

AGENDA: February 3, 2005

TO: Regional Transportation Commission

FROM: Rachel Moriconi, Senior Transportation Planner

RE: Update on State Transportation Improvement Program (STIP) Funding for Metro's MetroBase Project

RECOMMENDATIONS

Staff recommends the Regional Transportation Commission (RTC):

1. Accept information on the California Transportation Commission's (CTC) approval of Santa Cruz Metropolitan Transit District (Metro) and RTC's request to program FY06-07 State Transportation Improvement Program (STIP) funds to the MetroBase Consolidated Bus Operations Facility project; and
 2. Request the Transit District Board consider whether it wishes to request an AB3090 reimbursement for the MetroBase project in FY07/08; and
 3. Direct staff to report back to the March RTC meeting with an update of the Transit District's deliberations and a proposed amendment to the *2004 Regional Transportation Improvement Program (RTIP)* if the Transit District wishes to pursue an AB3090 request.
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BACKGROUND

At its April 4, 2004 meeting, the Regional Transportation Commission adopted the *2004 Regional Transportation Improvement Program (RTIP)*, which included a proposal to reprogram previously lapsed State Transportation Improvement Program (STIP) funds to the MetroBase Consolidated Bus Operations Facility. However, on August 5, 2004, primarily due to the State's continued raid of transportation funds to bail out the State General Fund, the California Transportation Commission (CTC) did not program \$7.8 million of the region's \$10.8 million unprogrammed share of STIP funds for the MetroBase project as part of its adoption of the 2004 STIP. If the CTC had included the MetroBase project in the 2004 STIP at that time, the CTC would probably have programmed it in FY08/09.

In an effort to meet its own commitment to reprogram STIP funds to the MetroBase project, at its October 7, 2004 meeting, the Commission amended the *2004 Regional Transportation Improvement Program (RTIP)* to trade funds for other projects in order to include MetroBase in the STIP. In total the Commission traded \$6.3 million in FY05/06-08/09 STIP funds for FY06/07-08/09 Regional Surface Transportation Program (RSTP) funds for sixteen projects that had been carried over into the 2004 STIP from the 2002 STIP and programmed the freed up

STIP funds and \$1.2 million of RSTP funds (totaling \$7.5 million) to the Transit District's MetroBase Consolidated Bus Operations Facilities project. This trade also allowed the RTC to program the MetroBase project in FY06/07, as requested by Metro.

During discussion on the RTIP at the April, August, and October 2004 meetings, questions arose as to whether Metro should request an AB3090 reimbursement for the MetroBase project. At the October 2004 Commission meeting, Metro's General Manager stated that he did not need an AB3090 reimbursement at this time, since the STIP funds for the project were programmed in FY06/07, which is within the construction timeframe for the project.

DISCUSSION

How AB3090 Works

AB 3090 (Statutes of 1992, Chapter 1243) allows a project sponsor to advance a project included in the *State Transportation Improvement Program (STIP)* prior to approval of a STIP allocation by proceeding with the project using local funds. The STIP reimburses the agency in a future year. Project sponsors typically request AB3090 reimbursements when the STIP funds are programmed in a later year than the year in which a project sponsor will be completing a project or phase of a project. When the CTC approves an AB3090 reimbursement for a STIP project, it is required to make those cash reimbursements prior to releasing funds to any other STIP projects in the state. As a result, the regional agency (SCCRTC in this case) must explicitly find the project to be the region's highest priority among projects programmed in the reimbursement year. For each region in the state, one project can be listed as an AB3090 reimbursement per fiscal year in the STIP. With El Rancho Road Reconstruction currently programmed as an AB3090 Reimbursement in FY06/07 (approved by the Commission in April 2004) and the Rail Right-of-Way Acquisition proposed for AB3090 Reimbursement in FY08/09, the Commission could still program one additional project in FY07/08 for an AB3090 Reimbursement.

CTC Approval of STIP Amendment for Metro Base

At its January 20, 2005 meeting, the California Transportation Commission (CTC) amended the *2004 State Transportation Improvement Program (STIP)* to include the MetroBase project in FY06/07, as requested by the Transit District and SCCRTC. Consistent with Metro's direction, an AB3090 reimbursement was not part of that amendment.

Also, as part of the 2004 STIP amendment, the CTC removed the sixteen other projects from the STIP that are now programmed to receive RSTP funds. Seven of those sixteen projects, totaling \$2.8 million, had been programmed in FY05/06. Given that the Governor's FY05/06 State Budget proposal (discussed in a separate agenda item) once again proposes to suspend the availability of Proposition 42 revenues to transportation projects in FY05/06, moving these seven projects out of the STIP and programming MetroBase in FY06/07 gives the CTC a little more room to deal with the ripple effects the proposed budget will have on the STIP in FY05/06.

Should the Transit District Now Request an AB3090 for MetroBase?

At your January 6, 2005 RTC meeting, Commissioner Keogh expressed concern that requesting an AB3090 reimbursement for the Santa Cruz Branch Rail Line Acquisition Project could jeopardize a potential future request for AB3090 reimbursement funds for the MetroBase project. He presented staff with two written questions (Attachment 1). In response to his second question, the Commission can actually request that the CTC designate one project per fiscal year as an AB3090 reimbursement. As such, **if an AB3090 reimbursement is desired for the MetroBase project, the Commission could amend the RTIP to identify this project as the highest priority STIP project for reimbursement in FY07/08**, even if the Commission and CTC program the Rail Line Acquisition as an AB3090 reimbursement in FY08/09 or later. Attachment 2 shows how all STIP projects in Santa Cruz County are programmed in the amended 2004 STIP.

The MetroBase project is now programmed for a regular allocation in FY06/07, is estimated to be under construction through 2008, and the STIP funds constitute approximately 15% of the \$40 million project cost. Therefore, Transit District staff has been planning to expend the other funds programmed to the project to cover construction costs that will be incurred prior to the expected allocation of the STIP funds in the middle of the construction timeframe, during FY06/07. In response to Commissioner Keogh's first question, according to Caltrans, the STIP funds will be treated as supplemental funding for the ongoing construction project. When STIP funds are just supplementing other federal funds for an existing project, a project sponsor is allowed to award a contract and initiate work before getting a STIP allocation. Therefore, the Transit District does not need an AB3090 to award a contract and, as such, Metro staff had not requested an AB3090 reimbursement. The financial plan for the MetroBase project calls for the STIP funds to be allocated as a straight STIP allocation (not AB3090) when the Transit District will actually need the funds to complete the construction contract for the project. Regardless of the STIP funds for the project, construction of some segments of the MetroBase project is contingent on reauthorization of TEA-21.

Despite the fact that under "normal" circumstances AB3090 would not be appropriate or needed for this project at this time, staff learned at a meeting with CTC staff on January 25, 2005 that the ongoing State budget crisis could have severe impacts on STIP projects in the future. As such, AB3090 reimbursements provide the best protection for STIP projects that are ready to be implemented now. For this reason, **staff now recommends the Commission recommend the Transit District request an AB3090 reimbursement for the MetroBase project in FY07/08, for consideration at the Commission's March meeting.** As noted above, this AB3090 designation is not, however, required for the Transit District to initiate construction on the project. Staff met with the Transit District's Board Chair, Emily Reilly, and General Manager and they concur with this recommendation. Staff will work with Transit District staff to make a presentation on this option at a Transit Board meeting.

RTIP Amendment Needed

RTC staff will report back at the March RTC meeting with an update of the Transit District's deliberations. If the Transit District Board approves this recommendation, staff will return with a recommendation to amend the 2004 RTIP to include both the MetroBase's AB3090 request,

with funds to be reimbursed in FY07-08, and the Rail Acquisition project's AB3090 request, with funds to be reimbursed in FY08-09.

SUMMARY

At its January 20, 2005 meeting, the California Transportation Commission (CTC) amended the *2004 State Transportation Improvement Program (STIP)* to include the MetroBase project in FY06/07. This staff report explains when AB3090 reimbursement programming is necessary and why the Transit District has not requested an AB3090 to date. However, given the ongoing impacts of the State budget deficit on the STIP, staff now recommends the Commission recommend the Transit District request an AB3090 for the project, to be considered at the Commission's March meeting.

Attachment 1: Written questions on AB3090 designation submitted by Commissioner Keogh at the January 6, 2005 meeting

Attachment 2: STIP Listing for Santa Cruz County Projects

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