

# **APPENDIX A**

## **ORDINANCE NO. 04-01 AND EXPENDITURE PLAN**

## MEASURE "I"

### SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY ORDINANCE NO. 04-01

#### AN ORDINANCE PROVIDING FOR THE CONTINUATION OF A ONE-HALF OF ONE PERCENT RETAIL TRANSACTIONS AND USE TAX BY THE SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY FOR LOCAL TRANSPORTATION PURPOSES AND THE TRANSPORTATION EXPENDITURE PLAN

#### PREAMBLE

This one-half of one percent retail transactions and use tax is statutorily dedicated for transportation planning, design, construction, operation and maintenance only in San Bernardino County and cannot be used for other governmental purposes or programs. There are specific safeguards in this Ordinance to ensure that funding from the Measure "I" one-half of one percent transactions and use tax is used in accordance with the specified voter-approved transportation project improvements and programs. These safeguards include:

- The specific projects and programs included in the Expenditure Plan will be funded by revenue raised by this transactions and use tax. The transportation Expenditure Plan can be changed only upon approval by a majority of all cities in the County representing a majority of the incorporated population and approval by the San Bernardino County Board of Supervisors.
- An Independent Taxpayer Oversight Committee is created to provide for citizen review to ensure that all Measure "I" funds are spent in accordance with provisions of the Expenditure Plan and Ordinance.
- Continuation of San Bernardino County's one-half of one percent transactions and use tax is for transportation programs only and is not intended to replace traditional revenues generated through locally-adopted development fees and assessment districts. Collection of the one-half of one percent transactions and use tax will start upon the expiration of the Existing Tax.
- The San Bernardino County Transportation Authority will continue to seek maximum funding for transportation improvements through State and federal programs. The Authority will not provide transactions and use tax revenue to any city or to the County unless all transportation revenues currently used by that agency are continued to be used for transportation purposes.

The San Bernardino County Transportation Authority ordains as follows:

**SECTION I. SUMMARY.** This Ordinance provides for the continued imposition of a retail transactions and use tax of one-half of one percent for local transportation purposes for a period of thirty (30) years, the authority to issue limited tax bonds secured by such taxes, the administration of the tax proceeds and a county transportation Expenditure Plan.

**SECTION II. MANDATED TAXPAYER SAFEGUARDS.**

A. Independent Taxpayer Oversight Committee. Beginning on April 1, 2010, an Independent Taxpayer Oversight Committee will be established as specified in Exhibit B of this Ordinance to provide citizen review and to ensure that all Measure “I” funds are spent in accordance with provisions of the Expenditure Plan and Ordinance. Exhibit B contains the specific terms and conditions for an Independent Taxpayer Oversight Committee and its review of periodic independent financial audits.

B. Administrative Costs. The Authority shall expend only that amount of funds generated from the tax that is necessary and reasonable to carry out its responsibilities for audit, administrative expenses, staff support, and contract services. In no case shall the funds expended for salaries and benefits exceed one percent (1%) of the annual net amount of revenue raised by the tax.

C. Maintenance of Effort. The Authority, by the enactment of this Ordinance, intends the additional funds provided government agencies by this measure to supplement existing local revenues being used for street and highway purposes. Transactions and use tax revenue shall not be used to replace existing road funding programs or to replace requirements for new development to provide for its own road needs. Under this Measure, funding priorities should be given to addressing current road needs, easing congestion, and improving roadway safety.

The government agencies shall maintain their existing commitment of transportation funds for street, highway and public transit purposes, and the Authority shall enforce this provision by appropriate actions, including fiscal audits of the local agencies.

**SECTION III. DEFINITIONS.** The following definitions shall apply in this Ordinance:

- A. “The Expenditure Plan” means the San Bernardino County Transportation Authority Expenditure Plan (attached as Exhibit A and adopted as part of this Ordinance) including any future amendments thereto.
- B. “County” means the County of San Bernardino.
- C. “Authority” means the San Bernardino County Transportation Authority. The San Bernardino County Transportation Commission has been designated to serve as the Authority under the provisions of Public Utilities Code Section 180050.
- D. “Existing Tax” means the one-half of one percent retail transactions and use tax adopted pursuant to Ordinance No. 89-01 and Ordinance No. 90-01.

**SECTION IV. AUTHORITY.** This Ordinance is enacted, pursuant to the provisions of Division 19 (commencing with Section 180000) of the Public Utilities Code, and Section 7252.16 of the Revenue and Taxation Code.

**SECTION V. CONTINUED IMPOSITION OF RETAIL TRANSACTIONS AND USE TAX.**

Upon voter approval of Measure “I,” the Authority shall continue to impose, in the incorporated and unincorporated territory of the County of San Bernardino, a transactions and use tax for transportation purposes (referred to as “the tax”) at the rate of one-half of one percent (0.5%) for a period of thirty (30) years beginning April 1, 2010. There shall be no coincidental assessment of the current tax (which will expire on March 31, 2010) and the tax to be imposed pursuant to this Ordinance. The tax shall be imposed by the Authority in accordance with Section 180201 of the

Public Utilities Code and Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code. The provisions of Revenue and Taxation Code Sections 7261 and 7262 are incorporated herein by reference as though fully set forth herein. The tax shall be in addition to any other taxes authorized by law, including any existing or future state or local sales tax or transactions and use tax.

**SECTION VI. PURPOSES.** Revenues from the tax shall be used for transportation purposes only and may include, but are not limited to, the administration of this division, including legal actions related thereto and costs of the initial preparation and election, the construction, maintenance, improvements, and operation of local streets, roads, and highways, state highways and freeways, public transit systems including rail, and related purposes. These purposes include expenditures for planning, environmental reviews, engineering and design costs, and related right-of-way acquisition. Expenditures also include, but are not limited to, debt service on bonds and expenses in connection with issuance of bonds.

**SECTION VII. RETURN TO SOURCE.** After deduction of required Board of Equalization fees and authorized administrative costs, revenues generated from each specified subarea within San Bernardino County as outlined in the Expenditure Plan will be expended on projects of direct benefit to that subarea. Revenues will be accounted for separately for each subarea and then allocated to specified project categories in each subarea. Decisions on how revenues are expended within the subareas will be made by the Authority Board of Directors, based upon recommendations of local representatives. Other than the projects identified in the Cajon Pass Expenditure Plan, revenues generated within a subarea shall be expended outside of that subarea only upon approval of two-thirds (2/3) of the jurisdictions within the affected subarea.

**SECTION VIII. CONTRIBUTIONS FROM NEW DEVELOPMENT.** No revenue generated from the tax shall be used to replace the fair share contributions required from new development. Each local jurisdiction identified in the Development Mitigation Program must adopt a development financing mechanism within 24 months of voter approval of this Measure "I" that would:

1. Require all future development to pay its fair share for needed transportation facilities as a result of the development, pursuant to California Government Code Section 66000 et seq. and as determined by the Congestion Management Agency.
2. Comply with the Land Use/Transportation Analysis and Deficiency Plan provisions of the Congestion Management Program pursuant to California Government Code Section 65089.

The Congestion Management Agency shall require fair share mitigation for regional transportation facilities through a Congestion Management Program update to be approved within 12 months of voter approval of this Measure "I."

**SECTION IX. ADMINISTRATION OF PLANS.** The Authority shall impose and collect the tax, and shall administer the Expenditure Plan consistent with the provisions and priorities of the Expenditure Plan and consistent with the authority cited herein.

**SECTION X. BONDING AUTHORITY.** Upon voter approval of Measure "I", the Authority shall have the power to sell or issue, from time to time, on or before the collection of taxes, bonds, or other evidence of indebtedness, including, but not limited to, capital appreciation bonds, in the aggregate principal amount at any one time outstanding of not to exceed the estimated proceeds of the tax, as determined by the Expenditure Plan, and to secure such indebtedness solely by

way of future collection of taxes, for capital outlay expenditures for the purposes set forth in Section V hereof, including the carrying out of transportation projects described in the Expenditure Plan.

**SECTION XI. ANNUAL APPROPRIATIONS LIMIT.** The annual appropriations limit has been established pursuant to Ordinance 89-01 pursuant to Section 4 of Article XIIB of the California Constitution and Section 180202 of the Public Utilities Code. The appropriations limit has and shall be subject to adjustment as provided by law.

**SECTION XII. EFFECTIVE AND OPERATIVE DATES.** Subject to voter approval, this Ordinance shall become operative on the first day of the first calendar quarter commencing more than 110 days after adoption of this Ordinance. Prior to the operative date of this Ordinance, the Authority shall contract with the State Board of Equalization to perform all functions incidental to the administration and operation of this Ordinance.

**SECTION XIII. ELECTION.** The Authority requests the Board of Supervisors to call an election for voter approval of the attached proposition Measure "I" (Exhibit C), which election shall be held on November 2, 2004, and consolidated with other elections to be held on that same date, that the measure retains its designation as Measure "I," and that it appear first in order on the local San Bernardino County ballot before all other local measures. The election shall be called and conducted in the same manner as provided by law for the conduct of elections by a county. The sample ballot to be mailed to the voters shall be the full proposition as set forth in this Ordinance, and the voter information handbook shall include the entire Expenditure Plan. Approval of the attached proposition and the imposition of the tax shall require the affirmative vote of 2/3rds of the electors voting on the attached proposition at the election described in this section.

**SECTION XIV. EXPENDITURE PLAN AMENDMENTS.** The Expenditure Plan may only be amended by the following process:

1. Beginning in 2015, and at least every ten years thereafter, the Authority shall review and, where necessary, propose revision to the Expenditure Plan. Such review shall consider recommendations from local governments, transportation agencies and interest groups, and the general public.
2. The Authority shall notify the cities/towns and Board of Supervisors of the proposed revision and initiation of an amendment, reciting findings of necessity.
3. Actions of the city/town councils and Board of Supervisors to approve or to oppose the amendment shall be formally communicated to the Authority within 60 days of notice of initiation of amendment.
4. The boundaries of subareas shall be amended only by unanimous approval of all the jurisdictions in the subareas where an amendment is proposed to include or exclude territory.
5. Approval of the amendment by a majority of the cities/towns constituting a majority of the incorporated population provided, however, that any amendment of the Victor Valley Expenditure Plan (Schedule E) shall also require a two-thirds vote of the jurisdictions within the Victor Valley subarea.
6. Approval of the amendment by the Board of Supervisors.
7. Approval of the amendment by the Authority.

**SECTION XV. SEVERABILITY.** If any tax or provision of this Ordinance is for any reason held invalid or unenforceable by a court of competent jurisdiction, that holding shall not affect the validity or enforceability of the remaining taxes or provisions, or the existing tax and the Authority declares that it would have passed each part of this Ordinance irrespective of the validity of any other part.

**SECTION XVI. THE EXISTING TAX.** Nothing in the Ordinance is intended to modify, repeal, alter or increase the Existing Tax. The provisions of this Ordinance shall apply solely to the retail transactions and use tax adopted herein and not to the collection or administration of the Existing Tax.

APPROVED AND ADOPTED by the San Bernardino County Transportation Authority at its meeting on June 2, 2004 by the following vote:

AYES: Alexander, Burgnon, Dale, Hertzmann, Ulloa, Norton-Perry, Chastain, Nuaimi, Cortes, Lindley, McCallon, Christman, Eaton, Valentine, Ovitt, Gilbreath, Wilson, Bagley, Rothschild, Riddell, Cook, Biane, Hansberger, Postmus, Aguiar, Young

NOES: None

ABSENT: Nehmens, Valles, Pomierski

ABSTENTION: None

By: \_\_\_\_\_  
William J. Alexander, Chairman  
San Bernardino County Transportation Authority

Attested: \_\_\_\_\_  
Vicki Watson  
Clerk of the Board

## Exhibit A

### Transportation Expenditure Plan

**Revenue Estimates and Distribution.** Allocation of revenue authorized by Ordinance No. 04-01 is established within this Expenditure Plan. Funds shall be allocated by percentage of the actual revenue received. An estimate of revenues and allocation among categories is reflected in Schedule A – Transportation Improvement Program. The estimated revenue is based upon 2004 value of money and is not binding or controlling.

**Return to Source.** After deduction of required Board of Equalization fees and authorized costs, revenues generated from each specified subarea within San Bernardino County will be expended on projects of direct benefit to that subarea. Revenues will be accounted for separately for each subarea and then allocated to specified project categories. Decisions on how revenues are expended within the subareas will be made by the Authority Board of Directors, based upon recommendation of local representatives.

**Subarea Identification.** The San Bernardino Valley Subarea will include the cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland and Yucaipa and unincorporated areas in the east and west portions of the San Bernardino valley urbanized area. The Mountain-Desert area will include the following subareas: (1) The North Desert Subarea, which includes the City of Barstow and surrounding unincorporated areas; (2) The Colorado River Subarea, which includes the City of Needles and the surrounding unincorporated areas of the East Desert; (3) The Morongo Basin Subarea, which includes the City of Twentynine Palms, Town of Yucca Valley, and surrounding unincorporated areas; (4) The Mountain Subarea, which includes the City of Big Bear Lake and surrounding unincorporated areas of the San Bernardino Mountains; and (5) the Victor Valley Subarea, which includes the Cities of Adelanto, Hesperia, and Victorville; the Town of Apple Valley; and surrounding unincorporated areas including Wrightwood.

**Contribution from New Development.** No revenue generated from the tax shall be used to replace the fair share contributions required from new development.

**Requirement for Annual Financial and Compliance Audits of Measure “I” Funds.** The San Bernardino County Transportation Authority and each agency receiving an allocation of Measure “I” revenue authorized in this Expenditure Plan shall undergo an annual financial audit performed in accordance with generally accepted auditing standards and government auditing standards issued by the Comptroller General of the United States. Compliance audits also shall be conducted to ensure that each agency is expending funds in accordance with the provisions and guidelines established for Measure “I” revenue.

**Cajon Pass Expenditure Plan.** Three percent of the revenue generated in the San Bernardino Valley Subarea and the Victor Valley Subarea will be reserved in advance of other allocations specified in this plan in an account for funding of the I-15/I-215 Interchange in Devore, I-15 widening through Cajon Pass, and truck lane development. Cajon Pass serves as the major transportation corridor connecting the two urbanized areas within San Bernardino County and is in need of the identified improvements. These improvements are critical components to intra-county travel for residents of both the Victor Valley and San Bernardino Valley. Projects to be constructed from the Cajon Pass Expenditure Plan are listed in Schedule C.

**San Bernardino Valley Subarea Expenditure Plan.** In that area described as the Valley Subarea, project categories shall be established as specified below. The San Bernardino Valley Subarea Expenditure Plan is illustrated in Schedule D.

**A. State and Federal Transportation Funds.** A proportional share of projected state and federal transportation funds shall be reserved for use solely within the Valley subarea.

**B. Revenue Estimates.** Tax revenues generated by Ordinance No. 04-01 for the Valley subarea over a thirty year period are estimated to be **\$4,520 million**. Approximately **\$881 million** in state and federal funds and approximately **\$777 million** in contributions from new development are projected for the area over this period, for an estimated total Valley area revenue of **\$6,178 million** for transportation improvements. Revenue estimates are not binding or controlling.

**C. Freeway Projects.** 29% of revenue collected in the San Bernardino Valley Subarea shall fund freeway projects within the San Bernardino Valley Subarea. Projects to be constructed with Freeway Projects funds are listed in Schedule D1. Cost estimates for such projects are not binding or controlling.

**D. Freeway Interchange Projects.** 11% of revenue collected in the Valley Subarea shall fund Freeway Interchange Projects. Projects to be constructed with Freeway Interchange Projects funds are listed in Schedule D2. Equitable geographic distribution of projects shall be taken into account over the life of the program.

**E. Major Street Projects.** 20% Over the thirty-year life of Measure "I," the Major Street Projects category will accrue approximately 18% of revenue collected in the Valley. Upon initial collection of revenue, the Major Street Projects category will receive 20% of revenue collected in the Valley. Effective ten years following initial collection of revenue, the Major Street Projects allocation shall be reduced to no more 17% but to not less than 12% upon approval by the Authority Board of Directors and the Express Bus/Bus Rapid Transit Service allocation shall be increased by a like amount. Amendments beyond those authorized in this section shall require a formal amendment as provided in the Measure "I" Ordinance.

Major Street Projects are defined as congestion relief and safety improvements to major streets that connect communities, serve major destinations, and provide freeway access. The Major Street Projects portion of the San Bernardino Valley program shall be expended pursuant to a five-year project list to be annually adopted by the Authority after being made available for public review and comment. Funding priorities shall be given to improving roadway safety, relieving congestion, street improvements at rail crossings and shall take into account equitable geographic distribution over the life of the program.

**F. Local Street Projects.** 20% of revenue collected in the Valley Subarea shall be distributed among local jurisdictions in the Valley Subarea for Local Street Projects. Allocations to local jurisdictions shall be on a per capita basis using the most recent State Department of Finance population estimates for January 1, with the County's portion based upon unincorporated population in the Valley Subarea. Estimates of unincorporated population within the Valley Subarea shall be determined by the County Planning Department, reconciled with the State Department of Finance population estimate for January 1 of each year.

Local Street Projects are defined as local street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Project funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including local streets, major highways, state highway improvements, transit, and other improvements/programs to maximize use of transportation facilities. Expenditure of Local Street Project funds shall be based upon a Five Year Plan adopted annually by the governing body of each jurisdiction after being made



available for public review and comment. Local Street Project funds shall be disbursed to local jurisdictions upon receipt of the annually adopted Five Year Plan. The local adopted Five Year Plan shall be consistent with local, regional, and state transportation plans.

**G. Metrolink/Rail Service.** 8% of revenue collected in the Valley Subarea shall fund Metrolink/Rail Service. Eligible expenditures of Metrolink/Rail Service funds include purchase of additional commuter rail passenger cars and locomotives for use on Metrolink lines serving San Bernardino County; construction of additional track capacity necessary to operate more passenger trains on Metrolink lines serving San Bernardino County; construction of additional parking spaces at Metrolink stations in San Bernardino County; and provision of funds to match State and Federal funds used to maintain the railroad track, signal systems, and road crossings for passenger rail service in San Bernardino County, construction and operation of a new passenger rail service between the cities of San Bernardino and Redlands, and construction and operation of an extension of the Gold Line to Montclair Transit Center for San Bernardino County passengers traveling to San Gabriel Valley cities, Pasadena, and Los Angeles. Projects to be funded by Metrolink/Rail Service funds are listed in Schedule D5.

**H. Senior and Disabled Transit Service.** 8% of revenue collected in the Valley Subarea shall fund Senior and Disabled Transit Service. 6% of revenue collected in the Valley Subarea in this category shall be expended to reduce fares and enhance service for senior citizens and persons with disabilities. Eligible expenditures in the Senior and Disabled Transit Service category shall include: (1) The provision of funding to off-set a portion of future senior and disabled fare increases that would apply to fixed route, Community Link and complementary paratransit services. (2) The provision of local funds to help off-set operating and capital costs associated with special transit services provided by transit operators, cities and non-profit agencies for seniors and persons with disabilities. (3) At least 2% of the revenue collected in the Valley Subarea in this category will be directed to the creation of a Consolidated Transit Service Agency which will be responsible for the coordination of transit services provided to seniors and persons with disabilities.

**I. Express Bus/Bus Rapid Transit Service.** 2% Over the thirty-year life of Measure "I," the Express Bus/Bus Rapid Transit Service category will accrue approximately 4% of revenue collected in the Valley. Upon initial collection of revenue, the Express Bus/Bus Rapid Transit Service category will receive 2% of revenue collected in the Valley. Effective ten years following initial collection of revenue, the Express Bus/Bus Rapid Transit Service category shall be increased to at least 5%, but no more than 10% upon approval by the Authority Board of Directors. The Major Street Projects category shall be reduced by a like amount. Amendments beyond those authorized in this section shall require a formal amendment as provided by the Measure "I" Ordinance.

Funds in this category shall be expended for the development, implementation and operation of express bus and bus rapid transit service, to be jointly developed by the Authority and transit service agencies serving the Valley Subarea. Eligible projects to be funded by Express Bus/Bus Rapid Transit Service funds shall include contributions to operating and capital costs associated with implementing high-speed, express-type bus service in high-density travel corridors.

**J. Traffic Management Systems.** 2% of revenue collected in the Valley Subarea shall fund traffic management systems. Eligible projects under this category shall include signal synchronization, systems to improve traffic flow, commuter assistance programs, freeway service patrol, and projects which contribute to environmental enhancement associated with transportation facilities.

**Mountain/Desert Expenditure Plan.** In that area described as the Mountain/Desert Area, the following Expenditure Plan requirements shall apply. Schedules E, F, G, H, I illustrate estimated revenue and projects to be constructed in each Mountain/Desert subarea.

**A. State and Federal Transportation Funds.** A proportional share of projected state and federal transportation funds shall be reserved for use solely within the Mountain/Desert subareas.

**B. Revenue Estimates.** Tax revenues generated by Ordinance No. 04-01 for the Mountain/Desert region over a thirty year period are estimated to be **\$1,250 million**. Approximately **\$165 million** in state and federal funds and approximately **\$369 million** in contributions from new development are projected for the area over this period, for an estimated total Mountain-Desert area revenue of **\$1,784 million** for transportation improvements. Revenue estimates are not binding or controlling.

**C. Local Street Projects.** 70% of revenue collected within each subarea shall be apportioned for Local Street Projects within each subarea. 2% of revenue collected within each subarea shall be reserved in a special account to be expended on Project Development and Traffic Management Systems. Eligible Project Development and Traffic Management Systems projects may include, at the discretion of local subarea representatives, costs associated with corridor studies and project study reports, projects to improve traffic flow and maximize use of transportation facilities, congestion management, commuter assistance programs, and projects which contribute to environmental enhancement associated with highway facilities. Expenditure of Project Development and Traffic Management Systems funds shall be approved by the Authority Board of Directors, based upon a recommendation of subarea representatives and the Mountain/Desert Committee. If, after five years of revenue collection and every five years thereafter, the local representatives and the Mountain/Desert Committee make a finding that Project Development and Traffic Management Systems funds are not required for improvements of benefit to the subarea, then revenue in the Project Management and Traffic Management Systems category may be returned to the general Local Street Projects category. Such return shall be allocated and expended based upon the formula and requirements established in the general Local Street Projects category.

After reservation of 2% collected in each subarea for Project Development and Traffic Management Systems, the remaining amount of funds in the general Local Street Projects category shall be allocated to local jurisdictions based upon population (50 percent) and tax generation (50 percent). Population calculations shall be based upon the most current State Department of Finance estimates for January 1 of each year. Estimates of unincorporated population within each subarea shall be determined by the County Planning Department, reconciled with the State Department of Finance population estimate. Tax generation calculations shall be based upon State Board of Equalization data. Schedules E, F, G, H, I reflect the estimate of revenue available for Local Street Projects in each Mountain/Desert subarea.

Projects in the general Local Street Projects category are defined as local street and road construction, repair, maintenance and other eligible local transportation priorities. Local Transportation Project funds may be used flexibly for any eligible transportation purpose determined to be a local priority, including local roads, major streets, state highway improvements, transit, including but not limited to, fare subsidies and service enhancements for seniors and persons with disabilities, and other improvements/programs to maximize use of transportation facilities. Expenditure of Local Transportation Project Funds shall be based upon the Five Year Plan adopted annually by resolution of the governing body of each jurisdiction after being made available for public review and comment. Local Street Project funds shall be disbursed to local jurisdictions upon receipt of the annually adopted Five Year Plan. The locally adopted Five Year Plans shall be consistent with other local, regional, and state transportation plans.

**D. Major Local Highway Projects.** 25% of revenue collected within each subarea shall be reserved in a special account to be expended on Major Local Highway Projects of benefit to the subarea. Major Local Highway Projects are defined as major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways, where appropriate. Major Local Highway Projects funds can be utilized to leverage other state and federal funds for transportation projects and to perform advance planning/project reports. Expenditure of Major Local Highway Projects funds shall be approved by the Authority Board of Directors, based upon a recommendation of subarea representatives and the Mountain/Desert Committee. If, after five years of revenue collection and every five years thereafter, the local representatives and the Mountain/Desert Committee make a finding that Major Local Highway Projects funds are not required for improvements of benefit to the subarea, then revenue in the Major Local Highway Projects category may be returned to jurisdictions within the subarea. Such return shall be allocated and expended based upon the formula and requirements established in the general Local Street Projects category.

**E. Senior and Disabled Transit Service.** 5% of revenue collected within each subarea shall be reserved in an account for Senior and Disabled Transit Service. Senior and Disabled Transit is defined as contributions to transit operators for fare subsidies for senior citizens and persons with disabilities or enhancements to transit service provided to seniors and persons with disabilities. In the Victor Valley subarea, the percentage for Senior and Disabled Transit Service shall increase by .5% in 2015 with additional increases of .5% every five years thereafter to a maximum of 7.5%. Such increases shall automatically occur unless each local jurisdiction within the subarea makes a finding that such increase is not required to address unmet transit needs of senior and disabled transit users. In the North Desert, Colorado River, Morongo Basin, and Mountain Subareas, local representatives may provide additional funding beyond 5% upon a finding that such increase is required to address unmet transit needs of senior and disabled transit services. All increases above the 5% initial revenue collected for Senior and Disabled Transit Service shall come from the general Local Street Projects category of the subarea.

Expenditure of Senior and Disabled Transit Service funds shall be approved by the Authority Board of Directors, based upon recommendation of subarea representatives and the Mountain/Desert Committee.

**F. Mountain/Desert Committee.** The Mountain-Desert Committee of the Authority shall remain in effect and provide oversight to implementation of the Mountain/Desert Expenditure Plan.

## Measure “I” Transportation Expenditure Plan Schedules

### SCHEDULE A

#### Countywide Measure “I” Revenue and Distribution

Estimated Countywide Measure “I” Distribution	Amount
<b>Cajon Pass Expenditure Plan</b> (3% of San Bernardino Valley Subarea and Victor Valley Subarea Revenues - See Schedule C)	<b>\$ 170 Million</b>
<b>Total San Bernardino Valley Subarea Expenditure Plan</b> (See Schedule D)	<b>\$ 4,520 Million</b>
<b>Total Mountain-Desert Expenditure Plan</b>	<b>\$ 1,250 Million</b>
Victor Valley Subarea (See Schedule E)	\$ 852 Million
North Desert Subarea (See Schedule F)	\$ 95 Million
Mountains Subarea (See Schedule G)	\$ 119 Million
Morongo Basin Subarea (See Schedule H)	\$ 125 Million
Colorado River Subarea (See Schedule I)	\$ 59 Million

### SCHEDULE B

#### Transportation Improvement Revenues

Total Countywide Transportation Revenues	Amount
Estimated Countywide Measure “I” Revenue	\$ 6,120 Million
(Less 1% Administration and 2% Board of Equalization Collection Charge)	<u>(\$ 180) Million</u>
Countywide Measure “I” Revenue Available for Transportation Projects (See Schedule A)	\$ 5,940 Million
Estimated State and Federal Revenues	\$ 1,106 Million
Estimated Contributions from New Development	<u>\$ 1,146 Million</u>
<b>Total Estimate Revenue Available for Transportation Projects</b>	<b>\$ 8,192 Million</b>

**SCHEDULE C**

**Cajon Pass Expenditure Plan**

<b>Project Description</b>	<b>Amount</b>
<i>I-15 Widening and Improvement through Cajon Pass</i>	<i>\$ 170 Million</i>
<i>Devore Interchange Widening and Improvements at I-15/I-215</i>	<i>\$ 40 Million</i>
<i>I-15 Dedicated Truck Lane Development</i>	<i>\$ 20 Million</i>
<i>Total Cajon Pass Projects Cost</i>	<i>\$ 230 Million</i>
<b>Cajon Pass Measure “I” Revenue</b>	<b>\$ 170 Million</b>
State and Federal Revenues	<u>\$ 60 Million</u>
Total Cajon Pass Projects Revenues	\$ 230 Million

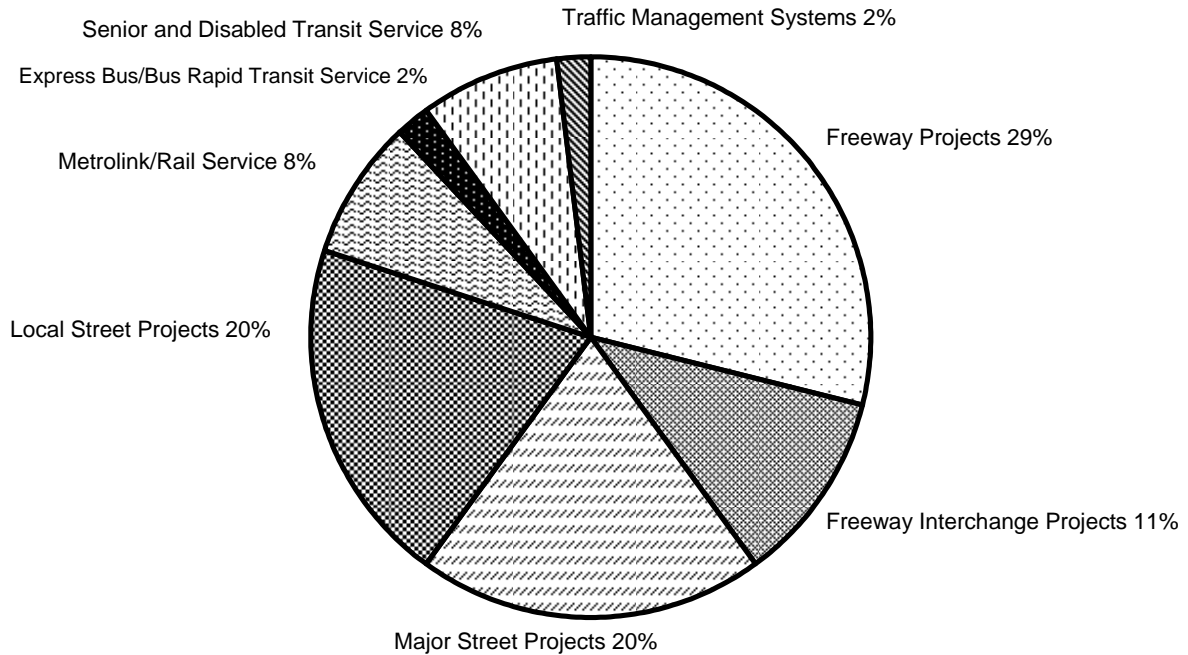
**SCHEDULE D**

**San Bernardino Valley Subarea Expenditure Plan**

<b>Project Category</b>	<b>Measure “I” Percentage</b>	<b>Amount</b>
Freeway Projects (See Schedule D1)	29%	\$ 1,311 Million
Freeway Interchange Projects (See Schedule D2)	11%	\$ 497 Million
Major Street Projects* (See Schedule D3)	20%	\$ 814 Million
Local Street Projects (See Schedule D4)	20%	\$ 904 Million
Metrolink/Rail Service (See Schedule D5)	8%	\$ 362 Million
Express Bus/Bus Rapid Transit Service* (See Schedule D6)	2%	\$ 180 Million
Senior and Disabled Transit Service	8%	\$ 362 Million
Traffic Management Systems	<u>2%</u>	<u>\$ 90 Million</u>
<b>Total San Bernardino Valley Subarea Measure “I” Revenue</b>	<b>100%</b>	<b>\$4,520 Million</b>

\* Percentage distribution adjusts to serve transportation needs. Amount shown is average over 30-year Measure.

**FIGURE D  
San Bernardino Valley Subarea Expenditure Plan**



**SCHEDULE D1**

**San Bernardino Valley Expenditure Plan Freeway Projects Detail**

<b>Freeway Projects</b>	<b>Amount</b>
<i>I-10 Widening from I-15 to Riverside County Line</i>	\$ 610 Million
<i>I-15 Widening from Riverside County Line to I-215</i>	\$ 180 Million
<i>I-215 Widening from Riverside County Line to I-10</i>	\$ 300 Million
<i>I-215 Widening from SR-30/210 to I-15</i>	\$ 120 Million
<i>SR-30/210 Widening from I-215 to I-10</i>	\$ 140 Million
<i>Carpool Lane Connectors</i>	\$ 90 Million
<i>Total Freeway Projects Cost</i>	\$ 1,440 Million
<b>Freeway Projects Measure "I" Revenue</b>	<b>\$ 1,311 Million</b>
State and Federal Revenues	\$ 129 Million
<b>Total Freeway Projects Revenues</b>	<b>\$ 1,440 Million</b>

**SCHEDULE D2**

**San Bernardino Valley Expenditure Plan Freeway Interchange Projects Detail**

<b>Freeway Interchange Projects</b>	<b>Amount</b>
<i>Improvements including but not limited to:</i>	
<i>I-10 Interchanges at Monte Vista, Grove/Fourth St, Vineyard, Cherry, Citrus, Cedar, Riverside, Mt. Vernon, Tippecanoe, Mountain View, California, Alabama, Wabash, Live Oak Canyon, Wildwood Canyon</i>	
<i>I-15 Interchanges at 6<sup>th</sup> St/Arrow, Baseline, Duncan Canyon, Sierra</i>	
<i>SR-60 Interchanges at Ramona, Central, Mountain, Grove, Vineyard</i>	
<i>I-215 Interchanges at University Parkway and Palm</i>	
<i>SR-30/210 Interchanges at Waterman, Del Rosa, Highland, 5<sup>th</sup> St, and Baseline</i>	
<b>Freeway Interchange Projects Measure "I" Revenue</b>	<b>\$ 497 Million</b>
State and Federal Revenues	\$ 32 Million
Contribution from New Development	<u>\$ 333 Million</u>
Total Interchange Projects Revenues	\$ 862 Million

**SCHEDULE D3**

**San Bernardino Valley Expenditure Plan Major Street Projects Detail**

<b>Major Street Projects</b>	<b>Amount</b>
<i>Improvements to major streets that connect communities, serve major destinations, and provide freeway access, such as but not limited to:</i>	
<i>Edison, Pine, Central, Mountain, Grove</i>	
<i>Foothill/Fifth, Baseline, Valley, Slover, Jurupa</i>	
<i>Tippecanoe, Anderson, University, Palm</i>	
<i>Lugonia, Barton, improvements to relieve traffic on Yucaipa Blvd</i>	
<i>Railroad Crossing Improvements, such as but not limited to Milliken and Hunts Ln</i>	
<b>Major Street Projects Measure "I" Revenue</b>	<b>\$ 814 Million</b>
State and Federal Revenues	\$ 82 Million
Contribution from New Development	<u>\$ 444 Million</u>
Total Major Street Projects Revenues	\$ 1,340 Million

**SCHEDULE D4**

**San Bernardino Valley Expenditure Plan Local Street Projects Detail**

<u>Local Street Projects</u>	<u>Amount</u>
<i>Distribution to cities and County for street repair and improvements</i>	
<b>Local Street Projects Measure "I" Revenue</b>	<b>\$ 904 Million</b>
State and Federal Revenues	<u>\$ 187 Million</u>
Total Local Street Projects Revenues	<b>\$ 1,091 Million</b>

**SCHEDULE D5**

**San Bernardino Valley Expenditure Plan Metrolink/Rail Service Detail**

<u>Metrolink/Rail Service</u>	<u>Amount</u>
<i>Contributions to the following projects:</i>	
<i>Metrolink</i>	
<i>Redlands Extension</i>	
<i>Gold Line Extension</i>	
<b>Metrolink/Rail Service Measure "I" Revenue</b>	<b>\$ 362 Million</b>
State and Federal Revenues	<u>\$ 330 Million</u>
Total Metrolink/Rail Service Revenues	<b>\$ 692 Million</b>

**SCHEDULE D6**

**San Bernardino Valley Expenditure Plan Express Bus/Bus Rapid Transit Service Detail**

<u>Express Bus/Bus Rapid Transit Service</u>	<u>Amount</u>
<b>Express Bus/Bus Rapid Transit Service Measure "I" Revenue</b>	<b>\$ 180 Million</b>
State and Federal Revenues	<u>\$ 121 Million</u>
Total Express Bus/Bus Rapid Transit Service Revenues	<b>\$ 301 Million</b>



**SCHEDULE E**

**Victor Valley Subarea Expenditure Plan**

<b>Project Category</b>	<b>Measure "I" Percentage</b>	<b>Amount</b>
Local Street Projects	70%	\$ 596 Million
Major Local Highway Projects	25%	\$ 213 Million
Senior and Disabled Transit Service	5%	<u>\$ 43 Million</u>
<b>Total Victor Valley Subarea Measure "I" Revenue</b>	<b>100%</b>	<b>\$852 Million</b>
<hr/>		
<b>Victor Valley Expenditure Plan Detail</b>		
<b>Local Street Projects</b>		
<i>Distribution to cities and County for street repair and improvements</i>		
<i>New construction to relieve Bear Valley Rd, Rancho Rd, new east/west roadways</i>		
<b>Local Street Projects Measure "I" Revenue</b>		<b>\$ 596 Million</b>
State and Federal Revenues		\$ 39 Million
Contribution from New Development, Major Streets		<u>\$ 281 Million</u>
Total Local Street Projects Revenues		\$ 916 Million
<hr/>		
<b>Major Local Highway Projects</b>		
<i>Contributions to Projects including but not limited to:</i>		
<i>New Interchanges at I-15 and Rancho, Eucalyptus, LaMesa/Nisqualli</i>		
<i>High Desert Corridor</i>		
<i>I-15 Widening through Victor Valley</i>		
<i>SR-138 Widening and Improvements</i>		
<i>US-395 Widening and Improvements</i>		
<b>Major Local Highway Projects Measure "I" Revenue</b>		<b>\$ 213 Million</b>
State and Federal Revenues		\$ 112 Million
Contribution from New Development, Freeway Interchanges		<u>\$ 88 Million</u>
Total Major Local Highway Projects Revenues		\$ 413 Million
<hr/>		
<b>Senior and Disabled Transit Service</b>		<b>\$ 43 Million</b>

**SCHEDULE F**

**North Desert Subarea Expenditure Plan**

<b>Project Category</b>	<b>Measure "I" Percentage</b>	<b>Amount</b>
Local Street Projects	70%	\$ 66 Million
Major Local Highway Projects	25%	\$ 24 Million
Senior and Disabled Transit Service	5%	<u>\$ 5 Million</u>
<b>Total North Desert Subarea Measure "I" Revenue</b>	<b>100%</b>	<b>\$ 95 Million</b>
<hr/>		
<b>North Desert Expenditure Plan Detail</b>		
<b>Local Street Projects</b>		
<i>Distribution to cities and County for street repair and improvements</i>		
<i>Improvements <b>including but not limited to</b> Lenwood Rd, Armory Rd, Rimrock Rd and Main St</i>		
<b>Local Street Projects Measure "I" Revenue</b>		<b>\$ 66 Million</b>
State and Federal Revenues		<u>\$ 2 Million</u>
Total Local Street Projects Revenues		<u>\$ 68 Million</u>
<hr/>		
<b>Major Local Highway Projects</b>		<b>\$ 24 Million</b>
<i>Contributions to Projects <b>including but not limited to:</b></i>		
<i>SR-58 Widening and Improvements</i>		
<i>US-395 Widening and Improvements</i>		
<i>Lenwood Rd and Vista Rd Grade Separations in Barstow</i>		
<hr/>		
<b>Senior and Disabled Transit Service</b>		<b>\$ 5 Million</b>

**SCHEDULE G**

**Mountains Subarea Expenditure Plan**

<b>Project Category</b>	<b>Measure "I" Percentage</b>	<b>Amount</b>
Local Street Projects	70%	\$ 83 Million
Major Local Highway Projects	25%	\$ 30 Million
Senior and Disabled Transit Service	5%	<u>\$ 6 Million</u>
<b>Total Mountains Subarea Measure "I" Revenue</b>	<b>100%</b>	<b>\$119 Million</b>
<hr/>		
<b>Mountains Expenditure Plan Detail</b>		
<hr/>		
<b>Local Street Projects</b>		
<i>Distribution to cities and County for street repair and improvements</i>		
<b>Local Street Projects Measure "I" Revenue</b>		<b>\$ 83 Million</b>
State and Federal Revenues		<u>\$ 5 Million</u>
Total Local Street Projects Revenues		\$ 88 Million
<hr/>		
<b>Major Local Highway Projects</b>		<b>\$ 30 Million</b>
<i>Contributions to Projects <b>including but not limited to:</b></i>		
<i>SR-18 &amp; SR-38 Safety and Traffic Flow Improvements</i>		
<i>SR-330 Safety and Traffic Flow Improvements</i>		
<i>SR-138 Safety and Intersection Improvements</i>		
<i>SR-18 Safety and Intersection Improvements</i>		
<i>Realignment and Rehabilitation of Daley Canyon Rd and Kuffel Canyon Rd</i>		
<hr/>		
<b>Senior and Disabled Transit Service (5%)</b>		<b>\$ 6 Million</b>

**SCHEDULE H**

**Morongo Basin Subarea Expenditure Plan**

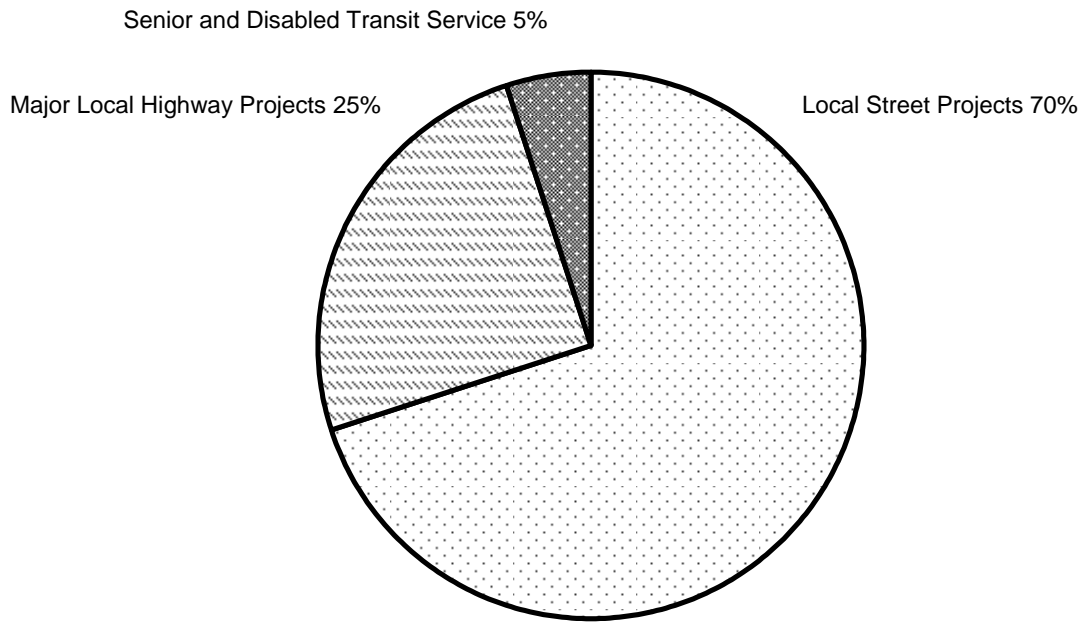
<b>Project Category</b>	<b>Measure "I" Percentage</b>	<b>Amount</b>
Local Street Projects	70%	\$ 88 Million
Major Local Highway Projects	25%	\$ 31 Million
Senior and Disabled Transit Service	5%	<u>\$ 6 Million</u>
<b>Total Morongo Basin Subarea Measure "I" Revenue</b>	<b>100%</b>	<b>\$ 125 Million</b>
<hr/>		
<b>Morongo Basin Expenditure Plan Detail</b>		
<hr/>		
<b>Local Street Projects</b>		
<i>Distribution to cities and County for street repair and improvements</i>		
<b>Local Street Projects Measure "I" Revenue</b>		<b>\$ 88 Million</b>
State and Federal Revenues		<u>\$ 5 Million</u>
Total Local Street Projects Revenues		\$ 93 Million
<hr/>		
<b>Major Local Highway Projects</b>		<b>\$ 31 Million</b>
<i>Contributions to Projects <b>including but not limited to:</b></i>		
<i>SR-62 &amp; SR-247 Widening and Safety Improvements</i>		
<i>SR-62 Widening and Safety Improvements between the Morongo Basin and the Coachella Valley</i>		
<hr/>		
<b>Senior and Disabled Transit Service</b>		<b>\$ 6 Million</b>

**SCHEDULE I**

**Colorado River Subarea Expenditure Plan**

<b>Project Category</b>	<b>Measure "I" Percentage</b>	<b>Amount</b>
Local Street Projects	70%	\$ 41 Million
Major Local Highway Projects	25%	\$ 15 Million
Senior and Disabled Transit Service	5%	<u>\$ 3 Million</u>
<b>Total Colorado River Subarea Measure "I" Revenue</b>	<b>100%</b>	<b>\$ 59 Million</b>
<hr/>		
<b>Colorado River Expenditure Plan Detail</b>		
<hr/>		
<b>Local Street Projects</b>		
<i>Distribution to cities and County for street repair and improvements</i>		
<b>Local Street Projects Measure "I" Revenue</b>		<b>\$ 41 Million</b>
State and Federal Revenues		<u>\$ 2 Million</u>
Total Local Street Projects Revenues		\$ 43 Million
<hr/>		
<b>Major Local Highway Projects</b>		<b>\$ 15 Million</b>
<i>Contributions to Projects <b>including but not limited to:</b></i>		
<i>Needles Highway Widening and Realignment from I-40 to the Nevada State Line</i>		
<i>Reconstruction of J Street and Construction of new Bridge in Needles connecting I-40 to Arizona</i>		
<hr/>		
<b>Senior and Disabled Transit Service (5%)</b>		<b>\$ 3 Million</b>

**FIGURE J**  
**Mountain/Desert Expenditure Plan**



## Exhibit B

### Independent Taxpayer Oversight Committee (ITOC)

**ITOC Goal and Function.** Voter approval of this Measure “I” shall result in creation of an Independent Taxpayer and Oversight Committee (ITOC) as follows:

The ITOC shall provide citizen review to ensure that all Measure “I” funds are spent by the San Bernardino County Transportation Authority (hereby referred to as the Authority) in accordance with provisions of the Expenditure Plan and Ordinance No. 04-01.

**Audit Requirement.** A bi-annual fiscal and compliance audit shall be performed in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The audit shall review the basic financial statements of the San Bernardino County Transportation Authority as defined by the Governmental Accounting Standard Board and the financial and compliance audits of the member jurisdictions.

**Role of Financial and Compliance Audit and the ITOC.** The ITOC shall review the annual audits of the Authority; report findings based on the audits to the Authority; and recommend any additional audits for consideration which the ITOC believes may improve the financial operation and integrity of program implementation.

The Authority shall hold a publicly noticed meeting, which may or may not be included on the agenda of a regularly scheduled Board meeting, with the participation of the ITOC to consider the findings and recommendations of the audits.

**Membership and Selection Process.** The Authority shall have an open process to select five committee members, which shall include solicitation of trade and other organizations to suggest potential nominees to the committee. The committee members shall possess the following credentials:

- One member who is a professional in the field of municipal audit, finance and/or budgeting with a minimum of five years in a relevant and senior decision-making position in the public or private sector.
- One member who is a licensed civil engineer or trained transportation planner with at least five years of demonstrated experience in the fields of transportation and/or urban design in government and/or the private sector. No member shall be a recipient or sub-recipient of Measure “I” funding.
- One member who is a current or retired manager of a major publicly financed development or construction project, who by training and experience would understand the complexity, costs and implementation issues in building large scale transportation improvements.
- One member who is a current or retired manager of a major privately financed development or construction project, who by training and experience would understand the complexity, costs and implementation issues in building large scale transportation improvements.
- One public member, who possesses the knowledge and skills which will be helpful to the work of the ITOC.
- The Chair and the Executive Director of the Authority shall serve as ex-officio members of the ITOC.

**Terms and Conditions for Committees.** Committee members shall serve staggered four-year terms. In no case shall any voting committee member serve more than eight years on the ITOC.

- Committee members shall serve without compensation, except they shall be reimbursed for authorized travel and other expenses directly related to the work of the ITOC.
- Committee members cannot be a current local elected official in the county or a full time staff member of any city, the county government, local transit operator, or state transportation agency.
- Non-voting ex-officio committee members shall serve only as long as they remain incumbents in their respective positions and shall be automatically replaced by their successors in those positions.
- If and when vacancies on the ITOC occur on the part of voting committee members, either due to expiration of term, death or resignation the nominating body for that committee shall nominate an appropriate replacement within 90 days of the vacancy to fill the remainder of the term.

### **ITOC Operation Protocols.**

- Given the thirty-year duration of the tax extension, the ITOC shall be appointed 180 days after the effective date of the tax extension (April 1, 2010) and continue as long as Measure "I" revenues are collected.
- Authority Board of Directors and staff shall fully cooperate with and provide necessary support to ensure the ITOC successfully carries out its duties and obligations.

**Conflict of Interest.** ITOC voting members shall have no legal action pending against the Authority or San Bernardino Associated Governments and are prohibited from acting in any commercial activity directly or indirectly involving the Authority or San Bernardino Associated Governments, such as being a consultant during their tenure on the ITOC. ITOC voting members shall not have direct commercial interest or employment with any public or private entity, which receives the transportation tax funds authorized by the voters in this Ordinance.

## **Exhibit C**

### **Measure "I" Local Transportation Improvement Program**

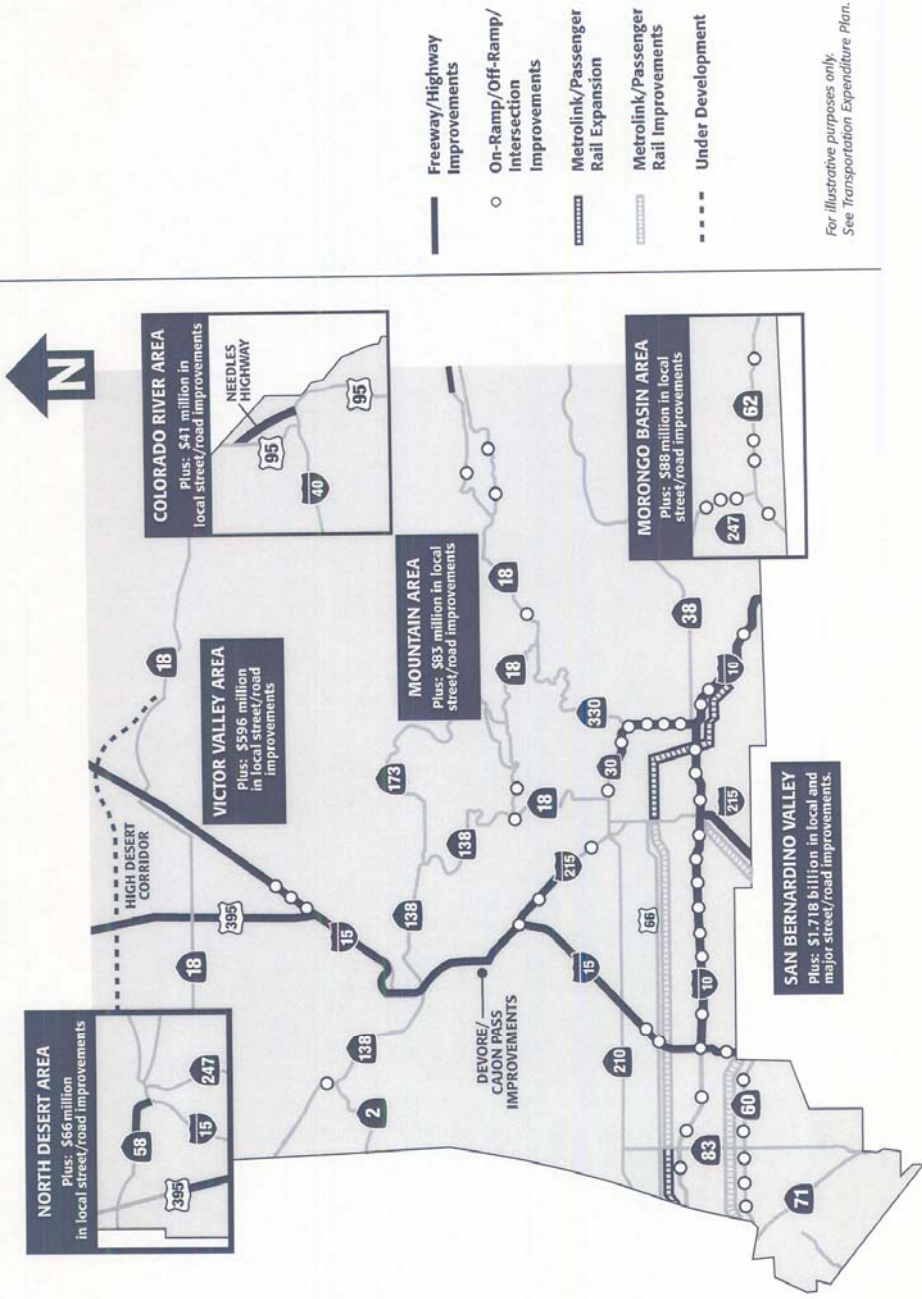
To relieve traffic congestion, improve safety and match state/federal transportation funds for:

- Widening/improving I-10, I-15, I-210, I-215, SR-60, SR-62, SR-18, US-395;
- Improving freeway interchanges countywide;
- Improving local streets and roads;
- Expanding transit for seniors and disabled riders; and
- Expanding Metrolink commuter rail;

Shall San Bernardino County voters continue the existing half-cent transportation sales tax (Ordinance 04-01) for thirty years and create an Independent Taxpayer Oversight Committee to insure all voter mandates are met?



# Measure I – New Transportation Projects



For illustrative purposes only.  
See Transportation Expenditure Plan.

# **APPENDIX B**

# **OVERVIEW OF STATE AND FEDERAL FUNDING FOR TRANSPORTATION PROJECTS**

Appendix B provides a brief overview of the sources and uses of State and federal transportation funding as they are known at this time. Figure B-1 provides a flowchart showing the many elements involved in funding transportation projects in California.

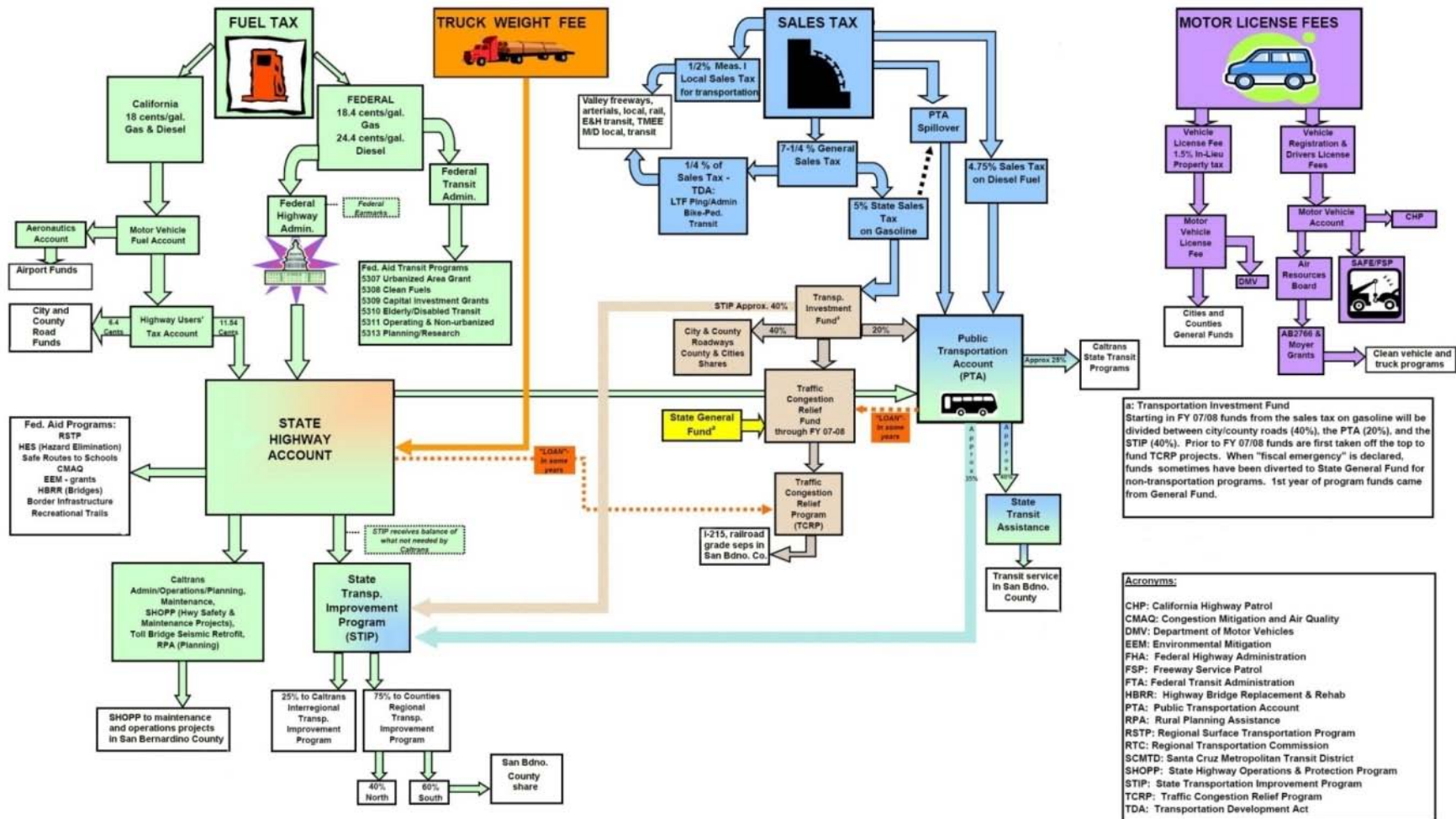
### B.1. State Funding Background

One of the principal sources of transportation funding, at both the state and federal level, is the fuel tax. The State Highway Account is fed by both state and federal fuel taxes. Currently, the state fuel tax in California is 18 cents per gallon. The 18 cents per gallon of state gas tax flows into the Motor Vehicle Fuel Account and approximately 6 cents of the 18 cent tax funds aeronautics. The remainder flows into the Highway Users Tax Account, a portion of which represents the local gas tax subvention (direct pass-through to local jurisdictions) and a portion of which flows into the State Highway Account. While California's fuel tax is 18 cents per gallon, the tax has not been increased since 1990. As a result the fuel tax has lost roughly 40% of its purchasing power as a result of inflation.

Historically, the State Highway Account has been a primary source of funding for the State Transportation Improvement Program (STIP). The first funding priority in the State Highway Account is to support Caltrans and the State Highway Operation and Preservation Program (SHOPP), the program that is operating and maintaining the state highway system. Any excess of funding in the State Highway Account then flows into the STIP for programming on projects designed to provide new highway capacity. Today, the SHOPP consumes virtually all of the available funds in the State Highway Account, yet the SHOPP receives only about half of the needed funding for maintenance and operational improvements to the highway system. Less than 10 years ago the SHOPP was fully funded and new programming capacity was available for STIP projects from the State Highway Account. While the state has taken a more aggressive role in the maintenance and operation of the highway system than it did in the past, resulting in the larger percentage of unfunded SHOPP projects, it is clear that current state funding levels are inadequate to maintain and operate the highway system, much less expand it using the fuel tax.

Until 1997 the STIP was controlled principally by Caltrans. Regional agencies, such as SANBAG, had the authority to prepare a recommendation to the California Transportation Commission (CTC) for how STIP dollars should be spent. Caltrans prepared a similar recommendation to the CTC. Typically, Caltrans and SANBAG were able to come to an agreement on how the money should be spent, and the CTC would generally approve it. This process was changed by SB 45 in 1997. SB 45 stated that the STIP would be split, with 75% going to regions and 25% to Caltrans. The 75% is called the Regional Improvement Program (RIP), and the 25% is called the Inter-regional Improvement Program (IIP). The 75% was further divided so that 40% would be committed to Northern California and 60% would be committed to Southern California.

**Figure B-1**  
**Transportation Funding in California - Overview**



San Bernardino County currently receives 4.6% of the total available RIP funds, 6.2% of the Southern California regional share, which is calculated based on the county's relative share of population and road miles.

SANBAG is provided its STIP estimate biennially. Based on the STIP estimate, SANBAG prepares a programming recommendation that is submitted to the CTC for approval. The CTC may approve the recommendation in its entirety or vote it down. The Commission cannot selectively approve or disapprove individual projects. The CTC does have the latitude to move recommended amounts of funding around based on projected revenue availability.

Of the 25% of the STIP that is spent at the discretion of Caltrans, 60% is to be spent outside designated urban areas and 40% is to be allocated to intercity rail and to projects that are largely at the discretion of the CTC. In San Bernardino County the only urbanized area in 1997 was the Valley. But with the federal census in 2000, the Victor Valley became a formally designated urbanized area. This means that Caltrans IIP funds can typically no longer be spent there. Thus, Caltrans no longer has responsibility for funding state highways in either the Valley or the urbanized area of the Victor Valley. The CTC expects SANBAG to commit RIP funds to capacity-increasing projects in those areas. However, there are specific examples of IIP funds being spent on state highways in urbanized areas in some instances.

During a time of budget surplus in California, Governor Gray Davis established the Traffic Congestion Relief Program (TCRP) in 1999-2000 with the purpose of providing congestion relief, the safe and efficient movement of goods and better connections between various modes of travel. Ultimately, the TCRP program was met with limited success, as the funding was erratic due to State budget problems beginning in 2001. While TCRP as a program was only minimally successful, the program established a precedent for the use of sales tax on gasoline to fund transportation improvement projects, instead of treating it as a state general fund revenue source.

Based on the precedent established under the TCRP, Proposition 42 was a ballot initiative approved by the voters of California in 2002 that required the of gasoline sales tax to be used for transportation improvements. Proposition 42 committed 40% of the money to cities and counties, 40% to the STIP, and 20% to public transit. However, Proposition 42 allowed the State to divert the gasoline sales tax into the general fund, instead of funding transportation projects during a financial crisis. During the first four years following the passage of Proposition 42, the funding was made available to transportation projects in two out of the four years. The inconsistency in which Proposition 42 revenue became available to transportation projects led many in the transportation industry to call for additional safeguards to the revenue stream. In 2006, Proposition 1A passed, and limits the number of times that diversion of gasoline sales tax revenue can occur. Proposition 1A allows for the gasoline sales tax revenue to be diverted into the State General Fund in times of financial distress, but limits the number of occurrences to 2 years out of 10. Additionally, the State is required to repay the borrowed funds, including interest, within 3 years and cannot borrow the second time until the first loan is repaid.

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Finally, 1/4 cent of the state sales tax is also a principal source of funding for transportation through the Transportation Development Act (TDA). TDA funds may be used for transit operating or capital purposes, but are not eligible for use on non-transit related highway or local street and road improvements.

If not for voter approval of Propositions 42, 1B and Tribal Gaming compacts, there would be no designated revenue source to fund the STIP. As vehicle fuel efficiency increases, the purchasing power of the fuel tax erodes, additional revenue streams for transportation improvements will continue to be evaluated.

## B.2. Federal Funding Background

Federal excise tax rates are 18.4 cents per gallon for gasoline and 24.4 cents per gallon for diesel fuel. In addition, federal excise taxes are collected on tires, large trucks, trailers, and trucks pay the annual federal heavy vehicle use tax. Sales-weighted average state fuel tax rates in 2004 were 19.2 cents per gallon for gasoline and 20.0 cents per gallon for diesel fuel. The highway user taxes collected by the federal government are deposited in the Federal Highway Trust Fund (divided between a highway account and a mass transit account), and payments to states are withdrawn from the fund. The Highway Trust Fund is a bookkeeping device to make apparent the relation of user fee collections to spending. Authorizations in the surface transportation acts are limited by the balance in the fund and the projected deposits from user tax revenues.

Periodic federal surface transportation acts provide multiyear funding authorizations for federal highway and mass transportation capital grant programs. The federal surface transportation acts also set program rules and highway user taxes. Federal rules include standards with regard to design, maintenance, and safety for projects making use of federal aid. The three most recent federal surface transportation acts are the Intermodal Surface Transportation Efficiency Act (ISTEA), TEA-21 and SAFETEA-LU. The landmark component of the recent set of transportation acts occurred with ISTEA, which introduced Surface Transportation Program (STP) and Congestion Mitigation Air Quality (CMAQ) Improvement Program. STP is a flexible funding source that may be used by States and localities for projects on any Federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, and intra-city and intercity bus terminals and facilities. CMAQ, on the other hand, is provided to non-attainment air basins for surface transportation and other related projects that contribute to air quality improvements and reduce congestion. The Clean Air Act amendments, ISTEA and the CMAQ program together were intended to realign the focus of transportation planning toward a more inclusive, environmentally-sensitive, and multimodal approach to addressing transportation problems. Both programs require local jurisdictions to provide a match to the federal funding that varies between 10% and 20%, depending on the program.

The amounts authorized for each year in the surface transportation act are distributed annually to the states. Most funds are apportioned according to formulas specified in the act, within categorical programs. Apportionment formulas include such factors as each

state's shares of highway lane miles, vehicle miles of travel, and Highway Trust Fund revenue collections. The surface transportation acts provide contract authority, that is, state spending that incurs a federal obligation may take place as soon as funds are apportioned each year. This is in contrast to most federal programs, in which amounts authorized may not be used until Congress enacts a second law appropriating funds to pay for authorized spending. The Federal Transit Administration (FTA) manages a number of grant programs for transit capital projects and for operations/maintenance. An important FTA program to consider for Measure I transit capital projects is the Section 5309 New Starts and Small Starts program. Projects become candidates for funding under this program by successfully completing the appropriate steps in the major capital investment planning and project development process. Small Starts projects include those with FTA grants up to \$75 million. New Starts are those with FTA capital investments greater than \$75 million.

### B.3. Background on Toll-Based and Other Revenue Sources

Alternative financing strategies are being increasingly considered to fill the gap in public funding for transportation. Prior to the late 1980s, the State of California did not utilize toll based funding to the same extent as some other states in the U.S. Tolls were primarily limited to bridges, but not highways. In the late 1980s, two pieces of legislation were passed enabling toll road construction in California. In 1987, SB 1413 was approved and granted the Orange County Transportation Corridor Agencies the approval to construct three new roads as toll facilities. The three toll facilities constructed under this legislative authority are the SR-73, SR-241 and SR-261.

In 1989, Assembly Bill 680 was passed by the California State Assembly authorizing Caltrans to enter into negotiations with private transportation companies to construct privately owned and operated transportation projects in up to four regions of the state as pilot projects. While four projects were approved through the legislation, only the SR-91 Express Lanes in Orange County and the SR-125 toll road in San Diego County were constructed.

Tolling authority in California continues to be permitted on a case-by-case basis, but tolling has progressed to the point in California that a number of metropolitan areas are incorporating them into their regional transportation plans. The Metropolitan Transportation Commission and Los Angeles County Metropolitan Transportation Authority (MTA) are currently studying the development of regional High Occupancy Toll (HOT) networks. San Diego Association Governments is expanding its I-15 HOT (High Occupancy Toll) project and has incorporated the construction of several additional HOT projects into its reauthorized sales tax measure TransNet. Riverside County Transportation Commission has completed feasibility studies on the creation of HOT lanes on several of its key freeways and has legislative authority to proceed further on HOT lanes for I-15. SANBAG is currently conducting an Alternative Financing Study to evaluate the potential for HOT lanes in San Bernardino County.

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Another potential source of transportation funding that has been mentioned in California over the past several years are fees levied on containers passing through the ports of California. The fees would be assessed on containers to provide additional transportation infrastructure and community impact mitigation required due to federal government trade policy. The California State Legislature voted to approve the imposition of container fees in the State of California through SB 974 (2008). However, the legislation was vetoed by Governor Schwarzenegger.

Measure I incorporates any number of goods movement related projects, including freeway, interchange and grade separation projects. The creation of a container fee program could represent a significant infusion of transportation funding to the region.



# **APPENDIX C**

## **STATE AND FEDERAL FUNDING ASSUMPTIONS FOR THE VALLEY FREEWAY PROGRAM**

A background on State and federal funding was provided in Section II. This appendix focuses on how State and federal funds were estimated for cash flow analyses of Measure I Valley programs. In general, all of the State and federal revenue estimates are based on maintaining the status quo of current State and federal programs.

The State and federal revenues estimated in the Strategic Plan are those funds which are programmed directly through SANBAG, principally STP, CMAQ and STIP. As discussed in Section II, the future of State and federal funding is uncertain. Consequently, it was not necessary that an overly scientific methodology be used in forecasting fund availability. The transit funding process is most complex, with sources derived from a broader set of State and federal programs than for highways, and heavy emphasis on operations and maintenance. Operations and maintenance for highways is not addressed in the Strategic Plan, given that this responsibility falls to the facility owners – Caltrans in the case of state highways, and cities and the County in the case of local streets and roads.

The basic State and federal funding assumptions for the Valley portion of the Strategic Plan are listed in Table C-1. SANBAG is not required to allocate percentage shares of State and federal funding as it does for Measure I. Details of revenue estimated to be available for each Valley program are provided in individual sections. All estimates are provided in 2007 dollars, the most recent year for which historical data are available. Financial analyses of most individual Valley programs were conducted using escalated dollars, taking into account the projected rates of inflation in both revenues and costs.

The overall simplifying assumption for estimating State and federal revenue for the Valley was that funding will be available at approximately the same annual rate as was experienced in 2007 for the three key programs. New federal transportation acts are assumed to be authorized at the same level as SAFETEA-LU. Special funding initiatives, such as Proposition 1B bonds, are assumed to be included within, not in addition to, these estimates. This adds a degree of conservatism to the estimates. One additional conservative assumption is that State and federal revenues are escalated in subsequent cash-flow analyses at 1.8% per year, while Measure I sales tax revenue is escalated at 3.8% per year and project costs are escalated at 5.0% per year. This further adds to the conservatism, given that it builds in the assumption of the eroding buying power of State and federal dollars over time – the same trend that has existed over the last 40+ years. The 3.8% Measure I escalation factor represents the effect of inflation in retail sales. Growth in population, which generates additional sales, is considered separately in the revenue estimates for each program.

Table C-1 shows the known allocation of STP, CMAQ, and STIP funds to SANBAG for 2007, assumptions for future years, and estimated annual and 30-year estimates for Measure I highway projects in the Valley. STP funds are estimated directly from the 2007 STP history in the Valley, with no additional factoring. CMAQ funds for highways must factor out those dollars expected to be used for transit, ridesharing, traffic systems, and other eligible uses. In addition, CMAQ funding to San Bernardino County has been assumed to drop by 50% in 2020 as new metropolitan areas are added to the list of areas in non-attainment for air quality. Transit funding is assumed to be maintained at current levels in this scenario, even beyond 2020, and highway

CMAQ funding is cut back to fit within the reduced allocation. Finally, the Regional Improvement Program (RIP) portion of the STIP is assumed to continue at current levels. Although there is no geographic formula split for STIP funds, the Valley is assumed to receive 75% of those funds over the life of the Measure. This is roughly the same as the percentage of Measure I 2010-2040 sales tax dollars estimated for the Valley over the life of the Measure. However, the SANBAG Board retains flexibility to allocate STIP funds to specific projects, regardless of geographic area.

**Table C-1. Summary of Assumptions and Funding Estimates for STP, CMAQ and STIP for the Valley Subarea**

Revenue Source	2007 \$	Assumptions for Future Years	Estimate of dollars available for Valley highways (\$2007)	Estimate of dollars for Valley highways over 30 years	Comments
STP	13,930,984	Assumed Program is authorized at same level in new Act	13,930,984	\$432 million	LA-Long Beach and SBD-Riverside Urbanized Areas only
CMAQ	21,009,891	Assumed Program is authorized at same level in new Act; Assumed \$6M per year for transit (unless otherwise shown on Transit/Rail cash flow), \$1.5M per year for Rideshare, \$1M per year for Signal Program; Assumed CMAQ funds drop by 1/2 in 2020 (RTP assumption)	12,509,891 down to 2,004,945 in 2020	\$145 million	South Coast Air Basin only
STIP-RIP	30,420,000	Assume County share stays the same; Assume 25% for Mountain/Desert	22,815,000	\$707 million	TIF only; represents cash available in TIF, not programming capacity

**TOTAL                      \$1.28 billion**