



**OCTOBER 8, 2009**

**AGENDA ITEM # 5**

**EXECUTIVE DIRECTOR'S REPORT**

**Action Requested:** Receive and file

**Key Staff:** Brian Williams, Executive Director

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**Recommendation**

Receive and file this summary report of current STA activities.

**Discussion**

**A. Measure A Transportation Sales Tax Program**

There is no new information to report regarding this work element.

**B. New Measure A, 2009-2039**

**Series 2009 Sales Tax Revenue Bonds**

After a challenging period of negotiations with our liquidity banks, the Series 2009 Measure A sales tax revenue bonds were issued on September 30. Initial investor interest was low due to certain covenants in the bond documents. The underwriting banks purchased the bulk of the bonds for one week, adjusted some of the affected covenants, and will re-market the bonds on Wed. October 7. We now expect that most of the large institutional money funds will participate.

Your Board authorized an issue of \$350 million to pay off the Series 2006 & 2007 Bond Anticipation Notes (BANs) and to generate revenue to continue accelerating the delivery of Measure A capital projects. The actual issue was sized at just \$318 million because the banks are wary of the downward trend of sales tax revenues during the past few years. The bank documents include a provision that STA not finance the marginal \$32 million for two years. This effectively means—for now—that \$32 million we expected to be available for capital expenditures during FY 2010 & 2011, will not be realized until October 1, 2011. We will closely monitor project delivery status to mitigate the potential for this issue to result in cash flow problems for project managers. Importantly, this does not reflect STA's overall capacity to finance project delivery given current revenue forecasts. It affects the timing of our access to capital funds in the short term. Of course, staff will continuously monitor the financial markets for opportunities to lower our financing costs and improve our market access.

**B. New Measure A, 2009-2039 (continued)**

Board of Equalization Agreement

The California Board of Equalization (BOE) collects transportation transactions and use taxes on behalf of local transportation authorities. Your Board previously approved a standard agreement with BOE for administration of **New Measure A** sales tax revenues from 2009 to 2039. That agreement was subsequently amended to permit the BOE to transmit Measure A revenues directly to the trustee (Deutsche Bank) when STA first issued public debt in 2007. Consulting bond counsel now proposes additional minor amendments to accommodate the provisions of the Series 2009 Measure A Bond issue. The trustee ensures that all Measure A revenue pledged for repayment of outstanding debt is properly distributed to creditors. Remaining funds are subsequently sub-allocated to the Authority for distribution to local entities per the Measure A expenditure plan and capital improvement plan. The "Second Amended and Restated Agreement with BOE for Administration of the Measure A Transportation Transaction and Use Tax" is presented in **Item #2** for your Board's consideration.

Series 2009 A-B-C Bonds: Capital Project Allocation and Expenditure Contracts

Much of the proceeds from the Series 2009 Measure A revenue bonds are being used to retire the short-term Notes that the Authority issued in 2006 and 2007 for early project delivery and construction. An additional \$108,000,000 of bond proceeds, however, are earmarked for 14 capital projects being delivered by Caltrans, Regional Transit, Capital Southeast Connector Authority, County of Sacramento, and the cities of Citrus Heights, Galt, Rancho Cordova, and Sacramento. Prior to submitting a reimbursement claim for **New Measure A** expenditures, each affected jurisdiction must execute a capital allocation and expenditure contract with the STA for its eligible projects (**Item #6**). The contracts ensure that the Bond proceeds are expended exclusively on eligible project delivery and/or construction activities consistent with the **New Measure A** ordinance and capital allocation plan. They also set forth the necessary accountability and reporting controls, and they promote the expenditure of Bond proceeds at a rate required by securities and tax law.

Project Report: Hazel Avenue Improvements (Phase I)

Today, we continue our series of occasional presentations on **New Measure A** capital projects (**Item #9**). Sponsoring public agencies are invited to provide your Board with a comprehensive overview of the description, purpose, and delivery status of selected projects, as well as an assessment of the significance of Measure A to timely project delivery. At today's meeting, County transportation staff will discuss the status of its efforts to widen Hazel Avenue and construct improvements to facilitate non-motorized travel in the corridor.

**C. Countywide Transportation Planning, Programming, and Policies**

There is no new information to report on this work element.

**D. Sacramento Abandoned Vehicle Service Authority (SAVSA)**

There is no new information to report on this work element.

**E. Sacramento Metropolitan Freeway Service Patrol (FSP)**

Certification of Qualified Tow Contractors

The contracts for motorist assistance services on FSP Beat 5 (I-80), Beat 6 (I-5), and Beat 7 (Bus80/I-80 in Yolo County) expired on June 30. Per your Board's direction, staff extended the contract with the existing service provider in order to re-design the procurement process to clearly accommodate "low-bid" contracting provisions. In late July, we distributed requests for qualifications (RFQs) to private tow contractors interested in providing this service. Four Statements of Qualifications (SOQs) were subsequently received. Staff recommends that three of the companies be certified as qualified to provide FSP operations (**Item #7**). We also recommend that your Board authorize distribution of a Request for Bids to the certified firms in order to identify the low-bid contractor. Lastly, staff seeks authority to execute a contract with the low bidder without subsequent Board action on this matter. The affected contracting period will begin February 1, 2010.

In July, Freeway Service Patrol operators provided 3,101 motorist assists, a daily average of 141. August assists totaled 2,970, which also represented a daily average of 141. The monthly assistance statistics are attached hereto.

**F. Administrative Matters**

Employee Classification Plan

Long time employee Mona Stephens has announced her pending retirement from public service. This has prompted staff to reevaluate how we can most effectively deliver the Authority's program in light of enhanced administrative requirements and diminishing resources (**Item #8**). With the issuance of public debt, the pending commencement of a new Independent Taxpayer Oversight Committee, and the addition of the Countywide development impact fee program as a Measure A revenue source, the Authority's accounting, reporting, and auditing function has become much more complex than required by the original Measure A program. Staff proposes to separate the accounting function from general administrative duties by eliminating the Senior Transportation Administrator classification and replacing it with **Senior Accountant (Confidential)**. The administrative functions currently performed by the Senior Transportation Administrator would be shifted to a new classification: **Administrative Services Officer (ASO) III**. The ASO III would replace the existing Associate Planner class, and the incumbent (Norman Hom) would be appointed to ASO III at Step C of the salary scale.

This proposal realigns and simplifies the division of responsibility among agency staff members to facilitate administrative efficiencies and monthly cost savings. It will also bring the Authority's personnel class labels into conformity with the County's personnel system. The proposal was distributed last month for review by the members of the STA Personnel Committee.

**G. Upcoming Events 2009**

<b>Date</b>	<b>Event</b>	<b>Comments</b>
Nov 12	STA Board	
Dec 10	STA Board	

*Attachments: PFM Asset Management LLC – Monthly Market Update & Outlook, September 2009  
County Pooled Investment Fund – Monthly Review  
Freeway Service Patrol – Monthly Statistics Reports*