

**SANTA CRUZ COUNTY RTC
WASHINGTON OFFICE MEMORANDUM**

TO: Pat Dellin
FROM: Carolyn Chaney/Chris Giglio
DATE: October 20, 2005
SUBJECT: 2005 Federal Transportation Issues

▪ **Surface Transportation Reauthorization**

Clearly the highlight of the year regarding federal transportation policy was the passage of a six year, \$286.4 billion reauthorization of federal surface transportation programs, ending a long-running debate that began when the original TEA-21 law first expired in September 2003. The new law is known as the “Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users,” or SAFETEA-LU. The final version of the bill includes much from the Commission’s 2005 Federal Program, including:

- ✓ ***Funding for Santa Cruz area priorities:*** The measure included \$2.936 million for the SCCRTC to be used on the Soquel/Morrissey Blvd. Merge Lanes Project and \$5.8 million for the Monterey Bay Sanctuary Scenic Trail.
- ✓ ***Maximize transportation funds for California:*** The bill provides the State with \$3.43 billion in federal highway funds over the life of the bill, an increase of 34 percent over the TEA-21 law. The \$32.5 billion Surface Transportation Program (STP) is the major source of revenue for local highway projects and that level represents a 26 percent increase from TEA-21.
- ✓ ***Support elderly and disabled transportation:*** The bill includes a new program known as the New Freedom Initiative that provides formula funds to local transit agencies for services above and beyond those required by the Americans with Disabilities Act. The formula grant programs for elderly and persons with disabilities was also increased by 39 percent.
- ✓ ***Maximize transit funding:*** SAFETEA-LU will provide federal transit programs with a 28 percent increase from TEA-21 levels to \$52.6 billion, and it also includes the new Small Transit Intensive Cities Formula program that should provide an additional \$3.6 million in transit funds to Santa Cruz Metro over the next four years.
- ✓ ***Maintain framework of TEA-21 law:*** The new legislation preserves much of the provisions fought for by local governments during the TEA-21 debate. They include local decision-making authority; flexible use of funds across different modes; the retention of the 80%-20% split between highway and transit funding in the bill as well as the 80%-20% split of federal to local share on projects, and provide tax credits for use of alternative fuels. It also increases the percentage of Surface Transportation Program funds that will be spent for planning activities from one percent to 1.25 percent.

- **FY 2006 Appropriations**

The SAFETEA-LU bill includes guaranteed funding levels for most highway and transit programs. However, the measure is not without controversy, as a debate over Amtrak spending is expected once again. The House has recommended slashing Amtrak funding significantly, while the Senate Appropriations Committee suggested a funding level closer to what was requested by the railroad. A House-Senate conference committee on the bill to reconcile those differences is not expected to be completed for several weeks.

- **Looking to 2006**

As mentioned above, the passage of SAFETEA-LU will place much of the transportation focus in 2006 on appropriations. One item that bears watching is the level of the Highway Trust Fund, which is comprised of federal gas tax receipts and funds most SAFETEA-LU programs. While inflows to the trust fund have been increasing in recent years, they have not been increasing at rates previously assumed given the high cost of gasoline, and as a result, there is concern that the trust fund may not have enough money to fund the SAFETEA-LU law through the life of the bill (FY 2009). Under the current system of funding federal transportation programs, energy conservation will have an adverse effect on the Highway Trust Fund and may force Congress to address the situation before the current law expires in 2009.

In addition, the aforementioned Amtrak issue looks to loom large. The Bush Administration and Congress each have ideas as to how to “reform” the passenger railroad system and many of those proposals include shifting fiscal responsibility for Amtrak to states. Also the congressional committees of jurisdiction over transportation are likely to be busy with a reauthorization of Federal Aviation Administration (FAA) programs slated for next year.

As for appropriations, we hope that there will be opportunities to secure funding for Commission priorities, and we look forward to working with the Commission congressional delegation to develop and promote key initiatives. However, in the wake of anticipated federal spending in response to recent natural disasters, there has been a high profile effort to offset that spending with reductions in non-defense, non-homeland security programs. It remains to be seen whether transportation “earmarks” will be affected by this, and we are closely monitoring that situation.