentage for each strategy and category as required by both Expenditure Plans. Data for the duration of both funds will always be available upon request, but for the purpose of presenting a strategic plan, a five-year outlook on the revenues and expenditures provides a more succinct and usable document for the public's understanding and our partners' needs for budgeting and forecasting.

The 2021 Strategic Plan must be approved by the TAM Board, following a noticed public hearing and a 30-day public comment period.

### **Highlights of the 2021 Strategic Plan**

The draft 2021 Strategic Plan contains the following sections:

- Executive Summary
- Background
- Policies Guiding the Plan
- Revenue Forecast
- Programming/Allocation to Projects/Programs
- Implementation Guidelines
- Appendix

### ***Guiding Principles of the Strategic Plan***

The 2021 Strategic Plan includes revenue and programming of Measure A and Measure AA funds as one document. The Guiding Principles of previous Strategic Plans were incorporated in the 2021 Strategic Plan, which serves as the guide, resource book, and manual for the expenditure of the valuable local sales tax fund. However, the latter two principles were recently added to address contemporary issues of prominence to TAM. The Guiding Principles include:

- a. Maximize Leveraging of Outside Fund Sources
- b. Support Cost-Effective Project Delivery
- c. Maximize the Cost-Effective Use of Sales Tax Funds
- d. Promote a Balanced Use of Funds Throughout the County.

- e. Promote High Environmental and Conservation Awareness
- f. Promote Equity
- g. Support Community Safety in Wildfire Evacuation Planning

### ***Accountability***

The 2021 Strategic Plan includes a section on accountability. TAM is entrusted to manage the Measure A and Measure AA Programs and administer valuable public funds to projects and programs in accordance with the voter-approved Expenditure Plans. To ensure accountability and transparency, TAM has established various oversight, audit and reporting requirements related to each of the project and program strategies/categories in the Measure A and Measure AA Expenditure Plans. TAM convenes the Citizens' Oversight Committee (COC) on a regular basis to review actions taken by TAM. The COC, created in 2004 as part of the original requirement of the Measure A Expenditure Plan, will continue to play a critical role as the citizens watchdog to monitor and report the expenditure of the sales tax in accordance with both the Measure A and Measure AA Expenditure Plans.

### ***Financial and Program Policies***

The 2021 Strategic Plan includes specific policies that TAM is required to follow in administering transportation sales tax funds. Policies were also adopted by the TAM Board over the years to augment those codified in the Measure A and Measure AA Expenditure Plans. TAM has incorporated the policies to guide the continuing implementation of the 2021 Strategic Plan, ensuring prudent stewardship of the funds. Policies identified in this section of the 2021 Strategic Plan will guide the financial decisions of TAM in managing Measure A and Measure AA funds.

### ***Revenue Forecast***

This section of the 2021 Strategic Plan discusses revenue projections on the collection of sales tax revenues. The ongoing receipt of sales tax revenues allows TAM to fund programs, deliver projects, pay operating expenses and service debt for financed capital projects when needed. The amount and timing of sales tax revenues influence the maximum amount of monies available for projects regardless of whether funding is pay-as-you-go or from bond proceeds. This section discusses revenue projections based on current economic conditions that impact collection and the duration of those impacts, including the recent COVID-19 pandemic. In total, the 2021 Strategic Plan expects a total of \$1,057 million over the 30-year period. While this is 12% lower than the \$1,200 million projected in the 2019 Strategic Plan update, it is still more than 21% higher than the \$872 million estimated in the Measure AA Expenditure Plan.

### ***Strategies of Measure A***

The Measure A Expenditure Plan allocated funds for each strategy, by percentage, is shown in the table below.

<b>MEASURE A STRATEGIES</b>	
<b>Strategy 1 Bus Transit</b>	<b>55%</b>
1.1 Maintain and Improve Local Service	37%
1.2 Maintain and Improve Rural Service	3%
1.3 Maintain and Improve Special Needs Service	9%
1.4 Transit Capital	6%
<b>Strategy 2 Highway 101 Gap Closure</b>	<b>7.5%</b>
<b>Strategy 3 Local Transportation Infrastructures</b>	<b>26.5%</b>
3.1 Major Roads and Related Infrastructures	13.25%
3.2 Local Roads and Related Infrastructures	13.25%
<b>Strategy 4 School-Related Congestion and Safer Access to Schools</b>	<b>11%</b>
4.1 Safe Routes to School Program	3.3%
4.2 Crossing Guard Program	4.2%
4.3 Safe Pathways to School Program	3.5%
<b>TOTAL</b>	<b>100%</b>

Since Measure AA was approved by Marin voters in November 2018, the Measure A Program officially ceded collecting transportation sales tax funds on March 31, 2019. Collection of transportation sales tax funds resumed under the Measure AA Program on April 1, 2019.

All funding commitments of Measure A have been fulfilled as of the date of this memo except for two areas noted below. Once the commitments for those areas have been fulfilled, reporting on Measure A in the Strategic Plan will be kept at a minimum.

The two areas where Measure A have remaining commitments are:

- Strategy 1.1 - Marin Transit was the sole recipient of Measure A funds from Strategy 1.1. However, Marin Transit allowed funds from Strategy 1.1 to be exchanged with Lifeline Transportation Program (LTP) funds to assist Marin County and San Rafael with delivering LTP Projects. The exchange agreement included allocating Strategy 1.1 funds in the amounts of \$68,000 to Marin County for Drake Avenue/Cole Drive Pedestrian Improvements and \$248,000 to San Rafael for the Canal Neighborhood Uncontrolled Crosswalk Improvement Project. It is anticipated that the projects will be completed in FY 21/22 and reimbursement of the funds will be requested. Upon reimbursement, all funding obligations for Strategy 1.1 will have been fulfilled. Until these projects are closed out and the funds are reimbursed, the Strategic Plan will continue to track their progress.
- Reserve Funds - The Measure A Expenditure Plan allowed TAM 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 on schedule. In 2006, TAM established a policy in the Measure A Strategic Plan to set aside 5% annual reserve for the first five years of revenue collection. TAM collected approximately \$5.4 million in reserve funds in the first five years of the Measure A Program. In June 2019, the TAM Board adopted a policy to release Measure A reserve funds at a rate that does not exceed the amount collected for Measure AA reserve funds, to maintain the minimum \$5.4 million reserve level, until the Measure AA reserves reach 5% of the five-year revenue collection level. TAM will continue to release Measure A reserve funds in the same increments as Measure AA reserve

funds are collected. Until all Measure A reserve funds are released, the Strategic Plan will continue to monitor this commitment.

***Categories of Measure AA***

Measure AA funds are programmed to four Categories and their associated sub-categories as shown in the below table.

<b>IMPLEMENTATION CATEGORY</b>	<b>Share</b>	<b>Est. Amount (in millions, in 2018 dollars)</b>
<b>Category 1 Reduce Congestion on Hwy 101 &amp; Adjacent Roadways</b>	<b>7.0%</b>	<b>\$57.9</b>
1.1 Provide matching funds for the MSN Project	1.5%	\$12.4
1.2 Provide matching funds for Hwy 101/I-580 Direct Connector	2.0%	\$16.5
1.3 Improve Hwy 101 local interchanges and freeway access routes	3.0%	\$24.8
1.4 Implement commute alternatives and trip reduction strategies	0.5%	\$4.1
<b>Category 2 Maintain, Improve, and Manage Marin's Local Transportation Infrastructure</b>	<b>26.5%</b>	<b>\$219.2</b>
2.1 Maintain and manage local roads	22.0%	\$181.9
2.2 Provide safe pathways for safe walking and biking access to schools	3.0%	\$24.8
2.3 Develop projects to address transportation impacts from sea level rise	1.0%	\$8.3
2.4 Support operational improvements through innovative technology	0.5%	\$4.1
<b>Category 3 Reduce School-Related Congestion and Provide Safer Access to Schools</b>	<b>11.5%</b>	<b>\$95.1</b>
3.1 Maintain the Safe Routes to Schools Program	3.5%	\$28.9
3.2 Expand the Crossing Guard Program	7.0%	\$57.9
3.3 Provide capital funding for small school safety related projects	1.0%	\$8.3
<b>Category 4 Maintain and Expand Local Transit Services</b>	<b>55.0%</b>	<b>\$454.9</b>
4.1 Maintain and improve existing transit service	33.0%	\$272.9
4.2 Maintain and expand rural and recreational bus services	3.0%	\$24.8
4.3 Maintain and expand transit services for those with special needs	9.5%	\$78.6
4.4 Provide transit services to schools	5.0%	\$41.4
4.5 Invest in bus transit facilities	4.0%	\$33.1
4.6 Expand access to ferries and regional transit, managed by Golden Gate Transit	0.5%	\$4.1
<b>TOTAL</b>	<b>100%</b>	<b>\$827.0</b>

This section of the Strategic Plan provides an overview of each category, including status of activities, amounts collected, and funds expended to date. Measure AA started collection on April 1, 2019, which is just a little more than two years of revenue. Since that time, funds have been allocated and projects have started.

One notable project is the Marin-Sonoma Narrows (MSN) Project. All of the \$12.4 million committed by Measure AA has been allocated to the MSN Project. The MSN Project will be advertised in 2021. Also, in the short time that Measure AA funds have been collected, TAM has issued Calls for Projects with Category 2.4 funds to fund Quick Build Projects and Categories 2.2 and 3.3 to fund large and small Safe Pathway Projects, some of which have been completed and opened for public use.

Lastly, programmatic categories that include Category 2.1 Local Infrastructure, Category 3.1 Safe Routes to Schools, Category 3.2 Crossing Guards, and Category 4 Transit have been receiving annual allocations of funds without interruption when Measure A was transitioned to Measure AA.

### ***Strategic Plan Amendment***

Per the Strategic Plan amendment policy, the Strategic Plan, including updates and amendments, can be recommended for adoption as part of a regularly scheduled TAM Board meeting after allowing 30 days for public comments.

The Draft 2021 Strategic Plan was reviewed by the TAM Board on May 27, 2021, and the Citizens' Oversight Committee (COC) on June 21, 2021. On May 27, 2021, the TAM Board released the Draft 2021 Strategic Plan for the required 30-day public comment period. A copy of the Draft 2021 Strategic Plan was posted on TAM's website (<http://www.tam.ca.gov>) on May 28, 2021. A Public Notice was posted in the Marin Independent Journal on June 8, 2021. A public hearing that preceded this item was conducted.

June 26th officially signifies the end of the 30-day comment period. As of June 17, 2021, when this memo was disseminated, no public comments were received by TAM. Staff will continue to receive and review comments until the close of the comment period on June 26, 2021.

Public comments received after the mailout of this Board packet and before June 26th that results in minor revisions and do not substantially alter the 2021 Strategic Plan will be incorporated in the final adopted 2021 Strategic Plan. Any major comments will necessitate the 2021 Strategic Plan be returned to the TAM Board for additional review and approval.

### **FISCAL IMPACTS**

The planned spending needs for items included in FY 21/22 of the draft 2021 Strategic Plan are already included in the proposed FY 21/22 Annual Budget. Staff will continue to work with all Measure A and Measure AA funding recipients to confirm final programming and allocation requests.

### **NEXT STEPS**

Upon adoption by the TAM Board and on the condition that no substantial public comments are received by June 26, 2021, staff will post the 2021 Strategic Plan on TAM's website as adopted by June 28, 2021.

### **ATTACHMENTS**

Attachment A – 2021 Strategic Plan