

# City of Hesperia

## STAFF REPORT



**DATE:** September 4, 2018

**TO:** Mayor and Council Members

**FROM:** Nils Bentsen, City Manager

**BY:** Michael Blay, Assistant City Manager  
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**SUBJECT:** Fiscal Year 2018/19 - 2022/23 Five Year Measure I Capital Improvement Plan

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### RECOMMENDED ACTION

It is recommended that the City Council adopt Resolution No. 2018-057 approving the Measure I Five Year Capital Improvement Plan and Expense Strategy for Fiscal Years 2018/19 - 2022/23.

### BACKGROUND

In November 2004 voters in San Bernardino County approved Ordinance 04-01, a second 30 year term to impose a one half of one percent retail transaction and sales tax to fund transportation related improvements and traffic management programs. Originally established in 1989 as Measure I, currently referred to as Measure I 2010-2040, revenue collected are to be utilized as follows:

- 70% Local Street Program (2% of the revenue is to be reserved for Project Development and Traffic Management Systems)
- 25% Major Local Highway Program (used to leverage against State/Federal funds)
- 5% Senior and Disabled Transit Program (A .5% increase shall occur in 2015 with an additional .5% increase every five years thereafter with a maximum total of 7.5%, if needs are not met by the 5% level. As a result, the Local Street Program will decrease by the like percentage.)

### ISSUES/ANALYSIS

Jurisdictions receiving Measure I tax revenue from the San Bernardino County Transportation Authority (SBCTA) Local Street Program must annually adopt, by action of their governing body, a Five Year Capital Improvement Plan (CIP) which outlines the projects upon which the Measure I pass-through funds will be expended. Only projects identified in the current CIP are eligible for use of Measure I revenue and only 50% of the estimated revenue can be programmed for use on general maintenance and city overhead. The other 50% of revenue should be programmed to specific road projects which identify projects by street name and project type. The Measure I Five Year (CIP) should also include an Expense Strategy, which explains the City's policy approach and expenditure method in identifying projects to be funded by Measure I. At the end of the year, SBCTA audits the City's Measure I expenditures to ensure they are consistent with the projects programmed in the Measure I Five Year (CIP). The Fiscal Year 2018/19 - 2022/23 Measure I CIP is due to SBCTA this year on September 30, 2018.

- Beginning in Fiscal Year 2018/19, the first payment of the Ranchero Road Interchange Public Share Reimbursement is due to SBCTA. This 10-year payback agreement between

the City and SBCTA allowed the advancement of the Ranchero Road interchange project whereby the City borrowed its local share of the project funding from SBCTA. The City obligated Development Impact Fees (DIF) as the source of this repayment, but if insufficient DIF fees are collected, SBCTA will withhold the City's annual Measure I allocation to make the payment whole on an annual basis. It is estimated that approximately 250 new homes will need to be constructed each year to meet the demands of this agreement. . City Staff predicts the City will be able make the payment using DIF funds in Fiscal Year 2018/19 as well as at least a portion of the payment for FY 2019/20. Staff is still anticipating that a portion of the City's Measure I annual allocation may have to be scheduled in FY 2019/20 to cover the agreement. This annual allocation is reflected in the spreadsheet labeled as Attachment 2. It is important to note that the City's entire local obligation needs to come from local funds, such as DIF and/or General Fund monies.

### **FISCAL IMPACT**

There is no direct fiscal impact as a result of the subject item. This action simply adopts the FY 2018/19 - 2022/23 Five Year Measure I Capital Improvement Plan for the purpose of expending Measure I revenues. Any changes in financial condition can be clarified with an amendment to the plan.

### **ALTERNATIVE(S)**

1. Provide alternative direction to staff.

### **ATTACHMENT(S)**

1. Resolution No. 2018-057
2. Measure I Five Year CIP 2018/19 - 2022/23 Spreadsheet
3. Measure I Five Year CIP 2018/19- 2022/23 Expenditure Strategy
4. Measure I Five Year CIP 201819 - 2022/23 Revenue Forecast