

AGENDA: March 4, 2004

TO: Regional Transportation Commission
FROM: Linda Wilshusen, Executive Director
REGARDING: Amendments to the FY03-04 Budget

RECOMMENDATIONS

The Budget and Administration/Personnel Committee and staff recommend that the Regional Transportation Commission:

1. Approve a resolution (Attachment 1) amending the FY03-04 Budget and Work Program to add funds and tasks for the Highway 1 Project Approval/ Environmental Document (PA/ED) and to make other amendments, as detailed in the staff report; and
 2. Direct staff to negotiate and sign a letter of agreement with the County of Santa Cruz regarding pass-through of funds for its work coordinating with the RTC on transition of oversight of the Highway 1 Widening/HOV Project Approval/Environmental Document (PA/ED) from the RTC to the Highway 1 Construction Authority Joint Powers Authority (JPA) early this summer.
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DISCUSSION

The following amendments to the FY03-04 Budget and Work Program have been reviewed by the Budget and Administration/Personnel Committee. Amended pages for the budget are included as Attachment 2 and the proposed amended Work Program is included as Attachment 3, both enclosed separately.

1. Staff Costs

Staff performed a mid-year budget review, comparing actual expenditures for the first half of the fiscal year to the budgeted amounts, and found that all expenditures are within an appropriate range, except for staff salaries and benefits. When staff originally developed the FY03-04 budget last February, staff estimated the total cost for salaries and benefits for the next fiscal year and recommended that the RTC put in the budget the estimate minus 5% for salary savings. This was the first time the RTC incorporated salary savings in its estimate and it was done to keep costs low. With the results of the mid-year budget review, staff has re-estimated salary and benefits costs through the end

of the fiscal year, including updated information on the cost of benefits and the savings for the Transportation Planner vacancy. The re-estimated staff costs reveal the need to add \$25,000 to the budget. Fortunately, other actions in this budget amendment offset the extra cost, as discussed below.

2. Highway 1 Widening/HOV Lane PA/ED

RTC staff has been meeting with County staff involved in the Highway 1 Construction Authority Joint Powers Authority (HCA JPA), including CAO staff, Public Works staff, and the County Auditor-Controller, to discuss the steps and timing for designating permanent staff for the JPA, transferring PA/ED funding and contracts to the JPA, and training the new staff. The JPA intends to contract for an Executive Director and other staffing. This will involve a Request for Proposals which will result in the staff being ready to work in July at the earliest. County and RTC staff are in agreement that there should be one transfer of the responsibilities for oversight of the PA/ED once the contracted Executive Director and other staff are on board.

The adopted fiscal year RTC budget had assumed that the transfer of oversight of the PA/ED to the JPA would occur by January 1st. Therefore the RTC Budget and Work Program now needs to be amended to reflect the RTC's continued oversight of the PA/ED through the end of the fiscal year.

RTC staff has also discussed budget needs with County staff. Together we have reviewed the preliminary JPA budgets that had been used by the JPA Working Group to identify the level of member contributions, and agreed on estimated funding needs for RTC and County staff for the remainder of this fiscal year. County staff will present a FY03-04 budget to the JPA Board at its March meeting. Since the RTC will continue to manage the PA/ED through the end of this fiscal year, County staff expects the JPA budget to be limited to other operational costs.

As shown on page 16 of the budget, the RTC budget amendment includes updated fiscal year costs for RTC staff (increased by \$100,000), costs for publicity and a mass mailing for the PA/ED public information meetings to take place in late April (up to \$10,000), and pass-through costs to the County for its coordinating work on the PA/ED (up to \$15,000). These additional costs are funded by PA/ED dedicated funding that had originally been allocated to the JPA staff for PA/ED oversight, had they been hired by January. The additional \$100,000 for RTC staff costs, for a total of \$156,000 for the full fiscal year, is based on the actual costs for the first half of the fiscal year of approximately \$80,000. The input of new funds to the RTC budget will help the overall budget situation. The RTC budget can be changed if the JPA adopts a budget in March which calls for a different amount of PA/ED pass-through funding for County staff.

Since the County was designated as the host agency for the JPA, the County will be charging some of its staff time for coordinating on PA/ED issues. In order to allow pass

through of funds from the RTC budget to the County for these PA/ED tasks, staff recommends that the RTC direct staff to negotiate and sign a letter of agreement with the County of Santa Cruz regarding pass-through of funds for its work coordinating with the RTC on transition of oversight of the Highway 1 Widening/HOV Project Approval/Environmental Document (PA/ED) from the RTC to the JPA early this summer. The agreement would outline arrangements for the County to submit to RTC staff paperwork regarding its PA/ED-related costs and for RTC staff to release the funds to reimburse the County for those costs.

3. Upgrade of SAFE Call Box System

In the separate agenda item on the SAFE Call Box System, staff notes that the ADA and digital upgrade of the call box system is estimated to cost \$340,000. \$200,000 is budgeted in the current fiscal year budget and the additional \$140,000 is available in SAFE Reserves. Staff proposes including the full amount in the current fiscal year budget, which can then be carried over to the following fiscal year budget (see page 13 of the budget). Staff will return with recommendations on a Request for Proposals once staff time to implement the RFP process is available.

4. Rideshare Program

In order to provide an alternate source of base-level funding for the long-standing general Rideshare Program next fiscal year, staff recommends that FY03-04 CMAQ funds programmed to the Don't Drive One in Five program be reprogrammed in the 2004 Regional Transportation Improvement Program (RTIP) by the RTC in April and re-assigned to the general Rideshare program in the FY04-05 budget (see separate agenda item). The FY03-04 CMAQ funds for Don't Drive One in Five have therefore been deleted from page 12 of the amended FY03-04 budget. The recently-completed Phase I of the One in Five program was funded by prior year CMAQ funding. If this action is taken, there is still \$300,000 in CMAQ funds for Phase II of the Don't Drive 1 in 5 project spread over the next two fiscal years. The Commission will consider whether to proceed with Phase II once it sees the evaluation of all CMAQ programs at its May RTC meeting.

5. Paratransit Coordination

RTC staff work on the February Public Hearing and the proposed Task Force on Paratransit Coordination needs to be included in the Work Program. RTC staff has assigned a team to work on this high-priority project. No increase in funding under Specialized Transportation in the budget is needed for this fiscal year because that job code has been underspent so far this fiscal year due to other higher priority projects. Additional funds may be needed for a facilitator.

6. Expenditure Plan

The cost for the Addendum to the EIR for the RTP to cover potential expenditure plan projects for the sales tax measure has been updated, from \$5,000 to \$6,400 (see page 18 of the budget). In addition, the amount for the Expenditure Plan job code in the Planning Program has been reduced in the budget amendment because staff has been charging those actions to RTP until recently.

7. Continuation of State Legislative Assistant Contract

The RTC originally budgeted a half-year of the State Legislative Assistant, at a cost of \$9,600. Staff recommends continuing the State Legislative Assistant through the end of the fiscal year in order to continue to receive the firm's information and counsel during these difficult state budget deliberations (page 18 of the budget). This will add \$9,600 to the budget. Staff recommends discontinuing the contract by the beginning of the next fiscal year.

Work Program Adjustments and Staff Reassignments

Two major additions to the Work Program are needed:

- the addition of tasks through the end of the fiscal year for managing the PA/ED and helping with the transfer of the PA/ED tasks and funding to the JPA
- the addition of tasks for the paratransit coordination task force.

These additions will occupy staff time that had been committed in the Work Program to other projects, and some discretionary work tasks will need to be downscaled accordingly. Staff assignments are also affected by the recommendation in the staff report for the budget for next fiscal year (see separate agenda item) that the recently-vacated Transportation Planner position not be filled in order to reduce the expenditure side of the budget. RTC management had reassigned the tasks of the former Transportation Planner to other staff as a short term measure, hoping that the position could be filled in the near future. But with the long-term reduction in staff resources, the work program will need to be downscaled somewhat.

Adjustments to the Work Program have been made to accommodate the reduced staff and the two major additions to the Work Program. Longer-term reassignments are discussed in the staff report for the budget amendment for next fiscal year. In summary, a number of projects have been downscaled, including the Rideshare program, the Regional Transportation Plan, the Regional Transportation Improvement Program, Bicycle Planning and Land Use/Transportation Coordination.

Status of Commission and SAFE Reserves

After the last amendment to the current fiscal year budget, the fund balance available in the Commission Reserve account for general use was \$31,000, approximately one-quarter the level recommended by the Auditor-Controller. The net result of the proposed budget item today is an increase to the Commission Reserve fund balance of \$64,000 for a total of \$95,000 in Commission Reserves, two-thirds of the recommended Reserve. This is a good development.

There is a possibility that the California Transportation Commission may allocate some or all of the \$76,000 in STIP funds for Planning, Programming and Monitoring that the RTC included in its RTIP, but was withheld earlier by the CTC due to the state budget crisis. Action by the CTC may be taken at its meeting in late February. If this money materializes, it will be added to the next budget amendment, and will offset the remaining deficit in Commission Reserves.

The SAFE Reserve Fund is still adequate even after the full cost of the call box system upgrade is budgeted, as discussed in a separate agenda item.

SUMMARY

The proposed budget and work program amendment includes update of costs and tasks for oversight of the Highway 1 Widening/HOV PA/ED through the end of the fiscal year in light of the new timing for securing permanent staffing for the Highway Construction Authority Joint Powers Authority. The budget amendment also includes updated staff costs, continuation of the Sacramento Legislative Assistant services through the end of the fiscal year, and fully funding upgrade to the call box system. The Work Program includes staffing for the Task Force for Paratransit Coordination. Staff resources have been shifted from other projects in order to cover the high priority Highway 1 tasks and the new paratransit coordination tasks. Fortunately, the balance in the Commission Reserve account has been increased by this budget amendment.

Attachment 1: Resolution

Attachment 2: Amended Budget Pages (enclosed separately)

Attachment 3: Proposed Amended Work Program (enclosed separately)