

TO: Regional Transportation Commission

FROM: Grace Blakeslee, Transportation Planner

RE: Public Hearing on Proposed Amendments to the *2006 Regional Transportation Improvement Program (RTIP)*

RECOMMENDATIONS:

The Interagency Technical Advisory Committee (ITAC) and staff recommend that the Regional Transportation Commission (RTC):

- 1) Hold a Public Hearing on the proposed amendments to the 2006 RTIP;
- 2) Approve the attached resolution (Attachment 1) amending the 2006 RTIP to:
 - a) Be consistent with the adopted 2006 STIP which includes deleting unrealized STIP funds from projects as shown in Attachment 2;
 - b) Shift Regional Surface Transportation Program (RSTP) funds between the City of Watsonville's Freedom Boulevard Rehabilitation Project and the Struve Slough Bridge Project and from the Highway 1 Widening/HOV Lane Project to the Highway 1 Soquel/Morrissey Auxiliary Lane Project as shown in Attachment 3;
 - c) Program \$1.137 million in STIP funds to the MetroBase Project in FY06/07 and deprogram \$1.137 million in RSTP funds programmed to this project in FY08/09 (Attachment 6);
 - d) Program three new Public Transit Account (PTA) eligible projects proposed by the Santa Cruz Metropolitan Transit District (SCMTD) as shown in Attachment 8; and,

Staff further recommends that the Regional Transportation Commission (RTC):

- 3) Make a commitment to give non-transit projects priority when new transportation funds become available for programming in Santa Cruz County, including the \$1.137 million in RSTP funds made available by programming new STIP funds to the MetroBase project.
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BACKGROUND

The 2006 Regional Transportation Improvement Program (RTIP) was approved by the Regional Transportation Commission (RTC) in January 2006 and programmed State Transportation Improvement Program (STIP) funds to 26 projects. Due to insufficient funds for highway and road projects, only 14 of these projects were included in the 2006 STIP adopted by the California

Transportation Commission (CTC) on April 27, 2006. In addition, the CTC programmed supplemental funds for the Highway 1/17 Merge Lanes Project. In summary, all Santa Cruz County carryover projects, cost increases to carryover projects, and Transportation Enhancement and Public Transportation Account eligible projects proposed in the 2006 RTIP were included in the 2006 STIP. A total of \$12.899 million is programmed for Santa Cruz County in the 2006 STIP, of which \$6.527 million are new funds programmed in the 2006 STIP. Santa Cruz County now has an unprogrammed STIP county share balance of \$13.506 million. The unprogrammed balance is relatively high as a consequence of the unrealized 2006 STIP funding for highway and road projects and returned rideshare funds from the 2004 STIP.

The disparity between the 2006 RTIP proposal and the adopted 2006 STIP for Santa Cruz County's share was primarily a result of the "color of funds" available for programming in the 2006 STIP compared with Santa Cruz County transportation priorities. The 2006 STIP required programming projects in three distinct categories, reflecting the restriction on two of the STIP's funding sources: Public Transit Account funds and Transportation Enhancement Funds. However, CTC staff instructed regions to identify transportation projects in their respective RTIP according to local priorities and not to constrain programming to meet specific highway and transit funding targets. Statewide \$780 million in regional highway and road project proposals were left out of the STIP and \$730 million in rail and transit capacity remains unprogrammed.

DISCUSSION

Amendments Required to be Consistent with 2006 STIP

The RTIP must be consistent with the STIP. Therefore, after the CTC adopts the STIP the RTC amends the RTIP to ensure consistency. When sufficient funding is available to include all of the RTIP projects in the STIP only technical changes to move funds from one year to another are required. For 2006 it is necessary to remove the unrealized STIP funding from various projects. Attachment 2 lists 2006 RTIP amendments required to ensure consistency with the adopted 2006 STIP. These include shifting funding years for four projects and deleting STIP funding from thirteen projects. Attachment 2 also lists ten projects for which no amendments are needed to ensure consistency with the 2006 STIP. **RTC staff and ITAC recommend that the RTC amend the 2006 RTIP to be consistent with the 2006 STIP as shown in Attachment 2.**

Amendments to 2006 RTIP Projects Programmed in FY06/07

In light of the STIP funding shortfall, staff worked with project sponsors to consider alternative funding scenarios, if available, to minimize project delays. Alternative funding scenarios may include shifting funds from projects that are currently delayed for reasons other than funding, identified as a lower priority by project sponsors or do not require the total programmed funds at this time. Based on the latter considerations, staff recommends shifting funds where alternative funding scenarios are possible to limit delay.

Amended Programming for the Struve Slough Bridge

The Struve Slough Project did not receive the STIP funds required to move the project forward in FY06/07 and is ready to go to construction. Programming \$700,000 in State funds to this project will leverage over \$11 million in federal funds. This may be achieved as follows:

- Deprogram \$700,000 in federal Regional Surface Transportation Program (RSTP) funds from the Freedom Boulevard Rehabilitation project,
- Program that \$700,000 in RSTP funds to the Struve Slough Bridge project, and
- Exchange the \$700,000 in federal RSTP funds for state RSTP Exchange (RSTPX) funds (Recommended by ITAC. To be considered by the RTC in a later agenda item).

Amended Programming for the Highway 1 Auxiliary Lanes

The RTC is interested in ensuring that the environmental phase of the Highway 1 Soquel/Morrissey Auxiliary Lanes Project moves forward to ensure that the potential project construction will seamlessly follow the current construction of the Highway 1/17 Merge Lanes project and minimize construction impacts to the community. \$200,000 is required in non-federal funds to leverage \$800,000 in federal earmark funds and secure full funding for the environmental phase. This may be achieved as follows:

- Deprogram \$200,000 in federal RSTP funds from the Highway 1 HOV Lanes project,
- Program that \$200,000 in federal RSTP funds to the Highway 1 Auxiliary Lanes project,
- Exchange the \$200,000 in federal RSTP funds for state RSTPX funds (Recommended by ITAC. To be considered by the RTC in a later agenda item)

The ITAC and staff recommend that the 2006 RTIP be amended to shift RSTP funds between the City of Watsonville's Freedom Boulevard Rehabilitation Project and the Struve Slough Bridge Project and shift RSTP funds from the Highway 1 Widening/HOV Lane Project to the Highway 1 Soquel/Morrissey Auxiliary Lane Project as shown above and in Attachment 3.

STIP Public Transportation Account Amendments (PTA)

The CTC intends to adopt STIP amendments for new PTA-eligible projects at the September CTC meeting. CTC staff did not previously indicate an intention to program the PTA fund balance remaining after adoption of the 2006 STIP. The CTC did indicate disparity between funding needs identified by RTIP proposals statewide and the funding restrictions of the funds that make up the STIP. There is currently \$730 million in unprogrammed PTA STIP funds. Santa Cruz County currently has an unprogrammed county share balance of \$13.506 million in STIP funds.

Santa Cruz County has the opportunity to propose new PTA eligible projects for STIP funding to be amended into the 2006 STIP by the CTC in September. Any additional PTA eligible projects programmed by the RTC for 2006 STIP funds will count towards the Santa Cruz County unprogrammed balance. Usually, the unprogrammed county share balance would be returned to the region in the following STIP cycle. However, due to the instability of STIP revenues there is no

guarantee that Santa Cruz County's unprogrammed share balance will be returned in the 2008 STIP. In 2004, there were no new funds for STIP projects, and an unprogrammed balance of over \$8 million dollars was not returned to Santa Cruz County. RTC staff was successful in securing consideration of the unprogrammed balance in the determination of the Santa Cruz County share for programming in the 2006 STIP. However, the unprogrammed balance grew to \$13.506 million because insufficient funds were available for road and highway projects.

It is uncertain whether the 2008 STIP fund estimate will include more funding for highway and road projects or again include a high percentage of PTA funds. The legislature would need to change the law regarding the funding composition for the STIP in order for the relative distribution of the restricted funding sources to change drastically between now and the 2008 STIP cycle. No proposals are currently on the table to change the composition of STIP funds.

There is discussion at the state level regarding the potential to use PTA spillover funds, which are now one of four funding sources funneled into the STIP PTA funds, to pay for the infrastructure bond proposal debt (Attachment 4). This has caused many transit and rail providers to communicate their capital transit needs to Regional Transportation Planning Agencies. The PTA spillover funds have been increasing over the last five years as a result of the increasing cost of gasoline. Historically, the level of spillover funds has fluctuated greatly and PTA spillover funds have been diverted by the legislature to other uses.

There are several unknowns regarding the future composition and the return of Santa Cruz County's unprogrammed share balance. The best way to ensure that these STIP funds are available to the region is to program Santa Cruz County's unprogrammed balance now to high priority PTA eligible projects.

Amended Programming for the MetroBase Project

The Santa Cruz Metro (SCMTD) expressed the need to fund the MetroBase project earlier than programmed in the 2006 RTIP (Attachment 5). The Santa Cruz County 2006 RTIP proposal included shifting the AB3090 funds programmed in FY08/09 for MetroBase forward to FY06/07. However, CTC did not include this in the adopted 2006 STIP. This is primarily a result of the higher priority given to AB3090 designated projects in the years in which they are programmed.

The MetroBase Project includes \$1.137 in programmed federal RSTP funds. Given the availability of PTA funds for eligible projects, staff recommends programming \$1.137 in new STIP funds to the MetroBase in FY06/07. If adopted into the STIP, the \$1.137 in programmed STIP PTA funds will free up the RSTP funding programmed in FY08/09 to this project for other transportation projects (Attachment 6) and will reduce Santa Cruz County's unprogrammed share balance to \$12.393 million.

Amended Programming for new PTA Eligible Projects

In response to the CTC's announcement to amend PTA eligible projects into the STIP at the CTC's September meeting, the Santa Cruz Metro has communicated to RTC staff that they have several eligible projects which are ready to move forward immediately (Attachment 7). These projects are

being proposed for STIP funding in FY06/07. CTC staff tends to prioritize funding for projects that are ready to be delivered.

These SCMTD projects were not previously included in the 2006 RTIP for two reasons. First, the SCMTD did not propose any new projects for funding in the 2006 STIP in response to the RTC's solicitation for projects with the exception of the transit trip planner, and the CTC staff directed regions to program to their priorities and not to a funding target for PTA eligible projects or highway and road projects. If PTA eligible projects had previously been adopted in the 2006 RTIP the RTC would not need to consider amending these projects into the RTIP at this time to take advantage of available STIP funds.

The possibility of programming SCMTD's PTA eligible projects was discussed at the ITAC's May meeting. The SCMTD requests programming \$12 million of the remaining unprogrammed Santa Cruz County STIP share balance to the following projects:

- Replacement of Highway 17 Express Buses (5 buses) - \$2.0 million
- Replacement Local of Fixed Route Buses (8 buses) - \$3.2 million
- Convert Diesel Fuel Buses to Run on CNG (40 buses) - \$6.8 million

Subtotal = \$12 million
Program to MetroBase + \$1.137 million
TOTAL = \$13.137 million

The total amount of funds proposed would fully fund each of three new projects. These projects are included in the *2005 Regional Transportation Plan (RTP)*. Other PTA eligible projects listed in the *2005 Regional Transportation Plan (RTP)* are included as Attachment 9.

The ITAC and staff recommend programming \$13.137 in STIP PTA eligible funds to PTA eligible projects sponsored by the Santa Cruz Metro including the Metro Base project in the amount of \$1.137 million, Replacement of Highway 17 Express Buses (\$2 million), Replacement of Fixed Route Buses (\$3.2 million) and Converting Diesel Fuel Buses to Run on CNG (\$6.8 million).

Regional STIP funding is "usually" distributed through a local competitive process and with consideration for an equitable distribution among agencies and regions. The ITAC and RTC staff recognize that the proposed RTIP amendment to add new PTA eligible projects will allow the Santa Cruz Metro to access far more STIP funding than they would have otherwise realized. The ITAC agreed that this is a unique opportunity to secure more transit funds for the region, but raised questions about potential future funds for non-transit projects that are being deferred due to the STIP funding restrictions. Therefore, **staff recommends that the RTC make a commitment to give non-transit projects priority when new and additional transportation funds become available for programming in Santa Cruz County.**

Future Funding Opportunities

There are no additional funds that staff recommends amending into the RTIP at this time. Staff will keep the RTC and project sponsors informed of any new upcoming funding opportunities. This may include any revisions to the 2006 STIP fund estimates which would change the level of STIP funds available to Santa Cruz County and a potential mid-cycle STIP in 2007 resulting from a successful infrastructure bond measure. RTC staff will also keep project sponsors and the RTC apprised of any new information on the CMAQ phase out provisions proposed for adoption by the legislature or additional RSTP monies available above the funds estimated by RTC staff and adopted into the 2004 RTIP in September 2004. In addition, if approved, the freed up RSTP funds programmed to the MetroBase will be available for programming in the future.

SUMMARY

The California Transportation Commission (CTC) adopted the 2006 STIP on April 27, 2006. The adopted 2006 STIP is different from the 2006 RTIP. The 2006 RTIP needs to be amended to reflect the adopted STIP. A public hearing to amend the RTIP is scheduled for June 1, 2006. The ITAC and staff recommend that the RTC amend the 2006 RTIP to reflect the adopted 2006 STIP and shift funds to ensure continued progress on projects that are ready to proceed.

On a statewide level, \$730 million in Public Transportation Account funds remains unprogrammed in the STIP. The CTC will amend the 2006 STIP to program the unprogrammed balance of PTA funds at its September 6-7 meeting. Santa Cruz County currently has an unprogrammed balance of \$13.506 million. Staff recommends amending the 2006 RTIP to include new PTA eligible projects to propose for inclusion in the 2006 STIP.

Attachments:

1. Resolution Amending the 2006 RTIP
2. Proposed 2006 RTIP Amendments Needed for Projects to Ensure Consistency with the Adopted STIP
3. Proposed 2006 RTIP Funding Shifts
4. Sacramento Bee Article "Governor Tries to Take Away Rail, Bus Money"
5. Letter From SCMTD to RTC Regarding STIP Funding for MetroBase
6. Proposed RTIP Amendment for MetroBase Funding
7. Letter From SCMTD to the RTC Requesting New PTA STIP Funding be Programmed to Eligible Projects
8. Project Descriptions for New 2006 RTIP Public Transit Account Eligible Projects
9. Eligible PTA Projects Included in the *2005 Regional Transportation Plan*

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