

Date: July 27, 2004

To: Regional Transportation Commission
From: Linda Wilshusen, Executive Director
RE: Approval of Final Expenditure Plan and Ordinance for a Local Transportation Sales Tax Measure

RECOMMENDATIONS

Staff recommends the Regional Transportation Commission:

1. Approve the attached resolution (Attachment 1), accepting the Addendum to the Environmental Impact Report (EIR) for the 2001 Regional Transportation Plan (Attachment 2) and requesting that the County Board of Supervisors approve the final Expenditure Plan and Ordinance and place the Local Transportation Sales Tax Measure on the November 2004 ballot at the special July 27, 2004 Board meeting to be held following this meeting.
 2. Accept the Final Local Transportation Sales Tax Measure Expenditure Plan and Ordinance, as revised (Attachment 3);
 3. Accept responses from potential appointers of members to the Independent Audit Committee (Attachment 4); and
 4. Approve minor revisions to the ballot language, suggested by County Counsel (Attachment 5).
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BACKGROUND

At the June 3, 2004 Santa Cruz County Regional Transportation Commission (SCCRTC) meeting, following several hours of public testimony and deliberation, the Commission preliminarily approved a list of transportation projects for a countywide transportation sales tax measure and the Ordinance and Expenditure Plan for the Transportation Sales Tax Measure, with the exception of sections relating to the amendment process. The Commission decided to continue discussion of the amendment process for the Expenditure Plan and Ordinance to the June 17, 2004 Transportation Policy Workshop.

At its June 17, 2004 meeting, the Commission approved several additional changes to the Ordinance and Expenditure Plan, including deletion of the Preamble and revisions to sections related to maintenance of effort, administration of the measure, the independent oversight committee, amendments, and distribution of the contingency reserve. At that meeting, the Commission also received the Addendum to the Environmental Impact Report (EIR) for the *2001 Regional Transportation Plan (RTP)*.

DISCUSSION

Environmental Review of the Proposed Sales Tax Measure

As discussed at prior meetings, County Counsel has determined that the proposed Sales Tax Measure must undergo program-level environmental review, since the Expenditure Plan will expressly allocate funding for one or more specified projects. The Commission hired Rincon Consultants to review the Expenditure Plan. Since all of the projects and programs identified in the Expenditure Plan were examined in the Environmental Impact Report (EIR) for the *2001 Regional Transportation Plan (RTP)*, Rincon has prepared an Addendum to the RTP EIR in order to address the California Environmental Quality Act (CEQA) requirements for the Expenditure Plan (Attachment 2).

The RTP and its EIR were adopted in October 2001. At that time, the Commission determined that the potential environmental impacts from the adoption of RTP were adequately addressed in the Final EIR. An Addendum to that EIR has now been prepared to document that the use of funds from the proposed sales tax measure would not create any new significant environmental impacts that warrant revisions to the previous EIR or preparation of a new EIR.

According to the California Environmental Quality Act (CEQA) Guidelines Section 15164, an Addendum to a previously certified EIR may be used if some changes or additions are necessary, but none of the conditions described in Section 15162 of CEQA requiring the preparation of a subsequent Negative Declaration or EIR have occurred. The attached Addendum (Attachment 2) provides further analysis and explanation of the proposed Expenditure Plan in relation to the previous environmental documentation, as required by CEQA.

Staff recommends the Commission adopt the attached resolution (Attachment 1), accepting the Addendum to the RTP EIR (Attachment 2).

Additional Changes to the Ordinance, Expenditure Plan and Ballot Language

In response to questions raised at the June 17, 2004 Commission meeting and suggestions from County Counsel, the Board of Equalization, and Commission consultants, a few additional changes have been made to the Ordinance and Expenditure Plan (Attachment 3), as described below.

Independent Audit Committee

County Counsel has added language to Section 4.22.220 – Independent Audit Committee - to address what would happen if one of the entities designated to appoint members to the committee disbands. It allows for a successor entity, or if the entity ceases to exist, a comparable entity designated by the Commission, to appoint members to the committee.

Staff has contacted the entities identified in the ordinance and, as of the writing of this staff report, two have agreed in writing (Attachment 4) and two have verbally agreed to participate in selecting members of the Independent Audit Committee.

Staff has not yet received a response from the Silicon Valley Chapter of the Society of CPAs which covers Santa Clara, Santa Cruz, and Monterey Counties. There is not a separate/"local" chapter for Santa Cruz County. There is talk of starting a Monterey County Chapter at some point, but no concrete plans exist at this time. The Auditor-Controller believes it will be possible to find a member of the Society of CPAs to participate in the Independent Audit Committee.

Please note, the Expenditure Plan does not clarify who will provide staff level support to the Independent Audit Committee and some entities have suggested the Commission assist with a coordinated recruitment effort. Staff believes that these issues can be resolved at a later date.

Description of the Highway 1 Widening/Carpool Lanes Project

At its June 17, 2004 meeting, the Commission directed staff to revise the description of the Highway 1 Widening/Carpool Lane project to ensure consistency with Caltrans guidelines for carpool lanes. As such, the first bullet under Section 4A1 of the Expenditure Plan has been revised as follows:

- x Widen Highway 1 from Morrissey Boulevard south to Aptos with one additional High Occupancy Vehicle (HOV) lane in each direction, ~~to encourage maximum person throughput by allowing exclusive~~ for use by carpools, buses, and emergency vehicles ~~during peak periods.~~

Both the Federal Highway Administration (FHWA) and Caltrans have guidelines on High Occupancy Vehicle (HOV) lanes. Since those guidelines include specific information on instances in which other vehicles may use HOV lanes (such as motorcycles, electric vehicles and vanpools, or single-occupancy vehicles during off-peak hours) and are occasionally amended, staff believes it is appropriate to generically reference this project as the addition of HOV lanes.

Comments from the Board of Equalization

At the request of the Board of Equalization (BOE), staff has made the following changes to the Ordinance and Expenditure Plan:

1. Changed Transaction to "Transactions" throughout the ordinance;
2. In 4.22.110, changed "district" to "county" to agree with how it is written in the law;
3. Added missing language to 4.22.110;
4. Clarified definition of a retail transactions and use tax as "sales tax."

Though not outlined in the Ordinance, the BOE noted that if voters should decide to retire the tax earlier than the 30 year period, the County must notify the Board of Equalization in writing. The tax must end at the end of a calendar quarter and BOE will need time to make the necessary changes and notifications to taxpayers.

The Bicycle Committee has submitted additional comments for your consideration (Attachment 6).

Staff recommends the Commission approve and forward to the County Board of Supervisors for their approval the final Expenditure Plan and Ordinance (Attachment 3).

Ballot Language (“Ballot Question”)

County Counsel has recommended that the ballot language be stated in the form of a question rather than a statement, as shown on Attachment 5. **Staff recommends the Commission approve and forward to the County Board of Supervisors for their approval this revised Ballot Question.**

Next Steps

August 6 is the deadline for the County Board of Supervisors to place measures on the ballot for the November election. As such, the Board has scheduled a special meeting for 10:00 a.m. on July 27, 2004, following this RTC meeting, to consider placing the proposed local transportation sales tax measure on the ballot (Attachments 6 & 7). The following is a summary of the remaining Election Department deadlines:

- August 6: Deadline to file measure materials (ordinance/expenditure plan, ballot question)
- August 7-17: 10-day Public Inspection Period of Ballot Questions & Text
- August 10: Final deadline to file arguments for ballot measures - County Counsel has indicated that Commission staff cannot prepare these arguments.
- August 17: Final deadline for filing rebuttals and analyses to measures filed; County Counsel to submit analysis; County Auditor to submit fiscal analysis, if directed by BOS
- August 18-28: 10-day Public Inspection Period of arguments, analyses, and rebuttals
- September 23-October 25: County elections official mails Sample Ballot to registered voters

The Commission and its Expenditure Plan Subcommittee will discuss options for the public information program at their August meetings.

SUMMARY

At its June 3, 2004 meeting, the Santa Cruz County Regional Transportation Commission gave preliminary approval of the Ordinance, Expenditure Plan and Ballot Question for a local transportation sales tax measure. The Commission approved additional changes at its June 17, 2004 TPW meeting. A few additional revisions have since been made to the Ordinance, Expenditure Plan, and Ballot Question. Staff recommends the Commission approve the proposed Final Ordinance, Expenditure Plan and Ballot Question and accept the environmental document at this meeting.

Attachments:

1. Resolution
2. Addendum to the RTP EIR
3. Proposed Final Expenditure Plan and Ordinance, Revised 6/17/04
4. Responses from Potential Appointers to the Independent Audit Committee
5. Ballot Question
6. Letter to Board of Supervisors from the Bicycle Committee