



## **SDCTA Infrastructure Bond Measure Support Criteria for General Purpose Governments**

*April 2014*

### **I. STATEMENT OF PURPOSE**

This document provides municipalities soliciting the endorsement of the San Diego County Taxpayers Association (SDCTA) for an infrastructure bond proposition with guidance as to how to prepare their request, as well as the criteria the Association will use to formulate a decision.

### **II. STATEMENT OF POLICY**

It is the policy of SDCTA to thoroughly evaluate capital outlay bond measures placed on the ballot in this region. The Association has provided voters with informed, objective recommendations on ballot issues since 1945. Because voters place heavy reliance on the Association's recommendations, endorsements are made only after a thorough in-depth assessment of each ballot proposition. Consideration of a request for endorsement in no way implies that SDCTA will endorse the measure and may, after consideration, lead to opposition of the measure. Since detailed information is critical to SDCTA and the public, failure to provide requested information may lead to a recommendation of opposition.

### **III. INTENT**

It is the intent of SDCTA to ensure municipalities provide clear evidence of genuine need for bond measure projects and demonstrate that the proposed expansion and major maintenance funding required cannot be addressed with existing revenues. Upon passage of the measure SDCTA will monitor the progress of each program through its representative(s) on the Independent Citizens' Oversight Committee (ICOC).

### **IV. PREREQUISITIES TO ENDORSEMENT BY SDCTA**

#### **Time Requirements and Schedule**

Municipalities shall notify the Association at the earliest possible date of an anticipated infrastructure bond measure. At that time the Association will prepare a timeline outlining dates for a staff review conference with the municipality (applicant) and a presentation by officials to SDCTA. The Association will guarantee review and provide a recommendation for only those packages submitted no less than 180 days prior to the election date. Any package submitted less than 180 days prior to the election date will not be guaranteed to be reviewed by SDCTA staff for a recommendation. Any package submitted 120 days or fewer prior to the election date will not be eligible for an endorsement by SDCTA absent an exception granted by the SDCTA Executive Committee at its sole discretion. All municipalities intending to place a measure on the ballot or planning to discuss a potential ballot measure shall notify SDCTA no less than 180 days prior to the election date. Submission of a package does not guarantee support or preclude opposition by SDCTA.

#### **Submission**

Applicant shall deliver to SDCTA two copies of all documents requested placed in the order of topics set forth herein. The application shall be accompanied by a cover letter signed by the lead municipality representative.

## **Primary Applicant Contact Information**

Applicant shall name one individual as the primary contact.

## **Agency Endorsement Request Application**

In order to ensure an orderly process and full disclosure, SDCTA has established the following application process. Where feasible, all the requirements outlined below must be met (or satisfied) before SDCTA will consider endorsement of infrastructure bond measures. If not satisfied, the applicant must clearly identify why the requirement is not able to be met and provide an alternative strategy to address the intent of the requirement.

### **A. Program Description**

A detailed description of all projects under each asset type within the spending program shall be identified by their respective council district as it will appear on the ballot. General spending categories are insufficient. Each individual project in the program shall be classified as to whether it is a new project, replacement project, project to eliminate deferred maintenance, or code compliance. Ballot language shall provide voters with a summary of these details, including a list of planned projects by council district (or if a citywide project indicated as such) if applicable, classified in the previously mentioned manner.

### **B. Program Budget and Funding**

A detailed comprehensive budget for each proposed project shall be provided to SDCTA. Applicants shall demonstrate that the anticipated bond revenues, and other expected revenues, will address the needs identified within the program. In the event funds do not meet those needs, the applicant must set out a clear plan for the prioritization of the projects to be built with available funds, or how it will pay for those additional projects. This information must be incorporated as part of the resolution calling for the bond election. The budget shall also identify any bond funds intended to be used for the purposes of site acquisition.

### **C. Cost Estimation and Feasibility**

The applicant shall provide evidence that accurate and reliable cost estimations of projects have been obtained. Additionally, the legal feasibility of planned projects must be researched prior to submission of an application to SDCTA. If projects require site acquisition (land purchases) the applicant must show that reasonably foreseeable legal hurdles have been identified and evaluated or successfully mitigated to the extent possible. If the program includes the construction of new facilities, justification for the proposed facility, as well as reasonable construction cost estimates (including those costs associated with environmental review, equipment and supplies) shall be provided.

### **D. Program Justification**

The applicant shall thoroughly define the public benefit of the measure and how these benefits cannot be provided by other means. The applicant shall specify how this proposed bond measure would help address identified facility needs.

### **E. Long-Term CIP Plan**

A copy of the applicant's long-term CIP master plan shall be included in the application. To the extent possible, the plan should include a forecast of ongoing maintenance costs for all

facilities, as well as the total annual cost needed to maintain facilities in the condition determined to be appropriate.

#### **F. Facilities Needs Assessment**

Prior to submission of an application, the applicant shall have adopted a schedule for the completion of a condition/needs assessment for all of the applicant's asset classes. The assessments shall include the costs to bring assets to the condition level approved by the Council, as well as the annual costs to maintain the assets at that level.

#### **G. Program Execution Plan**

The program description and budget shall include an outline of how the applicant intends to execute and manage the program. The timeline shall specify the project phases intended to be funded each year and how long each phase is intended to take until completion (i.e. design, bid, construction, close out, etc.). This includes a specific description of the resources that will be applied to ensure the timely and efficient execution of the proposed program, including a schedule with benchmarks for completion, as well as an estimated timeline for the sale of bonds. A cash-flow analysis including the potential date for bond sales and the annual expenditure of non-bond revenues supplementing bond funds shall be provided. If the applicant intends to manage and execute the program using existing staff, a detailed identification of assignable staff resources, qualifications and current duties shall be included. Additionally, performance standards for all work completed by staff should be outlined. The program shall not include the use of discretionary funds or include the open-ended use of bond funds or tax revenues following the passage of the measure. The applicant shall state in writing whether it intends to utilize a Project Labor Agreement for the completion of the projects within the ballot measure. Applicant shall adopt within its ballot resolution a provision stating the District will promote fair and open competition for all construction projects.

#### **H. Deferred Maintenance and Major Repair and Replacement Plan**

If the proposed measure does not plan on eliminating the applicant's deferred capital backlog, the applicant shall submit a plan adopted by the Council that identifies and allocates the necessary funding to eliminate the backlog in a reasonable time period. The applicant shall also include a list of those deferred capital projects intended to be funded separate from the measure and their respective costs within the deferred capital backlog.

#### **I. Plan for Ongoing Maintenance & Service Level Determination**

The applicant shall develop cost estimates to determine the annual amount needed to maintain its infrastructure based on asset class. The plan shall be a public document and indicate to the public and city council the amount needed annually to prevent in an increase in the deferred maintenance backlog.

The applicant shall outline the service levels intended to be reached by the investment in each asset type. For example, for street conditions, the applicant shall outline the target level of service and the rationale for why that service level was decided upon.

#### **J. Maintenance of Effort**

The applicant shall include a "maintenance of effort" clause within the ballot resolution that specifically states revenues provided from the measure shall be used to augment, not supplant

existing local revenues being used to construct and/or maintain existing infrastructure. The applicant shall annually maintain as a minimum the same level of local discretionary funds expended for street and road purposes on average over the last three fiscal years completed prior to the operative date of the measure. This calculation would not include expenditures paid with funds from lease-revenue bonds. The maintenance of effort level as determined through this process shall be subject to adjustment every three years.

#### **K. Amending of Projects within Ballot Resolution**

The ballot resolution adopted by the applicant shall include a provision stating the project list approved by voters may be amended by a two-thirds vote of the governing body, following review and comment by the Independent Citizens' Oversight Committee.

#### **L. Provision for use of Technology**

All projects proposed to be funded must include a technology component consisting of the following information to be displayed on a dedicated website:

1. Mapping of all projects
2. Project information, including type of project and original budget
3. Current amount of money spent toward the project
4. Listing of phases of project and its current status
5. Estimated project completion date

#### **M. Provision for an "Independent Citizens' Oversight Committee"**

Applicant shall adopt SDCTA's "Independent Citizens' Oversight Committee Best Practices" as policy no later than the date of adoption of the ballot resolution.

Applicant shall appoint at least one member of SDCTA to serve on the Independent Citizen's Oversight Committee. This member will be nominated by SDCTA's President & CEO.

#### **N. Complete Ballot and Resolution Language**

Applicant shall include a copy of the proposed ballot language and supporting resolution.

### **V. OPPOSITION TO SPECIAL ELECTIONS**

Except in very extraordinary circumstances, SDCTA opposes special elections due to the added cost to taxpayers.

### **VI. BALLOT AND OTHER CONSIDERATIONS**

#### **Revenue Source**

The ability to issue a substantial amount of bonds to pay for infrastructure projects commonly relies on a secure funding source approved by voters. The ballot measure shall specifically outline the funding source and estimated annual amount that will be generated from the source should voters approve the measure. SDCTA shall oppose any ballot measure that utilizes a general fund measure that does not specifically require revenue to be used toward infrastructure improvements.



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### **Signing Favorable Ballot Argument and Use of Endorsement**

SDCTA, at the request of the applicant, may elect to sign the printed ballot argument in favor of the proposition but only subject to editorial review of its final content. The bond campaign shall provide SDCTA with copies of all campaign materials in which its endorsement is noted. Endorsement or quotes provided by SDCTA officials for campaign literature may only be used for that specific election and not for any future elections.