

TO: Regional Transportation Commission

FROM: Linda Wilshusen, Executive Director

RE: Proposed Process for Amendment of the *2004 Regional Transportation Improvement Program (RTIP)* to Provide Funds for Santa Cruz Metropolitan Transit District's MetroBase Project

RECOMMENDATIONS

Staff recommends the Regional Transportation Commission:

1. Schedule a public hearing for its October meeting to consider the staff and Interagency Technical Advisory Committee (ITAC) recommendations to amend the *Regional Transportation Improvement Program (RTIP)* to:
 - a. Trade up to \$7.5 million in FY06/07-08/09 STIP funds for FY06/07-08/09 Regional Surface Transportation Program (RSTP) funds for the projects listed in Attachment 1;
 - b. Program the freed up STIP funds and/or a portion of the FY06/07-08/09 RSTP funds totaling \$7.5 million to the MetroBase project; and
 - c. Update project listings for remaining projects to be consistent with the adopted STIP.
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BACKGROUND

At its April 1, 2004 meeting, the Commission adopted the *2004 Regional Transportation Improvement Program (RTIP)*. The 2004 RTIP programmed the region's Transportation Enhancement (TE) funds and County Share of State Transportation Improvement Program (STIP) funds to various projects, respread existing STIP projects in order to address funding constraints of the 2004 STIP, and included updates on non-STIP projects previously programmed to receive other state and federal funds.

On August 5, 2004 the California Transportation Commission (CTC) adopted the *2004 State Transportation Improvement Program (STIP)* (Attachment 2). The adopted STIP does not match the requests made by the RTC in the 2004 RTIP for nine of its 26 STIP projects (Attachment 3).

DISCUSSION

State Budget Impacts/ "Borrowed" Transportation Funds Not Available for STIP Projects

For the past several years the State of California has faced multi-billion dollar budget deficits. As a result, funds earmarked for transportation have been loaned to the State General Fund, forcing the

California Transportation Commission (CTC) to suspend allocations to most transportation projects over the past two fiscal years and significantly reducing the amount of State Transportation Improvement Program (STIP) funding projected for FY04/05 and FY05/06 in the 2004 STIP Fund Estimate (see Attachment 4 for a summary the 8/18/04 meeting of the CTC Chairman and regional agency directors). Additionally, reauthorization of the federal transportation act (TEA-21) has been stalled, causing uncertainties about the levels of funding that will be available in the STIP. As the FY04/05 State Budget continued the trend of taking funds away from transportation (now totaling over \$5.5 billion), the CTC programmed several projects in later years than were requested by the SCCRTC in the 2004 RTIP and the CTC was unwilling to release \$7.8 million of the region's \$10.8 million unprogrammed share of STIP funds for the MetroBase project.

As reported at the August Transportation Policy Workshop (TPW), the SCCRTC will need to amend the RTIP to ensure consistency with the STIP. The RTIP can be amended following a public hearing to add or remove STIP, Congestion Mitigation and Air Quality Improvement Program (CMAQ), Regional Surface Transportation Program (RSTP), or Transportation Enhancement (TE) funds.

Funding MetroBase

Metro staff has indicated that they must secure at least an additional \$5 million for the MetroBase project by December 2004 in order for Metro to award a contract in time to meet ARB deadlines. If those ARB deadlines are not met, Transit District staff has indicated that they will have to begin parking some of their buses and severely cut service. Given the continual raid of transportation funds for the State General Fund, it is unlikely the CTC will release the region's unprogrammed share of STIP funds before December. Therefore the Interagency Technical Advisory Committee (ITAC) and staff recommend using unprogrammed Regional Surface Transportation Program (RSTP) to fill the funding gap.

Programming RSTP Funds

The SCCRTC has already programmed RSTP funds to projects in the region through FY05/06. It is expected that the region will receive an additional \$2.5 million per year for FY06/07-08/09, totaling \$7.5 million. Typically the SCCRTC programs RSTP in conjunction with Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds to local roadway and bikeway projects every other year as part of a competitive process. However, since the 2004 RTIP already runs through FY08/09 and given the current status of STIP funds, the ITAC and staff recommend programming these funds now.

It is preferable to program RSTP funds to smaller projects, since our region is allowed to exchange RSTP funds for state cash (see separate agenda item). At its August 19 meeting, several ITAC members were eager to change their STIP funds for RSTP funds for many of their projects. For that reason and in order to avoid negatively impacting any projects the Commission has previously committed to funding, **the ITAC and staff recommend the Regional Transportation Commission amend the RTIP to replace up to \$7.5 million in FY06/07-08/09 STIP funds for FY06/07-08/09 Regional Surface Transportation Program (RSTP) funds for the projects listed in Attachment 1 and program the freed up STIP funds and any balance of RSTP funds**

totaling \$7.5 million to the MetroBase project. The County of Santa Cruz and City of Capitola are still considering which projects they might want to change to receive RSTP funds.

Since most of the projects proposed for the funding switch are programmed to receive STIP funds in FY05/06 and FY06/07, staff is optimistic that the CTC will agree to program the STIP funds for the MetroBase project in FY06/07. Programming in FY06/07 would likely reduce or eliminate the need for the Transit District to bond for construction of the project, thereby reducing interest costs for the project.

Two other options to fund MetroBase were considered but not recommended: 1) Loaning sales tax measure funds (if Measure J passes in November) to the MetroBase project, then repaying sales tax measure projects with STIP funds as soon as they become available. 2) Temporarily deprogramming projects that will not be ready to use their STIP funds until after FY06/07, with a commitment to reprogram the funds back to those projects as soon as the state releases the region's unprogrammed share balance.

If the Regional Transportation Commission were to consider deprogramming projects, the details and consequences for those projects would need to be carefully considered and the projects proposed for deprogramming should be listed in public notices.

Amending the RTIP

The RTC will need to amend the 2004 RTIP to make it consistent with the adopted 2004 STIP and add funds for the MetroBase project. A public hearing is needed to amend the RTIP. Staff proposes that this public hearing occur in October 2004. After the RTC amends the RTIP, the amendments are forwarded to the CTC and AMBAG for inclusion in the STIP and the Federal Transportation Improvement Program (FTIP) respectively.

SUMMARY

At its August 19, 2004 meeting, the ITAC recommended the Regional Transportation Commission trade up to \$7.5 million in FY06/07-08/09 STIP funds for FY06/07-08/09 Regional Surface Transportation Program (RSTP) funds for the local road rehabilitation and other projects listed in Attachment 1 and program the freed up STIP funds and balance of RSTP funds to the MetroBase project. Staff recommends the Commission schedule a public hearing for its October meeting to amend the RTIP to include this change.

Attachments:

1. Projects proposed to be changed from STIP to RSTP funds
2. Current listing of projects in the 2004 STIP
3. Differences between the 2004 RTIP adopted on April 1, 2004 and the 2004 STIP adopted on August 5, 2004
4. Summary of Regional Transportation Planning Agency Executive Directors' Meeting with California Transportation Commission Chairman

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