

DATE: February 2, 2006

TO: Regional Transportation Commission
FROM: Kim Shultz, Senior Transportation Planner
REGARDING: Statewide Transportation Bond Measure

RECOMMENDATION

Staff recommends that the Regional Transportation Commission:

1. Reiterate Santa Cruz County's first priority with any transportation bond measure is that the funds be distributed equitably to regions and that each region retain the authority to decide how to program any new funds;
 2. Approve the list prepared by staff and the Interagency Technical Advisory Committee (ITAC) of proposed Priority Projects by Category, described in Attachment 1, for discussion with our local state legislators and transportation advocacy groups in the event the Statewide Transportation Bond Measure focuses on earmarked projects; and
 3. Direct staff to provide periodic status reports as negotiations progress on the prospect for a Statewide Transportation Bond Measure.
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BACKGROUND

At the January RTC meeting, the Commission approved release of the Draft 2006 Legislative Agenda to RTC committees for review and comment. (The Legislative Agenda will be returned to the RTC at a future meeting for adoption.) The staff report included discussion of staff concerns with a major transportation bond proposal pending in the State Senate, SB 1024 (Perata), which includes new regional growth planning requirements. In accordance with these concerns, the RTC directed staff to work with our elected state representatives and other regional transportation planning entities to provide the greatest financial benefit to our region and streamline any new regional planning requirements to maintain flexibility and local decision making.

On the evening of January 5th, the Governor presented the State of the State address and unveiled a Strategic Growth Plan proposing \$68 billion bonds to complement and generate a total of \$223 billion in public and private investment in the state's infrastructure. Nearly 50 percent of the Strategic Growth Plan is directed to transportation/air quality improvements. Of that total, the Governor proposes to issue General Obligation bonds for \$12 billion in transportation improvements and offered a Preliminary Working List of Proposed Transportation Projects by Region which identified projects to receive the initial increment of \$6 billion in transportation bonds. None of the projects in the preliminary working list are located in Santa Cruz County,

despite RTC's submittal of candidate projects as part of the Governor's GoCalifornia initiative, the precursor of the Strategic Growth Plan.

On January 6th, Assembly Speaker Nunez introduced a bond measure entitled California Infrastructure Improvement, Smart Growth, Economic Reinvestment, and Emergency Preparedness Financing Act of 2006 (AB 1783). While the Speaker's bond measure also includes significant funding for transportation, the priorities and approach outlined in his bill is considerably different than that contained in either the Senate or the Governor's bond measure. At the same time there are other bond proposals and special legislation (Attachment 2) being circulated to position and influence negotiations on a final bond measure coming out of the legislature, for presentation to the voters in 2006.

To be prepared for the forthcoming negotiations, staff offered an updated list of projects for consideration and input by RTC's committees and the Transportation Policy Workshop on January 19th. Commissioner Reilly asked staff to provide references for information on proposed projects and to include a timeline for each project if one is available. Since the TPW meeting, RTC staff have had extensive discussions with Caltrans representatives involved in the preparation of the Governor's project list, at the District and Headquarter level, state legislative staff, staff from other regional transportation agencies and advocacy groups. Comments and input from RTC's committees have also been received.

DISCUSSION

The Transportation Bond Measure, the State Budget, and RTC Legislative Agenda

A fundamental element of the RTC's legislative agenda for a number of years has been the need for new transportation funding sources, as highlighted below:

- Support legislative efforts to increase the gas tax and dedicate revenues to transportation projects and programs,
- Support indexing the state gas and fuel tax so that transportation revenues do not lose value due to inflation, and
- Support the development of a steady stream of new transportation funds dedicated to local road rehabilitation and maintenance.

In review of the various transportation bond proposals, staff is struck with a concern that none of the bond proposals offer long term relief or methods to address ongoing transportation funding problems experienced by all transportation agencies statewide. For example, the Governor's Strategic Growth Plan proposes using General Obligation (GO) bonds that would provide a significant infusion of needed funds, but does not offer long term relief or a steady funding source. The Governor's proposal to float GO bonds as a method to finance the transportation improvements is not embraced by the Legislative Analyst's Office, which concluded in an overview of the Governor's budget:

“The plan moves the state in the wrong direction in terms of reaching its longer-term goal of getting its fiscal house in order. Given the state's current structural budget shortfall,

we believe that the 2006-07 budget should focus more on paying down existing debt before making expansive new commitments.”

First Priority: Equity and Local Decision Making

Another concern identified in review of the competing bond measures is that each of the proposals earmark special funding categories, or even specify individual projects for special treatment, regardless of the local agency’s priorities or equity across the state. This approach circumvents the systematic planning and programming process established with SB 45 that includes funding formulas to ensure geographic balance and regional level decision making. In effect, the bond proposals systematically abandon the regional decision-making process for distribution of new transportation funds.

Concern over the proposed switch from “bottom up” to “top down” decision making where transportation funds should be directed was voiced by local officials at the first hearing on the Governor’s transportation bond held by the Senate Transportation Committee on January 24th (Attachment 3).

In light of prospective legislative negotiations to create a compromise measure to place before the voters, staff believes it is critical to reiterate the RTC’s core legislative goals:

- Preserve Existing Transportation Funding Formulas and Decision-Making
- Support the Creation of New Transportation Funding Sources to Address Long Term Goals

Similar concerns are expressed in the Infrastructure Bond Principles considered by the Metropolitan Transportation Commission’s Legislative Committee (Attachment 4).

As it is unknown what direction the legislative negotiations may take, **staff recommends the RTC reiterate Santa Cruz County’s first priority with any transportation bond measure is that the funds be distributed equitably to regions and that each region retains the authority to decide how to program new transportation funds.**

Proposed Priority Projects

Having reestablished the primacy of RTC’s core legislative values in addressing the transportation funding debate, it is important that the RTC lend its support to crafting a transportation bond measure that benefits the full breadth of transportation investment needs in the county. It is also necessary to be prepared in the event the legislative negotiations on the Statewide Transportation Bond Measure focus on earmarked projects.

Towards that end, staff and the Interagency Technical Advisory Committee (ITAC) support the proposed priority projects described below. Staff has learned that the actual list of projects in the Governor’s proposal was intended for “illustrative” purposes only, and that the emphasis going forward will be on program categories where new funds should be focused. Some of the actual projects are drawn from the 2005 Regional Transportation Plan (RTP) approved in May 2005, and the 2006 Regional Transportation Improvement Program (RTIP) approved in January 2006.

There are a variety of sets of focus areas/categories in the various proposed bond measures. The categories included below are not entirely consistent with the categories in the different bond measures, but are responsive to our region's priority needs and recommendations from RTC's committees. The recommended projects are *not* in priority order.

- **Regional Priority Routes – Congestion Relief**
 - Highway 1 Soquel/Morrissey Auxiliary Lane Project - \$8.5 million
 - Highway 1 Bay/Porter to Park Auxiliary Lane Project - \$15 million
- **Maintenance and Rehabilitation of Regional Roads**
 - Lump Sum Request of \$23 million
(equivalent to the county and cities' annual need- to be distributed by formula of population and road mile)
- **Transit**
 - Bus Diesel/CNG Conversion - \$6.8 million
- **Corridor Mobility**
 - Highway 1/9 Intersection (including bike/pedestrian crossing of Highway 1 near San Lorenzo River) - \$10 million
- **Non-Motorized Transportation**
 - Santa Cruz Coastal Trail Network - \$5 million (includes Monterey Bay Sanctuary Scenic Trail (MBSST), Coastal Rail Trail, Wilder Ranch Phase 2, East Cliff Drive Bike/Ped Path, etc.)
- **Traffic Operation System Improvements**
 - State Route 17 and State Route 1 - \$10 million

The total value of the project list described above is just under \$80 million, nearly equal to the amount of funds Santa Cruz County could expect to receive in the event a \$10 billion bond measure was distributed statewide on a formula basis. A critical consideration in development of the project list was deliverability within a limited timeframe. This requirement is commonly applied in the creation of any special funding program, with the jurisdiction losing claim to any programmed funds if projects cannot be delivered within a specified timeframe. Accordingly, the anticipated project delivery timeline was a key element in recommending projects on this list.

More details on the proposed projects by category are provided in [Attachment 1](#).

RTC Committee Recommendations

For more information on the deliberations of the Interagency Technical Advisory Committee (ITAC) and Bicycle Committee on this topic, please see the minutes for those meetings (enclosed separately in this agenda packet.)

Interagency Technical Advisory Committee

The Interagency Technical Advisory Committee (ITAC) reviewed and approved the list presented above, and emphasized the importance of addressing the deferred maintenance of the

road network. ITAC members also emphasized the importance of selecting projects that could be delivered in a timely manner to avoid risking loss of allocated funds. For those project categories which are not project specific at this time, ITAC endorsed a future project selection process used for other discretionary project funds.

Bicycle Committee

The Bicycle Committee took a position to support a \$50 million allocation for a Coastal Rail Trail network and another \$20 million to be shared by the county and cities for high priority bike projects. The Bike Committee remained neutral on other projects included in the draft list.

Elderly and Disabled Transportation Advisory Committee

The Elderly and Disabled Technical Advisory Committee (E/D TAC) did not have a chance to review the list as a committee of the whole due to their meeting schedule. However, comments were received from two E/D TAC members who independently supported: 1) an equitable distribution funds statewide with local agencies determining project priorities; and, 2) the project list recommended by staff , without inclusion of the Auxiliary Lane Projects, but with the inclusion of all the transit projects approved by METRO as part of their State Legislative Agenda (see [Attachment 5](#)).

Staff recommends the RTC approve the proposed list of Priority Projects by Category, described in [Attachment 1](#), for discussion with our local state legislators and transportation advocacy groups in the event the Statewide Transportation Bond Measure focuses on earmarked projects.

Next Steps

The dynamics of the legislative negotiations to unfold in the next several weeks and months are unknown at this time. Fortunately, Assemblymember Laird has been named to the conference committee on the infrastructure bond measure. RTC staff will continue to keep in touch with Assemblymember Laird's office as well as with our other local legislators and statewide associations to advocate for Santa Cruz County's interests.

As discussions progress it may be necessary and appropriate to revise the list of Program Categories and Priority Projects. The deadline for enactment of legislation proposing a bond measure (or anything else that is to be submitted to the voters) is based upon certain statutory requirements. The State Constitution requires that each measure only address one subject. Therefore, instead of one comprehensive bond for all of the proposed subject areas (e.g. transportation, housing, water, education, etc.), there will be a series of bonds. Also, various avenues to firewall Proposition 42 revenues in the future are under discussion. A series of separate legislative committee meetings on the various potential subject areas has been scheduled. Agreement on the amount and timing of bonds for any given subject area can have an effect on discussion in another area. Accordingly, **staff recommends that the RTC direct staff to provide periodic status reports as negotiations progress on the prospect for a Statewide Transportation Bond Measure.**

SUMMARY

The Governor and various state legislators have developed a number of similar proposals for a statewide infrastructure bond and transportation planning initiatives. These proposals are being discussed statewide. To guide and direct staff's participation in these discussions, staff recommends following the RTC's core legislative goals to preserve existing transportation funding formulas and local decision-making and support the creation of new transportation funding sources to address long term goals. Staff and the ITAC also recommend a list of Priority Projects by Category, described in Attachment 1, for discussion with our local state legislators and transportation advocacy groups in the event the Statewide Transportation Bond Measure focuses on earmarked projects. Staff will provide periodic status reports as negotiations progress on the prospect for a Statewide Transportation Bond Measure.

Attachments:

1. Proposed List of Priority Projects for Inclusion in the Statewide Transportation Bond Measure, if projects are earmarked in the measure.
2. List of Bond Proposals and Special Legislation provided by the California Association of Councils of Government (CALCOG), January 2006.
3. Capitol Weekly article entitled "Schwarzenegger Bond Proposal to Hear Criticism, January 24, 2006.
4. Infrastructure Bond Principles considered by the Legislative Committee of the Metropolitan Transportation Commission, January 6, 2006.
5. Recommendations received from E&D TAC members on the Governor's Transportation Bond Measure and the list of Priority Projects by Category