



County of Santa Cruz

COUNTY ADMINISTRATIVE OFFICE

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SUSAN A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

May 24, 2004

AGENDA: June 3, 2004

REGIONAL TRANSPORTATION COMMISSIONERS
Santa Cruz County Regional Transportation Commission
1523 Pacific Avenue
Santa Cruz, California 95060

SUPPLEMENTAL REPORT - SALES TAX GROWTH RATE AND THE HIGHWAY 1 CONSTRUCTION SCHEDULE

Dear Members of the Commission:

On May 20, 2004 the Commission reviewed an Expenditure/Financial Plan based on 1% real growth in sales tax revenue. The Expenditure Plan included a distribution of the revenue between Highway 1 and Other Transportation needs of 64% and 33% with 3% reserved for a contingency. The Plan provided for completion of Phase II of the Highway 1 Project by the end of the proposed tax measure.

At that time the Commission requested that this office report at your June 3, 2004 meeting on how increasing the growth assumption from 1% to 1.5% would affect the completion of Phase II of the Highway 1 Project.

The material which follows:

- provides background on the historic growth in taxable sales in Santa Cruz County; and
- presents a set of economic assumptions which provide for constructing Phases I and II of the over a ten year period commencing with the acquisition of right of way in 2008 and ending in 2017 with the completion of Phase II.

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Background

The table below provides a historical perspective on the real growth in taxable sales in Santa Cruz County where real growth is defined as the difference between the growth in taxable sales and inflation. Inflation is measured by the change in the San Francisco Bay Area Consumer Price Index.

**Real Growth in Santa Cruz County
The Difference Between Growth in Taxable Sales and Inflation**

Period	Growth Rates		Difference
	Taxable Sales for Santa Cruz County	SF Bay Area CPI (All Urban Consumers)	
■ 1980 - 2001	5.59%	3.98%	1.61%
■ Last Ten Years	5.05%	2.91%	2.14%

In summary,

- ✓ for the twenty two year period beginning in 1980 and ending in 2001 the difference in the growth in taxable sales in Santa Cruz County and the growth in the Bay Area CPI was 1.61% per year; and
- ✓ over the last ten years the difference was 2.14%.

Construction of Highway 1

The material which follows outlines the three changes required to produce annual cash flow sufficient to finance the construction of Phases I and II of the Highway 1 Project as a continuous project. It should be noted that increasing the sales tax growth is necessary but not sufficient to finance construction of the project without a break.

The three changes are:

1. increasing the growth rate for Sales Tax Revenue from 1% to 1.5%;
2. continuing the annual commitment of State and Federal assistance through 2026-27, and
3. substituting a Surety for the 10% Reserve Fund in the bond issues.

A 1.5% growth rate is consistent with the historical growth of taxable sales in Santa Cruz County.

The preceding changes provide funds which are consistent with financing Phases I and II as a continuous project. The project would commence in 2008 following the completion of the PA/ED work with the acquisition of right of way and end in 2017 with the completion of Phase II.

Attachment 1 includes the Highway 1 Revenues.

Accelerated Schedule for Highway 1

The Commission also requested information on the financing of the accelerated schedule. It should be noted that an accelerated schedule has not been produced for Phase II. The accelerated schedule for Phase I could be accommodated within the context of the preceding.

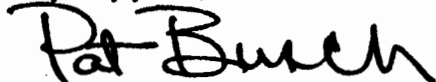
1.5% Growth and the Other Transportation Projects

If real growth is 1.5%, this would affect the amount available for other transportation projects included in the Expenditure Plan. Attachment 2 shows the increased amounts which would be available to other transportation projects.

Recommendation

It is RECOMMENDED that the Commission accept this supplemental report for use in your deliberations on the proposed half cent sales tax measure for transportation purposes.

Very truly yours,



Pat Busch
Assistant County Administrative Officer

Attachments

cc: Pat Dellin
Rachel Moriconi

Highway 1 Revenues

Tax Year	Fiscal Year	Forecast		Distribution			Highway 1 Revenue		
		Half Cent Estimate	% Change	Half Cent Proceeds	Highway 1 Phase I & II	Other Projects	Highway 1 Sales Tax	State & Federal	Total Income
1	2004-05	\$15,166,098	1.5%	\$1,263,841	\$808,859	\$454,983	\$808,859	3,675,000	\$4,483,859
2	2005-06	15,393,589	1.5%	15,393,589	9,851,897	5,541,692	9,851,897		9,851,897
3	2006-07	15,624,493	1.5%	15,624,493	9,999,675	5,624,817	9,999,675		9,999,675
4	2007-08	15,858,860	1.5%	15,858,860	10,149,671	5,709,190	10,149,671		10,149,671
5	2008-09	16,096,743	1.5%	16,096,743	10,301,916	5,794,828	10,301,916		10,301,916
6	2009-10	16,338,194	1.5%	16,338,194	10,456,444	5,881,750	10,456,444	3,500,000	13,956,444
7	2010-11	16,583,267	1.5%	16,583,267	10,613,291	5,969,976	10,613,291	5,500,000	16,113,291
8	2011-12	16,832,016	1.5%	16,832,016	10,772,490	6,059,526	10,772,490	5,500,000	16,272,490
9	2012-13	17,084,496	1.5%	17,084,496	10,934,078	6,150,419	10,934,078	5,500,000	16,434,078
10	2013-14	17,340,764	1.5%	17,340,764	11,098,089	6,242,675	11,098,089	5,500,000	16,598,089
11	2014-15	17,600,875	1.5%	17,600,875	11,264,560	6,336,315	11,264,560	5,500,000	16,764,560
12	2015-16	17,864,888	1.5%	17,864,888	11,433,529	6,431,360	11,433,529	5,500,000	16,933,529
13	2016-17	18,132,862	1.5%	18,132,862	11,605,032	6,527,830	11,605,032	5,500,000	17,105,032
14	2017-18	18,404,855	1.5%	18,404,855	11,779,107	6,625,748	11,779,107	5,500,000	17,279,107
15	2018-19	18,680,928	1.5%	18,680,928	11,955,794	6,725,134	11,955,794	5,500,000	17,455,794
16	2019-20	18,961,141	1.5%	18,961,141	12,135,131	6,826,011	12,135,131	5,500,000	17,635,131
17	2020-21	19,245,559	1.5%	19,245,559	12,317,157	6,928,401	12,317,157	5,500,000	17,817,157
18	2021-22	19,534,242	1.5%	19,534,242	12,501,915	7,032,327	12,501,915	5,500,000	18,001,915
19	2022-23	19,827,256	1.5%	19,827,256	12,689,444	7,137,812	12,689,444	5,500,000	18,189,444
20	2023-24	20,124,664	1.5%	20,124,664	12,879,785	7,244,879	12,879,785	5,500,000	18,379,785
21	2024-25	20,426,534	1.5%	20,426,534	13,072,982	7,353,552	13,072,982	5,500,000	18,572,982
22	2025-26	20,732,932	1.5%	20,732,932	13,269,077	7,463,856	13,269,077	5,500,000	18,769,077
23	2026-27	21,043,926	1.5%	21,043,926	13,468,113	7,575,813	13,468,113	5,500,000	18,968,113
24	2027-28	21,359,585	1.5%	21,359,585	13,670,135	7,689,451	13,670,135	5,500,000	19,170,135
25	2028-29	21,679,979	1.5%	21,679,979	13,875,187	7,804,792	13,875,187	5,500,000	19,375,187
26	2029-30	22,005,179	1.5%	22,005,179	14,083,314	7,921,864	14,083,314	5,500,000	19,583,314
27	2030-31	22,335,256	1.5%	22,335,256	14,294,564	8,040,692	14,294,564	5,500,000	19,794,564
28	2031-32	22,670,285	1.5%	22,670,285	14,508,983	8,161,303	14,508,983	5,500,000	19,998,983
29	2032-33	23,010,340	1.5%	23,010,340	14,726,617	8,283,722	14,726,617	5,500,000	20,206,617
30	2033-34	23,355,495	1.5%	23,355,495	14,947,517	8,407,978	14,947,517	5,500,000	20,417,517
31	2034-35	23,705,827	1.5%	23,705,827	15,173,341	8,534,223	15,173,341	5,500,000	20,630,341
				\$577,143,388	\$369,371,768	\$207,771,620	\$369,371,768		\$470,046,768

Notes:

Growth

1.5%

-- State and Federal may include future STIP, RSTP, Federal Earmarks, ect. \$8 million in RSTP/CMAQ previously programmed by RTC for PAED work not shown.
 -- Does not show anticipated interest earnings of \$11 million over thirty years.

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Distribution of Sales Tax Revenues - does not reflect total project costs, shown in current dollars

Tax Year	Fiscal Year	Years	Proceeds		Highway 1 Phase I & II (1)	City/County Amount	Express Buses	P & R Lots/Alt Progs	Senior & Disabled	HW 17 Safety	Bic/Ped Trail at Rail	Pajaro Junction Train Station	Contingency/Reserve	Admin.	Total
			Half Cent	Sales Tax											
1	2004-05		\$808,859	\$259,087	\$12,638	\$18,958	\$37,915	\$12,638	\$50,554	\$12,638	\$37,915	\$12,638	\$12,638	\$12,638	\$1,263,841
2	2005-06		9,851,897	3,155,686	153,936	230,904	461,808	153,936	615,744	153,936	461,808	153,936	461,808	153,936	\$15,393,589
3	2006-07		9,999,675	3,203,021	156,245	234,367	468,735	156,245	624,980	156,245	468,735	156,245	468,735	156,245	\$15,624,493
4	2007-08		15,858,860	3,251,066	158,589	237,883	475,766	158,589	634,354	158,589	475,766	158,589	475,766	158,589	\$15,858,860
5	2008-09		16,096,743	3,299,832	160,967	241,451	482,902	160,967	643,870	160,967	482,902	160,967	482,902	160,967	\$16,096,743
6	2009-10		16,338,194	3,349,330	163,382	245,073	490,146	163,382	653,528	163,382	490,146	163,382	490,146	163,382	\$16,338,194
7	2010-11		16,583,267	3,399,570	165,833	248,749	497,498	165,833	663,331	165,833	497,498	165,833	497,498	165,833	\$16,583,267
8	2011-12		16,832,016	3,450,563	168,320	252,480	504,960	168,320	673,281	168,320	504,960	168,320	504,960	168,320	\$16,832,016
9	2012-13		17,084,496	3,502,322	170,845	256,267	512,535	170,845	683,380	170,845	512,535	170,845	512,535	170,845	\$17,084,496
10	2013-14		17,340,764	3,554,857	173,408	260,111	520,223	173,408	693,631	173,408	520,223	173,408	520,223	173,408	\$17,340,764
11	2014-15		17,600,875	3,608,179	176,009	264,013	528,026	176,009	704,035	176,009	528,026	176,009	528,026	176,009	\$17,600,875
12	2015-16		17,864,888	3,662,302	178,649	267,973	535,947	178,649	714,596	178,649	535,947	178,649	535,947	178,649	\$17,864,888
13	2016-17		18,132,862	3,717,237	181,329	271,993	543,986	181,329	725,314	181,329	543,986	181,329	543,986	181,329	\$18,132,862
14	2017-18		18,404,855	3,772,995	184,049	276,073	552,146	184,049	736,194	184,049	552,146	184,049	552,146	184,049	\$18,404,855
15	2018-19		18,680,928	3,829,590	186,809	280,214	560,428	186,809	747,237	186,809	560,428	186,809	560,428	186,809	\$18,680,928
16	2019-20		18,961,141	3,887,034	189,611	284,417	568,834	189,611	758,446	189,611	568,834	189,611	568,834	189,611	\$18,961,141
17	2020-21		19,245,559	3,945,340	192,456	288,683	577,367	192,456	769,822	192,456	577,367	192,456	577,367	192,456	\$19,245,559
18	2021-22		19,534,242	4,004,520	195,342	293,014	586,027	195,342	781,370	195,342	586,027	195,342	586,027	195,342	\$19,534,242
19	2022-23		19,827,256	4,064,587	198,273	297,409	594,818	198,273	793,090	198,273	594,818	198,273	594,818	198,273	\$19,827,256
20	2023-24		20,124,664	4,125,556	201,247	301,870	603,740	201,247	804,987	201,247	603,740	201,247	603,740	201,247	\$20,124,664
21	2024-25		20,426,534	4,187,440	204,265	306,398	612,796	204,265	817,061	204,265	612,796	204,265	612,796	204,265	\$20,426,534
22	2025-26		20,732,932	4,250,251	207,329	310,994	621,988	207,329	829,317	207,329	621,988	207,329	621,988	207,329	\$20,732,932
23	2026-27		21,043,926	4,314,005	210,439	315,659	631,318	210,439	841,757	210,439	631,318	210,439	631,318	210,439	\$21,043,926
24	2027-28		21,359,585	4,378,715	213,596	320,394	640,788	213,596	854,383	213,596	640,788	213,596	640,788	213,596	\$21,359,585
25	2028-29		21,679,979	4,444,396	216,800	325,200	650,399	216,800	867,199	216,800	650,399	216,800	650,399	216,800	\$21,679,979
26	2029-30		22,005,179	4,511,062	220,052	330,078	660,155	220,052	880,207	220,052	660,155	220,052	660,155	220,052	\$22,005,179
27	2030-31		22,335,256	4,578,728	223,353	335,029	670,058	223,353	893,410	223,353	670,058	223,353	670,058	223,353	\$22,335,256
28	2031-32		22,670,285	4,647,408	226,703	340,054	680,109	226,703	906,811	226,703	680,109	226,703	680,109	226,703	\$22,670,285
29	2032-33		23,010,340	4,717,120	230,103	345,155	690,310	230,103	920,414	230,103	690,310	230,103	690,310	230,103	\$23,010,340
30	2033-34		23,355,495	4,787,876	233,555	350,332	700,665	233,555	934,220	233,555	700,665	233,555	700,665	233,555	\$23,355,495
31	2034-35		21,730,341	4,454,720	217,303	325,955	651,910	217,303	869,214	217,303	651,910	217,303	651,910	217,303	\$21,730,341
			\$577,143,388	\$118,314,394	\$5,771,434	\$8,657,151	\$17,314,302	\$5,771,434	\$23,085,736	\$5,771,434	\$17,314,302	\$5,771,434	\$17,314,302	\$5,771,434	\$577,143,388

Notes:

Growth 1.5%

(1) Includes bicycle and pedestrian overcrossings.

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