



FEBRUARY 8, 2018

AGENDA ITEM # 4

**SACRAMENTO COUNTYWIDE TRANSPORTATION MITIGATION FEE PROGRAM (SCTMFP)
ANNUAL REPORT**

Action Requested: Receive and File

Key Staff: Timothy Jones, Accounting/Finance Manager

Recommendation

Receive and file a summary report of the SCTMFP revenues and expenditures.

Background

The SCTMFP program was approved by voters in November 2004 as part of the Measure A sales tax program extension which will sunset in 2039. The program was developed to initiate a uniform transportation mitigation fee on all new development in Sacramento County that will assist in funding road and transit system improvements needed to accommodate projected growth and development. Under the Ordinance, each city receiving sales tax revenue was required to adopt a development financing mechanism consistent with program guidelines. Collection of the fees started in April 2009. Fee paying entities include the County of Sacramento, and the Cities of Sacramento, Galt, Elk Grove, Rancho Cordova, Folsom, Citrus Heights, and Isleton. The fees are required to be remitted to the Authority semi-annually – within 60-days after each reporting period – June 30 and December 31.

The Ordinance provides guidelines for the use of these funds. For example, it provides the desired overall program allocations, however the Board may approve changes to the overall formula allocation by a 2/3 vote. Currently, the Ordinance requires the following allocations:

- 35% Local streets capital improvements and rehabilitation
- 20% Public transit capital improvements and rehabilitation
- 20% Local interchange upgrades, safety projects, and congestion relief, including bus and carpool lanes
- 15% Smart Growth Incentive Program
- 10% Transportation project environmental mitigation

Additionally, the Sacramento County Transportation Expenditure Plan 2009-2039 (Expenditure Plan) identifies the projects and funding amounts (based on the original program projections) designed to carry out the program.

The Authority has been using bond proceeds as a primary source of funding for capital projects from program inception through the fall of 2016 when the proceeds of bonds, other than reserves,

were exhausted. The decision to use bond proceeds first, instead of other funding sources such as pay-go and SCTMFP, was based on the fact that the Authority was paying debt service on those proceeds. In the fall of 2016, Authority staff shifted to using primarily SCTMFP funding while staff performed analyses to determine what portion of the General Fund balance was dedicated to the Authority's capital construction program. Additionally, the Authority began working with its financial consultants to develop revenue projections and related cash flows. That effort was completed in August 2017.

The Expenditure Plan identifies capital projects that are eligible for SCTMFP funding. The projects in the plan are slated for construction by the County and cities remitting fees, but also Caltrans, the Sacramento Regional Transit District (SRTD), and the JPA. Therefore, some of the revenue generated by the County and cities paying the fees is destined for projects constructed by non-fee remitting agencies. For example, the expenditure plan identifies bus and carpool lanes on Highway 50 which were constructed by Caltrans, light rail construction and transit improvements overseen by SRTD, and the connector between Interstate 5 – Highway 99 – Highway 50 constructed by the JPA.

Discussion

- Total revenues were \$33.38 million through December 2017, less than one-third the amount projected in the 2009 Plan of Finance.
- Total expenditures were \$27.9 million. However, a \$13.17 million General Fund pay-go transfer reduced the total expenditures to \$14.71 million.
- Expenditures for non-remitting SCTMFP agencies Caltrans, Sacramento Regional Transit District (SRTD) and the SouthEast Connector JPA (JPA) totaled \$13.17 million from program inception to date.

The attached summary provides complete revenue and expenditure data from inception through June 30, 2017 and partial revenue and expenditure data for the period ending December 31, 2017. In total, the program generated \$33.4 million in actual revenue, which is less than one-third the amount projected to be received during the same period in the 2009 Plan of Finance. The City and County of Sacramento remitted 56% of the total revenue thus far - \$10.92 million and \$7.88 million respectively (see columns A and B). The City of Galt did not remit any fees in fiscal years 2011 and 2012 because there was not any fee generating development during that time. Isleton is not included in the summary since it has not collected any fees during the life of the program because there has been no new development subject to the fee. The program fund balance was \$18.7 million (see column K) as of December 31, 2017. Please see attached document for summary by fiscal year and entity.

Total expenditures were \$27.89 million. The City of Sacramento was reimbursed \$10.42 million followed by Caltrans at \$6.79 million, SRTD at \$4.05 million, and the County of Sacramento at \$3.47 million (see columns A, H, I, and B respectively). In fiscal year 2017 when the Authority was

using primarily SCTMFP funding to reimburse capital claims, the expenditures totaled \$16.59 million. However, after Authority staff determined that the General Fund had sufficient available pay-go resources to reimburse the SCTMFP fund for claims paid to Caltrans, SRTD, and the JPA, a transfer to the SCTMFP fund was completed in September 2017. Authority staff are confident that the projected General Fund pay-go balance is sufficient to continue paying anticipated non-SCTMFP capital construction claims until a broader initiative is undertaken in preparation for the mandatory expenditure plan review in 2019.

Attachment