

Agenda: January 11, 2007

**To:** Regional Transportation Commission

**From:** Grace Blakeslee and Rachel Moriconi, Transportation Planners

**RE:** Proposed Process for Amending the *2006 Regional Transportation Improvement Program* to Program Projected State and Federal Funds

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## **RECOMMENDATIONS**

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

1. Initiate the process for programming \$19.5 million in projected State Transportation Improvement Program (STIP), Regional Surface Transportation Program (RSTP) and Congestion Mitigation and Air Quality (CMAQ) Phase-Out funds;
2. Indicate its intent to program \$4 million of these funds to local jurisdictions on a population-based formula for transportation projects of their choice, with a minimum distribution of \$200,000 to each jurisdiction;
3. Indicate its intent to program \$12.5 million of these funds to regionally significant transportation projects, including the Transportation Management Associations; and,
4. Indicate its intent to program the remaining \$3 million to regionally significant projects if needed at this time, otherwise, to program the remaining \$3 million to local jurisdictions by formula.

Staff also recommends that the RTC:

5. Identify and provide input on regional projects to be evaluated for these funds.
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## **BACKGROUND**

Proposition 1B, approved by voters on November 7, 2006, directs \$2 billion in transportation bond money into the State Transportation Improvement Program (STIP). The California Transportation Commission (CTC) will amend the 2006 STIP to include these projected bond funds, as well as unprogrammed balances of Public Transportation Account (PTA) funds, in June 2007. The RTC must submit its proposal for programming the region's share of these STIP funds to the CTC in the first week of April 2007. The 2006 STIP Augmentation Programming Cycle is in addition to the 2008 STIP Programming Cycle, which will begin later this year.

The Regional Transportation Commission (RTC) is also the agency responsible for programming federal Regional Surface Transportation Program (RSTP) and Congestion Mitigation/Air Quality

Improvement Program (CMAQ) funds to transportation projects and programs in Santa Cruz County. RSTP funds are available for a wide range of surface transportation projects, including highway projects, roadway rehabilitation, safety improvements, rideshare programs, sidewalks, enhancement activities and transit capital projects. Projects that use CMAQ funds must demonstrate that they will result in a reduction in air pollutant emissions. For instance, projects or programs that support a reduction in single occupancy automobile use are eligible for CMAQ funds.

A change in the measurement methods by the Environmental Protection Agency (EPA) elevated Santa Cruz, San Benito, Monterey, and Santa Barbara Counties to attainment of federal air quality standards. Hence these counties are no longer eligible to receive CMAQ funds from the federal government. In order to soften the impact of losing CMAQ funds, SB 1587 included a provision under which these four counties will receive 50% of their previous shares of CMAQ funding in FY06-07 and 25% of their previous shares in FY07-08.

**DISCUSSION**

New STIP, CMAQ and RSTP funds are available for programming. The RTC will need to amend the Regional Transportation Improvement Program (RTIP) to designate projects to receive these funds. **Staff recommends that the RTC initiate a programming cycle to program the available STIP, RSTP and CMAQ funds.**

**How Much Money Is Available?**

In total, approximately \$19.5 million in RSTP, CMAQ Phase-Out, and STIP Augmentation funds are available for programming. Below is a breakdown of anticipated funds available for programming by funding type:

2006 STIP Augmentation Funds (includes unprogrammed balance of \$369K)	\$12 million*
CMAQ Phase-Out (FY06-07 & FY 07-08)	\$1.2 million
RSTP Funds (FY07-08 & FY08-09)	\$7 million
<b>Subtotal</b>	<b>\$20.2 million</b>
Previously committed CMAQ funds	\$641,000
<b>Est. Available for Programming</b>	<b>\$19.5 million</b>

\*((\$8.4 targeted for highway and road projects, \$3.6 potentially limited to PTA eligible projects)

**2006 STIP Augmentation**

The 2006 STIP Augmentation Fund Estimate identifies \$2.6 billion in funds available for programming statewide. The fund estimate includes funds from the Transportation Facilities Account (Proposition 1B), Public Transportation Account (PTA), General Fund loan repayments, Tribal Gaming and the State Highway Account. Unlike the other funding sources, \$630 million from the PTA cannot be used to fund highway or other non-transit projects.

Santa Cruz County’s share of these STIP funds is approximately \$12 million, \$369,000 of which is a prior unprogrammed balance. Since \$630 million of the statewide STIP funds are only available for transit projects, the CTC has established targets for programming the funds to highway and transit projects. For Santa Cruz County, only \$8.4 million of our county share is within the

“highway” target. If Caltrans and other regions in the state do not propose \$630 million in transit projects, the balance of our county share (\$3.6 million) may only be immediately available for programming to PTA-eligible (transit) projects in Santa Cruz County. Meanwhile, there is an extremely large backlog of highway and road funding needs in Santa Cruz County and SCMTD has indicated that they will not be seeking funding this programming cycle.

Additionally, the CTC recommends that regions program to regional priorities and not to funding targets. As such, the RTC could propose programming all the region’s STIP funds to highway/ road or other non-transit projects. As you may recall, as part of the 2006 RTIP, the CTC was unable to accommodate the RTC’s initial proposal to program \$13 million in STIP funds to highway, road, bicycle and pedestrian projects. The RTC then revised its proposal and those funds were programmed to transit projects. Had the RTC not programmed that \$13 million to transit, the 2006 STIP Augmentation Fund Estimate would include a larger amount of funding targeted for highway/road projects. Similarly, if the CTC is unable to accommodate Santa Cruz County’s highway/road programming request in the 2006 STIP Augmentation the funds specified as PTA funds for Santa Cruz County may return to the region as funds eligible for highway and road projects in the 2008 STIP. Notably, lapsed funds from County of Santa Cruz projects that were unable to meet the CTC’s “use-it-or-lose it” deadlines will also be returned to the region in the 2008 STIP.

Another issue surrounding the 2006 STIP Augmentation is that the availability of the \$2 billion in Proposition 1B funds is subject to sale of the bonds and appropriation of the bond revenues to the STIP. In the event that these funds are delayed, which is possible given the state’s limited debt capacity, the CTC would not be able to release funds as programmed and would have to establish an allocation plan. Given the CTC’s past allocation plans, it is likely that the CTC would give priority to projects on the state route system over projects on the local road network.

### Interregional Transportation Improvement Program

In addition to regional STIP funds, \$540 million is available statewide for the Interregional Transportation Improvement Program (ITIP) as part of the 2006 STIP Augmentation. Caltrans has indicated that existing ITIP projects will receive the first priority for these funds, followed by Corridor Mobility Improvement Account (CMIA) projects, with very limited funding available for new ITIP projects. Based on discussions with RTC staff, Caltrans District 5 has identified the Soquel-Morrissey and Bay/Porter-Park Auxiliary Lane projects as possible candidates for ITIP funding. Caltrans Headquarters will decide which projects to include in the ITIP.

### RSTP & CMAQ Funds

Approximately \$7 million in new RSTP funds will be available to Santa Cruz County through FY08-09. The RTC normally programs RSTP funds every two years. In addition, Santa Cruz County will receive a total of \$1.2 million in CMAQ Phase-Out funds through FY07-08. \$641,000 of the CMAQ Phase-Out funds will be needed to meet prior RTC programming commitments.

### Process for Amending the 2006 RTIP

Given the amount of funding available and the even greater backlog of needs in the region, staff initially recommended to the Interagency Technical Advisory Committee (ITAC) that a competitive

grant process be held to program the available STIP, RSTP and CMAQ funds. A competitive grant process ensures that projects which best meet the needs of the region are selected. However, the ITAC expressed concerns with a competitive programming cycle given the compressed time schedule required to meet state deadlines. Local jurisdictions also emphasized the need for funding to address local road rehabilitation needs and local jurisdictions' desire to prioritize their own needs.

In response to the ITAC's concerns and upon further analysis of regional needs and the available funding, staff returned to the ITAC's December 2006 meeting with a revised programming proposal. Staff's revised recommendation took into consideration the near term regional needs, including projects proposed for CMIA funding and cost overruns on existing projects. In addition, the revised recommendation considered uncertainties surrounding the total highway/road funding to be available through the 2006 STIP Augmentation; specifically, the \$3.6 million in STIP funding that may only be available to PTA-eligible (transit) projects. In response to the revised recommendation, the ITAC and staff agreed that leveraging outside funding sources for regional projects is a priority, although there are uncertainties around the potential CMIA funding and match requirements. ITAC and staff also recognized the need to invest in and address the backlog of funding needs on the local transportation network.

**In light of these opportunities and uncertainties, staff and ITAC recommend that the RTC indicate its intent to direct \$4 million of the available funds to local jurisdictions on a population-based formula for projects of their discretion, with a minimum distribution of \$200,000 to each jurisdiction; to program \$12.5 million to regionally significant projects; and to program the balance to regionally significant projects if these funds are needed to move these projects forward at this time, otherwise to distribute the remaining \$3 million to local jurisdictions by formula.** The need to provide matching funding or full funding for regional projects to leverage outside funding would be one of the primary considerations in determining whether to program the remaining \$3 million to regionally significant projects or to local jurisdictions by formula.

### **Regionally Significant Projects**

Based on a preliminary assessment of regional projects, there is at least a \$15 million funding gap that must be bridged, depending on the availability of outside funding sources and RTC priorities. The near term regional needs include cost increases on existing highway projects, potential matching funds for the Corridor Mobility Improvement Account (CMIA) funds and federal earmarks, and funding for ongoing projects.

As discussed in a separate agenda item, the RTC is submitting up to three projects for the Corridor Mobility Improvement Account (CMIA). If the CTC does not fully fund projects selected for the CMIA program, the RTC will need to close any funding gaps in order to retain any CMIA funding that is approved. The CTC will select projects for CMIA funding at the February 28, 2007 CTC meeting.

Staff has identified the following list of possible near term regional projects that may need funding from the upcoming RTIP Amendment. The projects are not listed in any priority order.

- Highway 1 PA/ED: \$1-2 million cost increase
- Highway 1/17 Cost Overruns: \$2-5 million

- Harkins Slough Road Interchange: \$3-4 million cost increase
- Soquel to Morrissey Auxiliary Lane Project: \$2.7-\$18 million (needed to match Earmark and possibly CMIA and ITIP funds)
- Bay/Porter to Park Auxiliary Lane Project: \$0-22 million (depending on CMIA and ITIP funding)
- 41<sup>st</sup> to Soquel Auxiliary Lanes: \$0-18 million (depending on CMIA funding)
- Highway 1/9 Intersection: \$5-15 million (depending on City of Santa Cruz share)
- Monterey Bay Scenic Sanctuary Trail: \$785,000 to match Earmark funds to \$15+ million
- Ongoing programs:
  - Freeway Service Patrol: \$300,000 (for three years)
  - Regional Rideshare Program: \$300,000 (for two years)
  - Transportation Management Associations: \$240,000 (covers two years)

Attachment 1 describes the funding needs for these projects in greater detail.

**Staff requests that the RTC provide input on the regional priorities to be considered for programming.** Please inform staff at this meeting if additional or fewer projects should be considered. Staff will evaluate the performance of these candidates for the regional share of funds over the next two months, with input from the RTC's committees.

### **2007 RTIP Amendment Schedule**

January 11, 2007	-RTC determines programming process
January/February	-Staff meet with project sponsors to update project information
February 8	-Project information due from local jurisdictions
March	-Draft 2006 RTIP Amendment to RTC and its Committees
April 5	-Public Hearing on 2006 RTIP Amendment
April 2	-Santa Cruz County 2006 RTIP due to CTC *
May 17	-CTC publishes staff recommendations
June 7	-CTC adopts 2006 STIP Augmentation

\*CTC staff has indicated that they will accept a draft RTIP by the deadline of April 2, 2007 with any corrections due to CTC immediately following the RTC's April 5, 2007 meeting.

### **SUMMARY**

The RTC is responsible for programming STIP, CMAQ and RSTP funds. As the result of Proposition 1B, \$12 million in STIP funds are available for programming. Approximately \$7 million in RSTP funds and \$1.2 million in CMAQ Phase-Out funding are also available. Staff and ITAC recommend that \$4 million be distributed by formula to local jurisdictions, \$12.5 to regional projects, and \$3 million to regional projects or to local jurisdictions, depending on regional project needs. Staff also requests input from the RTC on what regional projects should be evaluated for the RTIP Amendment.

Attachment: Near Term Regional Funding Needs

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