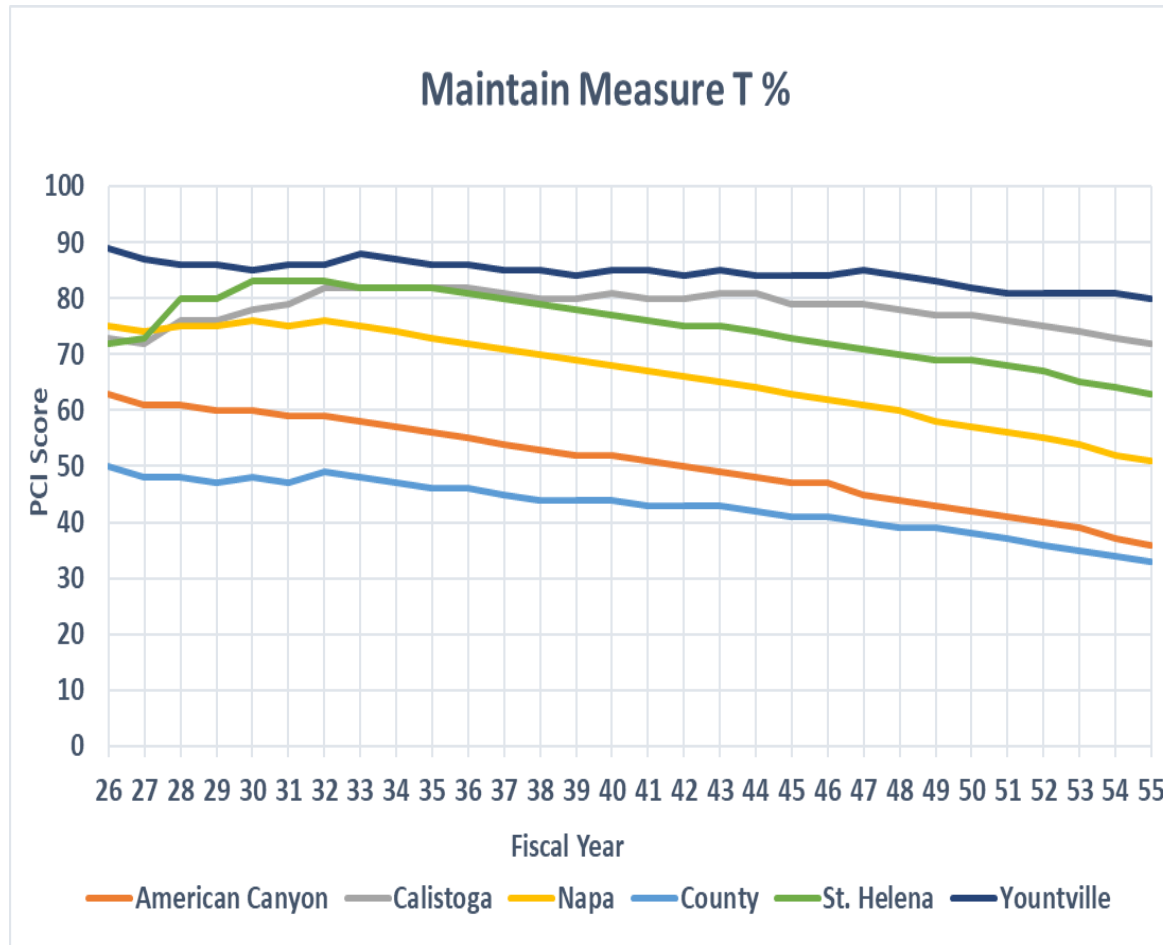




Measure T Replacement Measure

NVRTA Board – February 21, 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

- Maintain the existing ½ cent sales tax extended 30 years - July 1, 2025 - June 30, 2055
- Allow bonding
- Revenue Projections - \$1.3 Billion Program
 - 88.4% on Local Streets and Roads
 - 10.6% on Regional Projects
 - 2.5% on Administration

Other Proposed Changes



The Proposed Measure would:

- 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. No jurisdiction will receive less than 3% of LS&R funds.
- 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

January Board Direction

Board members expressed interest for 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.

The Technical Steering Committee recommended allowing jurisdictions to use up to 5% of LS&R maintenance revenues for other transportation capital projects. This was endorsed by the Technical Advisory Committee at its February 1st Meeting.



January Board Direction

- The Board directed staff to work with the Technical Steering Committee to refine the Highway Operations and Emergency Evaluation Project eligibility.
 - Project Description:
Highway Operations and Emergency Evacuation – may include highway system adaptive messaging signs and Vine Transit emergency evacuation operations, or other transportation projects related to emergency evacuation routes.

The Technical Steering Committee deemed that the existing Highway Ops and Emergency Evacuation Program description is flexible enough to fund other emergency evacuation projects around the Valley. The Technical Advisory Committee endorsed this sentiment at its February 1st meeting.



January Board Direction

The Board directed staff to meet with the Technical Steering Committee to consider refining capital program delivery schedule and debt service options to minimize impacts to jurisdictions' annual Local Streets and Road allocations.



Staff discussed concerns with the Technical Steering Committee and Technical Advisory Committee. Additional models were considered. NVTA staff and City of Napa staff met with NVTA's financial consultant. Given the amount of the capital program \$400 million need and limited highway funding, staff is recommending an \$80 million regional program, but has provided an alternative in this presentation for the Board's consideration.

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.
- Advancing projects would stabilize annual revenue distributions to jurisdictions.

Revenue Distribution

Jurisdiction	Measure T (2025-2043)	Replacement Measure - (2025-2055)
American Canyon	\$48,222	\$88,863
City of Calistoga	\$16,909	\$33,324
City of Napa	\$252,697	\$446,539
County of Napa	\$248,313	\$430,988
City of St. Helena	\$36,950	\$73,312
Town of Yountville	\$16,909	\$37,767
Regional Countywide Capital Program and Administration (including 2.5% Admin Costs and debt service on \$80 million)		\$135,572
Totals	\$620,000	\$1,246,365

- Annual revenues assume no borrowing by jurisdiction
- Jurisdictions could bring revenues forward and have no net annual loss due to debt service on capital program
- Bringing funds forward significantly increases purchasing power over the life of the measure
- Pay-Go results in significant diminished purchasing power

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	\$48,222	\$89,131	\$76,508	\$78,005	\$74,685
City of Calistoga	\$16,909	\$28,007	\$28,691	\$29,252	\$28,006
City of Napa	\$252,697	\$447,884	\$384,453	\$391,974	\$375,292
County of Napa	\$248,313	\$432,286	\$371,064	\$378,323	\$362,222
City of St. Helena	\$36,950	\$73,533	\$63,119	\$64,354	\$61,615
Town of Yountville	\$16,909	\$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.

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

Benefits of the New Sales Tax Measure

- Highway improvements are needed to sustain a healthy economy
 - Improving traffic flow supports our work force.
 - Better highway infrastructure improves commuting for residents.
 - Reduced congestion encourages visitors.
 - Free flowing traffic results in significant time savings and reduces the cost to move freight.
- Local sales tax helps leverage state and federal funds to accelerate project delivery
 - Relying strictly on formula funding, it would take 100 to 150 years to fund regional highway priority projects.
 - Using local sales tax revenue for highway projects caps Caltrans indirect cost rate to 10% (current rate NVTAs are being charged is 46.43% to 52.09%).

Issues – Regional Traffic Congestion Relief vs. Local Streets and Road Funding

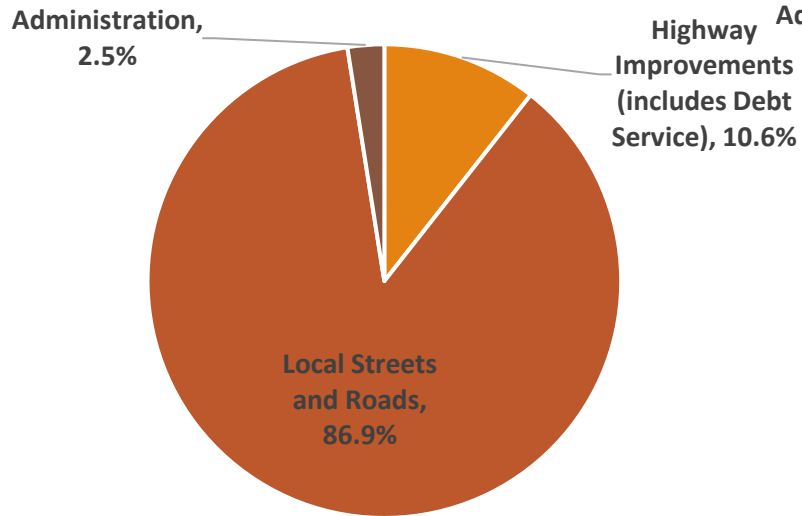
- The amount of revenues proposed for highway improvements and associated debt payment and administrative oversight is capped at an amount that still allows the jurisdictions to make significant improvements to their Pavement Condition Index scores.
- It further holds the total revenue for Local Streets and Road improvements steady over the 30-year period but reduces the annual amount of pay-go revenues which disproportionately impacts the City of Napa and the County of Napa. This is largely mitigated providing that the City of Napa and County of Napa issue bond debt to advance the funding for local streets and road capital improvements.
- The City of Napa has concerns about how the annual revenue reduction will affect its public works department budget.

Issues – Regional Traffic Congestion Relief vs. Local Streets and Road Funding

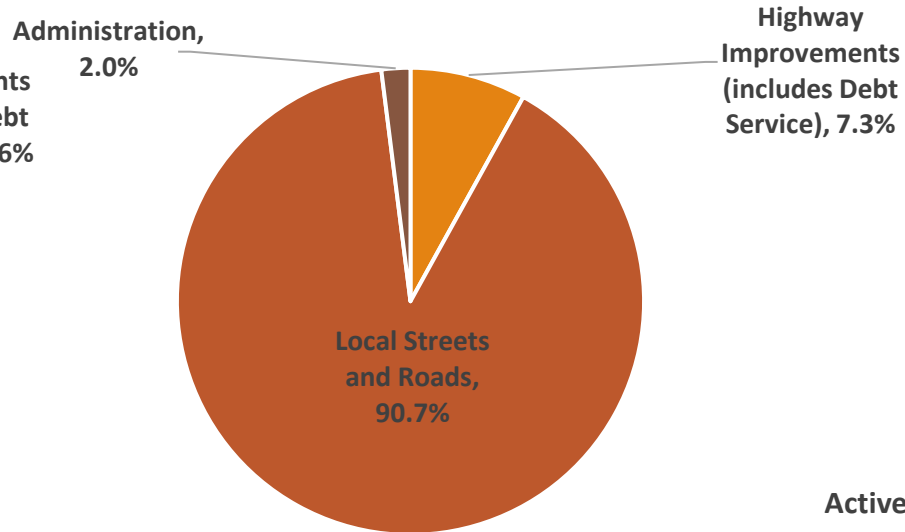
- NVRTA staff have evaluated the funding constraints and have a counter proposal that would ameliorate the City's concerns. The two alternatives for the Board consideration are outlined below. Staff did not have time to vet the second alternative with the Measure Working Groups or the Technical Advisory Committee.
 - **Alternative 1:** Maintain \$80 million (maximum) Regional Traffic Congestion Relief program and 2.5% Administration. The Regional Traffic Program would be advanced through bonding.
 - **Alternative 2:** Take \$6 million off the top for pre-construction of Regional Traffic Congestion Relief projects over the first 5 years, reduce Regional Traffic Congestion Relief Program to a maximum of \$50 million, and reduce Administration to 2%. With the exception of the \$6 million for pre-construction, all Regional Traffic Congestion Relief funding would be advanced through bonding.

Regional Projects – How We Stack Up Compared to Other Self-Help Counties

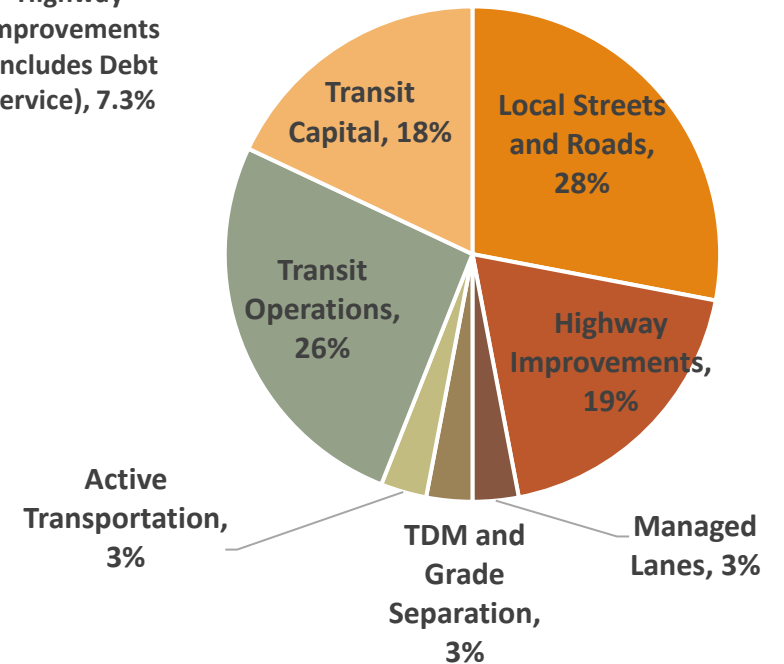
NVTA Proposed Measure
Alternative 1 - \$80 Million Highway Program



NVTA Proposed Measure
Alternative 2 - \$6 million Pre-Construction and \$50 Million Highway Program



Self-Help County Coalition (25 Counties)



Decision Points and Staff Recommendation

There are several opportunities for the NVRTA Board to say “no” to issuing debt for Regional Projects beyond approving this ordinance today.

Decision points that allow the Board to limit capital program expenditures:

- ✓ JPA requires NVRTA notify JPA members in advance of issuing debt
- ✓ Board approval is required before issuing debt
- ✓ Board approval is required to enter into contracts excess of \$72,369 (ED Authority)
 - Potential contracts include Bond Counsel, Financial Advisor, Bond Underwriter
- ✓ Board approval is required to enter into construction contracts excess of \$212,500 (ED Authority)

- Staff Recommendation

That the Napa Valley Transportation Authority – Tax Agency (NVRTA-TA) Board review the Draft Sales Tax Replacement Measure Ordinance, consider the two alternatives for addressing Regional Highway Needs and release the Expenditure Plan to the Cities of American Canyon, Napa, St. Helena, Calistoga, Town of Yountville and County of Napa for circulation and approval.

Next Steps and Timeline

- Approval to proceed – NVTA-TA February 2024 (Draft Ordinance discussed at February 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





Bonding - Scenarios and Modeling – A Closer Look

- Financial modeling is a numerical representation of *possible* outcomes.
- Financial models are used to *compare* various scenarios and often are intended to evaluate best and worst outcomes.
- Various models exist that may produce different results. A model is only as good as the inputs and assumptions that go into it.

NVTA Transportation Sales Tax Modeling
Approach – Assumes Using 100% of Bonding Capacity

Scenario 1 – “Equal” Assumes equal tranches

Scenario 2 – “Ramp Up” – Assumes smaller to larger tranches

Scenario 3 – “Ramp Down” - Assumes larger to smaller tranches

Revenue Distribution

Jurisdiction	Measure T %	Replacement Measure % - LS&R Program	Replacement Measure % - Including Regional Program
American Canyon	7.7%	8.0%	6.9%
City of Calistoga	2.70%	3.0%	2.6%
City of Napa	40.35%	40.2%	35.0%
County of Napa	39.65%	38.8%	33.7%
City of St. Helena	5.90%	6.6%	5.7%
Town of Yountville	2.70%	3.4%	3.0%
Regional Countywide Capital Program (includes 2.5% Administration Costs and debt service on \$80 million)			13.1%

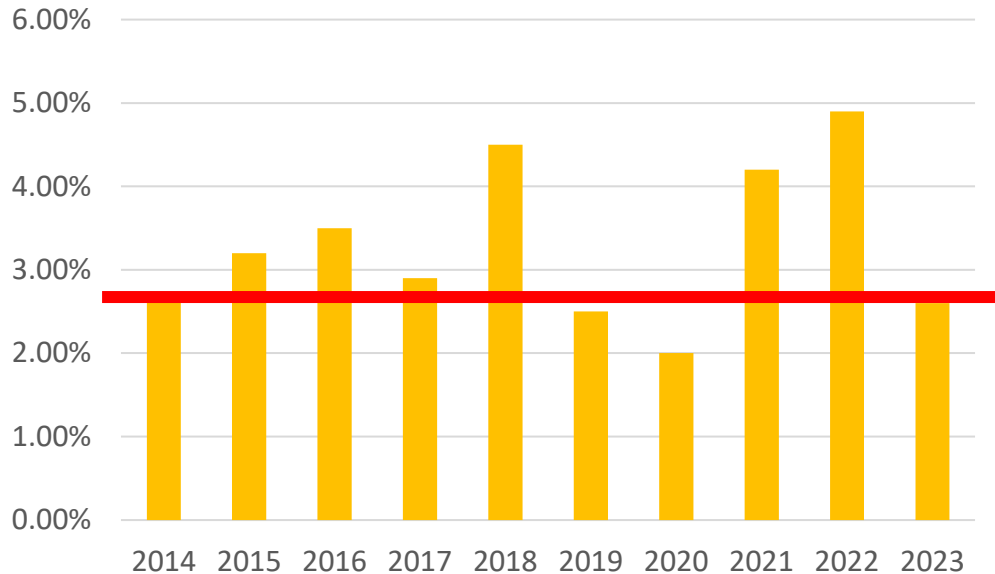
Bonding Scenarios – Assumptions Compared to Actuals

The assumptions used to develop the model are *extremely* conservative.

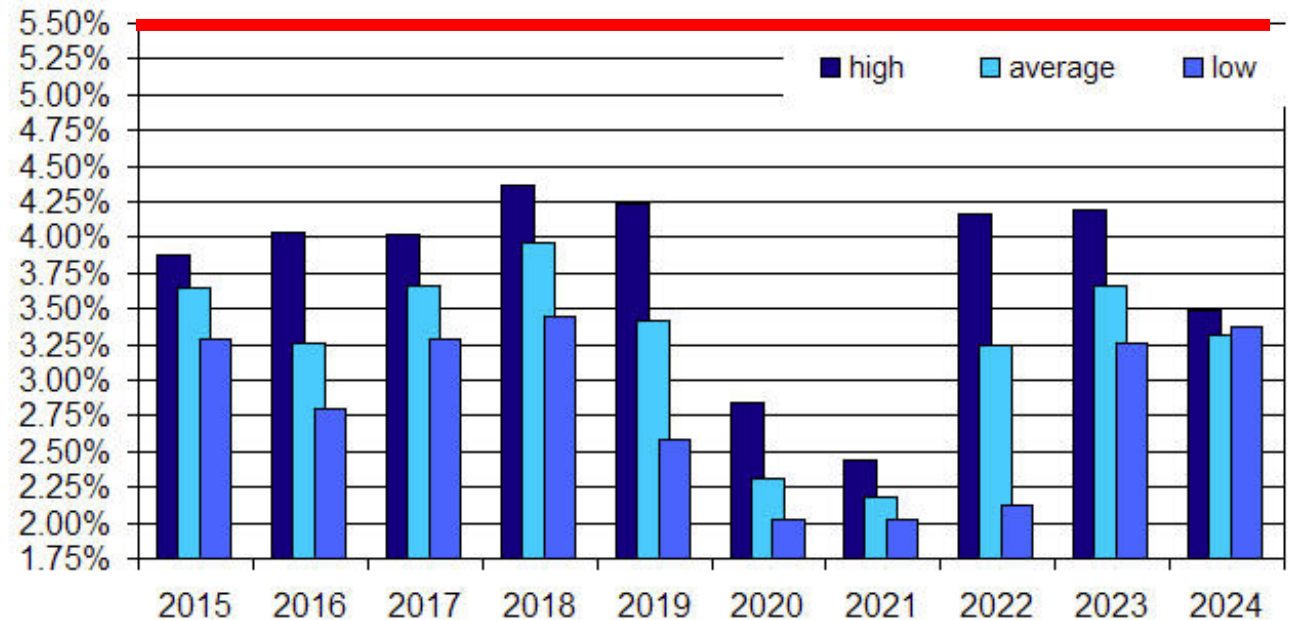
The **red lines** indicate how the model assumptions stack up to the last 10 years of actuals.

10 Year Bay Area CPI

(Estimate of Measure Revenue Growth)



Estimate of Interest Costs



* The interest rate as of February 8, 2024 was 3.49%.