

SAN JOAQUIN COUNCIL OF GOVERNMENTS
MANAGEMENT AND FINANCE

Meeting held at
Commercial Exchange Club
2305 Washington Street, Stockton

Wednesday, January 21, 2009

MINUTES

1. The meeting was called to order by Leon Churchill.

Attendance and Self Introductions:

Leon Churchill, Tracy City Manager; John Abrew, Escalon City Engineer; Leon Compton, Ripon City Administrator; Cary Keaten, Lathrop Interim City Manager; Manuel Lopez, San Joaquin County Administrator; Stacey Mortensen, SJRRC Executive Director; Gordon Palmer, Stockton City Manager; Steve Pinkerton, Manteca City Manager; Andrew T. Chesley, SJCOG Executive Director; Steve Dial, SJCOG Deputy Executive Director /CFO; Dana Cowell, SJCOG Deputy Director; Dianne Barth, Public Communications Manager; Rosie Vargas, SJCOG Support Services Supervisor.

2. Public Comment: None

3. Approve Minutes of November 19, 2008.

It was moved/seconded (Lopez/Palmer) to approve the minutes as submitted. Motion passed unanimously 8/0 with a voice vote.

4. Existing Measure K Program Delivery Policy Considerations

Andrew Chesley stated this item has been brought before this committee regarding the \$84 million shortfalls in the Measure K Program. Mr. Chesley stated staff has been working with member jurisdictions on how to address the shortfall and have reached some consensus on the policy issues.

Mr. Dial discussed the first handout stating the big red cylinder represents the revenue estimates that the voters voted on in 2006; the \$3.1 million was based on a relatively flat growth rate of 2.5%. Using the same assumption of 2.5% we're looking at a 30 year revenue estimate, the purple cylinder represents a \$1.8 million in revenue estimate.

[Mr. Dial discussed the second page of the handout stating the graph indicates starting annual revenue estimates with the 2.5% growth rate or higher for the next 30 years.](#)

[Mr. Dial stated](#)

[The green line represents the starting annual revenue estimate in 2012 approximately \\$41 million if applied with the 2.5% growth rate you will get the \\$1.8 billion.](#)

~~The blue line is based upon the anticipated starting point to be in 2007 when the financial plan and strategic plan that was adopted by the Board in order to get to \$3.1 billion at that time we needed to inflate the dollar amount to 3.66%~~

~~The red line represents the 2007 Financial plan and in order to get to \$3.1 billion we have to inflated that by 6.5%.~~

~~3.1 billion blue line is the original estimate inflated at 2.5%, so you can see~~ in order to get to \$3.1 billion we are already absorbing the average annual growth that we have seen in the first MK program which was at about 7.7%.

~~Mr. Dial stated the last handout represents the Bond Scenario which in 2007 the Financial Plan, was adopted and built around delivering \$3.1 billion in projects. Third slide the first two cylinders represents 2006 starting point and 2009 starting point at \$3.1 billion compared to the \$1.8 billion the 3 cylinders on the right represents the bonding scenario. In 2007 the financial plan was adopted and built around delivering \$3.1 billion in projects, h~~However, in order to accelerate a number of those projects prior to the collection of MKR sales tax we ~~w~~were going to be doing bonding and incur debt. The amount of debt service to accelerate those projects was \$1.8 billion

~~So in the blue cylinder in order to get to \$8.9 billion the first year starting point had to be inflated by 6.35%. If you apply the 6.35% in 2009 we get back to the program amount but not the bonding capacity. The green cylinder in order to do what was anticipated on in 2007 financial plan in accelerating projects and delivering the full \$3.1 billion projects we would have to inflate the starting year by 8.91% on annual basis for 30 years.~~The average annual growth rate for the year for the current program through 2006 was 7.7%. We would ~~have to have to far away~~ exceed our average annual growth rate over the 30 year period starting in 2012. Mr. Pinkerton asked what the average growth rate was in 1990. Mr. Dial said 1990 through 2006 was 7.7% and through last year it dropped to 5.5%. Mr. Lopez asked that the 16 year average dropped down from 7.5% to 5%. Mr. Dial said it dropped to another 2.5%.

~~**~~

Mr. Cowell passed out handouts regarding Existing MK Program Funding Alternatives Analysis option #3 and #4. Mr. Chesley discussed both options stating staff has achieved some consensus on adding additional funding sources for distributing the state local partnership program which is part of [the](#) Prop 1B program in the amount of \$3.5 million in the first year and \$3 million in the second. This program is a five year program, secondly, is to take monies from the MK program Congestion Relief Category, and the Public Transit Category.

Mr. Chesley stated staff is recommending breaking the firewalls and reallocating dollars to address the shortfall. Mr. Chesley stated staff's effort has been to deliver as much of the MK Program as possible with the remaining dollars that are available.

~~Mr. Chesley stated staff believes all these recommended projects and a component of the Manteca Multi Modal Station, but now Lower Sac Road Pixley to Harding. Mr. Chesley stated this is what staff is recommending.~~

Mr. Chesley stated the SJ County Public Works has objected that we have treated the Flexible Congestion Relief program and the remaining \$5.9 million of FCR that are ~~appropriately~~ appropriately for the County like a project that is that it competes equally with lower sac, Pershing avenue, Manteca, multi-modal in terms as setting priorities. The \$5.9 million does not have a project associated with it, so it tends to fall to the bottom of the priority setting because there's nothing to compare it with,

~~also there are some Board members that think the most important part of priorities is dealing with MK projects that have been voted by the voters, but it was a project that was added down the list. That is one issue how to deal with the \$5.9 million of FCR that the County believes staff should not be dealing with in the way that we are another issue is the west lane grade separation project the County has given up on the project and said they do not want to do the project anymore, but the City of Stockton said at one point they will have to deal with that project and City of Stockton staff wants some indication of giving it a priority in the future. 3rd issue deals with Manteca they have 3 projects COG staff has recommended Airport Way and Manteca Multi Modal Station, but the City of Manteca feels that this is not adequately dealing with the projects that remains in the Manteca area and there should be a larger investment. Staff is our recommendations in option 3 and there are still some things that need to be worked out and believe staff can work out these issues the Manteca issue can resolved. I believe the issue in terms of priority settings with the County and City of Stockton staff can work on the language and come up with something in that regard. The biggest challenge is how the SJ County wants the FCR to be dealt with.~~

Mr. Chesley discussed option #4 stating it is SJ County Public Works recommendations on how to ~~proceed~~ proceed. They agree on terms of the revenue side, but in terms of the expenditures the County FCR ~~B~~ balance comes off the top. Their argument is that the FCR that was created in 2000 was based on a formula and the County feels it should be honored because there was no expiration date prior to anything else.

Mr. Chesley stated COG staff's ~~concerns on option #4 is~~ concern on option #4 is that the remaining ~~projects below~~ projects below do not result in fully funding. These are the two options ~~here~~ in terms of moving forward with projects. ~~COG staff is putting emphasis on identified projects and project delivery, the one project that we cannot deliver is Lower Sac Road and as a result of that as well we can only deliver on a portion of the County FCR. The County option 4 argues we should put the County FCR off the top and distribute most of the remaining dollars on a percentage basis on the remaining projects. (not jurisdictions).~~

Mr. Chesley stated this item will go to the Board for discussion purposes only and in February bring this item back, hopefully with an agreement with the SJ County staff. Mr. Lopez stated the Board of Supervisors also feels that there is a unfairness about the process because at the end the County is taking almost a \$6 million loss. ~~Mr. Lopez suggested to give SJ County department the same amount of time to spend that money for some kind of compromise and don't know what they can deliver in the same period of time.~~ Mr. Lopez expressed concerns on project deliverability. Mr. Chesley stated project deliverability has been staff's main concern and feel that the projects on the list can be delivered.

This item was for discussion only no action was taken.

5. Measure K & Local Transportation Fund Revenue Estimates

Mr. Dial stated these items were prepared to go to Board last month for the current fiscal year, however the day of SJCOG Board meeting the budget proposals at the State level were going on the day of the Board meeting and it would ~~of~~ have had a significant impact on sales tax and gasoline. Staff recommended pulling these items at the Board meeting. Due to the uncertainty at this time, staff is delaying moving forward with recommendations on MK and LTF revenue estimates.

This item was for information only no action was taken.

6. 2009 Measure K Ordinance and Expenditure Plan Amendment Cycle

Mr. Cowell stated staff is beginning the amendment process for the 2009 MK Ordinance and Expenditure Plan. Mr. Cowell stated staff will take all recommendations to the standing committees for input in February. This item will go to SJCOG Board in March for approval.

This item was for information only no action was taken.

7. Draft Fiscal Year 2009-10 Overall Work Program (OWP)

Mr. Chesley stated the OWP has a reduction of \$1.8 million from the present OWP budget. Mr. Dial stated revenues decreased from \$8.4 million to \$6.7 million for the OWP budget only for COG and does not include Measure K projects outside of project management. The sales tax programs decreased approximately \$98,000 less than 2008/09.

Mr. Cowell discussed the major tasks that are completed or near completion for the end of the fiscal year. Mr. Cowell discussed next year's program stating it is a substantial work plan and staff will be focusing on updating the RTP by the summer of 2010 because of the air quality conformity requirements and passage of SB 375 in order to submit to all agencies for approval. Mr. Cowell stated an Environmental Impact Reports also needs to be updated to go with the 2010 RTP and anticipates a larger effort to go along with the plan.

Mr. Dial stated staff recommendations to the Board are to adopt the draft OWP, than be submitted for comment and review to partner agencies. The OWP will also be reviewed by the TAC, CAC and M&F committees and will be scheduled for adoption at the March Board meeting along with the 2009/10 AFP.

It was made/Seconded (Pinkerton/Mortensen) to recommend to Board adoption of the draft FY 2009/10 OWP for submission to Federal and State Agencies. Motion passed unanimously by voice vote.

Mr. Palmer suggested the allocation of effort be shown for the work efforts. Mr. Dial said it's available in the SJCOG Board packet for review.

8. SJCOG One Voicesm Federal Legislative Priorities

Dianne Barth presented this item stating the deadline for requests to federal legislators has moved from March to February this year. Attached is a listing of the proposed Regional Priority Projects. SJCOG staff is recommending the I-5 Arch/Sperry Corridor Improvement Project; Altamont Pass Rail Improvement and I-5/North Stockton Widening. Staff's recommendation is approval of the regional priority project list for the San Joaquin One Voicesm federal program.

It was moved/seconded (Palmer/Lopez) to approve of the regional priority project list for the San Joaquin One Voicesm federal program. Motion passed unanimously by voice vote.

9. Final Report – Northern San Joaquin Valley Regional Ramp Metering and High Occupancy Vehicle (HOV) Lane Plan

It was moved/seconded (Palmer/Mortensen) to recommend to the SJCOG Board Adoption of the Northern San Joaquin Valley Regional Ramp Metering and High Occupancy Vehicle Lane Plan. Motion passed unanimously by voice vote.

10. Federal and State Economic Stimulus Proposals

Mr. Chesley briefly discussed this item stating the Economic Stimulus package will have to meet federal requirements. Staff's recommendation is to move projects through federal process. Mr. Chesley stated this item will also require state legislation.

This item was for information only no action taken.

11. Other Matters of Business:

Mr. Chesley ~~reported~~ [reported](#) on Monday, January 26th in Fresno will be the Blueprint Summit for the three final scenario alternatives which will be discussed. In March the Regional Policy will act to adopt one of the Blueprint scenarios. Mr. Chesley stated the Air Resource Board is acting to appoint to Regional Target Advisory Committee and [he has](#)~~ve~~ been invited to sit on the committee.

12. Executive Directors Report: None

13. Adjournment:

There being no further business to discuss, the meeting was adjourned to Wednesday, February 18, 2009.