

2017

Strategic Expenditure Plan



1.	Executive Summary	1
2.	Introduction and Background	4
2.1.	Introduction	4
2.2.	Measure X Background	4
2.3.	Purpose of the Strategic Plan	5
3.	Regional Project Prioritization	6
3.1.	Prioritization Criteria	7
3.2.	Prioritization Results	12
4.	Integrated Funding Plan	13
5.	Sales Tax Revenues	15
5.1.	Sales Tax Revenue Forecast	15
5.2.	Sales Tax Revenue Forecast Approach	16
5.3.	Economic Factors	17
5.4.	Historical Taxable Sales	17
5.5.	Inflationary and Real Growth	19
6.	Strategic Plan Approach	21
6.1.	General Approach	21
6.1.	Plan Development Process	21
6.2.	Goals & Guiding Principles	22
6.3.	Strategic Program Delivery Strategy	24
7.	Management of Risks	26
7.1.	Risk Management Overview	26
7.2.	Cost, Scope, and Schedule Risk	26
7.3.	Sales Tax Revenue Risks	27
7.4.	State Revenue Risks	27
7.5.	Federal Revenue Risks	28
8.	Strategic Plan Policies	30
8.1.	Policy 1 – Local Road Maintenance Program Apportionments	30
8.2.	Policy 2 - Use of Pay-As-You-Go Financing	30
8.3.	Policy 3 - Use of Measure X Debt Financing	30
8.4.	Policy 4 – Use of Inter-Project Loans	31
8.5.	Policy 5 – Programming Methodology for Regional Projects	32
8.6.	Policy 6 - Investment of Cash Balance	32
9.	Cash Flow Model	33
10.	Regional Program Project Sheets	36

1. Executive Summary

Background

Starting in May of 2015, the Transportation Agency engaged in a public outreach effort to inform the public about our transportation needs, funding challenges and the self-help option. The Transportation Agency for Monterey County placed the Transportation Safety & Investment Plan (Measure X) on the November 8, 2016 ballot and the measure was approved with 67.7% approval from Monterey County voters. The measure is anticipated to generate an estimated \$20 million annually for a total of \$600 million over thirty years through a retail transactions and use tax of a three-eighths' of one-percent (3/8%). The revenue from Measure X funds critical safety, mobility, and maintenance projects and programs in three categories:

- \$360 million (60%) to Local Road Maintenance, Pothole Repairs & Safety
- \$160 million (27%) to Regional Road Safety & Congestion Improvements
- \$80 million (13%) to Pedestrian & Bike Safety and Mobility Projects

Sales Tax Revenues









































As noted above and described in more detail in Chapter 4, Measure X sales tax revenues estimated in the 2016 Transportation Safety and Investment Plan were forecast in constant dollars and estimated to be \$600 million through March 31, 2047. However, given economic activity in Monterey County since the time Measure X was being developed, the Transportation Agency has assumed a beginning sales tax revenue value of \$24,839,186 for Fiscal Year 2017-2018. From this base year amount, the Transportation Agency forecasts future revenues. As historic Monterey County taxable sales data serves as a proxy for sales tax revenues, the Transportation Agency's financial advisor, KNN Public Finance, evaluated historical growth averages and recommended that the Measure X sales tax revenue forecast assume a long-term average growth rate of 3.21 percent for planning purposes. This information is incorporated into the cash flow model provided in Chapter 9.

Project Prioritization

One of the purposes of the Strategic Plan is to establish the relative priority among the projects contained in the Measure X Transportation Safety & Investment Plan as far as the sequence in which they will be implemented. The eight projects that will be prioritized using the criteria provided by the Transportation Agency Board of Directors are:

- Highway 68 - Safety & Traffic Flow
- US 101 Safety Improvements - South County
- State Route 156 Safety Improvements
- Marina-Salinas Multimodal Corridor (Imjin Safety & Traffic Flow)
- Highway 1 Rapid Bus Corridor
- Holman Highway 68 Safety & Traffic Flow – A (Community Hospital of the Monterey Peninsula Roundabout)
- Holman Highway 68 Safety & Traffic Flow – B (Pacific Grove Complete Streets)
- Fort Ord Regional Trail and Greenway

Measure X regional projects are prioritized for programming based on five key criteria as recommended by the Transportation Agency Board of Directors and identified in the Measure X Policies and Project Descriptions document. A rating of High (green), Medium (yellow), and Low (red) is used for each criterion to evaluate the projects. Presented as a summary here, the full project prioritization and supporting documentation can be found in Chapter 3.

	Project Readiness	Matching Funds	Fair Geographic Distribution	Congestion Need & Safety Benefit	Cost Effectiveness & Connectivity
Fort Ord Regional Trail and Greenway					
Highway 1 Rapid Bus Corridor					
Highway 68 - Safety & Traffic Flow					
Holman Highway 68 Safety & Traffic Flow - A (CHOMP Roundabout)					
Holman Highway 68 Safety & Traffic Flow - B (Pacific Grove)					
Marina-Salinas Multimodal Corridor					
State Route 156 Safety Improvements					
US 101 Safety Improvements - South County					

First Five Years

The 2017 Measure X Strategic Expenditure Plan is a five-year planning document, coordinated with the 2018 State Transportation Improvement Program cycle. To manage the various available funding sources with eligible Measure X projects, Chapter 4 presents the Integrated Funding Plan, which incorporates the results of the project prioritization to identify projects that can start or are nearing construction in the first five years of Measure X. Those projects expected to start construction are:

- State Route 68 Safety & Traffic Flow
- State Route 156 Safety Improvements (Castroville Boulevard Interchange)
- Marina-Salinas Multimodal Corridor (Imjin Safety & Traffic Flow)
- Fort Ord Regional Trail and Greenway

Accelerating Project Delivery through Financing

Many local transportation sales tax programs successfully implement a debt financing strategy in order to expedite the delivery of regional projects. On a “pay as you go” basis, it can become more difficult to deliver the program within the thirty-year life of the sales tax due to construction cost escalation and fluctuating or insufficient annual sales tax revenues. In the case of Measure X, issuing bonds or other debt financing instruments may be necessary primarily to ensure sufficient cash flow to deliver regional projects as they become ready for construction.

The cash flow model presented in Chapter 9 shows sales tax revenues exceeding authority-wide annual debt service at around 2.0x or better. In addition, fiscal year 2016-2017 unaudited data shows a significant increase in sales tax revenues over initial projections during the development of Measure X. These metrics suggest that there is additional debt capacity on an authority-wide basis. This debt capacity, however, may be only available to projects in the regional program. Should the Transportation Agency not be able to fund projects for the regional program on a pay-as-you-go basis or through inter-program loans then bond financing could be an option to ensure that project expenditures are funded.

To this end, Transportation Agency staff has conducted an extensive debt financing review with the Agency’s financial advisors, KNN Public Finance, to determine potential debt financing strategies to include in the cash flow model. The initial cash flow model presented in Chapter 9 includes \$43 million of debt financing within the first five years of the program, which will require further study and approval by the Transportation Agency Board of Directors.

Local Road Maintenance & Pay-As-You-Go Programs

Pay-as-you-go financing involves paying for capital expenditures with available cash on hand and, as such, no debt is incurred under pay-as-you-go financing.

Pay-as-you-go financing by Measure X is used for the apportionments to the Habitat Preservation / Advance Mitigation, Safe Routes to Schools, Senior and Disabled Transportation, the Commuter Bus, Salinas Valley Transit Centers and Vanpools programs, and the Local Road Maintenance fund.

The Local Road Maintenance funds are allocated quarterly to all Monterey County jurisdictions. The formula distribution for these funds is based on 50% road miles and 50% population. The formula is updated as new information becomes available using Department of Finance population figures and center line miles as reported by the California Department of Transportation.

Strategic Expenditure Plan Updates

The Strategic Expenditure Plan is a five-year programming document. It provides a snapshot of anticipated cash flow, as well as a commitment of funds to specific projects for the next five years of Measure X. In order to effectively reflect upon actual revenues and project progression, this plan sets a goal for updates every two years.

Transportation Agency for Monterey County

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Measure X - Transportation Safety & Investment Plan

Cash Flow Analysis - with Financing

Investment Rate of Return	0.02
TAMC Administration - 1%	0.01
TAMC Administration - Direct Costs	0.005
Board of Equalization Administrative Fees	0.015

	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Revenues						
Measure X Sales Tax Revenue	\$ 24,839	\$ 25,286	\$ 25,792	\$ 26,437	\$ 27,230	\$ 28,101
<i>Growth</i>	N/A	1.8%	2.0%	2.5%	3.0%	3.2%
Prior Year Carry-over		\$ 7,354	\$ 5,526	\$ 39,231	\$ 38,655	\$ 37,826
Measure X Interest Earned	\$ -	\$ 147	\$ 111	\$ 785	\$ 773	\$ 757
Bond Proceeds			\$ 43,691			
Total Revenues	\$ 24,839	\$ 32,787	\$ 75,120	\$ 66,453	\$ 66,658	\$ 66,684
Expenditures						
Administrative Expenses	\$ 1,455	\$ 753	\$ 768	\$ 787	\$ 811	\$ 837
<i>County Election Costs</i>	\$ 715	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Board of Equalization Fees</i>	\$ 373	\$ 379	\$ 387	\$ 397	\$ 408	\$ 422
<i>Administration - Salaries/Benefits/Overhead</i>	\$ 245	\$ 249	\$ 254	\$ 260	\$ 268	\$ 277
<i>Administration - Direct Costs</i>	\$ 122	\$ 125	\$ 127	\$ 130	\$ 134	\$ 138
Local Road Maintenance	\$ 14,031	\$ 14,720	\$ 15,014	\$ 15,390	\$ 15,851	\$ 16,359
<i>Carmel</i>	\$ 167	\$ 175	\$ 179	\$ 183	\$ 189	\$ 195
<i>Del Rey Oaks</i>	\$ 61	\$ 64	\$ 65	\$ 67	\$ 69	\$ 71
<i>Gonzales</i>	\$ 171	\$ 179	\$ 183	\$ 187	\$ 193	\$ 199
<i>Greenfield</i>	\$ 356	\$ 373	\$ 381	\$ 390	\$ 402	\$ 415
<i>King City</i>	\$ 316	\$ 331	\$ 338	\$ 346	\$ 357	\$ 368
<i>Marina</i>	\$ 560	\$ 588	\$ 599	\$ 614	\$ 633	\$ 653
<i>Monterey</i>	\$ 882	\$ 926	\$ 944	\$ 968	\$ 997	\$ 1,029
<i>Pacific Grove</i>	\$ 480	\$ 504	\$ 514	\$ 526	\$ 542	\$ 560
<i>Salinas</i>	\$ 3,562	\$ 3,737	\$ 3,811	\$ 3,907	\$ 4,024	\$ 4,153
<i>Sand City</i>	\$ 23	\$ 24	\$ 24	\$ 25	\$ 26	\$ 27
<i>Seaside</i>	\$ 865	\$ 907	\$ 926	\$ 949	\$ 977	\$ 1,008
<i>Soledad</i>	\$ 491	\$ 515	\$ 525	\$ 538	\$ 555	\$ 572
<i>County</i>	\$ 6,097	\$ 6,397	\$ 6,525	\$ 6,688	\$ 6,889	\$ 7,109
Regional Safety, Mobility & Walkability Projects	\$ 2,000	\$ 11,788	\$ 20,106	\$ 11,621	\$ 12,169	\$ 46,488
<i>Construction Cost Index</i>	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<i>Debt Service</i>			\$ 2,622	\$ 2,622	\$ 2,622	\$ 2,622
<i>Highway 68 - Safety & Traffic Flow</i>	\$ -	\$ -	\$ -	\$ -	\$ 1,170	\$ 30,416
<i>US 101 Safety Improvements - South County</i>	\$ -	\$ 265	\$ -	\$ -	\$ -	\$ -
<i>State Route 156 Safety Improvements - A (Castroville Blvd)</i>	\$ -	\$ -	\$ -	\$ -	\$ 2,616	\$ -
<i>State Route 156 Safety Improvements - B (Blackie Road)</i>	\$ -	\$ -	\$ 2,250	\$ -	\$ -	\$ -
<i>Marina-Salinas Multimodal Corridor</i>	\$ -	\$ 8,320	\$ 8,653	\$ -	\$ -	\$ -
<i>Highway 1 Rapid Bus Corridor</i>	\$ -	\$ 811	\$ 1,687	\$ -	\$ -	\$ 8,066
<i>Holman Highway 68 Safety & Traffic Flow - A (CHOMP Roundabout)</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Holman Highway 68 Safety & Traffic Flow - B (Pacific Grove, CA)</i>	\$ -	\$ -	\$ 162	\$ -	\$ -	\$ 2,950
<i>Habitat Preservation / Advance Mitigation</i>	\$ -	\$ 312	\$ 1,920	\$ -	\$ 3,422	\$ -
<i>Fort Ord Regional Trail and Greenway</i>	\$ -	\$ -	\$ 649	\$ 6,749	\$ -	\$ -
<i>Safe Routes to Schools</i>	\$ 667	\$ 693	\$ 721	\$ 750	\$ 780	\$ 811
<i>Senior and Disabled Transportation</i>	\$ 500	\$ 520	\$ 541	\$ 562	\$ 585	\$ 608
<i>Commuter Bus, Salinas Valley Transit Centers and Vanpools</i>	\$ 833	\$ 867	\$ 901	\$ 937	\$ 975	\$ 1,014
Total Expenditures	\$ 17,485	\$ 27,261	\$ 35,889	\$ 27,798	\$ 28,832	\$ 63,684
Revenues, less Expenditures	\$ 7,354	\$ 5,526	\$ 39,231	\$ 38,655	\$ 37,826	\$ 3,000

Transportation Agency for Monterey County

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Measure X - Transportation Safety & Investment Plan

Cash Flow Analysis - with Financing

CASH BALANCE AND BONDING ANALYSIS

Debt and Debt Service Coverage

Debt Service #1

Total Principal	\$	43,691			
Interest Rate		4.0%			
Annual Debt Service	\$	2,622			

Bond Year

		<u>1</u>		<u>2</u>		<u>3</u>		<u>4</u>
Principal Beginning Balance	\$	43,691	\$	42,817	\$	41,908	\$	40,962
Principal Payment	\$	(874)	\$	(909)	\$	(946)	\$	(984)
Principal Ending Balance	\$	42,817	\$	41,908	\$	40,962	\$	39,978
Interest Expense	\$	(1,748)	\$	(1,713)	\$	(1,676)	\$	(1,638)
Debt Service #1	\$	2,622	\$	2,622	\$	2,622	\$	2,622

Net Sales Tax Revenue Debt Service Coverage		9.69x		9.93x		10.23x		10.56x
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