



CONSENT CALENDAR

Agenda Item # 5

AGENDA REPORT SUMMARY

Meeting Date: December 15, 2020

Subject: Resolution No. 2020-42: Opposing Valley Transportation Authority (VTA) 2016 Measure B 10-Year Outlook Base Scenario

Prepared by: Jon Maginot, Acting City Manager

Attachment(s):

1. Memo from Supervisor Simitian
2. Resolution No. 2020-42

Initiated by:

Santa Clara County Supervisor Simitian

Previous Council Consideration:

None

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the City Council wish to adopt a Resolution in response to VTA's proposed 10-year use of Measure B funds?

Summary:

- In 2016, County voters approved Measure B, a 30-year, one-half cent sales tax, with the primary goals of providing meaningful congestion relief throughout the County and improving road pavement conditions
- VTA administration has proposed a 10-year outlook base scenario that does not include Measure B funding for local streets and roads

Staff Recommendation:

Adopt Resolution No. 2020-42 opposing the Valley Transportation Authority's 2016 Measure B 10-Year Outlook Base Scenario

Reviewed By:

City Manager

JM

City Attorney

JH

Finance Director

SE

S. JOSEPH SIMITIAN

SUPERVISOR, FIFTH DISTRICT
SANTA CLARA COUNTY

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MEMORANDUM

To: Interested Parties
From: S. Joseph Simitian, Supervisor
Re: VTA 2016 Measure B Funding Proposal/Scenario
Date: November 25, 2020

In 2016, the Valley Transportation Authority (VTA) Board of Directors placed before the voters of Santa Clara County Measure B, a one-half cent sales tax measure operative for 30 years that would fund nine program categories, with the primary goals to provide meaningful congestion relief throughout the County and improve road pavement conditions. Measure B was approved by the voters by over a two-thirds vote.

The nine program categories of transportation projects authorized in Measure B are: Local Streets and Roads; BART Phase II; Bicycle and Pedestrian; Caltrain Grade Separation; Caltrain Capacity Improvements; Highway Interchanges; County Expressways; State Route 85 Corridor; and Transit Operations.

Measure B expressly caps the allocation for BART Phase II at a maximum of 25 percent of Program Tax Revenues, estimated to be about \$1.5 Billion. The \$1.5 Billion estimate is based on the April 2017 total Measure B revenues forecast of \$6.3 Billion as stated in Measure B.

This year VTA administration is proposing to establish a 10-year revenue and expenditure outlook exclusively for the Measure B program to include in its budget process. For Measure B, VTA administration have indicated that a combination of revenue shortfalls and the need to prioritize cash spending on the BART Phase II project may require spending deferrals in other Measure B program categories.

In November 2020, VTA administration began presenting VTA Board of Directors' advisory committees with a proposed 2016 Measure B 10-Year Outlook Base Scenario (attached), covering program allocations for Fiscal Year 2022 to Fiscal Year 2032. Among others, presentations were made to the Technical Advisory Committee (TAC) and the Policy Advisory Committee (PAC).

The TAC is comprised of one senior staff member (usually the public works or planning director) from each of the county's 15 cities, the County of Santa Clara, and various other local government jurisdictions. The TAC advises the VTA Board on technical aspects of transportation-related policy issues and initiatives. At its November 10 meeting, and in response to the presentation of the 2016 Measure B 10-Year Outlook Base Scenario, the TAC formed an Ad Hoc Committee to work with VTA administration to propose alternate 10-Year Outlook scenarios that balance the funding for BART Phase II with the needs of the other Measure B programs, to ensure Measure B continues to provide countywide benefits, and advise the TAC on a preferred scenario to recommend to the VTA Board of Directors.

The PAC is comprised of representatives from each of the 15 cities and the County of Santa Clara. The PAC is intended to ensure that all jurisdictions within the county have access to the development of VTA's policies. **At its November 12 meeting, the PAC voted 10-0 to refuse receipt of the informational presentation of the 2016 Measure B 10-Year Outlook Base Scenario.**

Both the TAC and PAC reacted negatively to the 2016 Measure B 10-Year Outlook Base Scenario containing built-in assumptions that result in little to no Measure B funding being available for the majority of the other Measure B programs during the 10-year period. **The six program areas that are currently identified for zero Measure B funding over the ten-year period are Local Streets and Roads, Caltrain Grade Separation, Caltrain Corridor Capacity Improvements, Highway Interchanges, County Expressways, and State Route 85 Corridor.**

These assumptions underlying the Base Scenario include placing the BART Phase II project as the highest priority for the next ten years, providing it with first call on Measure B revenues, and proposing minimal bonding to fund BART Phase II.

Prioritizing BART Phase II funding over the next 10 years in a way that eliminates and/or significantly reduces investments in the other programs creates significant challenges and risks. These challenges and risks include worsening congestion throughout the entire County, worsening pavement conditions throughout the entire county; increased costs due to project delay; and increased delays for long lead-time projects.

The 2016 Measure B 10-Year Outlook Base Scenario programs the BART Phase II project to receive nearly \$2 billion in Program Tax Revenues (presumably in inflation-adjusted year of expenditure dollars), without providing similar inflation-adjusted funding for other programs, and notwithstanding the fact that anticipated tax revenues are down (thereby reducing the 25 percent share).

The 2016 Measure B 10-Year Outlook Base Scenario also includes debt servicing and financing costs for Fiscal Year 2028 through Fiscal Year 2032 totaling \$20 million. These costs are solely attributable to the BART Phase II project, yet they are presented in a separate line item. This approach results in the BART Phase II debt servicing financing costs being charged against overall Program revenues effectively reducing the amount of funding available for the other eight program categories.

It is understood that Measure B is a 30-year program and not all projects can be delivered in the first 10 to 15 years. However, the Measure B 10-Year Outlook needs to serve the entire County to the greatest extent possible, including by avoiding or minimizing reductions in the annual formula programs (Local Streets and Roads, Bicycle/Pedestrian, and Transit Operations) and maintaining progress for the capital projects in the other programs which are already under way. In short, the 10-Year Outlook cannot be focused on a single project to the exclusion of the other Measure B programs.

The attached resolution is designed to serve as a vehicle for those who wish to formally oppose the 2016 Measure B 10-Year Outlook Base Scenario and urge the VTA Board of Directors to reject the Base Scenario. The resolution also calls on the VTA Board to support a Measure B 10-Year Outlook that balances the investments among the nine Measure B programs, thereby ensuring Countywide benefits as promised in the 2016 ballot measure. Finally, the resolution encourages the VTA Board of Directors to consider options for the BART Phase II project so other Measure B programs also receive funding during the 10-year period, including approaches such as more aggressive bonding, borrowing other funds, and/or using other funding sources for BART Phase II, as well as the possibility of further phasing or slowing the BART Phase II project.

Base Scenario

Version date: 11.10.20

2016 Measure B Ten-Year Outlook Base Scenario DRAFT - For Illustrative and Discussion Purposes ONLY

2016 MEASURE B	Fiscal Year										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Administrative	1.60	1.60	3.30	3.30	3.30	3.30	3.50	3.60	3.60	3.75	3.75
Debt Servicing & Financing*							4.09	4.03	3.99	3.99	3.99
Formula Programs											
Local Streets and Roads											
Bicycle & Pedestrian	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	
Transit Operations**	16.66	16.66									
Subtotal Formula Programs	24.99	24.99	8.33	8.33	8.33	8.33	8.33	8.33	8.33	-	-
Need/Capacity Based Programs											
BART Phase II***	-	-	174.96	661.62	340.94	200.28	259.65	179.64	138.17	-	-
Caltrain Grade Separation	-	-	-	-	-	-	-	-	-	-	-
Caltrain Corridor Capacity	-	-	-	-	-	-	-	-	-	-	-
SR 85 Corridor	-	-	-	-	-	-	-	-	-	-	-
County Expressways	-	-	-	-	-	-	-	-	-	-	-
Highway Interchanges	-	-	-	-	-	-	-	-	-	-	-
Subtotal Need/Capacity Based Programs	-	-	174.96	661.62	340.94	200.28	259.65	179.64	138.17	-	-
Available to distribute	20.30	21.84	38.45	47.16	47.55	39.61	39.61	69.87	111.19	262.58	267.65
TOTAL 2016 MEASURE B ALLOCATION	46.89	48.43	225.04	720.41	400.12	251.52	315.18	265.48	265.28	270.32	275.39

*Preliminary - Reflects current financing plan & is subject to change

**Subject to Board approval of Transit Service Plan and FY22/FY23 Biennial Budget

***FY24 includes \$150 million allocated in FY20/FY21

DRAFT

RESOLUTION NO. 2020-42

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
OPPOSING THE VALLEY TRANSPORTATION AUTHORITY'S 2016
MEASURE B 10-YEAR OUTLOOK BASE SCENARIO**

WHEREAS, in 2016, the Valley Transportation Authority (VTA) Board of Directors placed before the voters of Santa Clara County Measure B, a one-half cent sales tax measure operative for 30 years that would fund nine program categories, with the primary goals to provide meaningful congestion relief throughout the County and improve road pavement conditions; and

WHEREAS, the nine program categories included in 2016 Measure B are: Local Streets and Roads, BART Phase II, Bicycle/Pedestrian, Caltrain Grade Separation, Caltrain Corridor Capacity Improvements, Highway Interchanges, County Expressways, State Route 85 Corridor, and Transit Operations; and

WHEREAS, BART Phase II is just one of the nine programs authorized in the Measure and is limited to a maximum of 25 percent of the total Measure B revenues; and

WHEREAS, in November 2020, VTA administration began presenting VTA Board of Directors' advisory committees with a proposed 2016 Measure B 10-Year Outlook Base Scenario, covering program allocations for Fiscal Year 2022 to Fiscal Year 2032, that contain built-in assumptions that are unacceptable to the City of Los Altos; and

WHEREAS, the built-in assumptions are that the BART Phase II project is the highest priority for the next ten years, providing it with first call on the Measure B revenues, and that minimal bonding will be used to fund BART Phase II, which results in little to no Measure B funding being available for the majority of the other Measure B programs during this 10-year period; and

WHEREAS, under the Base Scenario, the six program areas that are currently identified for zero Measure B funding over the ten-year period are Local Streets and Roads, Caltrain Grade Separation, Caltrain Corridor Capacity Improvements, Highway Interchanges, County Expressways, and State Route 85 Corridor; and

WHEREAS, this approach is inconsistent with the promises made to the voters in 2016 because it will not result in meaningful progress being made for all nine programs over the first fifteen years of the measure; rather, progress will be deferred on most programs until the second fifteen years of the measure which violates voters' and taxpayers' trust and expectations in approving the Measure; and

WHEREAS, in approving Measure B, voters countywide agreed to pay an increased half cent sales tax for thirty years, thereby instituting one of the highest sales tax rates in the Bay Area and State, yet under the proposed 2016 Measure B 10-Year Outlook Base Scenario only a small portion of the County will benefit and the bulk of county taxpayers will be paying increased taxes and see few significant benefits for a ten-year period; and

WHEREAS, eliminating and/or significantly reducing investments in the other programs will result in worsening congestion throughout the entire County, worsening pavement conditions throughout the entire county, increased costs due to project delays, and increased delays for long lead-time projects; and

WHEREAS, front-loading BART Phase II as proposed in the 2016 Measure B 10-Year Outlook Base Scenario programs the project to receive nearly \$2 billion in tax revenues (presumably in inflation-adjusted year of expenditure dollars), without providing similar inflation-adjusted funding for other programs, and notwithstanding the fact that anticipated tax revenues are down (thereby reducing the 25 percent share); and

WHEREAS, it is imperative that the Measure B 10-Year Outlook serve the needs of the entire county to the greatest extent possible and not be focused on a single project to the exclusion of the other essential Measure B programs; and

WHEREAS, the VTA Board of Directors should consider a range of options for the BART Phase II project so other Measure B programs also receive funding during this 10-year period, including approaches such as more aggressive bonding, borrowing other funds, and/or using other funding sources for BART Phase II, as well as the possibility of further phasing or slowing the BART Phase II project.

NOW, THEREFORE, BE IT RESOLVED that the City of Los Altos opposes the VTA's proposed 2016 Measure B 10-Year Outlook Base Scenario and urges the VTA Board of Directors to reject the proposal/scenario; and

BE IT FURTHER RESOLVED that the City of Los Altos urges the VTA Board of Directors to support a Measure B 10-Year Outlook that balances investments among all nine Measure B programs, including avoiding or minimizing reductions in the annual formula programs (Local Streets and Roads, Bicycle/Pedestrian, and Transit Operations) and maintaining progress for the capital projects in the other programs that are already under way during this 10-year period, thereby ensuring countywide benefits as promised in the 2016 ballot measure.

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the 15th day of December, 2020 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Neysa Fligor, MAYOR

Attest:

Andrea Chelemengos, MMC, CITY CLERK