



For Agenda Of:

May 11, 2006

ITEM # 8

To: Sacramento Transportation Authority

Subj: Draft *New Measure A Plan of Finance*: revised cost and revenue assumptions and pending policy considerations

RECOMMENDATION

Receive a report from staff and consultants on a revised estimate of funds available for the *New Measure A* capital program and the related implications for project delivery.

DISCUSSION

Staff and consultants have refined the estimate of revenues that will be available to fund the projects and programs in the *New Measure A* expenditure plan. *New Measure A* consists of two revenue streams: the ½-percent transportation sales tax and a new Countywide development fee. Annual sales tax revenues are anticipated to grow at an annual pace of 4.85% from \$128 million in 2010 to \$484 million in 2038. Total sales tax revenues during the 30-year term will be \$8.22 billion, of which 20% (\$1.64 billion) will be available for capital projects.

As discussed in Item #7 regarding the new Countywide development fee, consultants have prepared a revised fee rate structure and have coordinated closely with SACOG to determine the amount and pace of future development in the County. A comparison of the proposed fee rates with anticipated local development patterns results in estimated revenues of \$1.58 billion during the 30-year term. Eighty-five percent (\$1.35 billion) of these revenues will be available for capital projects in the *New Measure A* expenditure plan.

In sum, *New Measure A* will generate approximately \$9.8 billion between 2009 and 2039. Consistent with the Ordinance, approximately \$3 billion will be allocated for the delivery and construction of new capital projects, while the remaining \$6.8 billion will be fund on-going road maintenance, transit operations, and other programs, mostly on an annual formula pay-go basis.

Recent cost estimates and delivery schedules submitted by the various public agency sponsors would result in a cumulative estimated draw on Measure A of about \$2.1 billion plus \$1.6 billion in financing to deliver and construct the capital program. As mentioned in prior reports, consultants are struggling to accommodate the substantial increase in estimated project costs from when the expenditure plan was crafted in 2004. A particularly striking example involves the six Caltrans projects (3 carpool lane projects and 3 interchange modifications) which were estimated to cost approximately \$650 million in 2004. Caltrans now estimates that they will cost over \$1.6 billion! This represents an additional draw on Measure A funds of \$442 million. Several of the local agency sponsored projects have also increased substantially in cost. At present, the *New* Measure A capital program is over-subscribed by approximately \$700 million.

At today's meeting, the consultant team will present a brief update on how this imbalance affects the Plan of Finance. Immediately after the meeting, we will be meeting with agency directors and finance managers to discuss alternative courses of action for addressing the problem. Possible solutions include spreading project delivery schedules, reducing the proportional allocation of Measure A funds on some projects, and/or changing the scope of some projects to make them less expensive.

Respectfully Submitted,

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