

**TO:** Regional Transportation Commission  
**FROM:** Rachel Moriconi, Senior Transportation Planner  
**RE:** Fiscal Year (FY) 07/08 State Budget and 2008 State Transportation Improvement Program (STIP) Funding and Programming

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**RECOMMENDATION:**

Staff recommends that the Regional Transportation Commission (RTC):

1. Accept information regarding the FY 07/08 State budget;
  2. Indicate its continued commitment to funding certain projects with State Transportation Improvement Program (STIP) funds; and
  3. Direct staff to return to the RTC with options for the 2008 Regional Transportation Improvement Program (RTIP) after the California Transportation Commission (CTC) adopts the STIP Fund Estimate.
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**BACKGROUND**

Every year the legislature and the Governor adopt a new budget for the State. The budget can have a significant impact on the funds available for existing projects and the possibility of programming funds for future projects.

Under state transportation statutes established by SB 45 in 1998, state and federal funding for various types of transportation projects is programmed every two years through the State Transportation Improvement Program (STIP). The California Transportation Commission (CTC) is expected to adopt the Fund Estimate for the *2008 State Transportation Improvement Program (STIP)* after the State budget has been approved. The 2008 STIP Fund Estimate will project anticipated revenues that will be available between FY08/09-FY12/13. The Regional Transportation Commission will nominate projects to receive its share of STIP funds through its *Regional Transportation Improvement Program (RTIP)*. After considering the RTIPs submitted statewide, the California Transportation Commission will make the final determination on which projects are programmed to receive STIP funds.

**DISCUSSION**

The FY2007/08 State Budget

As of the writing of this staff report, the State Budget had not yet been adopted. Proposals from the Governor, Assembly, and several legislative leaders include appropriation of

Proposition 1B bond funds, diversion of Public Transportation Account (PTA) spillover funds to the state General Fund, reduced State Transit Assistance program funding, and possible formula changes to Proposition 42. The diversion of transportation funds to the General Fund will reduce the amount of funding available for Metro's capital transit projects and will limit the CTC's ability to allocate all of the STIP projects currently programmed in FY07/08. The final budget will also influence the amount funds available for programming in the 2008 RTIP. Staff will provide any additional information that may be available at this meeting.

### Development of the 2008 RTIP

Over the next six months, the Regional Transportation Commission will be preparing the state-mandated *2008 Regional Transportation Improvement Program (RTIP) for Santa Cruz County*. Due to uncertainties surrounding the 2007/08 State Budget, especially Public Transit Account (PTA) funds, the CTC decided to delay establishing assumptions for the Fund Estimate until after the State Budget is adopted. Due to this delay, the CTC is expected to push out the deadline for RTIP submittals from December 2008. If a significant amount of transportation funding is diverted to the State General Fund, as proposed in the Governor's May Budget and Assembly's Budget, there will be significant funding cuts to transit and those cuts could impact the STIP. In any case, the STIP is currently fully programmed through FY10/11 for highway/road projects and any new funds will not be available until FY11/12-12/13 for non-transit projects.

As part of development of the 2008 RTIP, the Regional Transportation Commission will have to consider the level of state funding projected to be available each year of the 2008 STIP, respond to CTC STIP Guidelines that are currently under development, and consider programming options for any new funds.

Based on actions and discussions at prior meetings, the RTC has indicated its intent to program nearly \$3.9 million in STIP funds as described below.

1. Reprogram lapsed STIP funds to County projects (commitment made by RTC June 2006):
  - a. \$1.48 million STIP that lapsed on the Amesti Road Reconstruction Project to other projects in the Corralitos area which mitigate traffic impacts created by the permanent closure of Amesti Road;
  - b. \$95,000 STIP TE to the Phase 2 Wilder Ranch Bikeway Project and
  - c. \$195,000 STIP TE to the East Cliff Drive Bike/Pedestrian Path
  
2. Program 2008 STIP funds to projects initially approved for the 2006 RTIP Augmentation (April 2007) that the CTC did not include in the 2006 STIP due to a shortage of non-transit funds statewide:
  - a. \$300,000 Freeway Service Patrol – for FY08/09-10/11
  - b. \$785,000 Monterey Bay Sanctuary Scenic Trail Network – to match earmark
  - c. \$300,000 Rideshare Program – for FY09/10-10/11
  - d. \$216,000 Hwy 1 Widening/HOV Lane PA/ED – additional funds needed
  - e. \$500,000 Hwy 1/9 Intersection improvements

**Staff recommends that the Commission indicate its continued commitment to funding these projects with 2008 State Transportation Improvement Program (STIP) funds.**

As part of development of the 2006 RTIP Augmentation in the spring, the RTC also discussed the following.

3. Possible projects for future STIP cycles:
  - a. Hwy 1 Bridge Widening over San Lorenzo River - Design
  - b. Pajaro Station
  - c. Highway 1-Harkins Slough Rd Interchange cost increases

In addition to these projects, the Regional Transportation Plan identifies several other critical transportation needs in the region. These include maintenance of local streets and roads and transit projects.

Without the benefit of the 2008 STIP Fund Estimate, it is difficult to predict at this point if sufficient funds will be available for all of the projects in categories 1 and 2 above. Based on the 2006 STIP Augmentation Fund Estimate, \$5-9 million in new funds may be available for FY11/12-FY12/13. However, if projections for PTA funds are reduced, these amounts could drop significantly. **Staff recommends that the Commission direct staff to return to the RTC with options for the 2008 Regional Transportation Improvement Program (RTIP) after the CTC adopts the Fund Estimate.**

## **SUMMARY**

The California Transportation Commission is in the process of determining the funding assumptions for the 2008 State Transportation Improvement Program (STIP). If transportation funds are diverted to the General Fund in the FY07/08 State Budget, the 2008 STIP may be significantly affected. Staff will provide an oral update on the State Budget and 2008 STIP at this meeting.