

**TECHNICAL ADVISORY COMMITTEE
AGENDA
SPECIAL MEETING
January 5, 2004 at 2:30 p.m.
Solano Transportation Authority
One Harbor Center, Suite 130
Suisun City, CA**

- | <u>ITEM</u> | <u>STAFF PERSON</u> |
|---|----------------------------|
| I. CALL TO ORDER | Daryl Halls, Chair |
| II. APPROVAL OF AGENDA (2:30-2:35 p.m.) | |
| III. OPPORTUNITY FOR PUBLIC COMMENT (2:35-2:40 p.m.) | |
| IV. ACTION ITEMS | |
| A. Indexing of Future Gas Tax and TDA Contributions
<i>Recommendation: (2:40-2:55 p.m.) – Pg 1</i>
<i>Forward to the STA Board the following recommendations:</i>
<i>1. Approve indexing the STA's annual gas tax and TDA claim at the index rate of 2.1% of the aggregate Solano County total for gas tax and 2.7% of the aggregate Solano County total for TDA beginning in FY 04-05.</i>
<i>2. Authorize the Executive Director to forward to STA's Member Agencies the estimated Gas Tax Contributions and TDA Contributions as shown in Attachment B.</i> | Daryl Halls |
| V. INFORMATION ITEMS | |
| A. 2004 State Transportation Improvement Program (STIP) for Solano County
<i>Informational: (2:55-3:00 p.m.) – Pg 7</i> | Mike Duncan |
| VII. ADJOURNMENT – The next regular meeting of the STA TAC will be January 28, 2004. | |



DATE: December 23, 2003
TO: STA TAC
FROM: Daryl Halls, Executive Director
RE: Indexing of Future STA Gas Tax Contributions And TDA Claim
Estimates

Background:

Each year, the STA provides estimated contributions from local gas tax subventions and Transportation Development Act (TDA) funds for each agency. Historically, the STA has increased its claims by 3% to 5% per year to cover cost of living adjustments and to reflect additional transportation responsibilities assumed by the STA. Informally, this has been indexed to the Consumer Price Index rate for the Bay Area and estimated contributions from the member agencies are calculated based on population shares using the most recent California Department of Finance population estimates. In FY 2002-03, the STA adopted the same budget totals for gas tax and TDA to be claimed in FY 2001-02 (allowing for no cost of living increase). The STA took this action based on the uncertainties of the gas tax and TDA fund revenues being available for the next two-year period. This action was taken with the intent to consider not adjusting the gas tax and TDA claims for a second year in FY 2004-05, subject to the caveat that the estimates may need to be adjusted as new information becomes available.

The funding provided by the gas tax and TDA revenues claimed by the STA have historically funded the STA's core operations. This has included staff, benefits, services and supplies, and the major portions of strategic planning and project development (formally called priority projects). These two revenue sources, combined with annual congestion management agency funds (federal STP) provided by the Metropolitan Transportation Commission (MTC), have provided the core funding for the STA since its separation from the County of Solano in 1996.

Discussion:

In preparing the STA's FY 2003-04/and FY 2004-05 budgets, staff reviewed all of its traditional and non-traditional funding sources for the purposes of developing a budget that covers the costs for the STA's core operating (staff, benefits, and service and supplies), strategic planning, project development and specific program areas (i.e., transit and SNCI). Based on this review and assessment, staff identified several issues to address pertaining to balancing STA's annual operating revenues and expenditures:

1. The STA's transit and SNCI programs and operating costs are covered through specific funds sources or grants (such as regional rideshare, TFCA or STAF funds).

2. Strategic Planning and Project Development, and related staffing and management costs, have grown significantly since FY 2000.
3. The STA's traditional revenues (gas tax, TDA, CMP) no longer cover expenditures for Strategic Planning, Project Development or Administrative support staff.
4. Other fund sources are used to meet STA's overall operating budget requirements, particularly Strategic Planning and Project Development.

The percentage of the STA's annual budget covered by the gas tax and TDA funds claimed decreased from 90.3% in FY 98-99 to 42.85% in FY 2002-03. Since FY 99-00, the STA's number of priority projects has grown significantly and the Strategic Planning and Project Development programs have expanded to manage and deliver these projects, plans and programs. This has included adding one Administrative Assistant position to support both Strategic Planning and Project Development and converting two intern positions to full-time (Associate Planner and Projects Assistant). Concurrently, the STA's costs for medical benefits, worker compensation, and retirement benefits are projected to increase by 20% both in FY 03-04 and FY 04-05, and the overall costs for legal services, rent and insurance have increased as the STA's workload has increased. In order to provide adequate revenue options to cover the costs for Strategic Planning, Project Development, administrative support, and other increased operating costs, staff has recommended five revenue options and two actions designed to keep future expenditures within the limits of available future resources be implemented as part of the FY 04-05 budget. The recommended revenue options include the following:

1. Indexing of gas tax and TDA contributions to actual revenues.
2. Continuing to dedicate STIP PPM funds (1%) for Project Development and Strategic Planning.
3. As part of future STIP cycles, continue to swap STIP/STP funds to support Project Development and Strategic Planning for priority projects.
4. Dedicate a share of STAF and Regional Paratransit (TDA swap) to support transit coordination and transit planning activities.
5. Utilize Cost Allocation Plan (CAP) rate to ensure cost sharing in federal/state grants for project administration.

The specific actions to manage expenditures include the sizing (reducing) of specific expenditures/programs/plans to available revenues, and reviewing and prioritizing Priority Projects to adjust for delays in funding of regional, state and federal funds.

GAS TAX

The STA has claimed gas tax on an annual basis in line with the Bay Area CPI index. During the timeframe of FY 98-99 through FY 02-03, gas tax revenues in Solano County have increased an average of 2.5 % per year. As a percentage of the aggregate total of gas tax revenues for Solano County, the STA has claimed a low of 2.039% (FY 98-99) and high of 2.137% (FY 01-02).

TDA

The STA has also claimed TDA on an annual basis in a similar manner as for gas tax. From FY 98-99 to FY 02-03, Solano County's collective TDA revenues have experienced an average of

9% growth per year. As a percentage of the aggregate total of TDA revenues for Solano County, the STA share has declined from 2.87% in FY 98-99 to 2.125% in FY 02-03.

The attached table (attachment A) provides historical data for Solano County's aggregate amounts of gas tax and TDA revenues and the amounts of gas tax and TDA claimed by the STA. The top sections highlight the amount of gas and TDA revenues available to the County and cities for FY 98-99 through FY 02-03.

INDEXING

Based on discussions with the STA Board's Executive Committee and the desire to maintain the STA's momentum in the areas of Strategic Planning and Project Development, staff is recommending the STA index future gas tax and TDA claims, beginning in FY 04-05, based on actual revenues generated by the fund source rather than the Bay Area CPI index. Indexing these funding sources will enable the STA to better plan for and project its two-year budget, forecast longer range revenues and expenditures, and result in the STA sharing in a consistent percentage of the increases or decreases of these revenues. Based on the tracking of the past five years of both gas tax and TDA revenues, staff recommends indexing the amount of annual gas tax claimed at a rate of 2.1% of the aggregate Solano County total. This will result in a total of \$293,066 being claimed in FY 04-05, an increase of \$5746 over FY 03-04. Staff recommends indexing the annual TDA claimed at a rate of 2.7% of the aggregate Solano County total. This will result in a total TDA claim of \$380,052, an increase of \$15,805. This \$15,805 increase is 2.7% of the \$585,384 of additional TDA funds estimated to be available to Solano County's eight jurisdictions in FY 04-05. Attachment B shows the amounts that would be claimed by STA from each jurisdiction and the increased amount of TDA revenues projected to be available to each jurisdiction in FY 04-05 through FY 08-09.

STA TAC DISCUSSION

On the December 22nd, the STA TAC voted to table action on this item at the request of the City of Vacaville's representative Dale Pfeiffer, who was unable to attend the meeting. A special meeting of the STA TAC has been scheduled for Monday, January 5th at 2:30 p.m. The STA's Executive Committee is scheduled to consider the item on January 7th.

Fiscal Impact:

Solano County's revenues for both gas tax and TDA are projected to increase in FY 04-05 and in future years. Indexing STA's future claims of gas tax (2.1%) and TDA (2.7%) will result in an increase of STA revenues based upon the actual revenue for that given fiscal year if both revenue sources increase as projected.

Recommendation:

Forward to the STA Board the following recommendations:

1. Approve indexing the STA's annual gas tax and TDA claim at the index rate of 2.1% of the aggregate Solano County total for gas tax and 2.7% of the aggregate Solano County total for TDA beginning in FY 04-05.
2. Authorize the Executive Director to forward to STA's Member Agencies the estimated Gas Tax Contributions and TDA Contributions as shown in Attachment B.

Attachments:

- A. Historical STA Gas Tax and TDA Contributions from Member Agencies
- B. Proposed Estimated Gas Tax and TDA for Member Agencies and STA



DATE: December 26, 2003
TO: STA TAC
FROM: Mike Duncan, Director for Projects
RE: 2004 State Transportation Improvement Program
(STIP) for Solano County

Background:

On December 22, 2003, the TAC unanimously approved the proposed 2004 STIP for Solano County (see Attachment A). The proposal for Solano County complies with the California Transportation Commission (CTC) direction that a "Zero STIP" be implemented for 2004. The impact of a zero STIP is that no additional funds will be available to counties beyond what is currently programmed through the 2002 STIP. Each county is required to "spread out" the projects remaining from the 2002 STIP that have not received allocations over the five years of the 2004 STIP (FY 04-05 through FY 08-09). STA must provide a Draft 2004 STIP to MTC by January 9, 2004 that includes the current projects programmed in the 2002 STIP, project planning, programming and monitoring (STIP-PPM), and any potential STIP/STP swap to fund project development activities.

Discussion:

On November 24, 2003, Headquarters Caltrans provided the CTC with the 2004 STIP Fund Estimate. The Fund Estimate proposes \$50,142,000 in STIP funds and \$3,398,000 in Transportation Enhancement funds for Solano County (\$53,540,000 total); however, the TE funds may only be used for TLC-type projects (e.g., bicycle, pedestrian, landscaping) in accordance with Federal guidelines. The following are the annual funding levels in thousands of dollars proposed for Solano County for unrestricted STIP funds and restricted Transportation Enhancement (TE) funds:

	<u>FY04-05</u>	<u>FY05-06</u>	<u>FY06-07</u>	<u>FY07-08</u>	<u>FY08-09</u>
STIP	\$1,481	\$14,331	\$12,124	\$11,882	\$10,324
TE	<u>1,062</u>	<u>567</u>	<u>578</u>	<u>590</u>	<u>601</u>
Total	\$2,543	\$14,898	\$12,702	\$12,472	\$10,925

Since the release of the Fund Estimate in late November, STA staff has been working with staff from the other eight Bay Area Congestion Management Agencies (CMAs), the Metropolitan Transportation Commission and Caltrans District 4 staff to develop a regional strategy for the 2004 STIP that ensures high priority projects in individual counties receive funding when needed. This strategy results in some counties receiving more funding in some years than is identified in the Fund Estimate and less funding in other years. However, over the five years of the 2004 STIP each county receives the full estimate identified in the Fund Estimate.

The CMAs, MTC and Caltrans agreed that the highest priority projects for the Bay Area are projects that are ready for construction due to the significant positive impact that transportation construction projects have on the region's economy. In Solano County, the Leisure Town Road/I-80 Overcrossing (\$4.650M) is the highest priority STIP project. This project is currently on the CTC "Pending" list and is ready for construction in Spring 2004.

On December 23, 2003, STA staff succeeded in convincing the other CMAs that the Leisure Town Road project was one of the highest priority projects in the region. Although the "fair share" of unrestricted STIP funds to Solano County is only \$1.481M in FY 04-05, the Bay Area CMAs agreed that this project should receive its full allocation in FY 2004-05. This amount is 29% of the \$16.09M total allocation available to the region in FY 2004-05. In order to secure support for the Leisure Town Road project and to support priority projects in the other counties, STA would not receive the full STIP funding for FY 05-06 or FY 06-07, but would "make-up" these amounts in the last two years of the 2004 STIP.

The proposed program (see Attachment A) will be presented to the Board of Directors at the January 2004 Board of Directors meeting for their review and action. A preliminary program for Solano County will be submitted to MTC by January 9, 2004 with the finalized program submitted after the January 14, 2004 Board meeting.

Recommendation:

Informational.

Attachment

A. Proposed 2004 STIP for Solano County