



DATE: December 1, 2020

CATEGORY: Consent

DEPT.: Public Works

TITLE: **2016 Measure B 10-Year Outlook Base Scenario**

RECOMMENDATION

Ratify the City of Mountain View’s letter to the Valley Transportation Authority dated November 16, 2020, regarding the 2016 Measure B 10-Year Outlook Base Scenario (Attachment 1 to the Council report).

BACKGROUND AND ANALYSIS

On November 8, 2016, the voters of Santa Clara County approved Measure B, a Valley Transportation Authority (VTA) 30-year, one-half-cent sales tax measure supporting transportation projects and services. The ballot measure included the following nine program categories to be funded by Measure B as follows:

Program Category	Estimated amounts on ballot (in 2017 dollars)	Ratio of 30-year projected total**
Local Streets and Roads (i.e., pavement maintenance/repairs)	\$1.2 billion	19.05%
BART Phase II*	\$1.5 billion	23.81%
Bicycle and Pedestrian	\$250 million	3.97%
Caltrain Grade Separations (in Mountain View, Palo Alto, and Sunnyvale)	\$700 million	11.11%
Caltrain Capacity Improvements	\$314 million	4.98%
Highway Interchanges	\$750 million	11.9%
County Expressways	\$750 million	11.9%
State Route 85 Corridor	\$350 million	5.56%
Transit Operations	\$500 million	7.94%

* Capped at 25 Percent Program Tax Revenue.

** Numbers may not add to 100 percent due to rounding.

The actual sales tax revenue collected will differ from initial projections; therefore, the ratio or percentage for each program category is being used by VTA to ensure the appropriate distribution of the Measure B funds over the life of the Measure. However, these percentages do not determine the annual allocation of Measure B funding to each program. VTA has discretion to determine how much Measure B funding to provide to each program category each year, with the expectation that each program will receive its total share by the end of the 30-year life of the tax.

For the first four years of Measure B funding (Fiscal Year 2016-17 to Fiscal Year 2020-21), three of the program categories (Local Streets and Roads, Bicycle and Pedestrian, and Transit Operations) were set up to receive an annual allocation (1/30th of total share per year). The assumption was that these programs would continue to receive a predictable, fixed annual allocation for the 30-year life of the Measure. The other six categories, which are primarily capital projects, were planned to be funded on a need/capacity basis each year.

10-Year Outlook

VTA adopts a two-year budget and includes the Measure B program/project allocations in this budget. The Fiscal Year 2021-22 and Fiscal Year 2022-23 two-year budget will be adopted by the VTA Board in June 2021.

VTA is developing a proposed 10-Year Outlook to provide a better understanding of future needs and develop a longer-term view of the expected expenditures instead of the two-year-at-a-time approach currently being used. Although not a budget document itself, it will be a tool for developing each two-year budget. VTA is developing the 10-Year Outlook because the Bay Area Rapid Transit (BART) Phase II funding strategy is being finalized, and it will have very high cash flow needs from Fiscal Year 2023-24 to Fiscal Year 2029-30.

The draft base scenario shown in Attachment 2 was provided to the VTA advisory committees on November 10 and 12, 2020, and to the VTA Board Standing Committee Committees on November 18 and 19, 2020. This base scenario prioritizes funding for the BART project and leaves little to no funding for any other Measure B programs through 2032. This would significantly impact the City's pavement maintenance funding and delay both of the City's Caltrain grade separation projects as well as progress on developing a transit lane for State Route 85. It was considered essential to relay the City's concerns to the VTA Board as soon as possible; therefore, the City submitted the letter shown in Attachment 1 on November 16, 2020.

The VTA Board will be receiving the 10-Year Base Scenario at their meeting on December 3, 2020, and it is recommended that the City Council ratify the City's November 16, 2020 letter prior to the VTA Board meeting.

Next Steps

VTA's Technical Advisory Committee has formed an ad hoc subcommittee to develop recommendations for alternate scenarios to balance the needs for BART Phase II with the needs of the other Measure B programs. The City's Public Works Director is participating in this ad hoc subcommittee. The alternate scenarios will focus on Countywide benefits from the Measure B program in the 10-Year Outlook. These scenarios will strive to avoid or minimize reductions in the annual formula programs (Local Streets and Roads, Bicycle and Pedestrian, and Transit Operations) and maintain progress for the capital projects in the other programs which are already under way during this 10-year period. It is expected that the VTA Board will take action on a preferred 10-Year Outlook in May 2021.

FISCAL IMPACT

During the first four years of Measure B funding, the City was allocated approximately \$1.5 million per year in Measure B Local Streets and Roads pavement maintenance funds. The current five-year Capital Improvement Program (CIP) assumes the City will continue to receive approximately \$1.5 million annually in Local Streets and Roads funding. Not receiving this full allocation for 10 years will substantially delay the City's efforts to improve the conditions of our roads.

The City's Transit Center Grade Separation project has been awarded \$10 million in Measure B Grade Separation funding for final design of the project. The City anticipated receiving Measure B Grade Separation funding over the next 10 years for construction of this project and for final design and possible construction of the Rengstorff Grade Separation project. To date, the City has expended and/or committed over \$7.5 million to these two projects. Placing both projects on hold for 10 or more years will substantially increase the costs of both projects and require updating the design work and environmental clearance already completed.

The City is also receiving annual Measure B Bicycle and Pedestrian funding for Safe Routes to Schools programs. In addition, four major bicycle/pedestrian projects within Mountain View have been selected through a competitive grant process to receive approximately \$28 million in Measure B Bicycle and Pedestrian funding over the next 10 years. The annual allocation of Measure B Bicycle and Pedestrian funding must continue if this funding is to be available for these projects.

ALTERNATIVES

1. Rescind and/or revise the November 16, 2020 letter sent to VTA.
2. Provide other direction to staff.

PUBLIC NOTICING – Agenda posting.

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DSC/TS/6/CAM
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- Attachments:
1. City of Mountain View Letter to VTA, Dated November 16, 2020
 2. VTA Measure B 10-Year Base Scenario