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CITY OF SACRAMENTO
CALIFORNIA

OFFICE OF THE
CITY MANAGER

April 4, 1985

CITY HALL
915 I STREET - 95814
(916) 449-5704

Transportation and Community Development Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: LEGISLATION AUTHORIZING SALES TAX INCREASE

SUMMARY

Attached is a report regarding the Board of Supervisor's proposal for new state legislation creating a "Sacramento County Transportation Authority". Since a number of questions were raised at the City Council meeting of March 26, 1985 concerning the membership composition, ballot arguments, extensions of transit service and related issues, this report attempts to respond to those concerns and to recommend proposed amendments.

RECOMMENDATION

It is recommended that the Transportation and Community Development Committee review this report and forward to the full City Council to approve the proposed legislation subject to the amendments .

Respectfully submitted,

Walter J. Slipe
WALTER J. SLIPE
City Manager

April 9, 1985



CITY OF SACRAMENTO CALIFORNIA

OFFICE OF THE
CITY MANAGER

April 4, 1985

CITY HALL
915 I STREET - 95814
(916) 449-5704

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: LEGISLATION AUTHORIZING SALES TAX INCREASE

SUMMARY

At the City Council meeting of March 26, 1985, the Board of Supervisor's proposal for new state legislation to create a "Sacramento County Transportation Authority" raised a number of questions concerning the membership composition, ballot arguments, extensions of transit service and related issues. This report attempts to respond to those concerns and to recommend proposed amendments.

BACKGROUND

The Board of Supervisors has proposed state legislation to create a nine member Sacramento County Transportation Authority having the power to levy a one-half cent sales tax increase subject to majority approval of the electorate. Attachment #1 describes the proposal in detail. Questions raised by Councilmembers during the first discussion of the legislation centered on the following:

How will the composition and powers of the Sacramento County Transportation Authority impact the City of Sacramento?

As currently proposed, the Authority is to consist of a nine member Board of Directors with five selected by the Board of Supervisors, three by the Sacramento City Council and one Director selected by the cities of Folsom, Isleton and Galt. This composition is based upon current population figures and patterned after the Metropolitan Cable Television Commission.

The legislation provides for the county and the cities to prepare a five-year highway master plan for public road construction within their jurisdictions for submission to the Sacramento County Transportation Authority. This plan is to include a prioritized list of improvement projects and proposed annual expenditures for each year. The Authority will allocate proceeds from the sales tax increase to each jurisdiction (80% for roads and 20% for transit) based upon the Authority's determination of priorities. It should be noted this relates only to the proceeds of the sales tax and not the city or county's other traditional sources of road building funds.

The City Council's concern is that with five of the nine members appointed by the Board of Supervisors, the county's priority list of road projects could be unilaterally approved. At the same time the cities of Sacramento, Folsom, Isleton and Galt could be effectively thwarted because the five county appointed directors have, as a practical matter, a veto power.

Therefore, it is the City Manager's recommendation that consideration be given to requiring a two-thirds vote (six of the nine directors) to approve each jurisdiction's master plan for public road improvements. Thus, neither the county nor the cities has the power to adopt its priorities independently.

There are a number of other possible options, if the Council wishes to adopt an alternative which would require at least one Sacramento City representative to vote in favor of the projects including the following:

1. Require that seven affirmative votes approve all projects.
2. Increase the size of the Board to eleven members with five appointed by the county, five appointed by the city and one appointed by Folsom, Isleton and Galt. With this alternative, seven votes would be required for action.
3. Increase the size of the Board to twelve members with six appointed by the county, five appointed by the city and one by Folsom, Isleton and Galt. A two-thirds vote requirement would be necessary for action under this alternative.

With the alternatives for eleven or twelve board members, the legislation could provide that a city or county representative could be delegated more than one vote.

How can financial support for SRTD be expanded to other jurisdictions?

Under the proposed legislation, twenty percent of the proceeds from the sales tax increase collected within the City of Sacramento and the unincorporated area will be allocated to Regional Transit. One hundred percent of the proceeds within Folsom, Isleton and Galt will be allocated to those cities directly to be used for road projects.

Under the 1971 Sacramento Regional Transit District Act (commencing at Section 102000 of the Public Utilities Code) the Folsom City Council could vote to annex, subject to the Regional Transit District Board's approval. Thus, Folsom could become a part of Regional Transit but not be required to contribute 20% to transit service. The cities of Isleton and Galt are not within the area. The Sacramento County Transportation Authority legislation could be amended to require that, if Folsom annexes to the Regional Transit District, 20% of its funds be used for transit service. Another alternative would be to require that if the light rail system is extended to Folsom, or they were to contract for service, 20% of their sales tax proceeds be used for transit service. It should be noted that Roseville in Placer County is outside the boundary of the Sacramento County Transportation Authority legislation and contracts with SRTD for service.

Can the ballot argument identify specific projects?

The City Attorney has indicated that the final approval of road improvement projects rests with the Transportation Authority. However, it would appear that the ballot argument could state that the City Council has approved certain projects for placement on its priority list if this legislation is approved. Since the Transportation Authority must approve projects from the city's priority list, it can be argued that these Council approved projects will eventually be constructed.

No amendment to the draft legislation would be necessary.

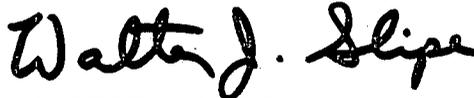
RECOMMENDATION

It is recommended that the City Council approved the proposed legislation subject to the following amendments:

1. The two-thirds vote requirement for the Authority's approval of road improvement plans; and
2. The 20% sales tax contribution from other cities if and when they receive SRTD service.

The City Council supports introduction of the legislation and directs the City Manager to obtain approval of the above amendments.

Respectfully submitted,



WALTER J. SLIPE
City Manager

cc: James Jackson, City Attorney
Mel Johnson, Director of Public Works
Brian Richter, County Executive
David Boggs, General Manager, SRTD
William Edgar, Interim Executive Director, STDA
David Mansfield, City Manager, Folsom
Willie Weatherford, City Manager, Galt
City of Isleton

April 9, 1985
All Districts



CITY OF SACRAMENTO
CALIFORNIA

OFFICE OF THE
CITY MANAGER

March 21, 1985

CITY HALL
915 I STREET - 95814
(916) 449-5704

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: LEGISLATION AUTHORIZING SALES TAX INCREASE

SUMMARY

The City Council is being asked to support new state legislation being proposed by the Board of Supervisors to create a "Sacramento County Transportation Authority" with the power to levy a one-half cent sales tax increase subject to a majority approval of the electorate. The City Manager recommends approval.

BACKGROUND

The attached report prepared by the County Executive, in cooperation with the City Manager, is being submitted to the Board of Supervisors on Tuesday, March 26, 1985 and outlines the background for the proposed state legislation. It provides for the establishment of a Transportation Authority with a nine member governing board similar to the Metropolitan Cable Television Commission. The legislation authorizes a maximum one-half cent increase in the local sales tax subject to majority approval of the electorate.

Assemblyman Connelly has introduced a spot bill in anticipation of the legislation being passed in this session. Hearings are expected to be conducted in mid-April on the proposed bill.

The City Manager is asking the City Council to approve and support the proposed legislation, directing staff to continue working out the details with the County of Sacramento and Regional Transit. Such refinements will be developed through the appropriate City Council committee.

FINANCIAL DATA

Eighty percent of the proceeds from the increased sales tax collected within the City will be allocated to road construction projects and twenty percent allocated to Regional Transit for transit system operations, maintenance or construction. The total increased revenue, if approved by the voters, would amount to \$33 million with \$16 million going to Sacramento County, \$10.4 million to the City of Sacramento and \$6.6 million to Regional Transit.

RESOLUTION NO.

Adopted by The Sacramento City Council on date of

RESOLUTION SUPPORTING STATE LEGISLATION
AUTHORIZING CREATION OF SACRAMENTO COUNTY
TRANSPORTATION AUTHORITY WITH POWER TO LEVY
ONE-HALF CENT SALES TAX INCREASE SUBJECT
TO MAJORITY APPROVAL OF THE ELECTORATE

WHEREAS, there exists a serious need within the City of Sacramento for additional funds to support road construction and transit system operations; and

WHEREAS, the creation of a Sacramento County Transportation Authority with power to levy a one-half cent local sales tax increase would generate approximately \$10.4 million annually for road construction in the City of Sacramento, \$6.6 million annually for Regional Transit, and \$16 million annually for road construction in the unincorporated area of the County of Sacramento; and

WHEREAS, such revenues are needed to meet the community's transportation needs as they currently exist, and to provide for continued development of a transportation system that keeps pace with the growth of the community;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. The City Council supports the concept of the introduction and passage of state legislation which will authorize the creation of a Sacramento County Transportation Authority with the power to levy a one-half cent sales tax increase to fund road construction and transit services subject to majority approval of the electorate.

2. The City Manager is directed to work out the details of the proposed legislation with the County of Sacramento and the Sacramento Regional Transit District.

ATTEST:

MAYOR

CITY CLERK

RECOMMENDATION

It is recommended that the City Council approve the proposed legislation supporting its introduction and direct the City Manager to work out the details with the County of Sacramento and the Sacramento Regional Transit District.

Respectfully submitted,

Walter J. Slipe

WALTER J. SLIPE
City Manager

cc: Brian Richter, County Executive
David Boggs, General Manager, Sacramento Regional Transit District
William H. Edgar, Interim Executive Director, Sacramento Transit Development Agency

March 26, 1985
All Districts

T H I R D D R A F T

PROPOSED LEGISLATION

ADDING DIVISION 14 TO THE PUBLIC UTILITIES CODE

CREATING

THE SACRAMENTO COUNTY TRAFFIC AUTHORITY

Chapter 1 - General Provisions

150000 Title.

This Division shall be known and may be cited as the Sacramento County Commuter Relief Act.

150001 Purpose.

The Legislature finds and declares that exploding population growth within the unincorporated area of the County and the incorporated areas of the Cities is creating an immediate and urgent need for extraordinary revenue with which to finance the construction of street and highway improvements and public transit services, and coordination in the expenditure of such revenues in a manner that creates an integrated traffic circulation system within incorporated and unincorporated areas for the purpose of achieving efficient and safe vehicular traffic movement at the lowest capital cost. Creation of a new, separate and independent local public agency, concerned solely with transportation need and efficiency within the County, and governed by representatives of the local agencies which will construct and own the traffic circulation system is necessary in order to insure that funding of projects which contribute

significantly to improvement of the general vehicular traffic circulation system will prevail over those whose values are less regional in character.

Since the primary value of development of the general vehicular traffic circulation system will be to improve the safety, physical and socioeconomic well-being of the voters within the incorporated and unincorporated areas of the County, those voters should, by a majority, determine whether the necessary revenues are made available for such purposes.

150002 Definitions.

As used in this Division, the terms defined in Sections 15003 through 150011, shall be ascribed the meanings contained in said Sections, unless the context dictates otherwise:

150003 Authority.

"Authority" means the Sacramento County Traffic Authority created pursuant to this Division in the County.

150004 Board.

"Board" means the Board of Directors of the Authority.

150005 City.

"City" means the City of Sacramento, the City of Folsom, the City of Galt, the City of Isleton or any municipal corporation hereafter created within the County, and "Cities" means all municipal corporations existing or hereafter created within the County, collectively.

150006 Cost.

"Cost" means all actual direct costs of and all overhead, administrative and other indirect costs reasonably associated with Public Road Improvements or Public Transit Functions; provided that "cost" shall not mean or include the payment or retirement of any debt or other obligation, whether legal or otherwise, incurred in advance of the effective date of this Division.

150007 County.

"County" means the County of Sacramento.

150008 District.

"District" means the Sacramento Regional Transit District.

150009 Jurisdiction.

"Jurisdiction" means the County or a City, and "Jurisdictions" means the County and Cities, collectively.

150010 Public Road Improvements.

"Public Road Improvements" means environmental review, engineering, design and inspection for; rights-of-way or other property interests for; appurtenances and incidental facilities, such as traffic signs, traffic signals, bicycle lanes, medians, median landscaping, curbs, gutters, sidewalks and bridges for; and all labor (including utility relocations), paving and materials and supplies required for: (i) the construction of new public roads, streets, highways or freeways; or (ii) the addition of lanes to or other expansion, resurfacing, reconstruction or

other improvement of existing public roads, streets, highways or freeways; provided, that "Public Road Improvements" shall not mean or include ordinary maintenance or repair of existing public vehicular traffic circulation systems, such as the replacement of traffic signs, restripping or relining, the patching of ruts or holes, the repair of malfunctioning traffic signals, or the replacement of landscaping.

150011 Public Transit Functions.

"Public Transit Functions" means all activities associated with the operating and maintaining, and future acquisition of vehicles, land or other property or construction of buildings or other improvements for or reasonably associated with, public transit operations.

150012 Creation.

The Authority is hereby created. The Authority shall constitute a body corporate and a local public agency separate and distinct from the County, Cities and District.

Chapter 2 - Officers - Powers

150050 Governing Body.

The Authority shall be governed by a Board of Directors consisting of nine members. Five Directors shall be appointed by and serve at the pleasure of the Board of Supervisors of the County. Three Directors shall be appointed by and serve at the pleasure of the City Council of the City of Sacramento. One

Director shall be appointed by majority vote of the Mayors of the Cities of Folsom, Galt, Isleton and any other City which may hereafter be incorporated within the County, and shall serve at the pleasure thereof.

150051 Terms of Office.

The term of office of each Director of the Authority shall be two years or until his or her successor is appointed and qualifies for office; provided that during the first meeting of the Board by lot two of the first five Directors appointed by the Board of Supervisors and one of the first three Directors appointed by the City Council shall be selected to serve a term of three years.

150052 Meetings.

The Board of Directors shall annually elect a chairperson to preside over its meetings, and a vice-chairperson to serve in the absence of the chairperson.

All meetings of the Board shall be conducted in compliance with Chapter 9 (commencing with Section 54950), Part 1, Division 2 of Title 5 of the Government Code.

150053 Quorum - Vote.

A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business. No action by the Board of Directors shall be valid unless it receives the affirmative vote of not less than a majority of the members of the Board.

150054 General Powers.

The Board of Directors of the Authority shall be vested with the following powers:

(a) To enter into contracts in the name and in behalf of the Authority, including contracts with the State of California, the County, the Cities, the District and other public agencies;

(b) To acquire by negotiated purchase or lease and dispose of real or personal property in the name and in behalf of the Authority, pursuant to such procedures as are prescribed by the Board;

(c) To sue and be sued in the name of the Authority; all claims for money or damages against the Directors, the Board of Directors, the employees of the Authority, and the Authority as an entity, to be governed by Division 3.6 (commencing with Section 810) of Title 1 of the Government Code;

(d) To employ or retain by contract, fix the compensation of and prescribe the tenure and other terms and conditions of employment of personnel, pursuant to such procedures as the Board may prescribe; and

(e) To take any or other action as may be necessary to execute the express powers conferred by this Division.

150055 Budgeting - Audits.

The Board of Directors of the Authority shall adopt an annual budget and obtain audits of its expenditures subject to and in accordance with the same statutory procedures, duties and limitations as are applicable to Counties.

150056 County Officers.

The County Treasurer, County Auditor-Controller, County Counsel, and Clerk of the Board of Supervisors of the County shall, respectively, be ex officio Treasurer, Auditor-Controller, Legal Counsel and Clerk of the Board of Directors of the Authority.

150057 Operating Expenses.

Exercise of the powers conferred upon the Board of Directors of the Authority by Paragraphs "(b)" and "(d)" of Section 150054 shall be subordinate and subject to funding made available for such purposes by the County and Cities in such annual gross amounts as the County and Cities determine are necessary and appropriate for such purposes, contributed by the County in proportion to the percentage which the population of its unincorporated area bears to the total population of the County and contributed by the Cities in the percentage which the population of each jurisdiction bears to the total population of the County. The Board of Directors shall not enter into any contract, except one authorized by Section 150108, imposing a financial obligation upon the Authority unless the amount of the

obligation has been funded in the manner authorized by this Section. Revenues derived from the taxes authorized by Chapter 4 shall not be expended in the execution of any power conferred by said Paragraph "(b)" or "(d)" except under contracts authorized by Section 150108.

Chapter 3 - District Powers

150100 Authority Function.

The Authority shall allocate revenue derived from the levy of taxes authorized by Chapter 4 to the County, Cities and District for the cost of Public Road Improvements and Public Transit Functions in a manner which improves the vehicular traffic circulation system within the County by:

(a) Facilitating the efficient movement of vehicular traffic to, through or around the Cities;

(b) Facilitating the efficient movement of commuter vehicular traffic from residential incorporated and unincorporated areas to incorporated and unincorporated centers of employment;

(c) Facilitating the efficient movement of shopper vehicular traffic from residential incorporated and unincorporated to incorporated and unincorporated centers of retail commerce; and

(d) Relieving congestion of streets and highways by promoting utilization of public transit.

150101 Highway Master Plans.

Not later than December 31, 1986, and the 31st day of December of each fifth year thereafter, the Board of Supervisors of the County, for its territorial area (the unincorporated area), and the City Council of each City, for its territorial area (the area within its municipal limits), shall adopt, following public hearings notice of which is given in the manner prescribed by Section 6061 of the Government Code, five year Highway Master Plans for Public Road Improvements. Each Highway Master Plan shall contain, at minimum, the following:

(a) The annual expenditures by the Jurisdiction for Public Road Improvements for each of the five complete fiscal years preceding the date of adoption of the Plan, together with the source by amount of all expenditures during each fiscal year; and

(b) A prioritized list of Public Road Improvement projects, whether such projects are located within the territorial area of the Jurisdiction or outside thereof, which the governing body of the Jurisdiction finds are necessary for and will materially improve vehicular traffic circulation within the territorial area of the adopting Jurisdiction, together with an engineer's estimate of the cost of each project; and

(c) Such other and further information or data respecting High Master Plans as the Board may direct.

150102 Filing with Authority.

Each Jurisdiction shall file its Highway Master Plan prepared in the manner prescribed by Section 150101 with the Authority not later than December 31, 1986, and the 31st day of December of each fifth year thereafter.

Not later than December 31, 1987, and the 31st day of each December thereafter, the County and each of the Cities shall file a statement of actual expenditures during the fiscal year ending the immediately preceding 30th day of June for Public Road Improvements from all sources which identifies each source and the amount expended from each source, together with any amendments to the Highway Master Plan and an engineer's estimate as of the date of filing of the cost of each uncompleted project shown on the Plan as amended.

150103 Annual Allocations - Public Road Improvements.

Subject to the limitations contained in Sections 150104, 150105, 150107 and 150108, the Board of Directors of the Authority shall, not later than March 31, 1987, and the 31st day of March each year thereafter, finally allocate to the County and each City funds for the costs of Public Road Improvements according to specifically identified projects shown on the Highway Master Plan for each of the respective Jurisdictions. The projects shall be selected by the Board based upon those objectives prescribed by Paragraphs "(a)" through "(d)" of Section 150-100.

Not later than the last day of February preceding the final allocation, the Board shall issue, for each Jurisdiction, a written tentative allocation which identifies the projects selected by the Board, and shall serve copies of all tentative allocations upon each Jurisdiction by mail not later than the last day of February, together with written notice of the time, date and place of a hearing by the Board to be conducted on or between March 15 and March 31. During the hearing, and in advance of determining a final allocation, the Board shall receive and consider all objections, protests and counterproposals by the respective Jurisdictions to the tentative allocation.

150104 Allocation Amounts - Public Road Improvements.

Except as hereinafter provided, the Board of Directors of the Authority shall allocate to the County for projects identified in the manner prescribed by Section 150103 sums equivalent to 80% of the revenue from the unincorporated area of the County derived from levy of the tax authorized by Chapter 4 received by the Authority during the twelve calendar month period ending on the 31st day of December immediately preceding the date of allocation. Except as hereinafter provided, the Board of Directors shall allocate to the City of Sacramento for projects identified in the manner prescribed by Section 150103 sums equivalent to 80% of the revenue from the incorporated area of the City of Sacramento derived from levy of the tax authorized by

Chapter 4 received by the Authority during the twelve calendar month period ending on the 31st day of December immediately preceding the date of allocation. Except as hereinafter provided, the Board of Directors shall allocate to the Cities of Folsom, Galt, Isleton and any other City which may hereafter be created in the unincorporated area of the County, for projects identified in the manner prescribed by Section 150103, sums equivalent to 100% of the revenue from the incorporated area of each jurisdiction derived from levy of the tax authorized by Chapter 4 received by the Authority during the twelve calendar month period ending on the 31st day of December immediately preceding the date of allocation.

The provisions of this Section shall not be construed to prohibit allocation of tax revenues from a Jurisdiction to Public Road Improvement projects shown on the Highway Master Plan filed by that Jurisdiction which are situated outside the territorial area of that Jurisdiction.

150105 Bonds - Public Road Improvements.

Pursuant to the issuance of bonds or other evidences of indebtedness in the manner prescribed by Chapter 5, the Board of Directors may fund within one or more Jurisdictions projects identified in the manner prescribed by Section 150103 in amounts which exceed the tax revenue from the geographical area of that Jurisdiction as prescribed above; provided that in subsequent years allocations to that Jurisdiction shall be reduced by the

amount of principal and interest required to retire the bonded indebtedness which is attributable to the bond revenues made available to that Jurisdiction. The annual principal and interest payments attributable to such revenue shall not exceed 50% of the projected revenue to be derived from levy of the tax authorized by Chapter 4 within that Jurisdiction. In no event shall the allocation to a Jurisdiction for a particular year, exclusive of revenue from the sale of bonds, plus principal and interest attributable to bond revenue allocated to that Jurisdiction during a preceding year, exceed 80% for the County and City of Sacramento and 100% for the Cities of Folsom, Galt, Isleton, and any City which may be hereafter created of the revenue derived from the levy of the tax within that Jurisdiction.

150106 Allocation Amounts - Public Transit Functions.

Not later than March 31, 1987, and the 31st day of each March thereafter, the Board of Directors of the Authority shall allocate to the District sums equivalent to 20% of the revenue from the unincorporated area of the County and the incorporated area of the City of Sacramento derived from levy of the tax authorized by Chapter 4 received by the Authority during the twelve calendar month period ending on the 31st day of December immediately preceding the date of allocation.

150107 Limitations.

It is the intent of the Legislature that funds generated pursuant to this Division not replace local funds allocated to the Jurisdictions from the Highway Users Tax Fund pursuant to the provisions of Chapter 3 (commencing with Section 2100) of Division 3 of the Streets and Highways Code which would otherwise be spent by each jurisdiction for Public Road Improvements.

The Board of Directors of the Authority shall, in contracts made pursuant to Section 150108, condition annual allocations to the Jurisdictions upon a level of expenditures by each Jurisdiction of allocations from said Highway Users Tax Fund for Public Road Improvements which is consistent with the average annual expenditures for such purposes from such allocations by the Jurisdiction during the preceding five-year period.

150108 Contracts.

All annual allocations by the Board of Directors of the Authority pursuant to Sections 150103 through 150105 shall be made under contracts between the Authority and the recipient Jurisdiction. The Jurisdiction shall covenant, in consideration for the allocation, to undertake, construct and complete Public Road Improvements for which the Board has made the allocation. The contracts shall regulate the dates of payment of allocations, the apportionment of interest earnings, may contain such conditions not prohibited by this Division in the form of restrictions or affirmative obligations as the Board of Directors

finds are reasonably necessary to achieve the purposes and objects of this Division, and may contain such other terms or conditions as the parties may mutually agree.

Chapter 4 - Transaction and Use Taxes

150150 Adoption of Tax Ordinance - Election.

A retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County may be adopted by the Board of Directors of the Authority in accordance with the provisions of this Chapter and Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, if a majority of the electors voting on the measure vote to approve its imposition at an election called for that purpose by the Authority.

150151 Maximum Tax Rate.

The Authority is authorized to impose a maximum tax rate of 1/2 of 1% under this Chapter and Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, and the Authority may state the maximum tax rate in terms of not to exceed 1/2 of 1%, or any lesser percentage thereof. The Authority shall not levy the tax at a rate other than 1/2 or 1/4 of 1%, unless specifically authorized by the Legislature.

150152 Contents of Ordinance.

The Board of Directors, in the retail transaction and use tax ordinance, shall state the nature of the tax to be imposed and prescribe the tax rate or rates or the maximum tax rate or rates.

The retail transaction and use tax ordinance may authorize the Board of Directors of the Authority to levy a rate of tax from year-to-year or time-to-time which is lower than the rate approved by the majority of the electors voting on the measure, and from year-to-year or time-to-time increase the tax rate not to exceed the rate approved by a majority of the electors voting on the measure.

150153 Election.

The County shall conduct the election called by the Authority pursuant to Section 150150, and the election shall be conducted at the sole cost and expense of the County. The election shall be called and conducted in the same manner as provided by law for the conduct of elections by a County.

In the event an election is conducted and the taxing measure fails to receive the affirmative vote of a majority of the electors voting, the Authority may call, and the County shall conduct at its sole cost and expense, a future election or elections proposing the measure; provided that such elections shall be separated by periods not less than twelve calendar months.

If, pursuant to Sections 150150 and 150151, the Board of Directors of the Authority enacts a retail transaction and use tax ordinance prescribing a maximum tax rate less than 1/2 of 1% which receives the affirmative vote of a majority of the electors voting on the measure, the Board of Directors may, at a later

time, enact another retail transaction and use tax ordinance establishing a higher maximum tax rate not to exceed 1/2 of 1%, call an election for the purpose of conducting a vote on the ordinance, and the County shall conduct the election at its sole cost and expense in the manner prescribed by this Chapter.

150154 Operative Date of Tax - Administration.

The tax imposed by any transaction and use tax ordinance enacted pursuant to this Chapter shall become operative on the first day of the first calendar quarter commencing more than 30 days after adoption of the ordinance; provided that any such ordinance requiring a majority vote of the electors voting on the measure shall, if the date of the election is later than the operative date heretofore prescribed, become operative on the first day of the first calendar quarter following the date of the election during which the measure receives the affirmative vote of a majority of the electors voting thereon.

Prior to the operative date of an ordinance, the Authority shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of the ordinance.

150155 Expenditure of Revenues.

The revenues from the taxes imposed pursuant to this Chapter may be expended for: (i) attorneys fees and other legal costs associated with the prosecution or defense of any lawsuit to which the Authority or its officers or employees or agents, in

their capacities as such, are parties, including the payment of any judgments against the Authority, or such officer, employees, or agents, together with the costs of liability insurance; (ii) allocation to the County and Cities for Costs of Public Road Improvement projects; (iii) sub-allocation by the County or a City to the State to defray the Cost of Public Road Improvement projects related to the State Highway System which the Board of Directors of the Authority finds to be necessary to improve the general vehicular traffic circulation system within the incorporated and unincorporated areas of the County; (iv) payment of principal, interest and other costs associated with bonds or other evidences of indebtedness authorized by Chapter 5 to finance the cost of Public Road Improvement projects; (v) allocation to the District for the Cost of Public Transit Functions; (vi) any incidental administrative expenses incurred in operation of the Authority other than expenses which this Division prohibits being compensated from such tax revenues; and (vii) a budgeted contingency reserve not to exceed 10% of total annual revenues produced by the tax.

All appropriations and expenditures of tax revenues authorized by this Division other than allocations for Costs of Public Road Improvements and Public Transit Functions and payment of principal and interest on bonds or other evidences of indebtedness made pursuant to Sections 150100 through 150106, shall be charged to revenues received from the Jurisdictions in

the same proportion as the populations of the unincorporated area of the County and incorporated areas of the Cities bear to the total population of the County. Those percentages of allocations prescribed by Sections 150104 and 150106 shall relate to net revenues actually received by the Authority after deduction of other expenses authorized by and charged to the Jurisdictions in the manner prescribed by this Section.

Chapter 5 - Bonds

150200 Authorization.

In seeking voter approval of any ordinance authorizing imposition of a retail transactions and use, the Board of Directors of the Authority shall also seek voter authorization to issue bonds payable solely from the proceeds of the tax.

150201 Ballot Proposition.

The wording of the proposition submitted to the voters for authority to levy a retail transactions and use tax and issue bonds on any short form of ballot card, label, or other device, regardless of the system of voting utilized, shall read, substantially, as follows: "TRANSPORTATION -- SACRAMENTO COUNTY TRANSPORTATION AUTHORITY. To authorize the Authority to impose a ___ percent sales tax solely for transportation purposes to construct and expand roads, streets, highways and freeways within the incorporated and unincorporated areas of the County and to issue bonds payable from the proceeds of that tax for such

purposes; to allocate not more than ____ percent of the tax revenues for public transit; and to establish the appropriation limit of the Authority in the amount of _____ Dollars (\$ _____)."

The sample ballot to be mailed to the voters under Section 10010 of the Elections Code, shall be the full proposition as set forth in the ordinance calling the election.

THE BALANCE OF CHAPTER 5 IS TO BE

DRAFTED BY BOND COUNSEL

COUNTY OF SACRAMENTO
CALIFORNIA

March 26, 1985

TO : BOARD OF SUPERVISORS
FROM : BRIAN H. RICHTER
SUBJECT : REPORT BACK ON LEGISLATION AUTHORIZING SALES TAX INCREASE

RECOMMENDATIONS:

1. Approve the proposed legislation drafted by County Counsel respecting the creation of the Sacramento County Transportation Authority and empowering it to levy a local sales tax upon majority voter approval;
2. Approve the introduction and support of this proposed legislation; and
3. Direct the County Executive to continue working out the details with the Cities and Regional Transit regarding this legislation.

DISCUSSION:

On January 10, 1985 the Board of Supervisors directed my office, the Public Works Department and County Counsel to develop proposed legislation which would authorize a ballot measure to be placed before the people increasing the sales tax for road construction and transit. In order to meet legislative deadlines, Assemblyman Lloyd Connelly introduced a spot bill to preserve the possibility of such legislation being passed in this session. Assemblyman Connolly's agreement to carry the bill is, of course, based upon the development of final bill language which has the support of the cities and the county.

Several meetings have been held with various staff members from the County of Sacramento, the City of Sacramento, and Regional Transit for the purpose of developing the proposed legislation in a manner that would meet the basic needs for road construction and transit services. As a result of this effort, the legislation that I am proposing has the complete support of the County staff, City staff, and Regional Transit staff. We believe it represents a balanced program that is vitally needed to meet this community's transportation needs as they currently exist, and to provide for a healthy level of future growth without the unbearable consequences experienced in Santa Clara County and Southern California.

The proposed legislation, which has been drafted by County Counsel, provides for the following:

1. A Transportation Authority is established, governed by a nine-member Board of Directors. Directors of the Authority are to be selected by and serve at the pleasure of the governing body. There would be five Directors selected by your Board, three Directors selected by the Sacramento City Council, and one Director selected by the other three Cities. This composition of the Authority is based upon current population figures in the Unincorporated Area including the cities of Folsom, Galt, Isleton, and Sacramento. Representation on the Authority is proportional to the total population of the County and follows the rationale established for the Metropolitan Cable Television Commission. Each Director would serve for a two-year term.
2. The legislation authorizes a maximum half-cent increase in the local sales tax, subject to majority approval of the electorate.
3. Eighty percent of the proceeds from the increased sales tax collected within the City of Sacramento will be allocated to City road construction projects.
4. Eighty percent of the proceeds from the sales tax increase collected within the unincorporated area shall be allocated to county road projects.
5. Twenty percent of the proceeds from the sales tax increase collected within the City of Sacramento and the unincorporated area will be allocated to Regional Transit for transit system operations, maintenance, or construction.
6. One hundred percent of the proceeds of the sales tax increase collected within Folsom, Isleton and Galt will be allocated to those cities directly.
7. The legislation provides that the County and the Cities are required to prepare a five-year highway master plan for public road improvements within their jurisdiction for submission to the Sacramento County Traffic Authority.

The five-year master plan shall include a prioritized list of public road improvement projects, and the proposed annual expenditure for each of the five years.

The Authority will allocate proceeds from the sales tax increase to each jurisdiction based upon the percentage formula outlined above, but based upon its own determination of priorities.

8. The proposed legislation grants to the Authority the power to issue bonds for projects within each of the jurisdictions, up to an amount which can be secured by fifty percent of the proceeds of sales tax to that jurisdiction.

It should be noted that the proposed legislation limits the use of the sales tax increase allocated to the Cities and County to the construction or reconstruction of roads and highways and their appurtenances, such as traffic signals, etc. It does not allow the use of these funds for general maintenance of the road system. We will continue to rely upon the gas tax for maintenance purposes. As things now stand, and for the foreseeable future, it is quite apparent that all of the gas tax revenue will be necessary for road maintenance.

ESTIMATED REVENUES

The total estimated increase in revenue resulting from a one-half-cent sales tax within the City of Sacramento and the unincorporated area would amount to approximately \$33 million. Based upon the allocation formula included in the proposed legislation, the following apportionment would result:

<u>Sacramento County</u>	<u>City of Sacramento</u>	<u>Regional Transit</u>
\$16 million	\$10.4 million	\$6.6 million

The foregoing estimate of revenues is based upon current sales tax collections. Sales tax revenues in the future will increase as a result of both growth in sales and general inflation. This is one of the key factors that makes the sales tax a stable and reliable source of revenue for this purpose. Revenues will grow without a change in the sales tax rate, reflecting the level of growth in the community, as well as inflationary factors in the overall economy. This type of revenue is essential to our ability to construct a transportation system that keeps pace with the growth in our community.

CURRENT AND FUTURE TRANSPORTATION NEEDS

Sacramento County, much like other local jurisdictions, is faced with a deteriorating roadway system as well as additional demands placed upon that system because of major developmental growth. Road Fund revenues are used for maintenance activities and to provide the necessary local match for capital projects where Federal and State funds are involved. A relatively small amount of these revenues are available for local (no aid) projects which are devoted to high priority safety projects. For instance, in fiscal 1984-85, we identified existing system needs of \$54 million, of which \$7.6 million was funded. We have also deferred a secondary street overlay program which will cost up to \$3 million per year. We still need to identify other deferred maintenance needs involving collector streets, minor streets, and drainage maintenance.

There are pressing demands for freeway interchanges and new major arterials over the next twenty years, and the current system is faced with growing congestion and traffic giving rise to expensive safety improvements such as widening streets and its attendant right-of-way costs. Costs for addressing developmental demands for roadway improvements as well as major improvements to the existing system are approaching \$320 million.

For the developing communities in the Laguna, Antelope, Larchmont Countryside, Bradshaw and Sunrise areas we have identified road construction needs of \$165 million.

For the East Area alone, we project roadway improvements costing up to \$100 million. It is apparent that a permanent source of financing is necessary to address developmental demands for a new roadway system and major improvements to the existing system.

Sacramento Regional Transit, for the last two budget years, has operated with a flat budget. This effort has provided the agency with the ability to reserve for minor shocks in the funding area. Using a conservative but not pessimistic view of federal funding, the system will need between \$3 and \$4.5 million per year in operating assistance from calendar year 1986 forward.

In addition to operating funds, the District has allocated over the last two years the majority of the capital dollars available to pay for light rail construction. In the future, the capital dollars currently available will be allocated to light rail expansion and support equipment. Any funds beyond the \$3 to \$4.5 million a year needed for operating assistance will be used by the District to keep its rolling stock and internal capital needs up to the District's existing high standard.

Seven million dollars a year in additional funds would be a major step forward towards assisting the District in solving the problem of maintaining the high level of service expected by the Sacramento community.

WHY AN INCREASE IN THE SALES TAX

Traditionally, our major streets and highways, including major arterials, expressways, freeways, interchanges, etc., have been financed by the gas tax. Minor local streets such as subdivision streets, subdivision collector streets, etc. have been financed by developers and the cost for those minor streets passed on to the purchaser of the property. With regard to the minor streets, this policy is appropriate because the benefit can be clearly ascribed to a

particular property or development. We, of course, propose to continue that policy.

Major arterials, expressways, freeways, and interchanges, however, can not be allocated equitably to particular areas. These types of road improvements are what make up the roadway transportation network of a city. They benefit all citizens who have a need to travel from one place to another. They provide the ability to move goods and services for us all. It is therefore essential that these elements of our transportation system be financed by all residents in some equitable manner.

During the 1960's, when a citizen purchased fuel at approximately 33 cents per gallon, he paid 22 cents for the fuel to power his vehicle, and 11 cents to pay for the extensive road and freeway system upon which he drove. This equated to a user fee of approximately 33 percent of his total fuel bill. During the '60's, the economy was stable with relatively low inflation.

This was also a period when fuel sales were increasing at a steady annual rate. This steady annual increase in fuel sales during a stable economic period allowed for annual revenue growth to meet the construction needs of the roadway system. This situation allowed the State of California and Sacramento County to construct the extensive freeway and local road system that exists today. All of that new construction also created a greater need for future revenues to provide for maintenance and replacement of the system. While the need for extensive state freeway construction has diminished somewhat, the need for local arterials will continue and is directly proportional to the growth and development in a community. In Sacramento County, we expect a steady and healthy level of growth. New industry will need more commercial and housing development to serve the increased labor force. Accommodation of this growth means the construction of new major arterials and various expansions of the existing system.

Where will the financing for these improvements come from? We are no longer in the '60's. Inflation has increased the costs of road construction many-fold. Gasoline sales are not increasing annually as they did before. Fortunately, from an energy consumption standpoint, more economical automobiles, as well as the public's need to conserve, have resulted in reduced motor vehicle fuel sales. As a result, however, gas tax revenues have actually declined. Today, in the 1980's, when a motorist goes to a gas station, he pays approximately \$1.20 per gallon of gasoline and the gas tax is 18 cents, and therefore represents just 15 percent of his gasoline dollar. In other words, that motorist buys fewer total gallons than he did in the '60's because he drives a more economical car, and he pays only 15 percent of his gasoline dollars to finance the roadway system, as opposed to the 33 percent he paid in the '60's. It is clear that this financial commitment on the part of the public is not adequate to maintain and expand the system.

Today, the public commitment to our roadway system in the form of gas tax financing, is not even adequate to cover a prudent level of maintenance. Roadway maintenance is currently being deferred by both the County and the City of Sacramento. If this deferral is allowed to go too far, it will result in the need for major reconstruction to rehabilitate the road system because it has gone beyond the limits of preventive maintenance. Preventive maintenance is clearly cheaper than allowing failure to occur, requiring complete reconstruction. A substantial increase in the gas tax, and indexing it in some manner to growth and inflation could provide adequate funds for both maintenance and new construction, a condition which did exist during the '60's and early '70's. Repeated attempts in the legislature to accomplish this goal have failed.

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It is quite clear to most observers in this area that it will be a continuing struggle just to keep gas tax revenues at a level adequate to maintain our road system. Gas taxes will not be adequate to provide for new construction.

The Governor, in his 1985-86 Budget Message, stated that "Ultimately, those local governments faced with the most serious needs for capital improvements may need to ask the voters for approval to increase revenues. However, even in these cases, the provision of one-time subventions to local governments from the tidelands settlements will assist while they await necessary State legislation."

Therefore, the message is quite clear from the State administration, and the State Legislature, that those cities and counties faced with serious capital improvement needs should develop their own local financing plans and take those plans to the voters.



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