

TO: Regional Transportation Commission  
FROM: Luis Pavel Mendez, Deputy Director  
RE: Proposed Amendments to the Fiscal Year (FY) 07-08 Budget and Work Program

---

## RECOMMENDATIONS

The Budget and Administration/Personnel (B&A/P) Committee and staff recommend that the Regional Transportation Commission (RTC) adopt the attached resolution (Attachment 1):

1. Approving the proposed amendments to the FY07-08 Budget (Attachment 2) and Work Program (Attachment 3); and
2. Approving payment of the corresponding FY 07-08 additional and carryover allocations of Transportation Development Act (TDA) funds for the Santa Cruz Metropolitan Transit District (SCMTD), Community Bridges, and the Volunteer Center upon receipt of the corresponding claim from each entity.

Staff further recommends that the RTC approve payment of State Transit Assistance (STA) funds to the SCMTD consistent with the approved FY 07-08 budget upon receipt of the corresponding amended claim.

---

## BACKGROUND

Each year the Regional Transportation Commission (RTC) amends its budget and work program in the fall to incorporate information from prior year end balances, carryovers from the previous fiscal year, any new projects or funds, updated revenue and cost estimates, and other necessary changes. The draft amended FY07-08 Budget and Work Program (Attachments 2 & 3) include updated information and other changes. The major budget and work program changes are discussed below. Explanations for specific line items in the budget are included as notes on the budget document. The Budget and Administration/Personnel (B&A/P) Committee considered the proposed amended FY 07-08 Budget and Work Program at its October 11, 2007 meeting and recommends approval.

## DISCUSSION

The proposed amended FY07-08 Budget (Attachment 2) is a balanced budget that achieves the RTC's established goals for reserve funds and implements the RTC's priority projects and on-going programs, as reflected in the proposed Work Program (Attachment 3).

### **Transportation Development Act (TDA) Revenues (Pages 1 & 2 of the proposed budget)**

For FY 06-07 the RTC budgeted \$7,844,000 in TDA revenues based on the Auditor-Controller's estimate of August 2006. Actual TDA revenues for FY 06-07 were \$8,048,362 (Attachment 4). In addition, FY 06-07 interest revenues for the TDA fund were \$52,746 higher than estimated. This translates into FY 06-07 surplus TDA revenues of \$257,108.

The Auditor-Controller's August 2007 estimate of TDA revenues for FY 07-08 is \$8,290,000 (Attachment 5). The estimate is based on actual revenues in FY 06-07 and assumes a 3% growth in revenues. This is \$114,000 lower than the estimate provided by the Auditor-Controller in January 2007. The January 2007 estimate was based on actual revenues through December 2006 and forecasted revenues from January to June 2007. January to June 2007 TDA revenues were \$109,825 less than forecasted.

### **TDA Allocations and Reserves (Page 2 of the proposed budget)**

Consistent with comments expressed by B&A/P Committee members at their February 2007 meeting, the proposed FY 07-08 amended budget allocates \$115,825 in FY 06-07 surplus revenues to the TDA reserve fund to meet the RTC target of 8% of the TDA revenues as established in the RTC Rules and Regulations. This leaves \$141,283 for allocation to the various TDA recipients consistent with the RTC Rules and Regulations. This surplus allocation more than covers the reduced estimate for FY 07-08 revenues. The allocations to the County of Santa Cruz and the Cities of Capitola, Santa Cruz, Scotts Valley and Watsonville are based on the new population figures released by the California Department of Finance in May 2007.

In addition, Community Bridges and the Volunteer Center have some carryover TDA funds from previous fiscal years which have not yet been paid to them (\$25,708 and \$3,978 respectively). Since the surplus and carryover allocations for SCMTD, Community Bridges and the Volunteer Center are not large compared to their regular allocations, since their FY 07-08 allocation claims were already submitted to and approved by the RTC and since the allocations are based on the formulas established by the RTC in its Rules and Regulations, the **B&A/P Committee and staff recommend that the RTC approve payment of these surplus and carryover TDA funds upon receipt of the corresponding claim from each entity.**

### **Changes in Other Revenues**

The proposed budget also includes:

- Carryover of revenues not expended, appropriated or realized in FY 06-07
- A \$3,610,617 decrease in State Transit Assistance (STA) funds as approved in the State budget
- A \$100,000 increase in Rural Planning Assistance (RPA) funds as approved in the State budget

- A new \$12,500 grant for a rotational intern for transit related tasks
- A new \$94,023 Environmental Justice pass through grant for Community Bridges

The State Transit Assistance (STA) funds estimate for FY 07-08 was significantly reduced to \$2,270,825 due to a diversion of Public Transportation Account (PTA) Spillover funds to the general fund approved in the State budget. STA funds can vary significantly from year to year depending on whether and how much PTA Spillover funds are available or diverted to the general fund. Since FY 00-01 STA funds have varied from less than \$1 million to about \$4.5 million. Since the RTC approved an STA claim from the SCMTD for a significantly larger amount on May 3, 2007, **staff recommends that the RTC approve payment of STA funds to the SCMTD consistent with the approved FY 07-08 budget upon receipt of the corresponding amended claim.**

### **Other Proposed Budget Amendments**

In addition to the amendments identified above, unspent funds from prior year projects have been carried over in the proposed amended budget, as explained by notes throughout Attachment 2. Several expenditure lines have also been updated to more accurately reflect current trends.

Administration Budget (page 4) - The proposed Administration budget includes an additional \$12,000 under fixed assets for replacement of the office copy machine, which increasingly requires more maintenance affecting productivity and cost. \$10,000 is added to update the RTC website to take advantage of new technology to better serve the needs of the agency and the public and to incorporate accessibility measures. \$5,000 is added to the contingency line to help ensure that the RTC has a healthy contingency. Other costs are increased based on expenditure trends, or to implement necessary improvements. These are individually noted on page 4 of the proposed budget amendment.

Rideshare Budget (page 5) - The Rideshare budget has been updated to reflect programmed funding amounts, carryovers from FY 06-07 and updated expenditure trends for Commute Solutions and its programs including the Highway 1/17 Transportation Demand Management Plan (TDM) and the Emergency Ride Home program. In addition, \$10,000 in Caltrans Highway 1/17 TDM funds is proposed for weekend Freeway Service Patrol (FSP) services in the project area during the tourist peak periods.

Service Authority for Freeway Emergencies (SAFE) Budget (page 6) - The SAFE budget includes \$129,269 carried over from prior years which will be used to complete the digital callbox and TTY upgrades, and site accessibility improvements. In addition, a \$39,588 carryover in previously unappropriated MTC SAFE funds is included for the extra CHP enforcement on the Santa Clara County side of Highway 17.

Freeway Service Patrol (FSP) Budget (page 7) - The revenues have been updated consistent with the approved State FSP grant revenues and carryover funds available. Cost items have been updated based on current estimates and to help with potential costs to establish a new electronic data collection system. It is likely that Caltrans will cover all of the costs to establish the

electronic data collection system but RTC will need to cover any hardware and software set-up and on-going costs such as upgrades, maintenance, repair and replacement. The new system will improve driver and staff productivity by minimizing the need for paperwork and data entry.

Rail/Trail Authority Budget (page 8) – The budget has been updated to include FY 06-07 carryover revenues. The budget has also been updated to remove the revenues and costs associated with ownership because closure of the acquisition is expected in the next fiscal year.

Highway 1 Budget (page 9) - The Highway 1 budget has been updated to reflect programmed funding amounts and carryovers from FY 06-07 for both the highway 1 HOV Lanes project and the Highway 1 Soquel to Morrissey Auxiliary Lanes project. Under the project costs \$150,000 is proposed for the Highway 1 HOV Lanes project and \$10,000 for the Highway 1 Auxiliary Lanes project for right-of-way consulting services. This will ensure that any right-of-way issues are resolved satisfactorily and expeditiously to prevent any delays to the projects. In addition, \$35,000 is proposed for the Highway 1 HOV Lanes project for a value analysis of the project as required by the Federal Highways Administration (FHWA).

Planning Program Budget (pages 10 and 12) - The budget for the Planning Program includes carryover funds from FY 06-07, unanticipated funds, and new grant funds. Under the cost items a number of the changes reflect FY 06-07 carryovers. Additional RTC funds are allocated to costs associated with the implementation of recommendations resulting from the work of the Transportation Funding Task Force (TFTF). The Planning Program also includes some reallocation of staff resources between work elements to more accurately reflect the expected work in FY 07-08.

Overall Staff Costs (page 3 and pages 4-12) - Staff costs known to date were recalculated for this amendment and allocation of staff resources to various projects was updated relative to the Work Program. There is a proposed increase in staff costs of \$12,500 over the FY 07-08 budget adopted in March 2007 to add an intern for transit related tasks. This is a temporary position funded through a grant secured from the Transit Professional Development program. It is not necessary to increase the overall staff budget as a result of labor agreements negotiated or currently under negotiations with bargaining units. The amount included for staff costs in the FY 07-08 budget approved in March 2007 along with recent staff changes resulting in cost savings is sufficient to cover the cost of new labor agreements.

#### Proposed Commission Work Program

For next fiscal year, the proposed SCCRTC Work Program (Attachment 3) includes state-mandated responsibilities and Commission priorities, including:

- continued oversight of the Highway 1/HOV Lane and Soquel to Morrissey Auxiliary Lanes Projects Approval/ Environmental Document (PA/ED)
- continued coordination with Caltrans and City of Santa Cruz staff on public information for construction of the Highway 1/17 Merge Lanes project
- continued work to complete purchase of the Santa Cruz Branch Rail Line

- work associated with ownership of the rail line
- implementation of the local transportation expenditure and funding plan resulting from the work of the Transportation Funding Task Force (TFTF)
- continued work with project sponsors and funding agencies on securing funds for high priority projects from all modes of transportation
- continued work on the Master Plan for the Monterey Bay Sanctuary Scenic Trail (MBSST) network

The proposed work program includes more details on these priorities and other on-going RTC projects.

**The B&A/P Committee and staff recommend that the RTC approve the proposed amended FY 07-08 Budget (Attachment 2) and Work Program (Attachment 3).**

### SUMMARY

The proposed amended FY 07-08 Budget (Attachment 2) incorporates information on FY 06-07 year end balances, carryovers from the previous fiscal year, any new projects or funds, updated revenue and costs estimates, and other necessary changes. The proposed work program (Attachment 3) for the Commission features continued oversight of the Highway 1 PA/ED projects by the Commission, completion of the rail line acquisition, trail planning, and implementation of the expenditure and funding plan developed through work of the Transportation Funding Task Force. The Budget and Administration/Personnel Committee and staff recommend that the RTC approve the proposed amended FY 07-08 Budget and Work Program.

Attachment 1: Resolution Approving the Proposed FY 07-08 Budget and Work Program

Attachment 2: Proposed Amended FY 07-08 Budget

Attachment 3: Draft Amended FY 07-08 Work Program

Attachment 4: FY 06-07 TDA Revenue Report

Attachment 5: Auditor-Controller's TDA Revenue Estimate for FY07-08

\\Rtcserv1\shared\RTC\TC2007\TC1107\07-08BudgAmend\07-08 FallBudg Amend.doc