



January 17, 2024
NVTA - TA Board of Directors Meeting
Meeting Handouts

1. Agenda Item 9.1 – Sales Tax Measure Draft Ordinance Comment Matrix
2. Agenda Item 9.1 – Measure T Replacement Measure Powerpoint

Sales Tax Measure Draft Ordinance Comment Matrix					
ID	Jursidiction	Section	Pg. #	Comment	NVTA Response
1	Calistoga	3A	3	Measure revenues should be able to be used to meet the 75 Equivalent fund requirement.	NVTA staff explored this option but it was not supported by the public works directors or the Vine Trail Coalition. Regional projects receiving Measure revenues can count toward the 7% equivalent fund requirement if the project includes a Class I and/or Class IV project element.
2	Calistoga	6	4	Request to add "with approval of all agencies" for bond issuance	NVTA staff would have to go to the NVTA-TA Board to issue a bond and to the NVTA Board to enter into any sort of contract using Bond proceeds. NVTA is changing language to read with "approval from the NVTA-TA Board".
3	Calistoga	11	5	Request to add specific langauge about acitivites that are eligible for Local Street and Road rehabilitation.	NVTA staff recommends keeping the language as is as specificity is likely to constrain eligibility. Staff believes it is important to keep the language broach to ensure technology and regulatory changes can be accommodated without going back to the voters. Staff believes that the current langauge covers all the specific activities that Calistoga has listed.
4	Calistoga	24	16	Question about the 99% reference.	NVTA staff will strike as it was an oversight - the language refers to obsolete Measure T ordinance langauge regarding the LSR funds
5	Calistoga	30I	19	Request to strike langauge from definition of a project referencing it must appear in a capital budget.	This language was carried over from Measure T. Staff recognizes that not all Measure projects may appear in a capital budget as a separate stand alone project, and recommends modifying the language to require the agency by resolution approve the project 5-year list and any subsequent modifications to the list, affirming that it is budgeted and appears in an Agency's capital project program.
6	Calistoga	Exp Plan	21	Question about the \$80 million being a one-time or annually	The \$80 million is the maximum amount committed to regional capital projects in the budget. The funding would be advanced through bond issuances over a 10-15 year period depending on project delivery schedules. Other factors that will determine bond issuances include interest rates, project readiness and matching funds available and secured. The jurisdicitons would still receive annual pay-go funds net of regional project debt payments.
7	Calistoga	Exp Plan	21	Question about if the local agencies bond for their local projects they should be paying debt proportionally to how much they are borrowing.	Correct, jurisdictions wishing to bond for local projects will pay for the debt service on those bonds by it being deducted from their annual pay-go funds.
8	Calistoga	Exp Plan	21	Question about the minimum floor of 3% and asking that it remain 3% even if it is beyond a 1% subsidy	The Executive Steering Committee has an indicated support for a 3% floor without the 1% variance requirement. NVTA staff will present this option to the full NVTA-TA board for discussion and direction.
9	Calistoga	Exp Plan	22	Question about the amount of funding that was committed to state highways in the draft measure, and what is Caltrans committing to the regional capital projects given it is Caltrans' right of way.	The polling came back very positive for projects that reduce traffic congestion on the state highway system, like Soscol Junction. Caltrans revenues are constrained and therefore prioritize only maintenance and safety improvements which are funded in the State Highway Operations and Protection Program (SHOPP). Any improvements to the state infrastructure desired by local jurisdictions to improve operations must be funded with other funds sources. The regional projects identified in the expenditure plan represent \$400 million and the \$80 million will be used to leverage state and federal funds (much like the STIP was used to leverage the SB 1 ffunding for Soscol Junction. Contributing local funds to highway projects significantly reduces Caltrans' overhead burden imposed as part of the project approval and oversight.
10	American Canyon	General		How is the NVTA-TA going to assure a jurisdiction doesn't bond more than what they will receive if local sales taxes decline?	Staff recommends that bond insurances will be capped at a percent of projections imposed by bond underwriters to prevent an individual jurisdicion from exceeding its total 30 year allocation. NVTA staff further recognizes that the rate of bonding by the jurisdictions may result in the pay-go element of an individual jurisdiction ending prior to the 30-year period. NVTA staff and its consultants will monitor the program to ensure the optmization of tranches, repurchase agreements, and spending rates.
11	American Canyon		1	Requests that NVTA-TA "(Authority)" be changed to (Tax Agency) in the ordinance	The language defining the NVTA-TA is established as Authority early on in the ordinance and therefore does not meet NVTA.
12	America Canyon		1	Request to change the language, "This Ordinance continues a retail transaction" to "This Ordinance establishes a retail transaction..."	NVTA is continuing a sales tax. NVTA staff recommends keeping the language as is.
13	American Canyon	30		Would like to move the definitions to the beginning of the ordinance to section 2	NVTA staff is recommending that the definitions remain at the end, consistent with other ordinances including Measure T
14	American Canyon	30D		Made clarifications to definition	accepted
15	American Canyon	30F		Made clarifications to defintion	accepted
16	American Canyon	30G		Made clarifications to definition	accepted
17	American Canyon	30I		Made clarifications to defintion	NVTA staff will remove the capital budget langauge and replace with must be approved by the agency and show up in the 5-year plan consisent with item 5 above.
18	American Canyon	30		Would like to create a definition for Subsidy Program	NVTA staff doesn't think the langauge is necessary and may confuse the public on the objective to subsidize low-income fares with another project not funded with the Measure.
19	American Canyon	30		Would like to create a definition for Expansion	There is nothing that refers to expansion in the expenditure plan currently, capacity would be a better term; and adding a definition for this may be considered depending on the Board policy discussions about project flexibility.

20	American Canyon	30L		Made clarifications to the definition and deleted highway right of way	NVTA staff acknowledges the issue pointed out by American Canyon and will refine the language but recommending retaining highway right of way since some local agencies have highway assume responsibility for or share state right of way (e.g. St. Helena).
21	American Canyon	2	3	Made clarifications and edits to section 2 Purpose and Need	accepted
22	American Canyon	3	4	Made minor text edits to the expenditure plan summary	accepted
23	American Canyon	3C	5	Struck "capital" in section C and replaced with "Transportation"	Keep as is, if it reads Regional Transportation Improvement Program it may be confused with the RTIP
24	County of Napa	Exp plan		Make it clear NVTA is issuing debt on the \$80 million and jurisdictions apportionments will be net debt payment associated with the \$80 million and admin fees capped at 2.5%	accepted
25	City of Napa	Bonding		Who is NVTA using for the bond counsel and debt scenario modeling?	NVTA will not be selecting any consultants until after the measure has passed.
26	City of Napa	Bonding		What requirements/restrictions have the bond professionals shared related to the delivery of capital projects in both terms of delivery times and for completion of specific components—for example can a phase to develop the design and an environmental document be standalone components without a completed piece of infrastructure delivered? What are the performance timeframes?	NVTA has not selected consultants at this time. Existing bond modeling prepared in coordination with KNN to help frame the draft measure envisions the performance period for a bond issuance to be five years.
27	City of Napa	Bonding		Because the debt is off the top, the projected debt service is important to understand the remaining funds that will be allocated to the local agencies. Please share modeling for debt payment structure	NVTA staff shared financial modeling with the City of Napa and other jurisdictions, which illustrated project debt issuance and payments for the \$80 million underscoring that the modeling was based on very conservative projections about fund growth and bonding costs. NVTA staff cannot provide anymore detail at this time because it is unknown when the regional capital projects will actually be delivered. Project delivery will be driven by grant opportunities, staffing, and how the market and economy are performing (to understand the feasibility bringing funding forward).
28	City of Napa	Bonding		Question about the modeling and debt payments over the life of the Measure for the \$80 million bonding	NVTA staff shared financial modeling with the City of Napa and local jurisdictions that includes the annual (pay-go) amounts
29	City of Napa	Exp Plan		Please provide the percentages for each component of the expenditure plan as part of the summary of changes. The Measure T agency allocations and the new Measure allocations are easily misinterpreted because the new Measure LSR distribution are after Admin and debt payments for the regional projects come off the top.	NVTA staff has made every effort to be transparent about the modeling and have been forthright that the LSR percentage distribution was to represent the new formula and it was never intended to show the actual revenues that would be received by the jurisdictions - those were shown separately as totals. NVTA staff have further provided detailed annual pay-go amounts. NVTA has on several occasions reminded jurisdiction staff that these figures are based on modeling. Actuals will not be known until the Measure is operative.
30	City of Napa	General		The PCI data being shared is not accurate for the City of Napa because the StreetSaver Model doesn't accurately account for the cost of the concrete work of a street (sidewalk, curb and gutter).	NVTA staff will reduce the revenues put into StreetSaver to represent funds being used on sidewalk features.
31	City of Napa	1		Reference to government code section 67912 applies only to Placer County	checking with legal
32	City of Napa	General		ITOC not "committee" should be used consistently	accepted
33	City of Napa	3		Funding is expressed in 2024 dollars but no dollar amounts are included	NVTA staff will remove the sentence
34	City of Napa	2	1	There is ambiguity in the way the low-income transit fare subsidies are discussed. Should say that they are an allowable expense of the administration fee in section 2 (instead of "may be funded" because it could imply may be funded in addition to the 2.5%). Transit fares should be listed under section 14 if the intention is for admin free to cover as stated in expenditure plan.	NVTA staff will provide more clarity/consistency that the transit fare subsidies will be funded with NVTA's administrative fees.
35	City of Napa	3A	2	If the intention is to recalculate the allocation formula for the agencies in 2025, this should be clearly stated to the agencies. What 3 years will the agency be using?	NVTA staff will use the last three audited years and make that clear in the ordinance.
36	City of Napa	3A	2	It needs to be clear that if a local agency chooses to bond, the full cost of the bond debt must be paid from the agency allocation	NVTA staff agrees and will update the language to specify that a jurisdiction's' annual allocation will be net of both their percentage of the debt service for the regional capital program and 100% of any debt associated with its bonding activity.
37	City of Napa	3A	2	Capital projects is not restricted in the amount or timing; the language needs to be tightened up to understand the annual impacts to the agency allocations	The draft expenditure plan states that the regional capital projects will not exceed \$80 million. NVTA staff do not envision issuing bond debt for the entire \$80 million at one time; and understand that additional safeguards are necessary to ease these concerns will need to be built into the ordinance or expenditure plan. NVTA staff will work with the technical committee on the language.
38	City of Napa	3A		Language should be added the the NVTA Board (not NVTA-TA) needs to approve the regional capital improvement program, project expenditures, work plans, funding priorities, bonding, etc.	The NVTA-TA Board would issue the bond, the NVTA Board would approve capital expenditures for any of the regional projects including their budgets, contracts, expenditures, work plans, etc.
39	City of Napa	3A	2	A more detailed description of the calculation done every 5 years is needed to update the agency allocations and recommend an example of the recent calculation be added to the ordinance. What years will be used to calculate the July 2025 LSR formula? The most recent full year data would be closing on June 30, 2024.	NVTA staff will discuss adding an example of how the current LSR formulas would be calculated.
40	City of Napa	3A	2	There needs to be more detail about the 3% cap and subsidy	Noted and it will be discussed by the NVTA Board at the January meeting
41	City of Napa	3A	2	The discussion about basis of road miles and sales tax generation needs to be better described for future staff/public/auditors, including stating the countywide road mileage and the percent of countywide sales tax revenue generated per jurisdiction	NVTA staff will review and provide more clarity

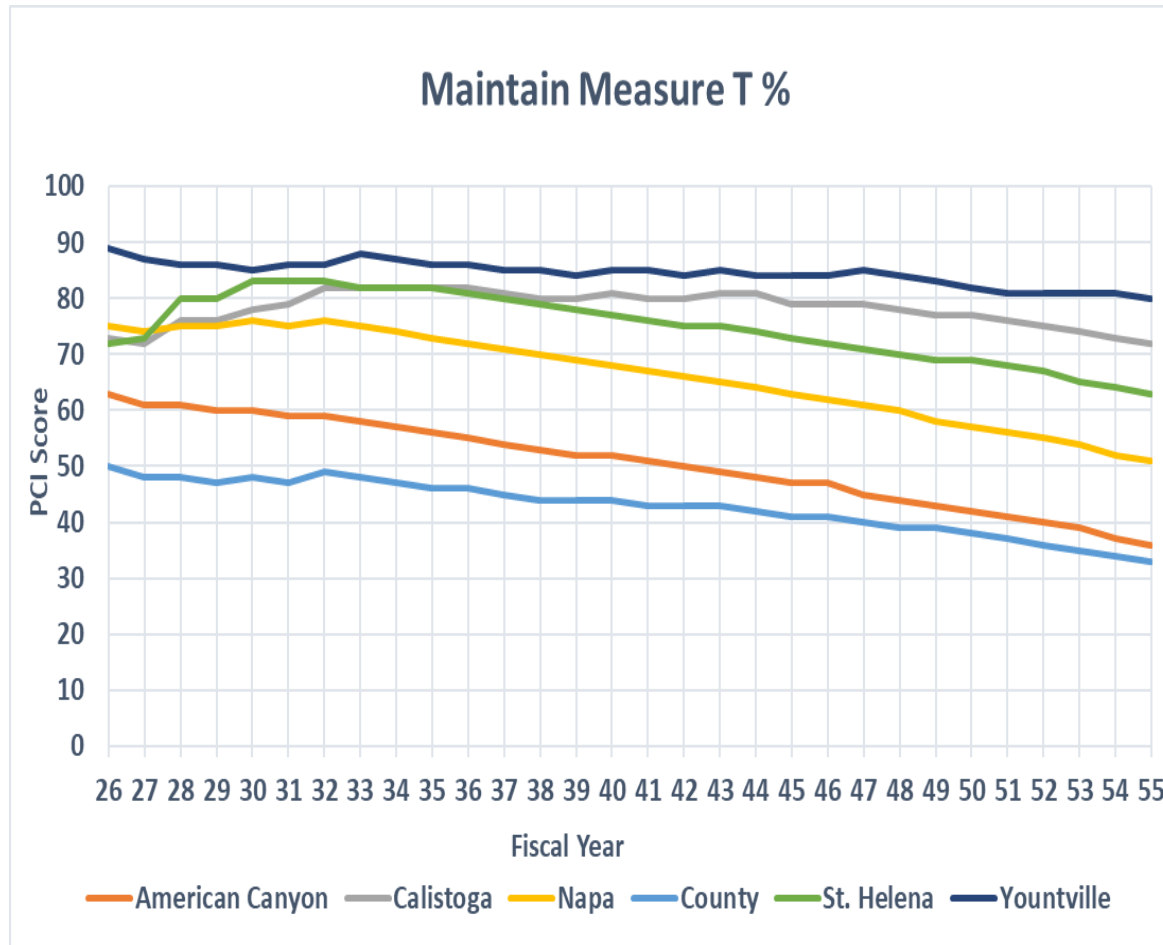
42	City of Napa	3A	2	A more detailed definition of sales tax is needed as it applies to the allocation calculation. St. Helena has a higher sales tax rate than the rest of the county and it needs to be clear the additional local agency sales tax is excluded.	NVTA staff agrees. All of the modeling calculations are based on 1/2 cent sales tax using reports developed by NVTA's tax consultant.
43	City of Napa	3B		Section should reference the expenditures for class I facilities dating back to July 1 2018 and apply to the complying section and paragraph	Staff has noted that surplus equivalent fund projects will be carried over to the new sales tax but this is a reporting requirement and detail that should not be written in the ordinance but rather acknowledged by the NVTA-TA board.
44	City of Napa	8		Section 8 expenditure plan needs to reference section 23 not 21 for amendments	accepted
45	City of Napa	11		Concern that the MOE calculation will be too tight and suggest that the agency calculates MOE as 20% of budget year three years prior. Also, language about the "agency's prior year's local streets and road sales tax revenue" is confusing.	NVTA staff agrees that the previous year's sales tax receipts reporting would be tight and recommends it be based on the annual revenues from two prior years.
46	City of Napa	24		Reference to the 99% being obsolete	Agreed and removed
47	City of Napa	Exp Plan	21	The expenditure plan should reference the amendment process in section 23	Agreed and will add language



Measure T Replacement Measure

NVRTA Board – January 17, 2024

Where We Are Now - Measure T



Measure T is a ½ cent sales tax approved by the voters in 2012, which became operative in 2018 and expires in 2043. While the program infused roughly \$25 million a year in new funding for local streets and roads, it is a pay-as-you-go program that cannot keep pace with growing construction costs and is insufficient to address deferred maintenance.

Consequently, Pavement Condition Index Scores are projected to go down over the life of Measure.

Proposed Measure T Replacement Measure



If approved by the voters in November 2024, the New Measure would replace Measure T and include the following:

- 30 Year Measure - effective on July 1, 2025 and expire on June 30, 2055 (30 years)
- Maintain the existing ½ cent sales tax
- Allow bonding
- Maintain focus on local streets and roads, but set-aside some funds to advance capital projects
- Make other changes to streamline and improve oversight.

Why a New Measure?



Today's \$ will lose 54% of its purchasing power by 2055 – by bringing the funding forward we can do more with the funding we have.

The Proposed Measure would:

- Address deferred maintenance and minimize the impacts of growing construction costs
- Improve Pavement Condition
- Index the local streets and roads formula to a return to source/lane mile hybrid* formula, and update it periodically acknowledging changes in future development
- Set aside \$80 million for highway improvements
- Update the Maintenance of Effort requirement to ensure jurisdictions keep pace with growing needs and costs
- Improve the bike and pedestrian funding requirement – expanding it from funding just class 1 facilities to including class 4 facilities and routine maintenance

*County road miles are factored into the formula which acknowledges that the county roads are used by all travelers.

Local Streets & Roads Distribution

Jurisdiction	Measure T %	Replacement Measure %
American Canyon	7.7%	8.0%
City of Calistoga	2.70%	3.0%
City of Napa	40.35%	40.2%
County of Napa	39.65%	38.8%
City of St. Helena	5.90%	6.6%
Town of Yountville	2.70%	3.4%

- The agreed upon proposal is a return to source/lane mile hybrid, updated every 5 years and calculated using the most recent three years to allow for planning and smoothing, respectively.
- The committees also supported Calistoga's request to establish a floor. The committees supported a 3% floor with a variance cap set at 1% so that if the percentage of a jurisdiction's sales tax generations dropped, the floor would kick-in but only up to a total 1% subsidy.

Funding Levels and Corresponding Pavement Condition Index Scores

Staying the course will result in meaningful changes in Napa Valley's pavement condition.

Jurisdiction	Financing Structure: PayGo + Bonding			Measure T
	Equal Issuance	Ramp Up	Ramp Down	
American Canyon	64.6	64.2	64.9	58
City of Calistoga	74.7	74.2	75.3	57
City of Napa	76.4	75.3	77	60
County of Napa	71.3	71	71.9	44
City of St. Helena	76.4	76	76.3	52
Town of Yountville	82.3	82.5	82.3	78

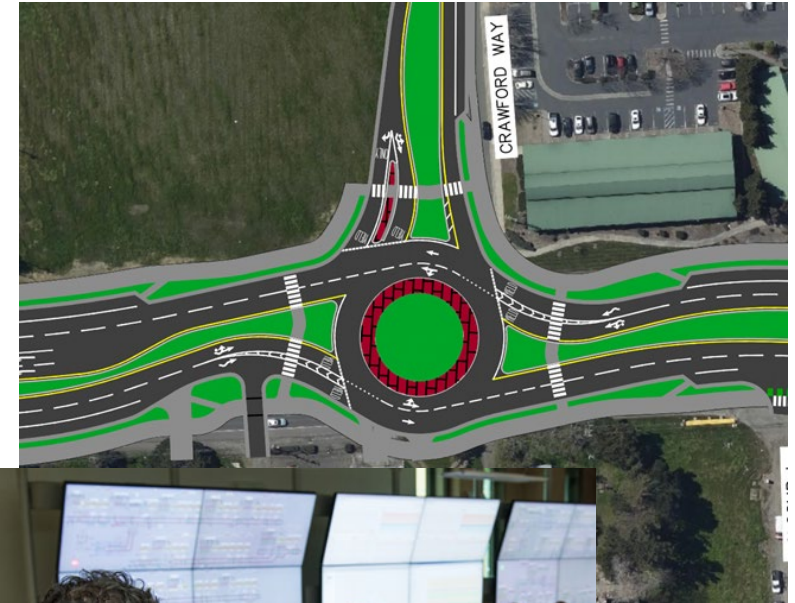
MTC's PCI Scores: Very Good = 80-89; Good =70-79; Fair=60-69; At Risk=50-59; Poor=25-49

Regional \$80M Projects

Apportion \$80 million for regional bonding for capital projects focused on congestion relief and emergency highway operations. The \$80 million will assist in leveraging federal and state discretionary funds for projects below which total up to approximately \$400 million.

Proposed Projects

- SR 29/SR 12 – Intersection Improvements at SR 29 and Jameson Canyon/Airport Road and SR 12/Kelly Road
- SR 29-American Canyon – Operational Improvements on SR 29 between Napa Junction and American Canyon Road
- SR 29-SR 12/121 – Intersection Improvements at SR 29/Carneros Highway
- Highway Operations and Emergency Evacuation – would allow proactive management of highway facilities to balance the capacity of the transportation system and prevailing demands such as emergency fire evacuation. Would include on system adaptive messaging signs and battery storage for Vine Transit emergency evacuation ops.



Employing Innovative Financing Strategies –

... *Bonding when it's essential; borrowing when it's not.*

Three Opportunities for Accelerating Project Delivery:

- Bring funding forward for large projects by issuing public debt through bonding
- Advancing Transportation Measure projects by borrowing from other jurisdictions' Measure apportionments
- Advancing projects that are funded in other programs by borrowing from Measure funds



The purchasing power of today's dollar will only be \$0.53 in 30 years.

Discussion Topics: Funding Flexibility for Projects

Board members have expressed an interest to include greater flexibility to fund other transportation projects that are currently not in the expenditure plan.

Consider allowing jurisdictions to use a small subset of their LSR funds derived from the ordinance on other transportation projects.



Discussion Topics: Bonding Costs and Benefits

- Annual revenues flowing to the jurisdictions would be net of debt payments for regional projects. An additional amount would be committed for debt payments for those jurisdictions wishing to advance their local projects through bond issues.
 - These factors will result in lower and uneven annual Measure revenues (but will be more overall both in purchasing value and in total dollars).
 - Advancing projects will result in overall lower project costs which means that we can build better roads and bigger projects with less money.
 - This will help address the gap between construction escalation costs (10.7% *) and CPI (4.6%** roughly how LS&R revenue grows).

*State of California Department of Real Estate average 2021-2023

** State of California Bureau of Labor Statistics Bay Area CPI average 2021-2023



Regional highway projects benefit all jurisdictions' residents, visitors and workers and will help keep Napa's economy strong.

Discussion Topics: Bonding Costs and Benefits

The table below provides estimates for what each jurisdiction will receive over the 30- year period under each bonding assumption that was used in NVTAs analysis as compared to Measure T. These figures are speculative as it is unknown which projects will be advanced, the condition of the economy, or the health of the bond market. They are based on very conservative revenue growth estimates and assumes higher than likely bond interest costs.

Jurisdiction	Measure T*	Measure X PayGo	Equal Issuance	Ramp Up	Ramp Down
City of American Canyon	\$60,574	\$89,131	\$76,508	\$78,005	\$74,685
City of Calistoga	\$21,241	\$28,007	\$28,691	\$29,252	\$28,006
City of Napa	\$317,429	\$447,884	\$384,453	\$391,974	\$375,292
County of Napa	\$311,910	\$432,286	\$371,064	\$378,323	\$362,222
City of St. Helena	\$60,574	\$73,533	\$63,119	\$64,354	\$61,615
Town of Yountville	\$21,241	\$37,881	\$32,516	\$33,152	\$31,741

Amounts are in the \$,000s of 2024 dollars

*Measure T amounts reflect what each jurisdiction is expected to receive between 2025 and 2043 when Measure T sunsets.

Discussion Topics: Bonding Costs and Benefits

Benefits

- Take advantage of reduced construction costs.
- Take advantage of economies of scale and partner with other agencies to deliver projects that are related (e.g. ADA curb cuts, rail grade crossings) or that share a common corridor.
- Reduce the cost of road maintenance.
- Get projects ready faster and compete better for competitive grant funds.
- Reduce the overhead cost we pay for Caltrans' services.

Discussion Topics: Bonding Costs and Benefits

Meet with the Technical Steering Committee:

- Refine capital program delivery schedule and debt service options to minimize impacts to jurisdictions' annual Local Streets and Road allocations



Discussion Topics: Funding Flexibility for Projects

What happens when a jurisdiction's return to source sales tax formula drops below 2%?

The proposed formula includes a 3% floor with a 1% variance cap. Over time, it's likely that the larger jurisdictions revenues will grow faster than smaller jurisdictions putting more and more pressure on the floor and consequently reducing LSR revenues to smaller jurisdictions.

Options for consideration:

- Remove the 1% variance but maintain the 3% floor
- Revisit the formula if a jurisdiction's generation drops below 2%



Next Steps and Timeline

- Approval to proceed – NVTA-TA February 2024 (Draft Ordinance discussed at January TAC meeting)
- Expenditure Plan Approval by Jurisdictions – Late February-April 2024
- Approval by NVTA-TA Board of Directors – April/May 2024
- Approval by County to place on November 2024 Ballot – June 2024
- Ballot Measure to Registrar – June 2024



