

STAFF REPORT

SUBJECT: Measure K Bicycle/Pedestrian and Smart Growth Category Funding Options

RECOMMENDED ACTION: Discussion

DISCUSSION:

SUMMARY:

On March 23, 2017, SJCOG staff held a workshop for its Board of Directors on the draft Measure K Strategic Plan. The purpose of the workshop was to go over the Measure K expenditures proposed in the 15-year time frame of the Strategic Plan. (Attached is material from the workshop.)

SJCOG staff presented varying funding options should the Board want to either program more-- or depending on the option--program less, Measure K funds to the Smart Growth Program or the Transit Category. The Transit Category includes bus transit, rail transit, and the bicycle/pedestrian program. Much of the Board discussion was in regards to options for the Bicycle and Pedestrian Program and the Smart Growth Program. There was interest among Board members in exploring the possibility of programming more funds (in the front years of the Measure K Strategic Plan) to deliver more bicycle/pedestrian projects and more Smart Growth Projects.

The purpose of this staff report is to explore a possible programming scenario for more Measure K funds to these two specific programs. The Measure K Board workshop framed options based upon Measure K financial projections through 2031. Therefore, the underlying financial assumption is that programming more funds to any category will require tradeoffs/changes in other categories. To a large degree, an exception to these tradeoffs would be possible if an alternative financing option became available.

SJCOG believes there may be an option worth exploring that would not reduce programming to other categories proposed in the draft Measure K Strategic Plan. SJCOG expects to have approximately \$8 million that is going to be released from the 2011 bonds debt service reserve fund when SJCOG closes the refunding at the end of April. It could be a funding source to start seeding the Smart Growth and Bicycle/Pedestrian Programs. When realized, this would be “one-time money” but it helps the Measure K Program get into a “pay-as-you-go” mode as we see the cash flow benefits of the refunding. As with all Measure K funds, spending dollars toward any category at a higher “burn rate” does not mean a category will get more than its share of Measure K funds. It merely means there will be fewer expenditure of Measure K dollars in later years of the program.

RECOMMENDATION:

This is a discussion item to explore the “what if” possibilities of \$8 million in Measure K funding from the release of the 2011 bonds debt service reserve fund.

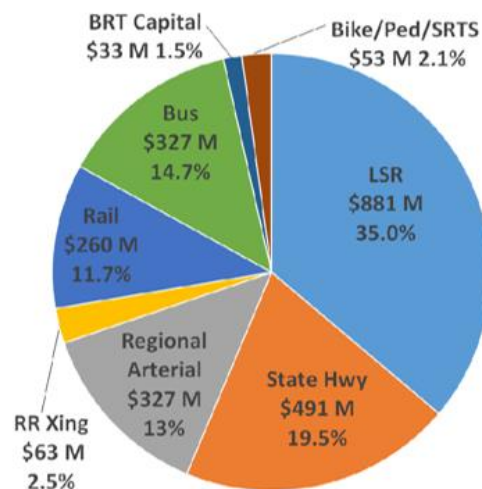
FISCAL IMPACT:

None at this time. Should the Board of Directors approve utilizing the above-referenced Measure K funds, there will be direct fiscal impacts.

BACKGROUND

The Measure K Renewal Program includes categorical allocations to an array of transportation improvements (Figure 1).

Figure 1: 30-Year MK Categorical Allocations



Before the categorical allocations are calculated, \$65 million (over the 30-year life of the Measure K Program) is to be spent on the Smart Growth Program. Eligible improvements are public infrastructure investments that better integrate transportation and land use through street calming, walkable communities, transit amenities, and alternative modes of transportation. The draft Measure K Strategic Plan identifies \$29 million in this category for the 15-year period.

Within the categorical allocations, there is a transit category that includes the Bicycle, Pedestrian, and Safe Routes to School Subcategory. Over the 30-year Measure K Program life, this amounts to \$53 million (2.1% of Measure K Revenue). The Bicycle, Pedestrian, and Safe Routes to School program will receive \$24.4 million between FY 16/17 and FY 30/31 in the draft Measure K Strategic Plan. This program is divided 40% to a Non-Competitive Program distributed to each city and the County based upon population, and 60% to a Competitive Program.

Release of \$8 M from the Measure K Bond Debt Service Reserve Fund

As stated earlier, SJCOG expects to have approximately \$8 million that is going to be released from the 2011 bonds debt service reserve fund when SJCOG closes the refunding at the end of April. With the feedback from the SJCOG Board during the Measure K workshop, Boardmembers expressed interest in Option C of both the Smart Growth and Bike/Pedestrian Program. The underlying foundation for these options is to increase the amount of Measure K revenue expenditure in the next few years and to reduce the amount left to “catch up” in the final years before the Measure K program end date of 2041.

Is this an opportunity, when the funds are released, to infuse more funding into these two categories? The advantage of doing so would be that no other program category would need to reduce its programming as the funding can be incorporated (on a pay-as-you-go basis) within the 15-year Measure K Strategic Plan. If so, how should the available funding be split between the two programs. Some options are:

- A. **50/50 split?** -- Assuming \$8 million available, it would mean an additional \$4 Million to Bike/Pedestrian category and an additional \$4 million to the Smart Growth Program starting in FY 17/18. (There would be a reduction in the amount of funds in the later years of the program).
- B. **75/25% split?**—Assuming \$8 million available, it would mean an additional \$6 Million to the Bike/Pedestrian category and an additional \$2 million to the Smart Growth Program in FY 17/18. (There would be a reduction in the amount of funds in the later years of the program).
- C. **100%** of funding capacity go toward Bike/Pedestrian Program? 100% goes to Smart Growth Program?
It is worth emphasizing here that Options B and C are geared toward more funding for the Bike & Pedestrian Program. The reason is there are more opportunities to leverage Measure K funds with state and federal dollars for to bike/pedestrian projects than smart growth projects.
- D. Reserve a portion of funding capacity to go to other Measure K categories?

Again, SJCOG is looking for discussion and feedback on these options when the Measure K funds are released in late April.

NEXT STEPS

- Seek Committee input throughout the month of April on this funding possibility and await confirmation of Measure K funds, anticipated at the end of April.

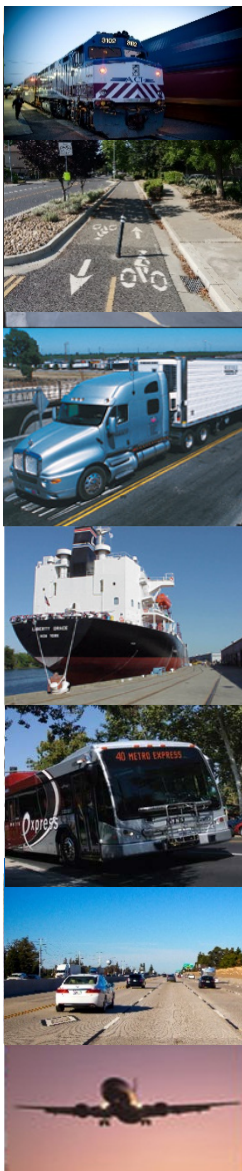
ATTACHMENT:

1. Handout from the Measure K Board Workshop on March 23, 2017

Prepared by: Diane Nguyen, Deputy Director

MEASURE K

STRATEGIC PLAN WORKSHOP



San Joaquin Council of Governments
March 23, 2017



Measure K Basics:

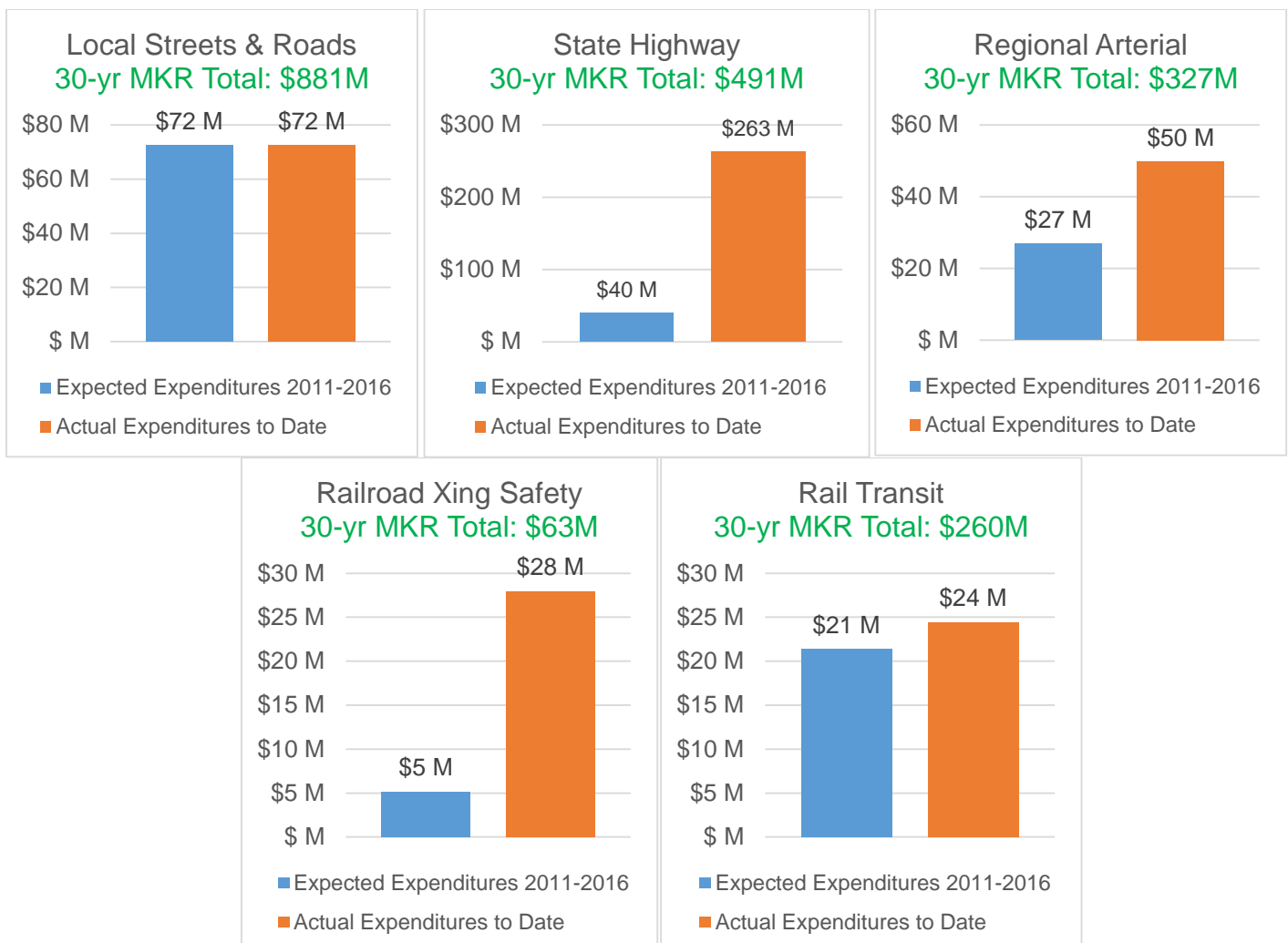
The original Measure K was passed in 1990, and is a half-cent sales tax dedicated to transportation projects in San Joaquin County. In 2006, San Joaquin County voters extended Measure K for an additional 30 years with a total revenue estimate of \$2.6 billion.

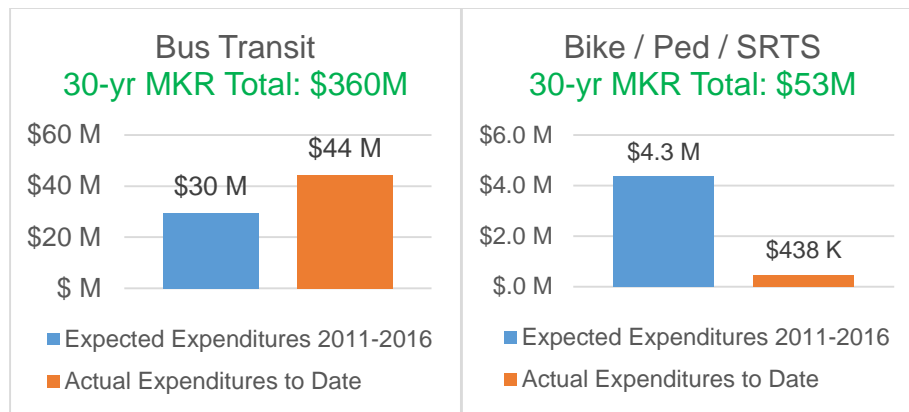
Measure K Ordinance and Expenditure Plan vs. Measure K Strategic Plan:

The Measure K Ordinance and Expenditure Plan sets forth the eligible uses of Measure K funds and identifies funding categories. [In this way, the Expenditure Plan is similar to a City's General Plan Circulation Element.](#) The Measure K Strategic Plan serves as the guiding document for delivery of the Measure K (Renewal) projects. [The Strategic Plan functions as a capital improvement program \(CIP\) for Measure K.](#)

The expected expenditures over the first five years of the Measure K Renewal are compared with actual expenditures to date in Figure 1. The 30-year total by category is shown in green text.

Figure 1: Comparison of Expected vs. Actual Expenditures (2011-2016)

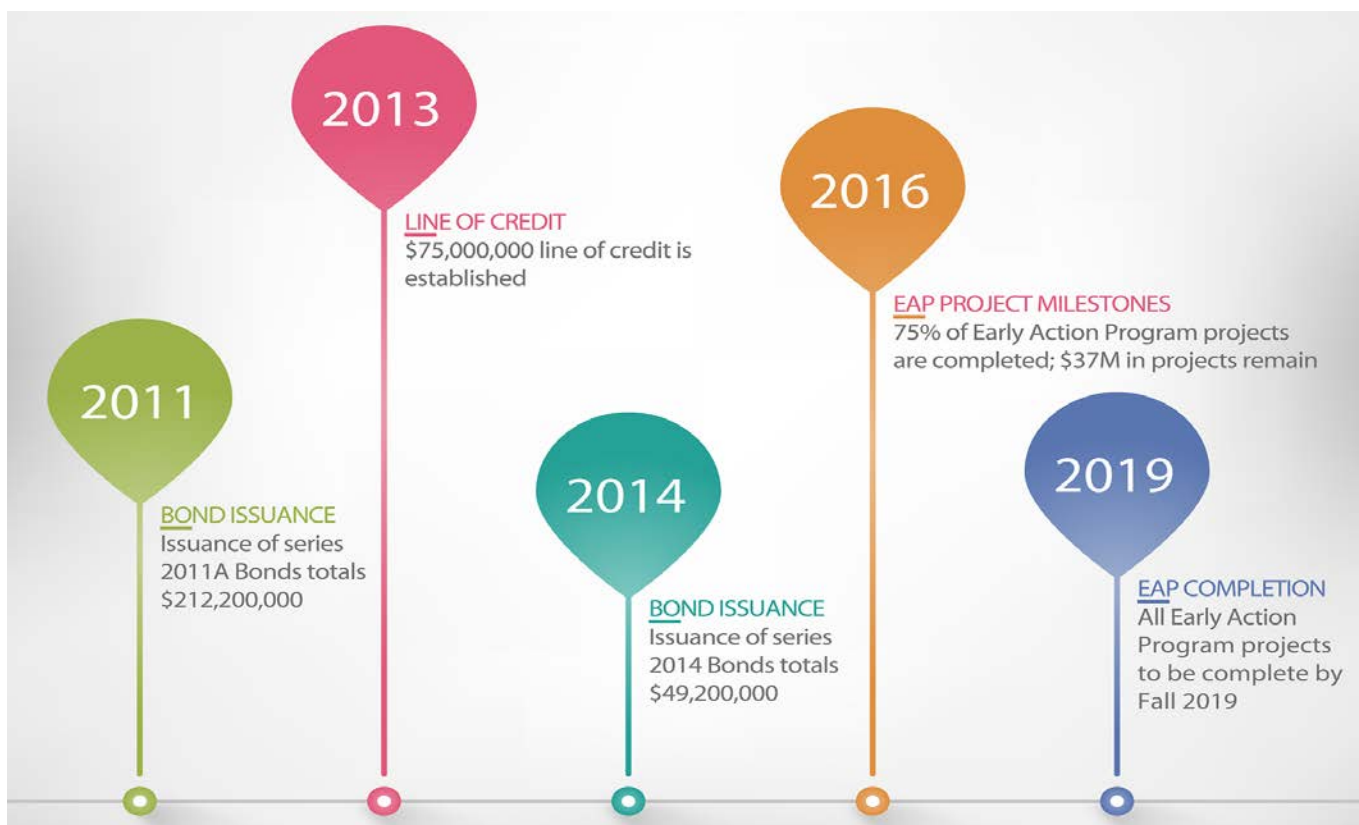




Additionally, a sum of \$65 million of Measure K funds is used for the Smart Growth Incentive Program before the other categorical allocations. This total is not reflected in Figure 1, as it is a standalone dollar commitment, separate from Measure K allocations. To date, approximately \$1.4 million of this \$65 million sum has been expended.

Measure K Financial Overview:

Since the start of Measure K, SJCOG has used bond financing to advance funding for projects. The timeline of bond issuances and delivery of projects in the Early Action Program (EAP) is shown below.



As of November 2016, SJCOG has outstanding long-term and short-term debt in the amount of \$330,850,000, associated with the two bond issuances and the Line of Credit. SJCOG anticipates refunding the short-term \$75,000,000 Line of Credit with a bond issuance in 2019 to lower the amount of debt service.

Measure K Financial Overview:

Table 1: Measure K Early Action Program

Project	Sponsor	MKR Amount	Completion
I – 205 Auxiliary Lanes	SJCOG/Caltrans	\$10,975,999	Spring 2013
McHenry Avenue Widening	Escalon	\$2,237,807	Summer 2013
North Stockton Grade Separations (3)	Stockton	\$22,200,900	Winter 2013
Arch Sperry Expressway	Stockton	\$6,230,000	Winter 2013
ACE Rail Maintenance Facility	SJRRC	\$1,491,690	Spring 2014
I – 5 / French Camp Interchange	Stockton	\$11,832,551	Fall 2014
SR 99 Manteca Widening	SJCOG/Caltrans	\$52,977,436	Summer 2015
Lathrop Road Grade Separation	Lathrop	\$10,855,000	Fall 2015
SJRTD Regional Transportation Center	SJRTD	\$15,750,000	Fall 2015
I – 5 HOV Widening	SJCOG/Caltrans	\$44,404,969	Fall 2016
SR 99 South Stockton Widening	SJCOG/Caltrans	\$77,759,000	Fall 2016
SR 4 Crosstown Freeway Extension	SJCOG/Caltrans	\$62,945,306	Fall 2016
Harney Lane Grade Separation and Widening	Lodi	\$420,126	Fall 2017
Thornton Road Widening	Stockton	\$14,500,000	Fall 2017
Hammer Lane Widening Phase 3B	Stockton	\$9,500,000	Fall 2017
Corral Hollow Road Widening	Tracy	\$13,000,000	Fall 2019
Total MKR Funding		\$357,080,784	



Over the next 15 years, Measure K sales tax revenue is anticipated to be approximately \$1.133 billion.

Figure 2: Measure K Revenue Estimate



Draft Measure K Strategic Plan Project Programming:

Table 2: State Highway Subcategory

Project	Sponsor	MKR Amount	Phases	Year
I-205 HOV Widening	SJCOG	\$394,412	PSR	16/17–17/18
I-5 Mossdale Wye HOV Widening	SJCOG	\$354,000	PSR	16/17–17/18
SR 120 Widening	SJCOG	\$301,225	PSR	16/17–17/18
Total MKR Funding		\$1,049,637		

Any potential cost savings from the Early Action Program State Highway projects will be the subject of future policy decisions by the SJCOG Board once an exact figure is determined.

Table 3: Regional Arterial Subcategory

Project	Sponsor	MKR Amount	Phases	Fiscal Year
Ullrey Ave/McHenry Ave Intersection Improvements	Escalon	\$160,000	PSR, PA&ED, PS&E	21/22–22/23
I-5/Louise Avenue Interchange Improvements	Lathrop	\$3,600,000	PSR-PDS, PA&ED, CON	23/24–26/27
SR 12 (Victor Road) Widening	Lodi	\$1,100,000	PSR, PA&ED, PS&E	27/28–30/31
Harney Lane Widening	Lodi	\$3,750,000	CON	24/25–25/26
SR 99/Harney Lane Interchange Improvements	Lodi	\$2,650,000	CON	30/31
Louise Avenue Improvements	Manteca	\$1,522,000	PSR, PA&ED, PS&E, CON	22/23–23/24
SR 120/Airport Way Interchange Improvements	Manteca	\$10,220,000	PSR, PA&ED, PS&E, CON	27/28–30/31
Stockton Avenue Widening	Ripon	\$1,548,000	CON	21/22
SR 99/Main Street/UPRR Interchange Reconstruction	Ripon	\$1,335,000	PSR	29/30–30/31
Pacific Avenue Widening	Stockton	\$3,400,000	PSR, PA&ED, PS&E	24/25–30/31
Airport Way Intersection Modifications	Stockton	\$6,336,000	PSR, PA&ED, PS&E, CON	25/26–30/31
I-205/Lammers Road Interchange	Tracy	\$2,600,000	CON	21/22
Eleventh Street Improvements	SJ County	\$5,708,000	PSR, PA&ED, PS&E, CON	22/23–28/29
Grant Line Road Corridor Improvements	SJ County	\$6,000,000	CON	21/22–22/23
Total MKR Funding		\$49,929,000		

PSR: Project Study Report
PA&ED: Project Approval & Environmental Document

PS&E: Plans, Specifications, and Estimates
CON: Construction

Railroad Grade Crossing Safety Category:

All funding in this category through Fiscal Year 2030/31 was previously advanced for EAP projects.

Local Streets and Road Repair and Roadway Safety Category:

\$382 million will be distributed directly to the cities and the County over the next 15 years.

Draft Measure K Strategic Plan Project Programming:

Table 4: Rail Transit Subcategory

Project	Sponsor	MKR Amount	Fiscal Year
Capital Spares	SJRRC	\$1,640,000	28/29 – 30/31
UPRR Capital Access Fee	SJRRC	\$11,248,503	16/17 – 30/31
SJRRC/ACE Operations	SJRRC	\$84,672,208	16/17 – 30/31
Positive Train Control	SJRRC	\$8,500,000	21/22 – 30/31
UPRR Capitalized Maintenance Projects	SJRRC	\$4,941,433	16/17 - 17/18
Total MKR Funding		\$111,002,144	

Table 5: Bus Transit Subcategory

Project	Sponsor	MKR Amount	Fiscal Year
SJRTD BRT Express Service	SJRTD	\$46,058,339	16/17 – 30/31
SJRTD Intercity Service	SJRTD	\$26,759,828	16/17 – 30/31
SJRTD Interregional Service	SJRTD	\$7,500,000	16/17 – 30/31
SJRTD Fleet/Engine Replacement	SJRTD	\$5,500,000	16/17 – 25/26
SJRTD Passenger Amenities	SJRTD	\$120,000	19/20
SJRTD Park and Ride Lease Lots	SJRTD	\$148,775	16/17 – 30/31
Lodi GrapeLine Operations	Lodi	\$5,600,000	17/18 – 30/31
Ripon Blossom Express Operations	Ripon	\$798,697	16/17 – 30/31
Ripon Transit Capital Improvements	Ripon	\$780,248	24/25
Ripon Bus Purchase	Ripon	\$100,000	25/26
Escalon eTrans Operations	Escalon	\$721,904	16/17 – 30/31
Escalon Short Range Transit Plan	Escalon	\$32,752	16/17 – 17/18
Regional Transit Initiatives	SJCOG	\$400,000	17/18 – 20/21
Travel Demand Management Program	SJCOG	\$5,500,000	17/18 – 30/31
Park and Ride Capital Lots	SJCOG	\$1,000,000	21/22 – 30/31
Total MKR Funding		\$100,911,768	

Table 6: Bus Rapid Transit Capital Subcategory

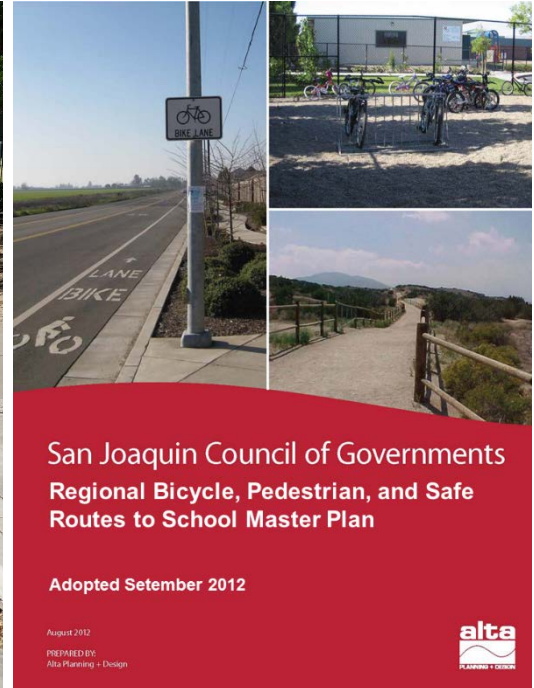
Project	Sponsor	MKR Amount	Year
BRT Passenger Amenities	SJRTD	\$10,650,000	20/21 – 30/31
BRT Fleet Replacement	SJRTD	\$2,775,000	19/20 – 27/28
Total MKR Funding		\$13,425,000	



Draft Measure K Strategic Plan Project Programming:

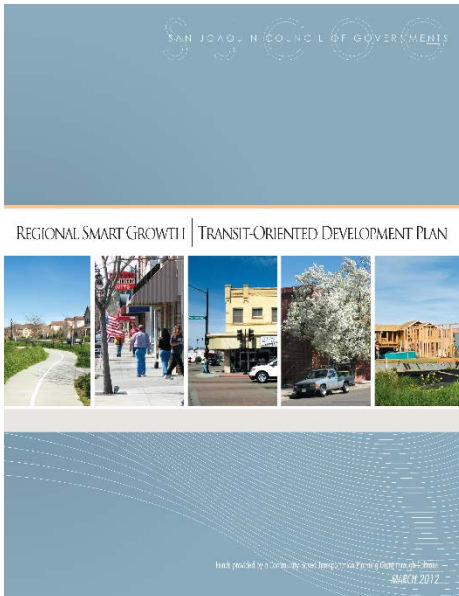
Bicycle, Pedestrian, and Safe Routes to School Subcategory:

The Bicycle, Pedestrian, and Safe Routes to School program will receive \$24.4 million between FY 16/17 and FY 30/31. This program is divided 40% to a Non-Competitive Program distributed to each city and the County based upon population, and 60% to a Competitive Program.



Smart Growth Incentive Program:

The Smart Growth Incentive Program will receive \$29.6 million between FY 16/17 and FY 30/31 for public infrastructure investments that better integrate transportation and land use through street calming, walkable communities, transit amenities, and alternative modes of transportation.



BIKE, PEDESTRIAN & SRTS

OPTION A

DELAY SPENDING

30-YEAR MEASURE K BURN RATE

FIRST 5 YRS: 2011 - 2015/16

\$0.5M

STRAT. PLN 15 YRS: 2016/17 - 2030/31

\$20.5M

LAST 10 YRS: 2031/32 - 2040/41

\$31.9M

STRATEGIC PLAN BURN RATE

2016 - 2021 2022 - 2026 2027 - 2031

\$0M

\$9.1M

\$11.4M

FINANCIAL ASSUMPTIONS

FUNDING STARTS IN FY 21/22

STARTS AT \$1.66M/YEAR

GRADUAL GROWTH RATE

YOUR INVESTMENT BUYS....

20.5 MILES OF CLASS 1 BIKE PATHS

205 MILES OF CLASS 2 BIKE LANES

20.5 MILES OF SIDEWALKS

OPTION B

START SPENDING NOW

30-YEAR MEASURE K BURN RATE

FIRST 5 YRS: 2011 - 2015/16

\$0.5M

STRAT. PLAN 15 YRS: 2016/17 - 2030/31

\$24.4M

LAST 10 YRS: 2031/32 - 2040/41

\$28.0M

STRATEGIC PLAN BURN RATE

2016 - 2021 2022 - 2026 2027 - 2031

\$6.4M

\$8.0M

\$10.0M

FINANCIAL ASSUMPTIONS

FUNDING STARTS IN FY 16/17

STARTS AT \$1.1M/YEAR

GRADUAL GROWTH RATE

YOUR INVESTMENT BUYS....

24.4 MILES OF CLASS 1 BIKE PATHS

244 MILES OF CLASS 2 BIKE LANES

24.4 MILES OF SIDEWALKS

OPTION C

ADVANCE SPENDING

30-YEAR MEASURE K BURN RATE

FIRST 5 YRS: 2011 - 2015/16

\$0.5M

STRAT. PLAN 15 YRS: 2016/17 - 2030/31

\$31.5M

LAST 10 YRS: 2031/32 - 2040/41

\$21.0M

STRATEGIC PLAN BURN RATE

2016 - 2021 2022 - 2026 2027 - 2031

\$10.5M

\$10.5M

\$10.5M

FINANCIAL ASSUMPTIONS

FUNDING STARTS IN FY 16/17

\$2.1M/YEAR ANNUALLY

EQUAL ANNUAL AMOUNT

YOUR INVESTMENT BUYS....

31.5 MILES OF CLASS 1 BIKE PATHS

315 MILES OF CLASS 2 BIKE LANES

31.5 MILES OF SIDEWALKS

SMART GROWTH PROGRAM

OPTION A

DELAY SPENDING

30-YEAR MEASURE K BURN RATE

FIRST 5 YRS: 2011 - 2015/16



STRAT. PLN 15 YRS: 2016/17 - 2030/31



LAST 10 YRS: 2031/32 - 2040/41



STRATEGIC PLAN BURN RATE

2016 - 2021 2022 - 2026 2027 - 2031



FINANCIAL ASSUMPTIONS

FUNDING STARTS IN FY 21/22

STARTS AT \$2M/YEAR

GRADUAL GROWTH RATE

YOUR INVESTMENT BUYS....

13 SMART GROWTH PROJECTS:

SIDEWALKS, BICYCLE LANES

LANDSCAPING, SEATING, LIGHTS

TRANSIT AMENITIES

OPTION B

START SPENDING NOW

30-YEAR MEASURE K BURN RATE

FIRST 5 YRS: 2011 - 2015/16



STRAT. PLAN 15 YRS: 2016/17 - 2030/31



LAST 10 YRS: 2031/32 - 2040/41



STRATEGIC PLAN BURN RATE

2016 - 2021 2022 - 2026 2027 - 2031



FINANCIAL ASSUMPTIONS

FUNDING STARTS IN FY 16/17

STARTS AT \$1.4M/YEAR

GRADUAL GROWTH RATE

YOUR INVESTMENT BUYS....

15 SMART GROWTH PROJECTS:

SIDEWALKS, BICYCLE LANES

LANDSCAPING, SEATING, LIGHTS

TRANSIT AMENITIES

OPTION C

ADVANCE SPENDING

30-YEAR MEASURE K BURN RATE

FIRST 5 YRS: 2011 - 2015/16



STRAT. PLAN 15 YRS: 2016/17 - 2030/31



LAST 10 YRS: 2031/32 - 2040/41



STRATEGIC PLAN BURN RATE

2016 - 2021 2022 - 2026 2027 - 2031



FINANCIAL ASSUMPTIONS

FUNDING STARTS IN FY 16/17

\$2.5M/YEAR ANNUALLY

EQUAL ANNUAL AMOUNT

YOUR INVESTMENT BUYS....

20 SMART GROWTH PROJECTS:

SIDEWALKS, BICYCLE LANES

LANDSCAPING, SEATING, LIGHTS

TRANSIT AMENITIES

PASSENGER RAIL TRANSIT

OPTION A

5% CONTINGENCY

30-YEAR MEASURE K BURN RATE

FIRST 5 YRS: 2011 - 2015/16



STRAT. PLN 15 YRS: 2016/17 - 2030/31



LAST 10 YRS: 2031/32 - 2040/41



INCREASE IN FUNDING

2016 - 2021 2022 - 2026 2027 - 2031



FINANCIAL ASSUMPTIONS

ONLY EXISTING OPERATIONS

\$6.4M CONTINGENCY RESERVE

YOUR INVESTMENT BUYS....

EXISTING 4-TRAIN OPERATIONS

UPRR CAPITAL ACCESS FEES

UPRR CAPITALIZED MAINTENANCE

POSITIVE TRAIN CONTROL

OPTION B

3% CONTINGENCY

30-YEAR MEASURE K BURN RATE

FIRST 5 YRS: 2011 - 2015/16



STRAT. PLAN 15 YRS: 2016/17 - 2030/31



LAST 10 YRS: 2031/32 - 2040/41



INCREASE IN FUNDING

2016 - 2021 2022 - 2026 2027 - 2031



FINANCIAL ASSUMPTIONS

ONLY EXISTING OPERATIONS

\$3.8M CONTINGENCY RESERVE

\$2.8M ADDITIONAL PROGRAMMING

YOUR INVESTMENT BUYS....

MORE FUNDS FOR

EXISTING OPERATIONS

COMPENSATE FOR INCREASES

IN FUNDING FOR OTHER MODES

OPTION C

NO CONTINGENCY

30-YEAR MEASURE K BURN RATE

FIRST 5 YRS: 2011 - 2015/16



STRAT. PLAN 15 YRS: 2016/17 - 2030/31



LAST 10 YRS: 2031/32 - 2040/41



INCREASE IN FUNDING

2016 - 2021 2022 - 2026 2027 - 2031



FINANCIAL ASSUMPTIONS

ONLY EXISTING OPERATIONS

ZERO CONTINGENCY RESERVE

\$6.4M ADDITIONAL PROGRAMMING

YOUR INVESTMENT BUYS....

MORE FUNDS FOR EXISTING OPS

& LIMITED FUNDING FOR NEW OPS

COMPENSATE FOR INCREASES

IN FUNDING FOR OTHER MODES

BUS TRANSIT

OPTION A

5% CONTINGENCY

30-YEAR MEASURE K BURN RATE

FIRST 5 YRS: 2011 - 2015/16



STRAT. PLN 15 YRS: 2016/17 - 2030/31



LAST 10 YRS: 2031/32 - 2040/41



INCREASE IN FUNDING

2016 - 2021 2022 - 2026 2027 - 2031



FINANCIAL ASSUMPTIONS

\$31.9M BALANCE FOR FUTURE NEEDS

\$8.8M CONTINGENCY RESERVE

YOUR INVESTMENT BUYS....

ONGOING RTD OPERATIONAL COSTS

RTD BUS REPLACEMENTS

INTERCITY & INTERREGIONAL SERVICE

ESCALON, LODI & RIPON SERVICES

OPTION B

3% CONTINGENCY

30-YEAR MEASURE K BURN RATE

FIRST 5 YRS: 2011 - 2015/16



STRAT. PLAN 15 YRS: 2016/17 - 2030/31

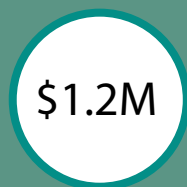


LAST 10 YRS: 2031/32 - 2040/41



INCREASE IN FUNDING

2016 - 2021 2022 - 2026 2027 - 2031



FINANCIAL ASSUMPTIONS

\$31.9M BALANCE FOR FUTURE NEEDS

\$5.3M CONTINGENCY RESERVE

\$3.5M ADDITIONAL PROGRAMMING

YOUR INVESTMENT BUYS....

MORE FUNDS FOR EXISTING OPS

ADDITIONAL BUS REPLACEMENTS

COMPENSATE FOR INCREASES

IN FUNDING FOR OTHER MODES

OPTION C

NO CONTINGENCY

30-YEAR MEASURE K BURN RATE

FIRST 5 YRS: 2011 - 2015/16



STRAT. PLAN 15 YRS: 2016/17 - 2030/31



LAST 10 YRS: 2031/32 - 2040/41



INCREASE IN FUNDING

2016 - 2021 2022 - 2026 2027 - 2031



FINANCIAL ASSUMPTIONS

\$31.9M BALANCE FOR FUTURE NEEDS

ZERO CONTINGENCY RESERVE

\$8.8M ADDITIONAL PROGRAMMING

YOUR INVESTMENT BUYS....

FUNDS FOR NEW & EXISTING OPS

ADDITIONAL BUS REPLACEMENTS

COMPENSATE FOR INCREASES

IN FUNDING FOR OTHER MODES



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