

AGENDA: November 4, 2004

TO: Regional Transportation Commission

FROM: Linda Wilshusen, Executive Director

REGARDING: PROPOSED AMENDMENTS TO FY04-05 BUDGET AND WORK PROGRAM

RECOMMENDATION

The Budget and Administration/Personnel Committee and staff recommend that the RTC:

1. Approve the attached resolution (Attachment 1) amending the FY04-05 Budget (Attachment 1, enclosed separately) and Work Program (Attachment 3) as outlined in this staff report; and
 2. Authorize release of the second half of FY04-05 CMAQ funds for the Pajaro Valley Transportation Management Association and the Santa Cruz Area Transportation Management Association.
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BACKGROUND

The Commission amends its budget and work program in the fall each year in order to incorporate information on year end balances, carryovers from the previous fiscal year, any new projects, and other necessary changes.

The attached draft amended FY03-04 Budget (Attachment 2 - enclosed separately) includes updated information and other changes. Affected pages from the Work Program are included as Attachment 3. The major budget and work program changes are discussed below. Explanations for specific line items in the budget are included as notes on the budget document.

Original FY04-05 Budget and Work Program

When the Budget and Administration/Personnel Committee and Commission addressed the original FY04-05 budget and work program in February and March, the Commission faced significant budgetary challenges. Large amounts of Commission Reserves had been used to balance the budget in the two prior years, but the Commission Reserve fund had been practically exhausted and was not available for the FY04-05 budget. In addition, State Transportation Improvement Program (STIP) funds for Commission operations continued to be at risk. Furthermore, SCMTD and other Transportation Development Act (TDA) claimants were suffering their own budget crises and needed as much TDA funding as they could get.

The Commission responded to these challenges by cutting costs for SCCRTC operations and finding temporary fill-in funding. Cost decreases including not filling a vacant transportation planner position and significantly decreasing other ongoing expenses for the second year. The committee and staff also strategized for future revenue enhancements. In addition, the Commission gave SCMTD a special allocation of TDA funds.

The original FY04-05 work program was established to provide adequate staff time for the following state-mandated responsibilities and Commission priorities, including:

- public information for Measure J: the Local Transportation Improvement Act
- completion of the 2004 Regional Transportation Plan update
- continued work with project sponsors, funding agencies and other regional agencies on programming and project delivery
- continued coordination on project development tasks for the two Highway 1 projects, including transitioning the oversight of the Highway 1 Widening HOV Project Approval/Environmental Document (PA/ED) to the staff of the Highway 1 Construction Authority staff
- continued work to complete purchase of the Santa Cruz Branch Line
- staff support for the Paratransit Coordination Task Force

In order to provide adequate staff resources to these priorities, staff work on other projects was decreased, specifically in Rideshare, Bike Planning, Traffic Monitoring and Land Use/Transportation Coordination programs. In addition, the focus for the Public Information Program was modified: the Annual Report and Awards Program were not pursued and more time was devoted to the website and mailing lists.

DISCUSSION

Proposed Amended Work Program

The main change in the proposed amended Work Program (Attachment 3) involves the timing of the transition of the Highway 1 Widening HOV Project Approval/Environmental Document (PA/ED) to the staff of the Highway 1 Construction Authority (HCA) staff. The original approved budget and work program assumed that the transition would be completed by October 1st; however, the interim HCA staff indicates that the transition is still likely to be several months away. The proposed amendment to the RTC's work program assumes the transfer will occur by January 1st.

Proposed Amended Budget

Unspent funds from prior year projects have been carried over in the proposed amended budget, as explained by notes throughout the budget document.

The first budget column on each page reflects changes made as of May 2004, the last substantive amendment. The Commission has approved several smaller amendments since then and these are reflected in the second monetary column and indicated in notes.

Four increases are proposed for the Administration budget (page 11): Increases of \$9,000 and \$20,000 for Duplicating and Legal Counsel line items respectively, based on recent expenditure trends; an increase of \$7,000 for the purchase of replacement printer, fax machine and computers; and the addition of \$15,000 for a consultant to assist the SCCRTC in improving the coordination between its accounting and budget functions. Further information on this effort can be found in the separate agenda item on response to the Triennial Performance Audit.

The Rideshare Program (page 12 of the budget) includes \$18,250 in AB 2766 funds from the Monterey Bay Unified Air Pollution Control District for a pilot Emergency Ride Home program operated by the Santa Cruz Area Transportation Management Association. With this program, participants in Commute Solutions and other alternative programs will be able to register for an emergency ride home if needed. The goal of the program is to encourage greater use of alternative modes. The program includes an evaluation.

The Highway 1 PA/ED budget (page 16) has been updated to reflect recent transfers between funding sources, carryovers from last fiscal year and updated expenditure trends. This budget page is also changed to reflect the new anticipated date for transition of the project to the Highway 1 Construction Authority. The change to this budget was developed in consultation with the staff for the Highway Construction Authority. RTC staff resources in the amount of \$50,000 have been transferred from the Planning Program to the Highway 1 PA/ED program.

In the Planning Program on page 18, the decrease in staff resources will come from the Traffic Monitoring, Plan Coordination, Land Use/Transportation Coordination and Bike Planning (bike promotional activities will now be conducted as part of the Rideshare program). Staff proposes adding \$5,000 to services and supplies for traffic counting services to offset some of the reallocation of staff resources. These services will be utilized in the highest traffic locations where it has become challenging for one person to safely set out traffic counters. The budget amendment also includes \$30,000 in Commission Reserve funds to Eileen Goodwin's contract for continued advice to the Commission on the sales tax measure, either for implementation of the measure if it passes, or to take steps towards a new measure if it doesn't pass. The planning program also includes funds to produce and print the Regional Transportation Plan.

The Auditor-Controller's estimate of Transportation Development Act (TDA) funds and the allocations of these funds in the FY04-05 budget remains unchanged (page 12). The reserve fund balance page (page 24) shows that the TDA fund is now only \$30,000 below its target (as opposed to \$91,000 below target in the original budget). The Commission fund is \$36,000 above its target.

Staff costs known to date were recalculated for this amendment and remain unchanged. The recalculation did not include costs associated with the appointment of a new Executive Director because these costs are unknown.

CMAQ Funds to the Transportation Management Associations

Over the past several years, the Commission's share of CMAQ funds for the region has been between \$1.2-1.6 million per year. Due to changes in federal regulations regarding air quality standards, it is anticipated that FY04/05 will be the last year our region will receive CMAQ funds.

On June 3, 2003 the Santa Cruz County Regional Transportation Commission (RTC) programmed \$980,000 in anticipated FY03/04-05/06 CMAQ funds to four TDM programs:

Program	FY03/04	FY04/05	FY05/06	Total
Pajaro Valley TMA	60	60	60	180
SC Area TMA	62	62	63	187
Commute Solutions Rideshare	163			163
Don't Drive One in Five	150	150	150	450
Total	435	272	273	980

As part of the June 2003 approval of the funds, the Commission stipulated that evaluations of the effectiveness of each of these programs be conducted each year before funds are released for FY04/05 and FY05/06.

In May 2004, the Commission received positive evaluations of these CMAQ-funded ongoing programs. However, at that time the Commission was also informed that it was unlikely that the region would receive CMAQ funds beyond April 15, 2005, meaning the region would only receive one-half of a federal fiscal year's worth of funds in FY04/05. As such the Commission decided to only release one-half year's worth of CMAQ funds to the Pajaro Valley and Santa Cruz Area TMAs for FY04/05. (At that same meeting, the Commission decided to reprogram the one-half a year's worth of CMAQ funds for the Don't Drive Program (\$75,000) to the Bike to Work and Community Traffic Safety Coalition (CTSC) programs.)

Recently, AMBAG and Commission staff learned from FHWA that CMAQ funding will actually be available to the region through June 15, 2005. We won't know the exact amount of CMAQ that is available to our region this year until the final federal appropriations bill for FFY04/05 is approved by Congress (likely in February or March 2005). However, it is clear that there be some surplus of CMAQ funds available to be programmed by the RTC, and that the amount will be at least \$200,000 and possibly three times that amount.

This addition of two extras months of CMAQ funds makes it possible for the Commission to release the second-half of FY04/05 funds to the Pajaro Valley and Santa Cruz Area TMAs, totalling \$61,000. The original budget included these funds; therefore, the only action needed is for the RTC to release the second half of FY04-05 funds to the TMAs.

Staff will return to the ITAC, the Budget and Administration/Personnel Committee and the Commission with a proposal for programming the additional CMAQ funds once the final surplus amount is known.

Potential Revenue Enhancements for the Future

Last spring, staff and the Budget and Administration/ Personnel Committee began investigating potential options to enhance operating revenues for the RTC for future fiscal years, and decrease the need for TDA revenues. Ideas that were under consideration and their status are discussed below.

1. Increase future year STIP allocations for Planning, Programming and Monitoring (PPM) funds - The RTC was successful in increasing PPM funds in the last 2 years of the State Transportation Improvement Program (STIP), FY07/08 and FY08/09, from \$77,000 to \$150,000 each year. Unfortunately STIP allocations for PPM funds are not expected to be available this fiscal year due to the continuing state budget crisis. The programmed amount for FY04-05, \$76,000, is not included in the budget amendment.
2. Use interest on the Surface Transportation Program Exchange (STPX) for administration of the STPX Program – In prior years, Commission staff has recommended that all funds including accrued interest be allocated to projects. Because the Commission’s budget is not in a critical state at the moment, staff suggests that this idea be shelved for now but considered in the future as needed. It is estimated that up to \$36,000 in interest may be generated this year from STPX funds.
3. Work with AMBAG and the Transportation Agency for Monterey County (TAMC) regarding allocation of Federal Planning (PL) Funds to the SCCRTC and TAMC – The Budget and Administration/Personnel Committee spoke about this issue with the Executive Director of AMBAG in the spring and agreed that the parties would reconsider the formula for distributing the PL funds once the federal transportation bill is reauthorized and an increase in PL funds to the region was realized. Since Congress recently approved an eight-month extension to ISTEA and again delayed reauthorization, this idea is on hold.

Staff will return to the Budget and Administration/ Personnel Committee with recommendations on these revenue enhancement strategies at a later date as events unfold. In ease case, the committee will need to consider the impact of any revenue switches on other eligible projects or agencies.

SUMMARY

The Commission annually amends its budget and work program in the fall to incorporate carryovers of unfinished projects and funds and updated revenues and costs. This budget amendment also shows several smaller amendments that have been made over the past few months. Adjustments have been made to the Highway 1 PA/ED project to allow for more

time for the transfer of the project to the Highway Construction Authority. TDA projections and allocations remain unchanged. The TDA and Commission Reserve fund balances have improved slightly since the original budget adoption.

Attachment 1: Resolution

Attachment 2: Draft FY04-05 Budget (enclosed separately for Commissioners)

Attachment 3: Draft Work Program changes

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