

Staff Report

To: Sonoma County Transportation Authority: Technical Advisory Committee (TAC)
From: James R. Cameron, Director of Projects & Programming
Item: 7.3 Measure M - Maintenance of Effort -FY17/18-Policy 14 and PUC Compliance
Date: February 28, 2019

Issue:

Is SCTA in compliance with Public Utilities Code 180200 and Measure M Policy 14 Maintenance of Effort (MOE)?

Background:

The Traffic Relief Act for Sonoma County, Measure M, is governed by the Public Utilities Code. PUC 180200 requires that "local governments maintain their existing commitment of local funds for transportation purposes." The PUC does not specify how an existing commitment must be measured, in order to ensure compliance with the requirement.

Until 2010, Sonoma County jurisdictions received Proposition 42 funds, which had specific MOE requirements. Since the Prop 42 requirements were more stringent than Measure M, there seemed little need for a Measure M policy to address maintenance of effort. Once Proposition 42 funds ended, the SCTA acted to implement its own MOE policy. The SCTA board approved Measure M Policy 14 on July 11, 2011 after Technical and Citizens Advisory Committee (TAC and CAC) review.

Policy 14 (attached) requires that jurisdictions report the amount of local transportation funding, as a percentage of that jurisdiction's overall general fund spending. By analyzing the commitment as a percentage of general funds, as opposed to the actual amount of transportation funding, the policy considers the possibility that transportation spending may go down, if there is a decrease in general fund spending. However, if the general fund increases, transportation funding would be expected to be increased by the same percentage.

The baseline percentage was set for FY 2011/12, since it was the year the policy was enacted. In each year since 2014 the SCTA board accepted the recommendation from the TAC & CAC and determined all jurisdictions were in conformance based on the submitted reporting. SCTA staff has now received FY 17/18 reporting from all Measure M Local Street Rehabilitation (LSR) Program recipients. A summary of that reporting is shown in the attached table.

Countywide, the commitment of transportation funding increased both in overall dollars and as a percentage of cumulative general funds. Eight of ten jurisdictions increased their individual percentage commitment of local funds for transportations purposes between the baseline in FY11/12 and FY17/18. The two jurisdictions that dropped below their baseline percentage are the Town of Windsor and the City of Sonoma. The Town of Windsor built a large capital project on Shiloh in the baseline year causing them to have a large baseline percentage and they continue to be below the baseline, but the Town consistently has one of the largest percentages of all the jurisdictions. The City of Sonoma acknowledges they did not meet the Measure M

Maintenance of Effort Goal partly due to a slight shift in priorities for General Fund expenditures. Additionally, recent financial staffing changes along with the audit process and the City's method for projecting total FY 2017/18 General Fund expenditures contributed to the decrease. In the future, the City of Sonoma will be able to use the knowledge gained going through this process to project and better track expenditures to meet their Maintenance of Effort requirement.

The PUC does not state that the commitment must be calculated as a percentage of the general fund or that it be met annually. Policy 14 requires that each jurisdiction provide reporting, but it does not state that each jurisdiction's individual commitment must be maintained. Since many small jurisdictions need to "bank" transportation funding for several years in order to deliver a reasonably sized project, a single year's baseline figure can easily be skewed, based on whether the baseline year contained a large transportation project. Additionally, Policy 14 does not specify consequences for a jurisdiction that does not individually meet their baseline figure. Finally, although the Traffic Relief Act of Sonoma County requires that local governments maintain their existing commitment of local funds for transportation purposes, it does not state whether the commitment must be maintained individually by each jurisdiction, or collectively.

Given that all jurisdictions met the reporting requirements of Policy 14 and that collectively the commitment of transportation funding has increased over baseline, both in actual dollars and as a percentage of overall general fund spending, the TAC should consider recommending to the Board that SCTA is in compliance, with the PUC, the Traffic Relief Act of Sonoma County, and Measure M Policy 14.

Policy Impacts:

This is an interpretation of the Measure M Strategic Plan Policy 14 that allows for individual jurisdictions to not meet their baseline MOE commitment, provided that collectively SCTA jurisdictions meet or exceed the baseline MOE commitment. This interpretation was previously approved by the SCTA board in May 2014, July 2015, April 2016, May 2017, and April 2018.

Fiscal Impacts:

Consequences of determining that individual jurisdictions must maintain their baseline contribution to transportation could result in a suspension of a portion of the Measure M Local Street Rehabilitation (LSR) allocations to those jurisdictions, until contributions are brought back to FY 11/12 baseline levels. Estimates of FY 19/20 allocations are shown in the attached table.

Staff Recommendation:

Staff recommends that the TAC consider recommending to the Board that SCTA is in compliance with the Public Utilities Code Section 180200, the Traffic Relief Act of Sonoma County, and Measure M Policy 14.

MEASURE M - STRATEGIC PLAN POLICY 14

The Traffic Relief Act for Sonoma County is governed by the Public Utilities Code. PUC 180200 requires that “local governments maintain their existing commitment of local funds for transportation purposes.” The Measure M Expenditure Plan states “consistent with California Public Utilities Code Section 180200, the SCTA intends that the additional funds provided governmental agencies by the Traffic Relief Act for Sonoma County shall supplement existing local revenues being used for public transportation purposes and that local jurisdictions maintain their existing commitment of local funds for transportation purposes.” Measure M cooperative agreements for the Local Streets Rehabilitation Program also require maintenance of effort.

For the Local Streets Rehabilitation Program funding, each local agency shall be responsible for identifying which of their accounts have local funds for transportation purposes. For these purposes, expenditures would be calculated per fiscal year. A fiscal year is defined as July 1 through June 30. The baseline amount is transportation fund expenditures in FY11/12 which will be converted to percentage of general fund expenditure. Expenditures for each subsequent year will be compared to the baseline to determine the same percentage of general fund expenditures is occurring. Baseline percentages (FY11/12) and subsequent year percentages of discretionary fund expenditures on transportation shall be provided to SCTA by each jurisdiction no later than February 15, starting in February 2013. This is to allow agency audits to be completed prior to submittal.

Maintenance of Effort Calculations - % of Local Fund Expenditures on Transportation as a Percentage of the General Fund Expenditures

| Jurisdiction | FY 11-12 (BASELINE) | | |
|-------------------|---------------------|----------------------|-------------|
| | Transportation (A) | General Fund (B) | % (A/B) |
| County of Sonoma* | \$7,510,980 | \$360,118,999 | 2.1% |
| Cotati | \$96,726 | \$4,436,499 | 2.2% |
| Cloverdale | \$162,404 | \$5,270,429 | 3.1% |
| Healdsburg | \$916,656 | \$7,547,774 | 12.1% |
| Petaluma | \$775,000 | \$32,472,271 | 2.4% |
| Rohnert Park | \$558,407 | \$22,477,233 | 2.5% |
| Santa Rosa | \$2,298,378 | \$117,000,000 | 2.0% |
| Sebastopol | \$159,486 | \$4,884,137 | 3.3% |
| Sonoma (City) | \$749,256 | \$11,838,835 | 6.3% |
| Windsor | \$3,043,675 | \$13,108,791 | 23.2% |
| TOTALS | \$16,270,968 | \$579,154,968 | 2.8% |

| Jurisdiction | FY17-18 | | | Measure M Local Streets Rehab Estimated FY 19/20 Allocation |
|-------------------|---------------------|----------------------|-------------|---|
| | Transportation (M) | General Fund (N) | % (M/N) | |
| County of Sonoma* | \$30,130,814 | \$454,404,953 | 6.6% | \$2,369,984 |
| Cotati | \$301,688 | \$5,796,691 | 5.2% | \$68,657 |
| Cloverdale | \$485,068 | \$6,295,829 | 7.7% | \$86,790 |
| Healdsburg | \$2,976,423 | \$13,044,727 | 22.8% | \$117,554 |
| Petaluma | \$1,644,680 | \$45,838,553 | 3.6% | \$539,492 |
| Rohnert Park | \$5,486,549 | \$34,276,756 | 16.0% | \$343,621 |
| Santa Rosa | \$3,405,463 | \$163,418,524 | 2.1% | \$1,559,335 |
| Sebastopol | \$971,659 | \$8,282,220 | 11.7% | \$69,936 |
| Sonoma (City) | \$883,482 | \$17,245,720 | 5.1% | \$100,106 |
| Windsor | \$2,963,498 | \$18,438,014 | 16.1% | \$250,488 |
| TOTALS | \$49,249,324 | \$767,041,987 | 6.4% | \$5,505,963 |

