

## ORDINANCE NO. STA 04-01

### AN ORDINANCE PROVIDING FOR THE CONTINUATION OF A ONE-HALF OF ONE PERCENT RETAIL TRANSACTIONS AND USE TAX BY THE SACRAMENTO TRANSPORTATION AUTHORITY FOR LOCAL TRANSPORTATION PURPOSES

**BE IT ENACTED BY THE GOVERNING BOARD OF THE SACRAMENTO TRANSPORTATION AUTHORITY:**

#### GUIDING PRINCIPLES AND PREAMBLE

To maintain and improve the quality of life in Sacramento County, the Sacramento Transportation Authority has crafted the Sacramento County Transportation Expenditure Plan:

- To reduce traffic congestion
- To improve air quality
- To maintain and strengthen the county's road and transportation systems
- To enhance Sacramento County's ability to secure state and federal funding for transportation by providing local matching funds
- To preserve unique, natural amenities
- To preserve agricultural land
- To serve all residents of Sacramento County.

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

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

- No more than three quarters of one percent of the available funds will be expended on administration of the sales tax program.
- A mandatory Expenditure Plan review is required every ten years to ensure that the program reflects current community needs as demographics, economics and technology change.

**SECTION I. SUMMARY.** This Ordinance provides for the continued imposition of a retail transactions and use tax of one-half of one percent for local transportation purposes for a period of thirty (30) years.

**SECTION II. MANDATED TAXPAYER SAFEGUARDS.**

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

B. Administrative Costs. The Authority shall expend only that amount of funds generated from the tax that is necessary and reasonable to carry out its responsibilities for audit, administrative expenses, staff support, and contract services. In no case shall the funds expended for administration exceed three quarters of one percent (0.75%) of the annual net amount of revenue raised by the tax.

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

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

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

- A. "Expenditure Plan" means the Sacramento County Transportation Expenditure Plan 2009-2039 (attached as Exhibit A and adopted as part of this Ordinance) including any future amendments thereto.
- B. "County" means the County of Sacramento.
- C. "Authority" means the Sacramento Transportation Authority, a public district formed for the local performance of governmental functions under the Local Transportation Authority and Improvement Act, commencing at Section 180000 of the Public Utilities Code.
- D. "Existing Tax" means the one-half of one percent retail transactions and use tax adopted pursuant to Ordinance No. STA-0002.

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

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

Upon voter approval, the Authority shall continue to impose, in the incorporated and unincorporated territory of the County of Sacramento, a transactions and use tax for transportation purposes (referred to as "the tax") at the rate of one-half of one percent (0.5%) for a period of thirty (30) years beginning April 1, 2009. There shall be no concurrent assessment of the Existing Tax (which will expire on March 31, 2009) and the tax to be imposed pursuant to this Ordinance. The tax shall be imposed by the Authority in accordance with Section 180201 of the Public Utilities Code and Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code. The provisions of Revenue and Taxation Code Sections 7261 and 7262 and the provisions of Ordinance No. STA 0002, unless specifically modified by this Ordinance, are incorporated herein by reference as though fully set forth herein. The tax shall be in addition to any other taxes authorized by law, including any existing or future state or local sales tax or transactions and use tax.

**SECTION VI. USE OF PROCEEDS.** Revenues from the tax shall be used for transportation purposes only and may include, but are not limited to, administration, construction, maintenance, improvements, and operation of local streets, roads, and highways, state highways and freeways, public transit systems including rail, bicycle and pedestrian facilities and related purposes. These purposes include expenditures for planning, environmental reviews and mitigation, engineering and design costs, and related right-of-way acquisition and for the Cosumnes River Permanent Open Space Preserve and the American River Parkway/Bikeway Network. Expenditures also include, but are not limited to, debt service on bonds and expenses in connection with issuance of bonds. Routine accommodation of bicycles and pedestrians shall be included in all transportation projects.

**SECTION VII. SACRAMENTO COUNTYWIDE TRANSPORTATION MITIGATION FEE PROGRAM (SCTMFP).** No revenue generated from the tax shall be used to replace transportation mitigation fees required from new development now in effect in Sacramento County. In addition, each local jurisdiction must adopt a development financing mechanism as stated below in order to qualify for its local road maintenance formula funds.

**Goal:** To develop and implement a uniform transportation mitigation fee on all new development in Sacramento County that will assist in funding road and transit system improvements needed to accommodate projected growth and development.

**Specific Program Guidelines:**

- A. The Authority shall develop, in coordination with all local jurisdictions, a professional engineering and planning based process for charging new development with the cost of traffic impacts caused by each development during the period covered by this sales tax measure. Such a process will be consistent with state law, require each local jurisdiction to project growth of travel demand, identify specific road and transit capital improvements to meet such demands, describe the appropriate "nexus" between such demand and improvements, and adopt such fee programs as necessary to implement the revenues required.
- B. The Authority process guidelines shall be adopted by the Authority Board no later than November 1, 2005. Each local government jurisdiction shall have completed the adopted process and implemented the fee program in its jurisdiction no later than March 31, 2009 for implementation on April 1, 2009. The fees to be implemented for

this program shall be remitted to the Authority for reallocation to the local jurisdiction(s) in accordance with the SCTMFP. The fees to be implemented shall be in the following amounts:

- For each new single family unit - \$1,000.00
- For new multi-family units, retail building space, office space, and industrial or warehousing space, the fee shall be proportionate to the trip generation rate of the affected land use relative to the trip generation rate of a single family unit.

The fees shall be adjusted annually by action of the STA Governing Board to reflect changes in construction costs based on the McGraw-Hill Engineering News Record (ENR) 20-city Construction Cost Index.

The fee structure shall be implemented if validated by the nexus study described in A. above.

- C. All new low and very low income housing as defined by the California Department of Housing & Community Development shall be exempt from this fee program.
- D. The overall program allocation for the fees collected by this program shall be:
  - 35% Local streets and roads for capital improvements and rehabilitation
  - 20% Public transit for capital improvements and rehabilitation
  - 20% Local interchange upgrades, safety projects and congestion relief improvements on the local freeway system, including bus and carpool lane projects.
  - 15% Smart Growth Incentive Program
  - 10% Transportation Project Environmental Mitigation, including, but not limited to habitat conservation, open space preservation, habitat replacement, and recreation, and overall environmental enhancement of transportation facilities to the benefit of local transit users and neighborhoods. Necessary open space preservation and natural habitat preservation programs shall be eligible uses of these funds.
- E. Authority Board may approve changes in the overall formula allocation described in D. above by a 2/3 vote.
- F. All projects and program priorities for use of the SCTMFP shall be included in a five-year program, annually updated and approved by the Authority Board.
- G. All fees raised under this program must be expended in the impacted area where the fees were generated.
- H. A local jurisdiction that fails to implement the SCTMFP on April 1, 2009 shall forfeit its allocation of local street and road maintenance funds authorized by extension of the transportation sales tax. For each month such local jurisdiction does not have this fee program in full operation, such local jurisdiction shall lose local formula road maintenance funds and all such funds shall be made immediately available on a pro-rata basis to all other local jurisdictions that do have this fee program in place and operational.

**SECTION VIII. BONDING AUTHORITY.** Upon voter approval of the Measure, the Authority shall have the power to sell or issue, from time to time, on or before the collection of taxes, bonds or other evidence of indebtedness, in the aggregate principal amount at any one time outstanding of not to exceed the estimated proceeds of the tax, and to secure such indebtedness solely by way

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

**SECTION IX. ANNUAL APPROPRIATIONS LIMIT.** The annual appropriations limit established pursuant to Section 4 of Article XIII B of the California Constitution and Section 180202 of the Public Utilities Code shall be \$195,000,000.00 for fiscal year 2009/10. The appropriations limit shall be subject to adjustment as provided by law.

**SECTION X. OPERATIVE DATE.** Subject to voter approval, this Ordinance shall become operative on the first day of the first calendar quarter commencing more than 110 days after adoption of this Ordinance but in no event earlier than April 1, 2009. Prior to the operative date of this Ordinance, the Authority shall contract with the State Board of Equalization to perform all functions incidental to the administration and operation of this Ordinance. The intent is that the extension of the sales tax shall become operative immediately upon expiration of the Existing Tax.

**SECTION XI. ELECTION.** The Authority requests the Board of Supervisors to call an election for voter approval of this Ordinance which election shall be held on November 2, 2004, and consolidated with other elections to be held on that same date, that the measure retain its designation as Measure "A," and that it appear first in order on the County ballot before all other local measures. The election shall be called and conducted in the same manner as provided by law for the conduct of elections by a county. The sample ballot to be mailed to the voters shall include this full Ordinance and the entire Expenditure Plan. Approval of the Ordinance and the imposition of the tax shall require the affirmative vote of 2/3rds of the electors voting on the proposition at the election described in this section. The proposition to be placed on the ballot shall read substantially as follows:

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

- Improving I-5, I-80, US 50, SR 99;
- Constructing a new road connecting I-5/SR 99/US 50;
- Maintaining/improving local roads;
- Increasing transit for seniors and persons with disabilities;
- Expanding/planning for light rail and commuter rail;

Shall Sacramento County voters continue the existing half-cent transportation sales tax for thirty years, including creating an Independent Taxpayer Oversight Committee to conduct audits ensuring all voter mandates are met?

YES \_\_\_\_\_

NO \_\_\_\_\_

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

1. Beginning in 2019, and every ten years thereafter, the Authority shall review and, where necessary, propose amendments to the Expenditure Plan to meet changing transportation needs. Such review shall consider recommendations from local governments, transportation agencies and interest groups, and the general public.
2. The Authority shall notify the Board of Supervisors and the city councils in writing of its initiation of an amendment, reciting findings of necessity.
3. Actions of the Board of Supervisors and city councils to approve or to oppose the amendment shall be communicated to the Authority within 60 days after the date the notice is mailed. Failure of the Board of Supervisors or any city council to notify the Authority of formal action within 60 days after the date the notice is mailed shall constitute approval.
4. The amendment must be approved by the Board of Supervisors.
5. The amendment must be approved by a majority of the city councils constituting a majority of the incorporated population.

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

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

**SECTION XV.** This Ordinance was introduced and the title thereof read at the regular meeting of the Governing Board on July 22, 2004 and on July 22, 2004 further reading was waived by a vote of the Directors present.

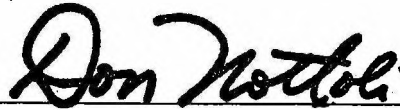
On a motion by Member Slowey, seconded by Member Scherman, the foregoing Ordinance was passed and enacted by the Governing Body of the Sacramento Transportation Authority, State of California at a regular meeting thereof, this 29th day of July, 2004 by the following vote, to wit:

AYES: Members Clare, Cooley, Dickinson, Fargo, Johnson, Morin, Niello, Pannell,  
Slowey, Scherman, Nottoli

NOES: Members None

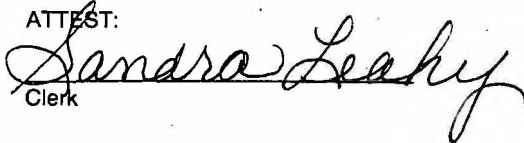
ABSENT: Members Collin, Hammond, Tretheway

ABSTAIN: Members None



Chair  
Governing Board of the Sacramento  
Transportation Authority

ATTEST:

  
Clerk

(2/3 Vote Required)

**FILED**

**JUL 29 2004**

By   
Clerk of the Governing Board