

STAFF REPORT

SUBJECT: Final 2017 Measure K Strategic Plan

RECOMMENDED ACTION: Adopt the 2017 Measure K Strategic Plan

SUMMARY:

On March 2 SJCOG staff released the Draft 2017 Measure K Strategic Plan. Over the course of the past two months, SJCOG staff have updated the draft plan based upon input from local jurisdictions and transit operators, the discussion at the March 23 Measure K SJCOG Board Workshop, and direction given by the SJCOG Board at their April 27 meeting. The Final Strategic Plan also includes several non-substantive changes and corrections. These documents are available for public review online at:

Main Documents: <http://www.sjcog.org/DocumentCenter/View/1777>

Appendices: <http://www.sjcog.org/DocumentCenter/View/1776>



RECOMMENDATION:

SJCOG staff recommends the SJCOG Board adopt the Final 2017 Measure K Strategic Plan.

FISCAL IMPACT:

None at this time. There will be direct fiscal impacts from the adoption of the Measure K Strategic Plan that will set forward Measure K allocations for eligible projects through Fiscal Year 2030/31.

DISCUSSION:

Following the release of the Draft Strategic Plan, SJCOG held a workshop on March 23 for the SJCOG Board to discuss policy options for the Bicycle, Pedestrian, and Safe Routes to School Program, the Smart Growth Incentive Program, Rail Transit, and Bus Transit. The Board expressed some interest in advancing funds for the Bicycle, Pedestrian, and Safe Routes to School Program and the Smart Growth Incentive Program.

Subsequently, SJCOG completed the refunding of the Series 2011A Measure K bonds. The resulting refunding allowed the immediate release of the \$8.17 million debt service reserve fund, in addition to interest savings of approximately \$23 million between 2020-2029.

At the April 27th SJCOG Board meeting, the SJCOG Board expressed interest in using the approximate \$8.17 million released from the debt service reserve fund to advance funding for both the Bicycle, Pedestrian, and Safe Routes to School Program and the Smart Growth Incentive Program. The SJCOG Board had varied comments including, but not limited to, interest in allowing project sponsors flexibility to apply for either or both funding programs, and interest in allocating all (100%) or three quarters (75%) of the \$8 million to the Bicycle/Pedestrian program.

SJCOG staff has assumed an infusion of \$8.17 million in Fiscal Year 2017/18 for Bike/Pedestrian/SRTS and/or the Smart Growth Incentive Program in the Strategic Plan. Staff will be convening a subcommittee of the Technical Advisory Committee and other interested parties to solicit input on some initial concepts involving a uniform scoring application form and a single call for projects to both programs. Holding a single call for projects would streamline the application submittal process and allow for the utmost flexibility in defining the highest regional priorities. This potential combined call for projects would be for a total of approximately \$19.8 million for Fiscal Year 2017/18 through Fiscal Year 2020/21 as identified in Table 1:

Table 1: Potential Combined Bicycle, Pedestrian & SRTS and Smart Growth Call for Projects

Funding Source	Amount
Bicycle, Pedestrian & Safe Routes to School Competitive Program	\$3.85 million
Smart Growth Incentive Program	\$7.78 million
Debt Service Reserve Fund (flexible to either program)	\$8.17 million
Total Available:	\$19.8 million

The priorities for the remaining savings from the reduction of debt service from the Series 2011A bond refunding (the \$23 million) will follow the adoption of the Strategic Plan in May and the completion of the annual Measure K Ordinance and Expenditure Plan Amendment process in June.

BACKGROUND:

The San Joaquin Council of Governments (SJCOG) is the administrator of the Measure K half-cent sales tax program. Due to the decrease in revenue from the recession, not all Measure K projects identified in the Expenditure Plan can be funded in the 30-year life of the sales tax program. The region will need to delve into difficult policy decisions and make hard choices on what Measure K projects can be funded. This means Measure K expenditures, project priorities, and policies will be re-examined and possibly new policies developed to create a financially constrained plan that balances project delivery within funding limitations.

Throughout 2016, SJCOG staff met with all local agencies and transit operators to discuss the implications of the Measure K financial picture and how to prioritize projects. SJCOG staff worked with project sponsors to finalize the scope, cost, and schedule of all Measure K projects. In September 2016, SJCOG staff received updated projections of Measure K revenue from SJCOG's financial consultant, Public Financial Management (PFM), projected to total \$2.6 billion through FY 2040/41, a decrease of \$300,000,000 from the previously (2011) adopted revenue estimate. The SJCOG Board adopted this updated revenue forecast in October 2016.

In November, PFM completed a cash flow analysis of the Measure K Capital Program based upon existing and future anticipated debt service and revenue. The cash flow analysis indicated that only approximately \$49.9 million would be available to program to new Congestion Relief projects between Fiscal Year 2016/17 and Fiscal Year 2030/31.

SJCOG developed a preliminary Strategic Plan programming scenario based upon this cash flow analysis and several underlying policies and assumptions. The SJCOG standing committees reviewed and unanimously supported these policies and assumptions in January and February, and subsequently in February the SJCOG Board directed staff to incorporate these policies into the preparation of the Draft Strategic Plan.

COMMITTEE ACTIONS:

- Technical Advisory Committee – Unanimously approved adoption of the Strategic Plan.
- Management & Finance Committee – Unanimously approved adoption of the Strategic Plan.
- Citizens Advisory Committee – Unanimously approved adoption of the Strategic Plan.
- Executive Committee – had not met at the time of the writing of this Staff Report.

NEXT STEPS/SCHEDULE:

- May 25, 2017 - SJCOG Board Adopts Final Strategic Plan
- June 22, 2017 – SJCOG Board holds Public Hearing on Measure K Ordinance and Expenditure Plan Amendment Requests
- June 22, 2017 - Measure K Bicycle, Pedestrian, and Safe Routes to School Non-Competitive Program Funds made available for Claims by Cities and County
- Late Summer/Early Fall 2017 – SJCOG Board discussion on use of funds freed up by the reduced debt service from Series 2011A Bond Refunding
- Late Summer/Early Fall 2017 – Combined Call for Projects for Measure K Bicycle, Pedestrian, and Safe Routes to School Competitive Program and the Smart Growth Incentive Program