



NAPA VALLEY TRANSPORTATION AUTHORITY

Active Transportation Advisory Committee Agenda Memo

TO: Active Transportation Advisory Committee (ATAC)
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SUBJECT: Measure U – Countywide Sales Tax Update

RECOMMENDATION

Information only

EXECUTIVE SUMMARY

This item provides ATAC members with a high-level update on Measure U, the countywide half-cent transportation sales tax approved by Napa County voters in November 2024 and implemented on July 1, 2025. Measure U fully replaced Measure T and will extend the sales tax measure through June 30, 2055.

BACKGROUND

Measure U, also known as the Napa Valley Transportation Improvement Act, builds on the foundation of Measure T but expands the program's impact. Measure T was highly effective in helping to deliver local street and road maintenance, reconstruction and rehabilitation projects, which was essential for keeping roads in good condition. However, Measure T was narrower in scope and did not provide flexibility for regional investments. Measure U continues those efforts, while giving Napa County the ability to tackle larger, more complex transportation needs.

Measure U Core Highlights:

- **Transition from Measure T:** Measure U ensures that every jurisdiction continues to receive funding for local street and road rehabilitation. Measure U also expands the eligible uses of the sales tax revenue so that projects with a countywide or regional benefit can be funded.

- **Bonding and Regional Transportation Enhancement Program (RTEP):** Measure U gives NVTa the authority to issue bonds against future sales tax revenues for local and regional projects. Jurisdictions may bond against their future distributions to accelerate local projects if they choose.

Under Measure U, NVTa is guaranteed \$6 million over the first five years of the program (FY 2025-26 through FY 2029-30), distributed as \$1.2 million per year. The \$1.2 million annual set-aside is intended to help move large capital highway projects through the preconstruction phases (Environmental, Design, Right-Of-Way), to get them shovel ready. Advancing projects to this stage makes them more competitive and better positions NVTa to leverage additional regional, state, and federal discretionary funding.

In addition, Measure U authorizes NVTa to issue up to \$50 million in RTEP bonds if needed or desired to deliver large regional projects more quickly. These funds are intended to support projects that improve countywide mobility, enhance highway and intersection operations, or strengthen emergency evacuation infrastructure. Having the ability to bond does not mean bonds will automatically be issued. The bond market is uncertain, and factors like interest rates and overall financing conditions over the next two to five years will strongly influence whether bonding makes sense. To prepare, NVTa has retained bond counsel to help guide staff to better understand the opportunities, risks, and timing considerations before any decisions are made.

- **Active Transportation 7% Equivalent Fund:** Under Measure T, 6.67% collective equivalent of local road allocations were required to support Class I shared-use paths. Equivalent funds could be from any non-discretionary source such as gas tax, TDA-3, general fund etc. and are not derived out of Measure T funding allocations. Measure U strengthens this requirement by raising it to 7% and expands eligibility to include both Class I shared use paths and Class IV separated bikeways. The Master Agreement specifies that all jurisdictions collectively must demonstrate that at least 7% equivalent of Local Streets and Roads allocations each year are committed to the project development, construction, and maintenance of Class I and/or Class IV active transportation. The 7% Equivalent Fund continues the same requirement that must be met by jurisdictions using local dollars or non-discretionary sources, such as general fund contributions to satisfy the collective commitment. Up to 20% of this requirement may be met through routine maintenance expenditures. Funding from philanthropy, state discretionary

programs, or federal discretionary programs does not count toward the 7% equivalent requirement.

- **5% Flex Funds:** Jurisdictions must use their Measure U Maintenance Program funds for maintaining, reconstructing, or rehabilitating local streets, roads, and other public right-of-way infrastructure. However, up to 5% of these funds can be used more flexibly on other transportation projects, such as roadway capacity improvements.

ATTACHMENTS

None