

REPORT TO SHASTA COUNTY RTPA

SUBJECT	MEETING DATE	ITEM NUMBER
Consider Scheduling A Workshop in April, 2005, to Assess the Feasibility of Implementing A Countywide Sales Tax Measure For Transportation	12-14-04	9

RECOMMENDATION

It is recommended that the Agency consider conducting a workshop in April, 2005, to assess the future of transportation funding in Shasta County and the feasibility of starting the process to create a Countywide sales tax measure earmarked for transportation purposes.

SUMMARY

Recent events have heightened the need to generate local revenues for transportation needs. Conducting a workshop to examine funding issues and assess stakeholder interest is the first step in this process.

DISCUSSION

Several recent factors have occurred to diminish the possibility that State and or Federal resources will be adequate to meet our transportation needs in the future. The abysmal condition of State of California finances indicates that there is a very small chance of additional revenues flowing into the State Highway account and eventually to Shasta County for either maintenance or capital projects. As you are aware, the State has been running a series of budget deficits and, in fact, has borrowed more than \$5.5 million from revenues otherwise earmarked for transportation in Shasta County. As a result of this and other factors, such as higher mileage vehicles and some vehicles not using gasoline at all, the prospects of increased revenues from gas tax flowing to local agencies is remote. As a result, if this region is serious about solving its transportation problems, it needs to start working now on developing additional sources of revenue.

There does not appear to be much hope from Washington to solve our transportation problems. The 108th Congress did not complete their work leading to a new six-year reauthorization of the transportation bill. That task will be left to the 109th Congress. As of this writing, Washington watchers are predicting no better than status quo funding flowing from a new Federal Highway bill, whenever it is enacted.

Finally, the recent November election saw the passage of seven of ten sales tax measures on ballots statewide. Those that did not pass were in counties with identified opposition to a sales tax increase and/or no consensus supporting the enactment of the increase in taxes. Eighty percent of California's population now lives within "self-help" counties. As a result of so many local sales tax measures passing, there will be much less pressure upon the California State Legislature to generate additional transportation revenues or to reduce the threshold from 2/3 to implement such a measure. This situation has made it easy for the State to look to the locals to solve transportation problems.

Additionally, those regions that have local revenues available, such as sales tax measures, are able to advance projects currently programmed in the STIP, with a funding mechanism where they are guaranteed reimbursement when the STIP has adequate resources. Although Shasta County may get projects budgeted or

programmed in the STIP, the likelihood of actually receiving an allocation (the actual cash) is becoming slimmer and slimmer. Inasmuch as growth continues to occur in Shasta County, it is predicted that traffic congestion will worsen, even with the sales tax measure.

The process to implement a countywide sales tax measure for transportation would require that an authority or agency develop and administer an expenditure plan for programs and improvements to be placed on the ballot. This agency could be an existing countywide agency, such as the Board of Supervisors or the RTPA, or a newly created entity. Alternatively, individual cities and/or the County could go it alone

This countywide ballot measure requires approval by the Shasta County Board of Supervisors, the City of Redding and one of the other two cities to be placed on the ballot.

Then a campaign would need to be financed. Obviously, the RTPA is precluded from lobbying or otherwise actively advocating for this measure. The private sector would need to step up to fund a campaign necessary to tell the story of why taxpayers should pay more for transportation.

The role of this Agency in this process is one of a catalyst to energize the process. If there isn't a groundswell of support at this workshop or if a prominent group of individuals or organizations do not volunteer to push such an initiative it is probably not the right time to pursue this idea any further at this time. If a sales tax measure is well received by the public at this workshop then it will be up to them to take the next steps.

It is proposed that staff will prepare a mailing list of potential invitees to present to the Agency at the February meeting for their discussion and revision. It is our intentions to be as inclusive as possible and to include as many varied private interests as possible. At that time an agenda would also be prepared for review and comment by Agency members.

Even if support for a sales tax measure is not evident, there is still value in making all public and private stakeholders aware of transportation funding conditions compared to local needs.

ALTERNATIVES

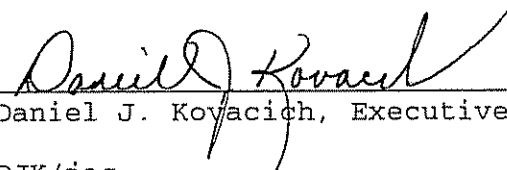
The Agency could choose to not conduct a workshop. This is not recommended because these problems are not going away and they should be presented to the public for their input.

OTHER AGENCY INVOLVEMENT

This item was presented to the TAC who concurs with the Staff recommendation.

FINANCING

Adoption of the staff recommendation will have no impact on Agency finances.



Daniel J. Kovacich, Executive Officer

DJK/jac