

Subject	2008 Strategic Plan – Schedule and Issues
Summary of Issues	<p>The current 2005 Measure C Strategic Plan was adopted in May 2005. There have been seven amendments to the 2005 Measure C Strategic Plan with an eighth amendment currently being proposed. This 2008 Strategic Plan will incorporate approved amendments, update projects status and Measure C financial information based on latest revenue projections and inflation rates.</p> <p>The 2008 <i>Plan</i> will make programming commitments for the use of remaining Measure C funds through FY 2012.</p> <p>Staff proposes that we develop the 2008 Measure C Strategic Plan over the next six months with final adoption in July 2008.</p>
Recommendations	<p>Provide comments on the proposed approach, schedule, and associated policy issues.</p>
Financial Implications	<p>The 2008 Plan will make programming commitments for the use of remaining Measure C funds through FY 2012.</p>
Options	<p>N/A</p>
Attachments (See APC Packet dated 2/7/08)	<p>A. Measure C Sales Tax Revenue Projections</p>
Changes from Committee	<p><i>None</i></p>

Background

The Authority has traditionally adopted a *Measure C Strategic Plan* every few years (i.e. 1991, 1993, 1995, 1998, 2002, and 2005). The *Plan* incorporates: (1) a comprehensive review of our projected revenues along with a financial plan; (2) a program of projects to be funded in the upcoming five year period; and (3) a review/update to our policies on project delivery, the role of project sponsors, and the relationship between the Strategic Plan’s commitment of Measure C funds and other state and federal funds.

The 2008 *Plan* will make programming commitments for the use of remaining Measure C funds through FY 2012.

Currently, 75% of all projects/studies in the Strategic Plan are complete. Twenty five percent (23 out of 90) of the projects are still ongoing with several likely to extend beyond the expiration date of Measure C (March 31, 2009).

Updated Sales Tax Revenue Projections

The 2005 Measure C Strategic Plan forecasted approximately \$735 million (1988\$) in sales tax revenues over the life of the Measure. Sales tax revenues are now projected to be approximately \$737 million (1988\$). Sales tax revenues for FY2008 are now estimated to be below FY2007 revenues (reflecting the anticipated slowdown in the economy).

As the end of Measure C approaches, staff recommends assuming a low inflation rate of 2%. (Prior Strategic Plan assumed 2.5% and 3% for FY08 and FY09, respectively.) This will ensure the escalation rates from 1988 are not overestimated. Since the Authority appropriates funds in escalated dollars, overestimating the inflation rates (or escalation rates) results in over appropriation of Measure C funds to project sponsors.

A summary of Measure C revenue projection is shown in Attachment A.

Preliminary Schedule

Staff proposes that we develop the 2008 Plan over the next six months with final adoption in July 2008.

In March/April we would meet with each of the project sponsors to review project schedules, update cash flows, and confirm the continued viability and political support for projects which may not have moved forward expeditiously. This detailed review of each project will set the stage for revising the program of projects, and identifying any financial capacity for additional programming. This information would be presented to the APC in June along with additional programming strategies.

The final draft *Strategic Plan* would be presented for adoption by the Authority in July 2008.

Issues

The 2008 Strategic Plan is expected to continue to look into whether tightening of the expenditure caps would be necessary. Currently, a total of \$2.3 million is not programmed in various categories (Gateway/Lamorinda, Commuterway, BART Parking, and Regional Trails). This unprogrammed amount provides the Authority with a cushion against downturns in the economy.

As we reach the end of Measure C, the Authority is also expected to examine remaining projects more carefully to ensure they have a reasonable chance of being completed.