



County of Sonoma Agenda Item Summary Report

Clerk of the Board
575 Administration Drive
Santa Rosa, CA 95403

Agenda Item Number: 27
(This Section for use by Clerk of the Board Only.)

To: Board of Supervisors

Board Agenda Date: July 29, 2014

Vote Requirement: Majority

Department or Agency Name(s): County Administrator and Transportation and Public Works

Staff Name and Phone Number:

Veronica Ferguson, 707-565-2431
Susan Klassen, 707-565-2231

Supervisorial District(s):

All

Title: Financing Plan for the Implementation of the Long-Term Roads Plan and Consideration of Transactions and Use Tax Ordinances

Recommended Actions:

1. Receive Financing Plan for Implementation of the Long-term Roads Plan, including a total \$40 million annual investment in the County's Road Network of which \$20 million will be dedicated for pavement preservation.
2. Conduct a public hearing to consider whether to adopt one of two tax ordinances: (1) an ordinance imposing a general countywide transactions and use tax, or (2) an ordinance imposing a special countywide transactions and use tax to fund road maintenance in the County. If one of the ordinances is adopted, it will be placed on the ballot at the November 4, 2014, election, and will become effective if it is approved by the requisite amount of the voters voting on the measure (a majority for the general tax or two-thirds for the special tax).
3. Adopt a resolution introducing, reading the title of and waiving further reading of the proposed ordinance imposing a general transactions and use tax.
4. Direct staff to draft an advisory measure pursuant to Elections Code Section 9603(a) allowing the voters to voice their opinion on the use of the proposed general tax revenue in a similar manner as proposed in the Sonoma County Road Safety and Improvement Act. The advisory measure will be considered at the August 5, 2014 Board Meeting, where the Board may resolve to place the measure on the November 4, 2014 ballot.
5. Direct staff to work with the Sonoma County Transportation Authority ("SCTA") to develop an Administrative and Oversight Agreement as called for by the advisory measure, and which may be implemented should the advisory measure receive a majority of the vote at the November 4, 2014 election.

Executive Summary:

This item provides the Board of Supervisors with a financing plan to support implementation of the Long-Term Roads Plan, as directed by the Board of Supervisors on June 17, 2014. Through that presentation, the Board of Supervisors reviewed roads needs including corrective maintenance operations and pavement preservation. These two programs call for a \$40 million annual investment in the County's Road Network, including \$20 million dedicated for pavement preservation. This agenda item includes action items necessary to provide additional revenue to reach the total investment goal.

Background

A well maintained road network is vital to economic development. In particular, investment in road infrastructure promotes a healthy economy by creating well-paying construction and engineering jobs, promoting and supporting tourism and recreation, and providing measures of support for agriculture and the environment.

For several years, Sonoma County has prioritized transportation infrastructure, transit, enhancing safety for vehicles, pedestrians, and cyclists, fixing potholes, repairing local roads and streets, and improving the quality of life for County residents to achieve its strategic goal of economic and environmental stewardship. This prioritization stemmed from both recognition of the importance of a well maintained network and the decline of the County's roads.

In August 2013, the Board Chair created the Long-Term Roads Ad Hoc Committee (Supervisors McGuire and Rabbitt) with a charter to improve the quality and safety of the County road system by developing a Long-Term Roads Plan including funding strategies for pavement condition improvements. On June 17, 2014 the Board adopted the Long-Term Roads Plan recommended by the Ad Hoc, which sets a 10 year goal of improving over 50% of the roads maintained by Sonoma County and continuing to address the remaining roads in the following years.

To reach this goal, the County will need to repair approximately 700 miles of road in the coming 10 years, which is in addition to the approximate 150 miles of road currently completed or scheduled for repair work. Funding this ambitious plan requires increasing the County's current investment in its Road network to \$40 million annually primarily from increasing pavement preservation funding to an average of \$20 million per year (estimated current year dollars). Included in Attachment A is a detailed spreadsheet on Roads financing which outlines the dollars currently budgeted, future commitment of additional General Fund (GF) dollars and new sales tax revenue to reach the Board's investment goal.

Staff determined that this level of funding was needed based on an analysis of the existing road network condition and using computer modeling as discussed in the June Roads Ad-Hoc report. The selection of which roads will be improved uses a framework allowing staff to ensure an equal distribution of repair work throughout the County while addressing the most critical needs and investing in preservation to ensure the most efficient use of funds. The Roads Evaluation Framework, shown as a component of the financing plan attachment includes criteria such as average daily miles, pavement condition, bike and transit relevance, and Supervisorial District.

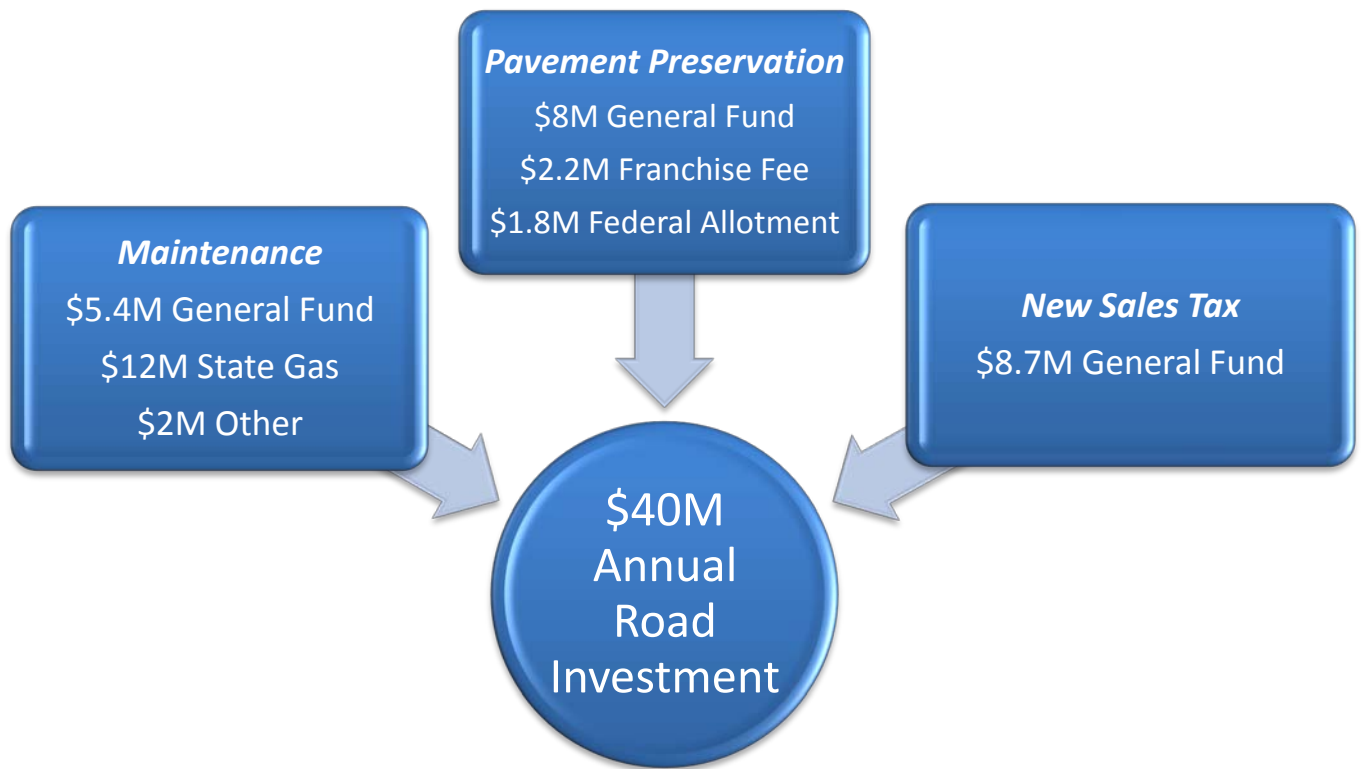
Financing Plan

A detailed financing plan is provided as Attachment A. In fiscal years 12-13, 13-14, and 14-15 the Board of Supervisors dedicated the highest level of funding for County roads infrastructure in recent history. This investment produced a greater amount of road improvements over the course of three years than had been accomplished in the prior three decades. Even with this funding commitment and roads improvements, more local funding is needed to reach \$40 million total investment required for the Ad-Hoc's 10-year goal.

It is important to note that \$8 million each year for the last 3 years within pavement preservation has been provided by one-time funding sources. Thus in order to increase funding in this area to \$20 million annually, the County must find a way to not only continue the \$8 million from an on-going source but also find another on-going source of an additional \$8 million annually. A detailed financing plan shows a recommended approach of dedicating discretionary revenue growth in combination with one-time sources to achieve \$8 million annually, with a projection of using only ongoing revenue growth to maintain this level of investment within 5 years.

In addition to this increased, ongoing commitment of GF, staff analyzed all available new revenue options, which are included as a component in the Financing Plan Attachment. Based on that review, staff recommends a Transaction and Use ("sales") tax to generate approximately \$20 million annually. Because the sales tax revenue will be available for any government purposes, staff also recommends allowing the voters to voice their opinion on the use of the proposed general tax for roads purposes by placing an Advisory Measure on the November 4, 2014 ballot. The Advisory Measure will serve as a guideline for your Board and future Boards' decision as to how to use the revenue. The revenue will continue to be placed in the General Fund and will be treated as General Fund money each year. The Advisory Measure would propose an allocation of the tax revenue among the County and all incorporated cities with the County receiving approximately \$8.7 M annually in new revenue. A summary graphic showing the recommended total investment is provided below as Graphic A.

Graphic A: Recommended Financing for County Road Network



Analysis of Community Support for a Sales Tax Measure

With the assistance of a consultant, staff conducted a survey of likely voters to determine the viability of a local tax measure to supplement ongoing General Fund investments of the Board’s highest priorities. Local sales taxes are commonly used to fund road infrastructure as they capture visitor and tourist economic activity, are broadly dispersed throughout the county and generally are predictable sources of revenue.

The survey identified priority community issues, with road and pot-hole repair and other transit/transportation improvements among the highest priorities. Based on the survey data, the consultant identified strong support for a local sales tax measure, and recommended the County pursue a general purpose sales tax to fund all government purposes, which could include but not be limited to the multiple highest priorities identified in the survey. The consultant also evaluated a special sales tax as an appropriate measure for funding the County’s road network. It was determined that there was stronger support for a general tax.

Recommended Actions

Staff is recommending a general transactions and use tax on the November 4, 2014 ballot, increasing the Transactions and Use tax by ¼ cent, and placing an Advisory Measure on the November 4, 2014 ballot advising that the County and Cities use general tax funds for roads maintenance purposes through a

majority vote. This language would mirror the expenditure plan language related to the Special Tax provided as an alternative to the recommended action and discussed below.

The County anticipates allocating the funds received to the nine cities and the County within Sonoma County based on the Measure M formula, and with the Board's direction, will work with the Sonoma County Transportation Authority (SCTA) to develop a contract placing SCTA as the administering and oversight entity for the sales tax revenue as called for by the advisory measure, and which may be implemented should the advisory measure receive a majority of the vote at the November 4, 2014 election.

Alternative Options

There are several other alternatives available to the Board to finance the desired \$20 million in pavement preservation.

Special Tax: The Board could consider a special sales tax measure of ¼% over twenty years for roads. Because a special tax is for a specific purpose, it would require 2/3 voter approval. Staff has drafted this ordinance which is attached. It creates a Sonoma County Road Safety and Improvement Act as a means to provide a stable and secure funding source directly to local governments in order to improve roadways through maintenance, repair, enhancement and safety measures such as re-paving, pothole filling, bicycle and pedestrian safety and roadway reconstruction. The goal of the measure is to increase the Pavement Condition Index to very good in all of the cities and the County. This will improve driver safety, improve bicycle and pedestrian safety and mobility, reduce accidents, improve traffic flow and reduce maintenance costs to cars and trucks.

Other Revenues: The Board may also wish to identify alternative new revenue options from those included within the financing plan, Attachment A. Many of these would require additional action not available via the agenda item today. However, based on Board direction, staff would further develop financing options.

Education and Outreach: Another alternative is for the Board to take no action to place a measure on the ballot at this time and direct staff to develop and launch an education campaign leading to a ballot measure in one to two years. The education and engagement effort would allow greater refinement of the use of any potential revenue measure. Prior successful sales tax measures, such as for the Agricultural Preservation and Open Space District and for Measure M, in Sonoma County have included robust education efforts prior to a ballot measure coming before the voters.

Prior Board Actions:

6/17/14 Board adopts Long Term Roads Ad Hoc Report and allocates \$3.5 million in General Fund and \$4.5 million in Road Fund Balance to Pavement Preservation Program for FY 14/15

3/25/14: Board approves 2014 Pavement Preservation Program funded with \$9.8 million general fund allocation and receive 2013 Pavement Management Program Update

6/11/13: Board approves Road Ad-Hoc recommendation allocation \$8 million in one-time reserves

10/23/12: Board approves Road Ad Hoc recommendations

6/19/12: Board approves Road Ad Hoc recommendation allocating \$8 million in one-time reserves.

Strategic Plan Alignment Goal 2: Economic and Environmental Stewardship			
A well maintained road network is vital to economic development in the areas of agriculture, recreation and tourism. Investing in transportation infrastructure improves the pavement quality and safety of the County road system for vehicles, transit, and bicycles.			
Fiscal Summary - FY 14-15			
Expenditures		Funding Source(s)	
Budgeted Amount	\$		\$
Add Appropriations Req'd.	\$ 240,000	State/Federal	\$
	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
	\$	Contingencies	\$ 240,000
	\$		\$
Total Expenditure	\$ 240,000	Total Sources	\$ 240,000
Narrative Explanation of Fiscal Impacts (If Required):			
If successful, the proceeds of the sales tax will cover the county for the election costs associated with this measure. If the measure is not successful, the General Fund will be responsible for these costs.			
Staffing Impacts			
Position Title (Payroll Classification)	Monthly Salary Range (A – I Step)	Additions (Number)	Deletions (Number)
Narrative Explanation of Staffing Impacts (If Required):			
Attachments:			
Attachment A: Financing Plan Attachment B: Resolution Introducing and Waiving Reading of General Tax Ordinance Attachment C: Resolution Introducing and Waiving Reading of Special Tax Ordinance Attachment D: Draft General Tax Ordinance Attachment E: Draft Special Tax Ordinance Attachment F: Summary of Proposed Ordinances and Notice of Public Hearing			
Related Items "On File" with the Clerk of the Board:			

Long Term Roads Financing Plan

Introduction

This financing plan provides an overview of the County's road network, an evaluation framework for guiding the selection of roads for improvement, an assessment of various revenue options, and a recommended mix of funding. This financing plan recommends directing a total \$40 million in annual investment in the County's Road Network of which \$20 million will be dedicated for pavement preservation.

Current Status

The poor condition of the Sonoma County road network is decades in the making, and is a function of several critical factors. Among these are declining State and Federal transportation revenues, State funding allocation formulas that disadvantage rural and suburban counties, the recent great recession, and less than adequate local investment in road infrastructure. The concerns over the conditions of the road network in Sonoma County led to a system-wide evaluation of the network.

In fiscal years 12-13, 13-14, and 14-15 the Board of Supervisors dedicated the highest level of funding for County roads infrastructure in recent history. This investment produced a greater amount of road improvements over the course of three years than had been accomplished in the prior three decades. Total investments in the Road network, along with Administrative and Capital/Other expenditures are summarized in the table below.

Roads Expenditures by Type					
		Adj Actuals	Adj Actuals	Adj Est Actuals	Adj Budget
Road Division Expenditures		FY 11/12	FY 12/13	FY 13/14	FY 14/15
	Corrective Maintenance	17,288,254	16,887,310	18,743,281	19,697,255
	Pavement Preservation	1,800,000	12,000,000	12,000,000	12,000,000
	Subtotal Corrective Maintenance & Pavement Preservation	19,088,254	28,887,310	30,743,281	31,697,255
	Administration	5,748,957	6,619,251	5,933,553	6,501,966
	Capital/Other	10,972,677	11,326,887	26,521,647	15,273,737
	Total Expenditures	35,809,889	46,833,447	63,198,481	53,472,958

Long Term Roads Plan

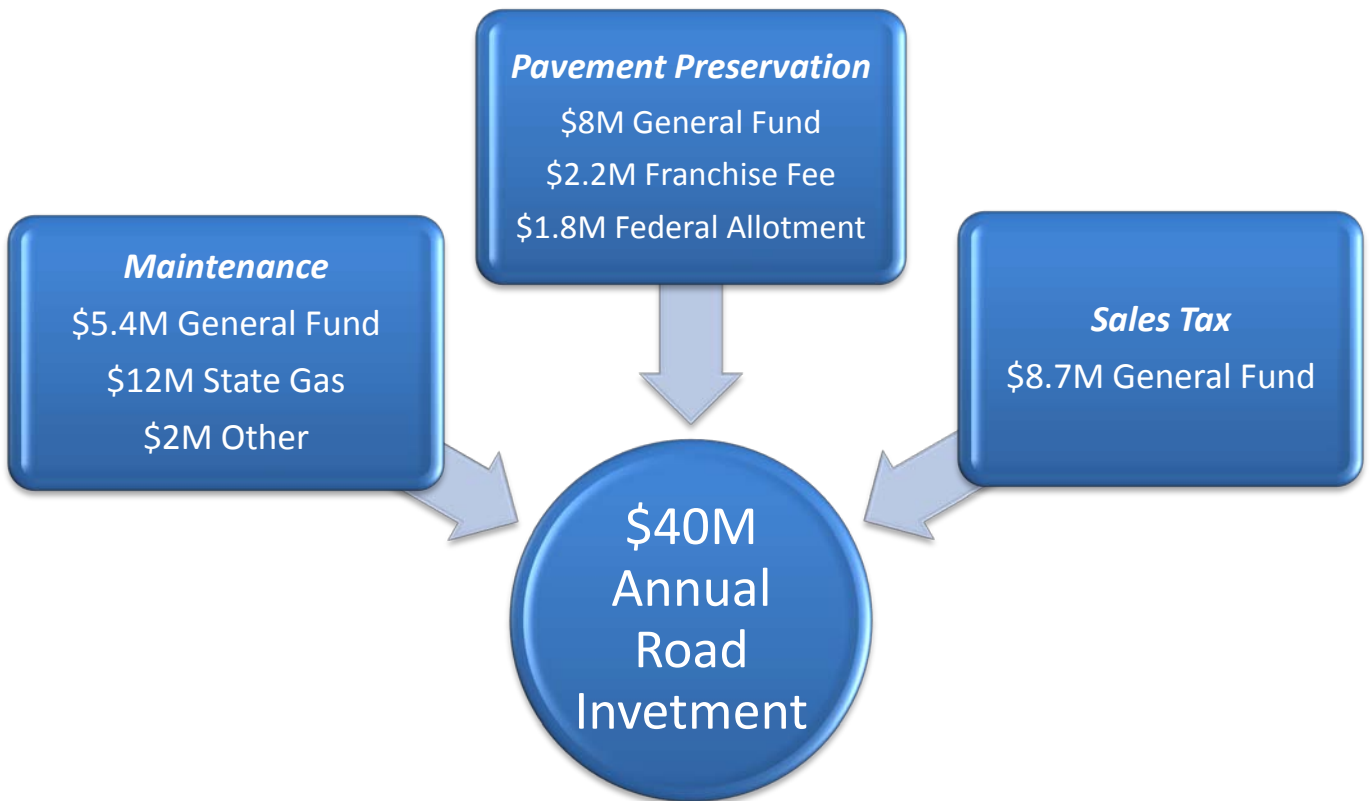
In June, the Roads Ad-Hoc presented a Long Term Roads Plan that established an ambitious goal bringing 700 miles of road, or more than 50% of the road network, up to good condition in

10 years and improving all roads over the course of 20 years. The Board then directed the County Administrator’s Office to develop a financing plan to implement the Roads Plan.

Specifically, to finance the long-term roads plan, Staff recommends:

1. The use of ongoing revenue;
2. Increased level of General Fund commitment;
3. Placing a general transactions and use tax on the November 4, 2014 ballot to increasing the Transactions and Use (Sales) tax by ¼%; and
4. Placing an Advisory Measure on the November 4, 2014 ballot whereby the voters can advise as to the use of the general tax funds for roads maintenance purposes through a majority vote.
5. Developing a contract with the Sonoma County Transportation Authority to serve as the Administrative and Oversight entity for the sales tax revenue.

Graphic A: Recommended Financing for County Road Network



County Road Network

The June report from the Road's Ad-Hoc provided several categories of roads to help identify and understand use, guide investments, and better track progress in road condition improvement over time. Staff has continued to refine the assignment of roads to the categories based on input from members of the public and the Board of Supervisors. Table 1 shows the breakdown of the roads by each category and Supervisorial district, with each of the categories described in greater detail below.

	District 1	District 2	District 3	District 4	District 5
Federally Eligible Network	58.05	74.84	10.65	74.16	138.32
Significant Rural Road Network	62.33	34.71	0	50.33	77.24
Local Community Connector Roads	86.28	85.89	5.80	105.46	243.80
Remaining Local Roads	59.23	33.51	3.86	97.20	81.26
Totals	265.89	228.95	20.31	327.15	540.62

The Federally Eligible Network – This category consists of all of the Roads in the County that are classified as either Arterials or Major Collectors. There are 356 miles (25% of total network) of roads throughout the County that fit this category. These roads are on the average in good or very good condition. Most importantly these roads are eligible for federal road funding, in other words these are the roads where the County can maximize its ability to leverage local dollars.

Significant Rural Road Network – This category consists of all of the roads functionally classified as Minor Collector roads and a strategic selection of Local roads that are significant to the economic vitality of Sonoma County because they tie rural communities together or provide access to agricultural, tourism, and recreation opportunities. There are approximately 225 miles of roads (16% of total network) in this category and they are in generally poor condition with an average PCI of 44.

Local Community/Connector Roads – This category includes only roads functionally classified as Local. They are in areas around population centers, townships and neighborhoods. Examples include such areas as: Graton, Penngrove, Sonoma Valley, Geyserville, Larkfield, Southwest Santa Rosa, West Sebastopol, etc. This category consists of approximately 527 miles (38% of total network) roads, and they are in generally poor condition.

Remaining Roads – This category consists of the remainder of roads functionally classified as Local. These roads would generally be in more rural areas, may often be dead end roads and generally serve relatively few residents. These roads serve the lowest volume of traffic in the County. This category consists of approximately 275 (21% of the total network) of roads and they are in generally poor condition.

Evaluation Framework

With these broad categories established, staff developed the Roads Evaluation Framework to guide the selection of which roads will be improved. The Evaluation Framework does not prescribe specific roads or set a target, rather it helps ensure an equal distribution of repair work throughout the County while addressing the most critical needs and investing in preservation to ensure the most efficient use of funds. The Roads Evaluation Framework provides information on average daily miles, pavement condition, bike and transit relevance, and Supervisorial District.

The Evaluation Framework is currently completed by showing the number of road miles meeting each evaluative criteria, organized by road category. For example, the Evaluation Framework shows that the County road network contains 356 road miles, of which all have Heavy Daily Travel, 104 miles are in Very Good condition and 252 miles are in Good condition, 267 miles are significant for bike travel, 73 miles are significant for transit, and each Supervisorial District contains varying miles within this category.

Each of these factors would be considered, along with practical considerations such as maintaining traffic circulation in a project area, project lead times for any necessary environmental review or right of way acquisition, the capacity of construction firms and materials, when selecting individual road miles for repair and improvement. The results of this analysis would be compiled on an annual basis within a work plan that Transportation and Public Works staff will then present to the County Administrator and Board of Supervisors.

Road Evaluation Framework - miles within each Long-Term Road Plan Category by attribute							
Road Evaluation Attributes	Federally Eligible Network	Significant Rural Road Network	Local Community/Connector Roads		Remaining Network	Totals	
			Local Community	Connectors			
Total Miles	356	225	196	331	275		1383
Average Daily Vehicles							
Heavy 4000 ADT	356						356
Medium 800 ADT		225	196	331			752
Light < 200					275		275
							1383
Average Pavement Condition*							
Very Good PCI+70**	104	46					150
Good 50-69	252						252
Poor 25-49		179	196	331	275		981
Very Poor <25							1383
Bike Plan Roads							
(in unincorporated area)	267	127	22	29	5		450
Transit Routes Miles							
(in unincorporated area)	73	7	14	6	1		101
Supervisorial District							
1	58	62	58	29	59		266
2	75	35	42	44	33		229
3	11	0	6	0	4		21
4	74	51	35	70	97		327
5	138	77	56	188	81		540
							1383

* Pavement condition, except for those improved to Very Good, is an average for all roads in the category based on current data.
 ** Road Repair Completed summer '13 and to be completed summer '14 and '15

Financing Options for Road Network Improvements

County staff assessed the viability of all available revenue options. Each option is summarized below along with expected revenue estimates when known. Several options provide one-time funding, while others present ongoing revenue streams. Many of the ongoing revenue options require voter approval, and in some cases require actions from other jurisdictions.

- a) Amend reserve policy for the General Fund Tax Loss Reserve Fund (“Teeter”): \$7.6 Million one-time.

These funds are generated when payments are made to reimburse the County for forwarding full tax revenues each year to schools, cities, special districts, and other taxing agencies on delinquent properties. State law requires the County to retain penalty and interest monies from these delinquent collections equal to at least 1% of the tax levy in order to protect for uncollectible delinquencies. Since adoption of the enabling legislation in the 1993 the County has very conservatively budgeted an annual amount of revenue from this source to offset program costs and allowed the remainder to accumulate in the Tax Loss Reserve above the 1% tax levy requirement. In 2008, the Board recognized the increase of activity in this fund and directed that staff develop a policy for its potential use. The subsequent policy increased the set aside to 2% of the tax levy for additional protection against failure to collect against delinquent properties. Current Board adopted policy with respect to these funds reads: “The Tax Loss Reserve Fund (TLRF) shall maintain as a restricted reserve an amount equal to 2% of the levy. The County Administrator in conjunction with the Auditor-Controller-Treasurer-Tax Collector may recommend the use of funds in excess of the established reserve to the Board of Supervisors for the purpose of balancing the budget.” Amending the policy to set the reserve at 1%, would provide \$7.6 million of one-time funding for road improvements.

- b) Transient Occupancy Tax (TOT) Increase; Additional Revenue per 1% increase: \$900K - \$1.1 Million per year.

The TOT (Hotel, Motel, Campground or Bed Tax) is authorized under State Revenue and Taxation Code Section 7280, as an additional source of non-property tax revenue to local government. This tax is levied in Sonoma County at a rate of 9% for accommodations at lodging and camping facilities in the unincorporated areas of the County. The County’s TOT is a general tax and as such the use of the funds is discretionary, in that the Board of Supervisors may direct use of these funds for any legitimate county expense. Other jurisdictions such as Napa County, City of Healdsburg and the City of Rohnert Park have established a TOT of 12%. Each percentage increase in County TOT would raise about \$900K- \$1.1 million annually. A three percent increase would provide about \$2.7-\$3.3 Million annually. If the increased TOT revenues were to be specifically dedicated to roads, then the increment would be considered a special tax requiring a 2/3 voter approval.

- c) Local Transaction and Use (Sales) Tax Increase; Additional Revenue: \$20 Million per year.

Sales taxes are imposed on the retail sale or the use of tangible personal property in this state. The State maximum allowable combined local sales tax imposed in a County can be no greater than 2%. The highest current combined sales tax rate in any Sonoma County jurisdiction is 1.75% which allows for an additional 0.25% increase within the County which includes each of the jurisdictions therein. Any increase of more than 0.25% will require legislative approval to increase the cap on Sales Tax rates.

A general sales tax, which must allow for the revenue to be spent on any government purpose, would require a 50% voter-approval, whereas a special sales tax, which could limit the use of the revenue to road maintenance, would require a 2/3 voter-approval. A Sales Tax increase of 0.25% would generate \$20 Million total revenue annually countywide. A special tax could include in its expenditure plan that the revenue is to be split amongst the County and the incorporated cities using an allocation formula using 50% population and 50% road miles (as is used by SCTA for the local roads formula).The County's share under this formula would be \$8.75 Million. A general tax could not state that the revenue is to be shared among the County and the cities, nor could it use the SCTA's allocation formula. An advisory measure placed on the same ballot as the general tax could request that the voters express their desire for the revenue to be shared with the cities using SCTA's formula.

Another difference between the types of tax measures is the ability to bond against those revenues. The ability to bond would provide the County and each of the cities the option of advance money needed for significant, discrete capital projects. To bond with a general sales tax measure, the Board would have to either issue Certificates of Participation (COP), using essential county facilities as security, or seek two-thirds voter approval for a General Obligation bond. A special sales tax measure would contain bonding authority within the measure which would allow the County and the cities the ability to issue bonds against those revenues without another separate vote. However, bonding would introduce financing costs over the life of the measure, reducing the amount of funds available for projects by \$20-\$70 million in the long-term depending on the bonding scenarios.

- d) Extension of SCTA's Measure M; Additional Revenue: Unknown.

The voters in Sonoma County approved the Measure M local transportation sales tax of ¼ cent in November 2004 and will expire in 2025. The sales tax was to be used for regional transportation projects, local transportation projects and local streets and roads maintenance over a 20 year period, with 20% of the funds dedicated to local

streets and roads maintenance. The County received an estimated \$1.8 Million in FY 13/14 for local road maintenance. Extending the ¼ cent sales tax an additional 20 years could provide additional funds that could be used for pavement preservation activities, depending on how much SCTA might allocate to local road maintenance. This would require action by SCTA and cooperation from the cities.

e) Utility Users Tax (UUT); Additional Revenue: \$3.4 Million per year.

A UUT is a tax that can be levied on gas, electric, telephone, water and cable TV. The UUT can be in the form of a General Tax, requiring a 50% voter-approval or a specific tax dedicating the funds specifically to roads which requires 2/3's voter approval. A UUT has been enacted in many cities throughout California but has only been enacted within three counties – Alameda, Los Angeles and Sacramento. Assuming a 6.5% UUT, (this percentage is based upon the amount used by other government entities in the Bay Area) the annual revenue raised would be \$3.4 Million annually. This tax would only be applicable to residents of the unincorporated areas of the county.

f) CSA Zones of Benefit; Additional Revenue: Unknown

CSA 41 encompasses the entire unincorporated County. Road maintenance is an identified allowable service within the service area. Benefit zones may need to be developed within the CSA 41 boundaries for purposes of taxation or assessment rates. A special tax could be levied for road maintenance purposes which would require 2/3 voter approval within a benefit zone. Another CSA option could be to levy assessments on real property within the benefit zone based upon the special benefit each parcel would receive from the road maintenance services financed. This funding source exposes the County to potential legal challenges due to Proposition 218 requirements.

g) Excise (Gas) Tax Increase; Additional Revenue: \$0.10/gallon would generate \$4.5 Million per year.

An excise tax is a tax for each gallon of gas sold within the jurisdiction. Currently, the Federal excise tax is 18.4 cents/gallon of gasoline and 24.4 cents/gallon of diesel. The State excise tax is 36 cents/gallon of gasoline or diesel. California Law allows Counties to impose an excise tax on motor fuel in increments of \$0.01, provided that the majority of the city councils with a majority of the population in the incorporated county also approve the proposition to be put before the voters and approve a written agreement with the County with respect to the allocation of the revenues and provided that the tax is approved by the voters by a 2/3rd's vote. The statute allowing for a countywide gas tax is virtually unknown, and we have found no county that has attempted to impose such a tax. Further research is required to confirm that

there are not statutory obstacles to a county's authority to impose a gas tax. The Metropolitan Transportation Commission (MTC) also has the authority to enact an excise tax of up to \$0.10/gallon. If MTC were to request voter approval for an excise tax, each of the 9 counties in the region could opt out of the election. The County is continuing efforts to lobby for more equitable distribution of the state and federal excise taxes. Given the time constraints this option is not available for the November 2014 ballot.

h) Special Road Maintenance District; Additional Revenue: Unknown

The California Streets and Highways Code Section 1550 et seq. allows Counties to form special road maintenance districts in unincorporated areas of a county wholly outside of incorporated cities and levy special taxes for road and highway purposes when, in the opinion of the Board of Supervisors, additional road funds are necessary to properly maintain highways and roads in specific unincorporated areas of the county. This option requires formation of special districts and a 2/3 vote of qualified voters to establish a special tax. The advantage of Special Maintenance Districts, as compared to special assessment districts or CSA Zones of Benefits, is that no finding of special benefit is needed to levy a special tax in a Special Road Maintenance District. The funds raised from such a special tax may be used for broad purposes (road and highway purposes arguably includes purchase, constructions, expansion, improvement, maintenance, or rehabilitation), and, subject to the standard 2/3 voter-approval requirement, the special tax can be levied in an amount necessary to cover annual maintenance costs. However, this option does not permit bonding, thereby limiting revenue to that received in a given fiscal year. Additionally, it would be necessary to create multiple districts, and the revenue raised by any approved special tax could only be used within the district where the tax is levied.

i) Vehicle License Fees; Additional revenue: \$5 Million per year.

Counties have the authority to increase the Vehicle License fee by \$10/year/vehicle, with the approval of 2/3 of the voters. In 2010, SCTA placed a VLF measure on the ballot (60% transit, 23% road infrastructure, and 12% Safe Routes to School), and the measure only received 42% of the vote. After that time, the threshold was increased to 2/3 approval. Estimated annual revenue would be \$5 Million. This revenue source would be stable, but not increase with the cost of maintaining roads.

j) AB1600 Traffic Mitigation Fees; Additional Revenue: Unknown.

Sonoma County collects Development Impact Fees for traffic mitigation purposes. These fees are held in trust funds and must be used for capacity increasing projects to address congestion issues caused by development activities. The estimated fund

balance for the countywide traffic mitigation fee account as of 6/30/14 is \$3.3 million.

k) Business license tax; Additional Revenue: Unknown.

A business license tax could be assessed on certain business types, or all businesses within the unincorporated areas of the county. This tax could be either a general tax (50% voter approval) or a specific tax (2/3 voter approval).

Financing for the County Road Network

Existing Investments in Roads

On an annual basis, the County invests significant resources in its transportation network. In FY 14-15, the County's budget includes \$53.4 Million in expenditures. This funding comes from a mix of Federal, State, and local sources, and is summarized in Table 2 below.

The table shows the Corrective Maintenance, Pavement Preservation, Administration, and Capital Projects expenditures detailed by financing source for the last 3 years, the current budget and a preliminary projection of FY 15-16 should the Financing Plan and recommended tax measure be adopted.

The financing sources have been broken out to show the County General Fund contributions to each of the expenditure types as well as other key financing sources like, federal monies, state monies (primarily gas taxes), the contributions from the County's Revitalization and Reinvestment funds and Refuse Franchise fees (which are actually both County General Fund sources) and various other funds.

Roads Expenditures by Financing Source						
		Adj Actuals	Adj Actuals	Adj Est Actuals	Adj Budget	Est Budget
Road Division Expenditures/Financing sources		FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16
Maintenance		17,288,254	16,887,310	18,743,281	19,697,255	19,400,000
	General Fund	4,300,000	4,400,000	4,400,000	5,400,000	5,400,000
	GF Franchise Fees	843,000	-	-	-	-
	Federal	679,206	13,569	409,468	-	-
	State	12,178,839	9,343,511	14,466,808	11,925,954	12,000,000
	Other	1,981,879	2,260,063	2,358,822	2,001,387	2,000,000
	Use/(Accrual) of Road Fund Balance	(2,694,670)	870,167	(2,891,816)	369,914	-
Pavement Preservation		1,800,000	12,000,000	12,000,000	12,000,000	20,600,000
	General Fund	-	8,000,000	8,000,000	3,500,000	8,000,000
	GF Franchise Fees	-	2,200,000	2,200,000	2,200,000	2,200,000
	Federal (Average)	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
	Road Fund Balance	-	-	-	4,500,000	-
	New Sales Tax revenues	-	-	-	-	8,600,000
Subtotal Corrective Maintenance & Pavement Preservation		19,088,254	28,887,310	30,743,281	31,697,255	40,000,000
Administration		5,748,957	6,619,251	5,933,553	6,501,966	6,235,000
	General Fund	875,000	1,000,000	650,000	785,000	785,000
	Federal	293,958	345,592	65,481	50,000	50,000
	State	3,720,126	3,487,979	4,850,284	3,391,204	3,400,000
	Other	2,522,569	2,062,137	2,057,532	1,977,346	2,000,000
	Use/(Accrual) of Road Fund Balance	(1,662,695)	(276,458)	(1,689,744)	298,416	-
Capital/Other		10,972,677	11,326,887	26,521,647	15,273,737	12,600,000
	Federal	2,104,548	2,040,235	6,246,336	3,463,706	3,500,000
	State	2,027,380	3,627,128	3,019,827	100,000	100,000
	R & R	-	450,000	599,916	4,100,000	-
	Other	8,120,927	6,893,493	12,982,800	9,332,407	9,000,000
	Use/(Accrual) of Road Fund Balance	(1,280,178)	(1,683,968)	3,672,768	(1,722,376)	-
Total Expenditures/Financing Sources		35,809,889	46,833,447	63,198,481	53,472,958	58,835,000
	General Fund	5,175,000	13,400,000	13,050,000	9,685,000	14,185,000
	GF Franchise Fees	843,000	2,200,000	2,200,000	2,200,000	2,200,000
	Federal	4,877,712	4,199,396	8,521,285	5,313,706	5,350,000
	State	17,926,345	16,458,617	22,336,918	15,417,158	15,500,000
	R & R	-	450,000	599,916	4,100,000	-
	Other	12,625,375	11,215,692	17,399,154	13,311,140	13,000,000
	New Sales Tax revenues	-	-	-	-	8,600,000
	Use/(Accrual) of Road Fund Balance	(5,637,543)	(1,090,259)	(908,793)	3,445,954	-

Within this context, the Roads Ad-Hoc has set the goal for Pavement Preservation to reach \$20 million, within a total investment of \$40 million in County Roads. In FY 12-13 through 14-15, Pavement Preservation has held steady at \$12 million. It is important to note that \$8.0 million in FY 12-13 and 13-14 within Pavement Preservation was provided by one-time funding sources, and in FY 14-15 one-time Departmental Road Fund Balance of \$4.5 Million was used. To continue this level of support, an ongoing commitment of General Fund resources will need to be made. Thus in order to achieve the goal of providing \$20 million per year for rehabilitation and pavement preservation on existing roads for the next 10 years, the County must not only continue the \$8.0 million from an on-going source but also find another on-going source of an additional \$8.0 million annually.

Enhanced General Fund Investment

This financing plan dedicates an ongoing commitment of \$8 million annually, and recommends using a combination of growth in ongoing discretionary revenue sources and one-time sources to achieve that level of investment in the near term. Within 5 years, it is anticipated that the \$8 million annual commitment will be comprised in total of ongoing discretionary revenue, and one-time sources of funding will no longer be required.

Transaction and Use Tax

The revenue of the general tax must be available for all government purposes, and the revenue should be placed in the County's General Fund. The general tax cannot specify that the revenue is to be spent on any specific purpose. However, an Advisory Measure can serve as a guideline for your Board's and future Boards' use of the general tax revenue. The Advisory Measure, discussed in greater detail below, is not legally binding; the revenue will still be available for any government purpose.

Total revenue generated from a sales tax is estimated at approximately \$20 million. Based on the guidelines in the Advisory Measure for use of the general tax revenue, funds would be allocated between the County and cities using the local appropriation formula for Measure M. This formula is 50% based on population and 50% based on road miles; the County's share of annual revenue from a ¼% sales tax is approximately \$8.7 Million. The Table below provides the estimated allocation to all jurisdictions.

ATTACHMENT A

Jurisdiction	Population/ Road Mile Share (1)	Estimated Annual Amount - Year 1	Estimated Amount Over 20 Years (2)
Cloverdale	1.54%	\$ 308,612	\$ 8,286,241
Cotati	1.20%	\$ 239,281	\$ 6,424,692
Healdsburg	2.06%	\$ 412,843	\$ 11,084,832
Petaluma	9.50%	\$ 1,899,943	\$ 51,013,473
Rohnert Park	6.00%	\$ 1,200,833	\$ 32,242,369
Santa Rosa	27.41%	\$ 5,481,679	\$ 147,183,082
Sebastopol	1.25%	\$ 249,510	\$ 6,699,348
Sonoma	1.77%	\$ 353,781	\$ 9,499,014
Windsor	4.50%	\$ 899,645	\$ 24,155,479
County of Sonoma	43.77%	\$ 8,753,872	\$ 235,041,469
Admin/Citizen Oversight	1.00%	\$ 200,000	\$ 5,370,000
Totals	100.00%	\$ 20,000,000	\$ 537,000,000

- (1) Formula is 50% population and 50% road miles
- (2) 20-year estimate assumes 3% annual growth annual

Should the Advisory Measure pass, the County intends to enter into an agreement with SCTA to serve as the Administrative and Oversight body for the revenue generated through this measure, and receive up to 1% of the funds for administrative costs, which includes conducting an annual audit, preparing an annual report and preparing a Strategic Plan, and updating the Strategic Plan every five years.

A significant benefit of the approach under a general tax measure is the avoidance of bonding costs. Because bonding specifically against the revenue is not available, the County will avoid substantial financing costs (estimates between \$20-70 million depending on bonding scenario). This frees up annual funds over the life of the measure to invest in projects while still providing sufficient resources through a Pay-Go approach to improve roads in all categories in the County network, starting with bringing 700 miles of road up to good condition in ten years.

Advisory Measure

Because a General sales tax can be used on any county priority, this financing plan also recommends your Board place an Advisory Measure on the November 4, 2014 ballot. The Advisory Measure states that Sonoma County “will focus its share of funding on roadway improvements as defined in the Long Term Roads Plan adopted by the Board of Supervisors. Each year the Board of Supervisors will commit General Funds to match their share of Sonoma County 2014 Transactions and Use Tax Ordinance funds to complete improvements per the Long-Term Roads Plan. An equitable distribution of improvements will be made throughout the County unincorporated area following a complete streets approach that includes where possible paving, striping, bike lanes, pedestrian access features, signals and timing, signage, and other related features per the County’s adopted plans in order to improve mobility and safety for cars, trucks, bicyclists and pedestrians.” Each city has also provided language specific to their city, which is incorporated in the Advisory Measure.

Conclusion

A well maintained road network is vital to economic development. In particular, investment in road infrastructure promotes a healthy economy by creating well-paying construction and engineering jobs, promoting and supporting tourism and recreation, and providing measures of support for agriculture and the environment.

The poor condition of the Sonoma County road network is decades in the making, and is a function of several critical factors. Among these are declining State and Federal transportation revenues, State funding allocation formulas that disadvantage rural and suburban counties, the recent great recession, and less than adequate local investment in road infrastructure.

In fiscal years 12-13, 13-14, and 14-15 the Board of Supervisors dedicated the highest level of funding for County roads infrastructure in recent history. This investment produced a greater amount of road improvements over the course of three years than had been accomplished in the prior three decades.

This financing plan expands upon this historic level of investment in our County’s road infrastructure by recommending a total \$40 million in annual investment in the County’s Road Network of which \$20 million will be dedicated for pavement preservation. By doing this, the County will be able to bring 700 miles of road, or more than 50% of the road network, up to good condition in 10 years and improve all roads in the County over the course of 20 years.

To reach this level of investment, the County Administrator recommends: the use of ongoing existing revenue at \$23.4 million; increased level of ongoing annual General Fund commitment by \$8 million; Placing a general transactions and use tax on the November 4, 2014 ballot to increasing the Transactions and Use (Sales) tax by ¼% to generation \$8.7 million annually;

ATTACHMENT A

placing an Advisory Measure on the November 4, 2014 ballot whereby the voters can advise as to the use of the general tax funds for roads maintenance purposes through a majority vote; and developing a contract with the Sonoma County Transportation Authority to serve as the Administrative and Oversight entity for the sales tax revenue.

Resolution No.

Administrative Center
Santa Rosa, CA 95403

Date: July 29, 2014

**RESOLUTION OF THE BOARD OF SUPERVISORS, COUNTY OF SONOMA, INTRODUCING,
READING THE TITLE OF AND WAIVING FURTHER READING OF A PROPOSED ORDINANCE
IMPOSING A GENERAL TRANSACTIONS AND USE TAX**

WHEREAS, an ordinance of the Board of Supervisors of the County of Sonoma, State of California, entitled "An Ordinance of the Board of Supervisors of the County of Sonoma, State of California Imposing a General Transactions and Use Tax to be Administered by the State Board of Equalization" imposing a general transactions and use tax of $\frac{1}{4}$ of 1 percent (0.25%) has been introduced and the title read; and

THEREFORE, BE IT RESOLVED, that further reading of the proposed ordinance is waived.

BE IT FURTHER RESOLVED, that the Sonoma County Board of Supervisors will consider adoption of the proposed ordinance on August 5, 2014, in the Board of Supervisors Chambers, 575 Administration Drive, Room 102A, Santa Rosa, CA.

SUPERVISORS:

Gorin:	Zane:	McGuire:	Carrillo:	Rabbitt:
Ayes:	Noes:	Absent:	Abstain:	

SO ORDERED

Resolution No.

Administrative Center
Santa Rosa, CA 95403

Date: July 29, 2014

**RESOLUTION OF THE BOARD OF SUPERVISORS, COUNTY OF SONOMA, INTRODUCING,
READING THE TITLE OF AND WAIVING FURTHER READING OF A PROPOSED ORDINANCE
IMPOSING A TRANSACTIONS AND USE TAX FOR ROADS PURPOSES AND AUTHORIZING THE
ISSUANCE OF BONDS TO FINANCE PROJECTS**

WHEREAS, an ordinance of the Board of Supervisors of the County of Sonoma, State of California, entitled "An Ordinance of the Board of Supervisors of the County of Sonoma, State of California Imposing a Transactions and Use Tax to be Administered by the State Board of Equalization and Authorizing the Issuance of Bonds to Finance Projects" imposing a transactions and use tax of $\frac{1}{4}$ of 1 percent (0.25%) for roads purposes and authorizing the issuance of bonds to finance projects has been introduced and the title read; and

THEREFORE, BE IT RESOLVED, that further reading of the proposed ordinance is waived.

BE IT FURTHER RESOLVED, that the Sonoma County Board of Supervisors will consider adoption of the proposed ordinance on August 5, 2014, in the Board of Supervisors Chambers, 575 Administration Drive, Room 102A, Santa Rosa, CA.

SUPERVISORS:

Gorin:	Zane:	McGuire:	Carrillo:	Rabbitt:
Ayes:	Noes:	Absent:	Abstain:	

SO ORDERED

ORDINANCE NO. _____

**AN ORDINANCE OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA
IMPOSING A GENERAL TRANSACTIONS AND USE TAX TO BE
ADMINISTERED BY THE STATE BOARD OF EQUALIZATION**

Section 1. TITLE. This Ordinance shall be known as the Sonoma County 2014 Transactions and Use Tax Ordinance. This ordinance shall be applicable in the incorporated and unincorporated territory of the County of Sonoma (the "County").

Section 2. OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this Ordinance, the date of such adoption being as set forth below.

Section 3. PURPOSE. This Ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285 of Part 1.7 of Division 2 which authorizes the County to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefor that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this Ordinance.

E. To raise the appropriations limit for the County.

ATTACHMENT D

Section 4. CONTRACT WITH STATE. Prior to the operative date, the County shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this Ordinance; provided, that if the County shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Section 5. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of the County at the rate of $\frac{1}{4}$ of 1 percent (0.25%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this Ordinance.

Section 6. PLACE OF SALE. For the purposes of this Ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

Section 7. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the County of tangible personal property purchased from any retailer on and after the operative date of this Ordinance for storage, use or other consumption in said territory at the rate $\frac{1}{4}$ of 1 percent (0.25%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Section 8. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this Ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance as though fully set forth herein.

Section 9. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES.
In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this County shall be substituted therefor. However, the substitution shall not be made when:

ATTACHMENT D

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this County or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "County" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

Section 10. PERMIT NOT REQUIRED. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this Ordinance.

Section 11. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

ATTACHMENT D

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the County which is shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the County shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-County address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-County and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this Ordinance, the storage, use or other consumption in this County of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

ATTACHMENT D

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the County shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the County or participates within the County in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the County or through any representative, agent, canvasser, solicitor, subsidiary, or person in the County under the authority of the retailer.

7. "A retailer engaged in business in the County" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the County.

D. Any person subject to use tax under this Ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a County imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

ATTACHMENT D

Section 12. AMENDMENTS. All amendments subsequent to the effective date of this Ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this Ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this Ordinance.

Section 13. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the County, or against any officer of the State or the County, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Section 14. INCREASE OF APPROPRIATIONS LIMIT. The appropriations limit of the County shall be increased by the amount of revenue anticipated to be collected by the County from the transactions and use tax to allow spending of the tax revenue for the period allowed by law.

Section 15. SEVERABILITY. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 16. EFFECTIVE DATE. This Ordinance relates to the levying and collecting of the County transactions and use taxes and shall take effect immediately upon the close of the polls on November 4, 2014, if the measure is approved by a majority of the electors voting on the measure at the election held that day.

Section 17. GENERAL TAX. The tax imposed by this Ordinance is a general tax within the meaning of Article 13 C, Section 1(a) of the California Constitution. The revenue generated by this general tax is available for general governmental purposes. To that end, the Auditor-Controller is instructed to deposit the revenue from the tax into the County General Fund and to include his estimate of the revenue from this general tax, together with his estimates of other revenue sources, in the tabulation that he is annually required to prepare by Government Code Section 29060. The revenue from this general tax shall be available to the Board of Supervisors for annual appropriations in the County's budget for any lawful expenditure. Nothing in this Ordinance nor in any other ordinance, advisory measure, resolution, or policy shall be construed as limiting, in any way, the amount or the objects of the appropriations and expenditures that can be made from the revenue of the tax nor be construed as creating a continuing appropriation.

Section 18. COMPLIANCE WITH CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA). Pursuant to the State CEQA Guidelines section 15378(b)(4), adoption of this Ordinance is not a "project" subject to the requirements of CEQA.

ATTACHMENT D

Section 19. TERMINATION DATE. The authority to levy the tax imposed by this Ordinance shall expire twenty (20) years from the operative date of this Ordinance, unless extended by the voters in the manner set forth in Revenue and Taxation Code Section 7285.

PASSED AND ADOPTED by the Board of Supervisors, County of Sonoma, State of California, on _____, by the following vote:

Gorin: Zane: McGuire: Carrillo: Rabbitt:

Ayes: Noes: Absent: Abstain:

Chairperson

Attest:

(Signature)

Secretary

(Title)

ORDINANCE NO. _____

AN ORDINANCE OF THE
BOARD OF SUPERVISORS OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA
IMPOSING A TRANSACTIONS AND USE TAX TO BE
ADMINISTERED BY THE STATE BOARD OF EQUALIZATION AND AUTHORIZING THE ISSUANCE OF
BONDS TO FINANCE PROJECTS

Section 1. TITLE. This Ordinance shall be known as the Sonoma County Road Safety and Improvement Act. This Ordinance shall be applicable in the incorporated and unincorporated territory of the County of Sonoma (the "County").

Section 2. OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this Ordinance, the date of such adoption being as set forth below.

Section 3. PURPOSE. This Ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To establish a local funding source for roadway maintenance and improvement as set out in detail in the expenditure plan (the "Expenditure Plan") adopted as part of this Ordinance.

B. To adopt an Expenditure Plan setting forth goals and objectives for increasing driver, pedestrian, and bicycle safety throughout the County by the improvement and maintenance of local roadways.

C. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.5 of Part 1.7 of Division 2 which authorizes the County to adopt this tax Ordinance which shall be operative if two-thirds (2/3) of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose (the "Election").

D. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

E. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefor that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation

ATTACHMENT E

from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

F. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this Ordinance.

G. To raise the appropriations limit for the County.

H. To authorize the County's issuance of bonds to finance projects described in the Expenditure Plan.

Section 4. CONTRACT WITH SCTA. Prior to the operative date, the County and the Sonoma County Transportation Authority (the "SCTA") shall enter into a contract for the SCTA to administer the Expenditure Plan.

Section 5. CONTRACT WITH STATE. Prior to the operative date, the County shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this Ordinance; provided, that if the County shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Section 6. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of the County at the rate of $\frac{1}{4}$ of 1 percent (0.25%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this Ordinance.

Section 7. PLACE OF SALE. For the purposes of this Ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

Section 8. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the County of tangible personal property purchased from any retailer on and after the operative date of this Ordinance for storage, use or other consumption in said territory at the rate of $\frac{1}{4}$ of 1 percent (0.25%) of the sales price of the property. The sales price

ATTACHMENT E

shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Section 9. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this Ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance as though fully set forth herein.

Section 10. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this County shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this County or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "County" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

ATTACHMENT E

Section 11. PERMIT NOT REQUIRED. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this Ordinance.

Section 12. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the County which is shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the County shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-County address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-County and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this Ordinance.

ATTACHMENT E

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this Ordinance, the storage, use or other consumption in this County of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the County shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the County or participates within the County in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the County or through any representative, agent, canvasser, solicitor, subsidiary, or person in the County under the authority of the retailer.

7. "A retailer engaged in business in the County" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division

ATTACHMENT E

3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the County.

D. Any person subject to use tax under this Ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a County imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

Section 13. AMENDMENTS. All amendments subsequent to the effective date of this Ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this Ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this Ordinance.

Section 14. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the County, or against any officer of the State or the County, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Section 15. ELECTION COSTS. Payment for the costs of the election shall be the responsibility of the County. If the Election is successful, the County shall be reimbursed for the cost of the Election from the proceeds of the tax prior to the first distribution to the SCTA.

Section 16. STATE BOARD OF EQUALIZATION COSTS. Payment for the costs of contracting with the State Board of Equalization for administration of the tax shall be the responsibility of the County. If the Election is successful, the County shall be reimbursed for any fee charged by the State Board of Equalization prior to distribution to the SCTA.

Section 17. INCREASE OF APPROPRIATIONS LIMIT. The appropriations limit of the County shall be increased by the amount of revenue anticipated to be collected by the County as contemplated by the Expenditure Plan to allow spending of the tax for the period allowed by law.

Section 18. ADOPTION OF EXPENDITURE PLAN AND ACCOUNTABILITY FOR EXPENDITURE OF PROCEEDS OF THE TAX. The Board hereby adopts the attached Expenditure Plan, which is incorporated into this Ordinance by reference. After the reimbursement of the County as provided in Section 15 and Section 16, proceeds of the tax imposed by this Ordinance shall be placed in a special account prior to distribution to SCTA, and shall be spent only to implement the projects set forth in the Expenditure Plan, including planning, engineering, environmental review, and construction of such projects.

ATTACHMENT E

Section 19. ESTABLISHMENT OF BONDING AUTHORITY. Pursuant to Government Code Section 55800 et seq. the County is authorized to issue limited tax bonds payable from the tax imposed by this Ordinance for the purposes of advancing the commencement of or expediting the delivery of the projects set forth in the Expenditure Plan. The maximum bonded indebtedness, including issuance costs, interest, reserve requirements, and insurance, shall not exceed the total amount of the proceeds anticipated to be collected by the County as contemplated in the Expenditure Plan. All costs associated with the issuance of such bonds shall be accounted for within the program category in which the bond proceeds are used. The bonds shall be payable solely from the proceeds of the retail transactions and use tax, and may be issued any time before expiration of the tax.

Section 20. CITY BONDING AUTHORITY. It is the intent of this Ordinance that each city to receive funding as described in the Expenditure Plan shall have the option to issue bonds for the purposes of advancing the commencement of or expediting the delivery of the projects set forth for each city in the Expenditure Plan. Each city shall be responsible for taking all actions required to obtain the required authority for any such bond issuance.

Section 21. ANNUAL REPORT. The SCTA shall annually cause to be prepared a report setting forth (a) the amount of funds collected and expended; and (b) the status of any projects authorized to be funded in the Expenditure Plan.

Section 22. COMPLIANCE WITH CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA). Pursuant to the State CEQA Guidelines section 15378(b)(4), adoption of this Ordinance and Expenditure Plan is not a "project" subject to the requirements of CEQA. Prior to commencement of any project included in the Expenditure Plan, any necessary environmental review required by CEQA shall be completed. Estimated costs in the Expenditure Plan include the cost of such environmental review.

Section 23. SEVERABILITY. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 24. EFFECTIVE DATE. This Ordinance relates to the levying and collecting of the County transactions and use taxes and shall take effect immediately upon the close of the polls on November 4, 2014, if the measure is approved by two-thirds of the electors voting on the measure at the election held that day.

Section 25. TERMINATION DATE. The authority to levy the tax imposed by this Ordinance shall expire twenty (20) years from the operative date of this Ordinance, unless extended by the voters in the manner set forth in Revenue and Taxation Code Section 7285.5.

..

PASSED AND ADOPTED by the Board of Supervisors, County of Sonoma,
State of California, on _____, by the following vote:

ATTACHMENT E

Gorin: Zane: McGuire: Carrillo: Rabbitt:

Ayes: Noes: Absent: Abstain:

Chairperson

Attest:

(Signature)

Secretary

(Title)

EXPENDITURE PLAN

SONOMA COUNTY ROAD SAFETY AND IMPROVEMENT ACT**EXPENDITURE PLAN****I. Executive Summary**

The Sonoma County Road Safety and Improvement Act will dedicate money from a ¼ cent sales tax to each city and the unincorporated County for the sole purposes of maintaining local streets and roads, filling potholes, support transit service, improving traffic flow, and enhancing safety, as further described in Sections III and IV.

The funding will be distributed directly to each city and the County of Sonoma on a quarterly basis based on a population and road mile formula as described in Table 1.

Table 1

<u>Jurisdiction</u>	<u>Population/ Road Mile Share (1)</u>	<u>Estimated Annual Amount - Year 1</u>	<u>Estimated Amount Over 20 Years (2)</u>
Cloverdale	1.54%	\$ 308,612	\$ 8,286,241
Cotati	1.20%	\$ 239,281	\$ 6,424,692
Healdsburg	2.06%	\$ 412,843	\$ 11,084,832
Petaluma	9.50%	\$ 1,899,943	\$ 51,013,473
Rohnert Park	6.00%	\$ 1,200,833	\$ 32,242,369
Santa Rosa	27.41%	\$ 5,481,679	\$ 147,183,082
Sebastopol	1.25%	\$ 249,510	\$ 6,699,348
Sonoma	1.77%	\$ 353,781	\$ 9,499,014
Windsor	4.50%	\$ 899,645	\$ 24,155,479
County of Sonoma	43.77%	\$ 8,753,872	\$ 235,041,469
Admin/Citizen Oversight	1.00%	\$ 200,000	\$ 5,370,000

ATTACHMENT E

Totals	100.00%	\$ 20,000,000	\$ 537,000,000
(1) Formula is 50% population and 50% road miles			
(2) 20-year estimate assumes 3% annual growth annual			

II. Oversight and Administration

The administration of the Sonoma County Road Safety and Improvement Act will be the responsibility of the Sonoma County Transportation Authority (SCTA). The SCTA is comprised of twelve elected officials; a representative from each of the nine cities in Sonoma County and three members of the Sonoma County Board of Supervisors.

The SCTA will be responsible for developing an annual budget and distributing the Sonoma County Road Safety and Improvement Act funds to each jurisdiction. The SCTA will develop the first budget by July 1, 2015.

The SCTA will prepare a Strategic Plan prior to July 1, 2015, which will identify administrative policies and procedures to distribute the funds consistent with the goals and objectives of the Sonoma County Road Safety and Improvement Act Expenditure Plan. The Strategic Plan will be updated at least every five years during the term of the Sonoma County Road Safety and Improvement Act.

The Citizens Advisory Committee established under the original ordinance that created the SCTA will serve as an independent oversight body that will advise the SCTA and the public on the administration of the Sonoma County Road Safety and Improvement Act via an annual audit and annual reports.

III. Goals and Objectives

The Sonoma County Road Safety and Improvement Act seeks to provide a stable and secure funding source directly to local governments in order to improve roadways through maintenance, repair, enhancement and safety measures such as re-paving, pothole filling, transit service, bicycle and pedestrian safety and roadway reconstruction.

The goal of the Sonoma County Road Safety and Improvement Act is to increase the Pavement Condition Index to very good in all of the cities and the County. This will improve driver safety, improve bicycle and pedestrian safety and mobility, reduce accidents, improve traffic flow and reduce maintenance costs to cars and trucks.

IV. How the Funds Will Be Spent

ATTACHMENT E

Each city and the County will receive funding quarterly. With a stable funding source that cannot be used for other purposes or be taken away by State or Federal governments, the jurisdictions can prepare street and road maintenance and improvement plans based on their highest priority and need. Each entity will be required to provide an annual reporting letter to the SCTA defining how the funds were spent and how they meet the requirements of the Sonoma County Road Safety and Improvement Act.

a. **The County of Sonoma** will focus its share of funding on roadway improvements as defined in the Long-Term Roads Plan adopted by the Board of Supervisors. Each year the Board of Supervisors will commit General Funds to match their share of Sonoma County Road Safety and Improvement Act funds to complete improvements per the Long-Term Roads Plan. An equitable distribution of improvements will be made throughout the County unincorporated area following a complete streets approach that includes where possible paving, striping, bike lanes, pedestrian access features, signals and timing, signage, and other related features per the County's adopted plans in order to improve mobility and safety for cars, trucks, bicyclists and pedestrians.

b. **The City of Cloverdale** will focus its share of funding on Local Street and Road Maintenance, in the ongoing implementation of the City's Pavement Management Plan. Pavement maintenance projects will be done in accordance with adopted plans, safety considerations, and legal requirements. Bicycle and pedestrian needs will be taken into consideration and included in pavement maintenance projects where they are appropriate and consistent with the City's adopted Bicycle and Pedestrian Master Plan.

c. **The City of Cotati** The City of Cotati will focus its share of funding on Local Street and Road Maintenance, in the ongoing implementation of the City's Pavement Management Plan. Projects shall accomplish one or more of the following goals: Improve pavement condition, enhance safety, or improve the flow of traffic. Bicycle and pedestrian needs will be taken into consideration and included in projects where they are appropriate and consistent with the City's adopted Bicycle and Pedestrian Master Plan.

d. **The City of Healdsburg** will focus its share of funding on local street maintenance, repair and reconstruction in accordance with the City's Pavement Management Plan. This funding will be used in combination with allocations of sales tax revenues generated through Measure V and State Gas Tax Funds. Street projects will be done in accordance with adopted plans, safety considerations, and legal requirements. Bicycle and pedestrian needs will be taken into consideration, including the construction of bicycle lanes and pathways as identified in the City's adopted Bicycle and Pedestrian Master Plan.

e. **The City of Rohnert Park** will focus its share of funding on neighborhood street and road maintenance, in the ongoing implementation of the City's Pavement Management Plan. The

ATTACHMENT E

funding shall be used in combination with the annual allocations from the 2004 Countywide Transportation Sales Tax (Measure M) Local Streets and Roads funds and local Road Refuse Impact Funds. Pavement maintenance projects will be made following a complete streets approach. Appropriate safety measures, including bicycle and pedestrian improvements, will be included in the pavement maintenance projects where they are appropriate and consistent with the City's adopted Bicycle and Pedestrian Master Plan. Examples of maintenance the City would undertake include work on Commerce Boulevard, Rohnert Park Expressway and Snyder Lane.

f. **The City of Petaluma** will focus its share of funding on completing un-built portions of the Marin Sonoma Narrows (MSN) Highway 101 High Occupancy Vehicle (HOV) Widening Project through Petaluma from the Hwy 116 connection to just north of the Corona Road Overcrossing. Proposed improvements include; widening in the median to accommodate carpool lanes, widening on- and off- ramps and installing sound walls.

Funding will be used in combination with allocations from the other local and State funding sources that may become available to Caltrans and the SCTA to complete the project. The City of Petaluma will also focus any remaining share of funding on circulation of traffic across Highway 101 and on traffic signal coordination, upgrade, and replacement, to reduce wait times.

g. **The City of Santa Rosa** will focus its share of funding on Local Street and Road Maintenance, in the ongoing implementation of the City's Pavement Management Program. Street and road maintenance projects will be made in accordance with adopted plans, safety considerations and legal requirements. Projects may include asphalt overlays and street reconstruction as well as preventative maintenance treatments such as slurry seals and crack sealing to address pavement deterioration. Per General Plan policy, a complete streets approach will be used to include bicycle and pedestrian facilities in maintenance projects where appropriate and consistent with the City's adopted Bicycle and Pedestrian Master Plan. Examples of maintenance the City would undertake may include work on Fulton Road, Montgomery Drive, Pacific Avenue, Piner Road and local streets serving neighborhoods in every quadrant of the city. The City may also direct the use of not more than 10% of the annual funding for CityBus transit service and operations and other City projects to expand transportation alternatives that improve traffic flow and mobility.

h. **The City of Sebastopol** will focus its share of funding on Local Street and Road Maintenance, in the ongoing implementation of the City's Pavement Management Plan. The funding will be used in combination with annual General Fund allocations to the City's Special Sales Tax Pavement Reserve, and annual allocations from the 2004 Countywide Transportation Sales Tax (Measure M) Local Streets and Roads funds. Pavement maintenance projects will be made following a complete streets approach. Bicycle and Pedestrian needs and safety

ATTACHMENT E

measures will be taken into consideration and included in pavement maintenance projects where they are appropriate and consistent with the City's adopted Bicycle and Pedestrian Master Plan.

i. **The City of Sonoma** will focus its share of funding on Local Street and Road Maintenance, in the ongoing implementation of the City's Pavement Management Plan. Pavement Maintenance projects will be accomplished in accordance with adopted plans, safety considerations, and legal requirements.

j. **The Town of Windsor** will focus its share of funding, for transportation purposes, on local street and road maintenance, in the on-going implementation of the Town's Pavement Management Program. The funding will be invested in preserving and improving the existing street and road network in Windsor, in combination with the Town's annual General Fund allocations. Projects may include asphalt overlays and street reconstruction as well as preventative maintenance treatments such as slurry seals and crack sealing to address pavement deterioration. Bicycle and pedestrian needs and safety measures will be taken into consideration and included in the pavement maintenance projects where they are appropriate and consistent with the Town's adopted Bicycle and Pedestrian Master Plan.

V. **Implementation Guidelines**

- A. The duration of the tax will be 20 years, beginning on April 1 2015 and expiring on March 31, 2035.
- B. Environmental reporting, review and approval procedures as provided for under the National Environmental Policy Act, the California Environmental Quality Act, or other applicable laws will be adhered to as a prerequisite to the implementation of any project.
- C. Use of the retail transactions and use tax under this Expenditure Plan will be subject to the following restrictions:
 - 1. The tax proceeds must be spent for the purposes of reimbursing the County for the cost of a successful election and the costs of contracting with the State Board of Equalization and funding the transportation measures as allowed in the Sonoma County Road Safety and Improvement Act and may be not used for other purposes.

ATTACHMENT E

2. The additional funds provided to governmental agencies by the Sonoma County Road Safety and Improvement Act shall not supplant existing local revenues being used for transportation purposes. The SCTA will require that local jurisdictions maintain their existing commitment of local funds each fiscal year for transportation purposes or face penalties. A fiscal year is defined as July 1 through June 30. For this determination the existing commitment shall be the average of contributions from discretionary sources from FY11/12 through FY13/14 for transportation purposes. Documentation showing the contributions from discretionary sources for transportation purposes shall be provided to SCTA by each jurisdiction no later than February 15, starting in February 2016. This is to allow agency audits to be completed prior to submittal. After submittal the SCTA will report to the public how each jurisdiction has met the maintenance of effort requirement.
 3. The SCTA is charged with a fiduciary duty in administering the tax proceeds in accordance with the applicable laws and this Sonoma County Road Safety and Improvement Act. Receipt of tax proceeds may be subject to appropriate terms and conditions as determined by the SCTA in its reasonable discretion, including, but not limited to, the right to require recipients to execute funding agreements and the right to audit recipients' use of the tax proceeds.
- D. Actual tax proceeds may be higher or lower than estimated in this Sonoma County Road Safety and Improvement Act over the 20-year term. The Sonoma County Road Safety and Improvement Act expenditure plan is based on the percentage distributions to each jurisdiction and the dollar values included are estimates only. Actual tax proceeds will be programmed annually in accordance with the percentage distributions in this Expenditure Plan.
- E. The County of Sonoma is authorized to bond for the purposes of advancing the commencement of or expediting the delivery of transportation programs or projects. The County of Sonoma may issue limited tax bonds, from time to time, to finance any program or project in the Sonoma County Road Safety and Improvement Act as allowed by applicable law and as approved by the SCTA, and the maximum bonded indebtedness shall not exceed the total amount of proceeds anticipated to be collected by the County from this retail transactions and use tax, estimated to be \$235,041,469 in 2014 dollars. All costs associated with the issuance of bonds, including debt service payments, issuance costs, interest, reserve requirements, and insurance shall be accounted for

ATTACHMENT E

within that program category in which the bond proceeds were used. Such bonds will be payable solely from the proceeds of the retail transactions and use tax and may be issued any time before expiration of the tax.

- F. It is the intent of this Expenditure Plan that each City will have the option to issue bonds for the purposes of advancing the commencement of or expediting the delivery of the projects set forth for each City as described herein. Each City is responsible for taking all actions required to obtain the required authority for any such bond issuance.