



For Agenda Of:

July 27, 2006

ITEM # 11

To: Sacramento Transportation Authority

Subj: Plan of Finance for the *New* Measure A Transportation Sales Tax Program

RECOMMENDATION

Receive a presentation from our consulting financial advisors and approve the *New* Measure A Plan of Finance.

DISCUSSION

In November 2004, voters approved an ordinance and expenditure plan to continue Sacramento County's Measure A transportation sales tax program for a period of 30 years after the current Measure A term expires in 2009. *New* Measure A consists of two revenue streams: the ½-percent transportation sales tax and a new Countywide development impact fee. Annual sales tax revenues are anticipated to grow at an annual pace of 4.95% from \$125 million (annualized) in 2009 to \$526 million (annualized) in 2039. Total sales tax revenues between 2009 and 2039 will be \$8.58 billion, of which 20.75% (≈\$1.75 billion) will be available for capital projects. The Countywide development impact fee will generate cumulative estimated revenues of \$1.58 billion between 2009 and 2039. Eighty-five percent (≈\$1.35 billion) of the development fee revenues will be available for capital projects in the *New* Measure A expenditure plan. Total forecasted revenues available for the *New* Measure A capital program during the 30-year term is about \$3.1 billion. The other \$6.8 billion will be earmarked for on-going maintenance and operations functions on an annual pay-go basis as set forth in the *New* Measure A ordinance.

Last Summer, the STA executed a consulting contract with *Public Financial Management, Inc. (PFM)* to prepare a Finance Plan to guide implementation of the *New* Measure A program and to provide on-going advice and facilitation of financing mechanisms to accelerate project delivery. Staff and consultants have worked closely with Caltrans and local project sponsors to prepare preferred delivery schedules for each of the new capital projects consistent with the anticipated availability of revenues. For many of the projects, the sponsoring agencies are promoting an aggressive delivery schedule that can only be accommodated by accelerating the availability of *New* Measure A funds via debt financing.

The Plan of Finance is the guide for delivering the *New* Measure A expenditure plan in a financially efficient and responsible manner. It sets forth:

- Estimated sales tax and Countywide development fee revenues (2009-2039)
- Estimated project and program costs and cash flow requirements
- Financial planning assumptions
- Recommended schedule of pay-go expenditures and bond indebtedness
- Recommended financing mechanisms and related policy issues

At today's meeting, the consultant team will present the Plan of Finance (attached). They will describe how it facilitates the construction of *New* Measure A capital projects in a timely and equitable manner, while preserving annual allocations for on-going transportation maintenance and operations programs as set forth in the sales tax ordinance. Staff will seek your Board's approval of the document in anticipation of approaching the financial markets with the issuance of an initial short-term note this Fall. Prior to each subsequent issuance, we will update the Plan of Finance to reflect current economic conditions.

Respectfully Submitted,

Brian A. Williams
Executive Director

Enclosure

C: Keith Curry – PFM, Inc.
Peter Shellenberger – PFM, Inc.
Mark Harris – The Pineapple Group