

TO: Regional Transportation Commission

FROM: George Dondero, Executive Director

RE: Transportation Sales Tax Measure – Reconsider January 10, 2008 Commission Action and Amend Expenditure Plan, and Consider Taking Other Actions Related to Placing Measure on November 2008 Ballot.

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission (RTC):

1. Adopt the following greenhouse gas emissions reduction language for inclusion in a transportation sales tax ballot measure:
 - a. The plan funded by this ballot measure shall be consistent with the California Global Warming Solutions Act of 2006 (AB 32) and projects will comply with state and federal rules and regulations addressing GHG emission reduction as they are enacted or adopted by the responsible regulatory entity.
 - b. Green design and construction practices will be encouraged for all projects funded by the plan;
2. Amend the transportation sales tax ballot measure expenditure plan approved by the RTC at its January 10, 2008 meeting as proposed in Attachment 2;
3. Request that the Board of Supervisors place a 35-year, ½ cent transportation funding sales tax measure on the November 2008 ballot to fund the expenditure plan approved by the RTC;
4. Direct staff to proceed with the required environmental review work for a transportation sales tax ballot measure with the expenditure plan approved by the RTC; and
5. Authorize staff to inform the community about transportation issues and projects, and the need for local funding; and
6. Direct staff to release a request for proposals (RFP) for consultant services to poll likely voters for support of a sales tax measure with the expenditure plan approved by the RTC and return to a future RTC meeting with a consultant recommendation and plan to fund the poll.

BACKGROUND

The Santa Cruz County Regional Transportation Commission (RTC) established a Transportation Funding Task Force to develop a local transportation funding plan for a transportation sales tax measure which could potentially secure a super majority of Santa Cruz County voters. A successful sales tax measure would significantly address a projected \$2 billion shortfall for priority local transportation projects as outlined in the most current Regional Transportation Plan.

The Transportation Funding Task Force, comprised of more than 70 community leaders, met for over two years to solicit broad community input, discuss draft transportation plan options and gain a better understanding of transportation funding complexities. The RTC required that 2/3 of the Task Force members present and voting vote in support of a transportation funding plan before it would be considered by the RTC. This was achieved at the final Task Force meeting in November 2007.

At the January meeting, the RTC approved the transportation funding plan developed by the Transportation Funding Task Force as the expenditure plan for a transportation sales tax measure. The RTC also approved establishing an oversight committee for the tax measure. At the January Transportation Policy Workshop (TPW), the RTC heard a presentation about bonding and the responsibilities of a taxing authority. At the same meeting, the RTC agreed on greenhouse gas emission reduction language to include in the expenditure plan.

DISCUSSION

The RTC is at a critical juncture and, based on the timeline provided to the RTC at both the December and January meetings, at today's meeting, the RTC needs to decide whether to place the transportation sales tax measure on the November 2008 ballot. As noted in the previous staff reports, the community expects the Regional Transportation Commission to move forward proactively to lead the way in making positive changes for the mobility needs of current and future generations.

Need for Local Transportation Funding

The need for additional local transportation funding has only become more critical since the Transportation Funding Task Force was formed more than two years ago:

- ❑ State and federal transportation funds are not secure, can vary from year to year and are subject to budgetary fluctuations, non-transportation priorities and external influences.
- ❑ The majority of state and federal funding sources are obligated to pay for maintaining the state highway system.
- ❑ A large project such as congestion relief in the Highway 1 corridor is not feasible given the historical rate of state and local funding, yet the October 2007 poll showed that 25% of respondents strongly agree and an additional 22% somewhat agree with the statement that "the state has enough money to pay for improvements to our local roads and freeways, we should not tax ourselves locally."
- ❑ A source of local funds would provide protected, yet flexible dollars for priority local transportation projects.
- ❑ Local funds will enable the community to leverage a variety of other state, federal and non-transportation funds.

- The most current Regional Transportation Plan assumes that a ½ cent sales tax, or equivalent funding source, will be in place in the next 25 years to deliver the financially constrained or “within projected funding” project list.
- The cost of implementing transportation projects increases, often faster than the inflation rate over time, as the construction, land and materials costs increase based on world market conditions.

Community Process

The RTC agreed to pursue an intensely inclusive process following the failure of Measure J in 2004. First the RTC identified a group of more than 70 community leaders to serve on the Task Force, and invited them to share the challenge of finding mobility solutions that have broad community appeal. Then, the RTC expended a considerable amount of staff time and funding to not only reach out to all members of the community through the first phase of the Task Force process, but also to staff negotiation meetings of the Task Force.

After two years of soliciting community input and working together, a super majority of the Transportation Funding Task Force agreed on a “Mobility Plan.” This was achieved through recognition of the community’s transportation needs, information regarding voter opinions, and compromise by many Task Force members to agree on a plan that includes a variety of transportation modes throughout the entire county. Although some Task Force members did not vote in support of the plan, many of them have since come forward indicating that they would support the measure if it were stronger in its commitment to reducing greenhouse gas emissions and dedicated more funds for neighborhood projects.

Addressing Greenhouse Gas Emissions

At the January 2008 Transportation Policy Workshop (TPW), the RTC heard a report about the most current developments in the realm of greenhouse gas (GHG) emission reduction efforts at the local, state and federal level (staff report on www.sccrtc.org in the 1/24/08 TPW agenda packet). After discussion and input from the public, business and environmental interests, the RTC directed staff to return with general language addressing compliance with state and federal rules and encouraging green building practices.

Attendees at the TPW, including Ecology Action’s Executive Director, expressed support and optimism about inclusion of these commitments in the expenditure plan for a transportation sales tax measure. If adopted, Santa Cruz County’s transportation funding ballot measure would be the first in California to address greenhouse gas emission reduction.

Staff recommends that the Regional Transportation Commission include the following language in the expenditure plan for a transportation sales tax measure:

- 1. The plan funded by this ballot measure shall be consistent with the California Global Warming Solutions Act of 2006 (AB 32) and projects will comply with**

state and federal rules and regulations addressing GHG emission reduction as they are enacted or adopted by the responsible regulatory entity.

- 2. Green design and construction practices will be encouraged for all projects funded by the plan.**

The Mobility Plan

Attachment 1 lists the Mobility Plan approved by the Transportation Funding Task Force. This plan was approved by 72% of the Task Force members present and voting at the last meeting, as well as the RTC at its January 2008 meeting. This plan has received this level of support for a number of reasons, including the following:

- ❑ The plan includes funding for a range of mobility modes/options with the goal of expanding mobility choice for residents and visitors of Santa Cruz County;
- ❑ The plan includes projects throughout all geographical areas of the county;
- ❑ The plan includes both projects people in the community feel strongly about: improvements to the Highway 1 corridor and improvements to the rail line; and
- ❑ The plan was developed through an inclusive process that strived to find common ground.
- ❑ The plan reflects conclusions drawn from the September/October 2007 poll conducted by the RTC.

As is now common knowledge, a transportation sales tax measure is required to receive at least 67% voter support to succeed. This will require a strong commitment from the RTC plus backing from a wide range of credible community and opinion leaders, and a well funded campaign in support of the measure. Based on discussions with community members, the RTC may want to consider approving a plan with slight revisions to receive an even greater level of support. The minor, yet potentially significant, revisions are shown in Attachment 2 using underline and strikeout text. Revisions proposed, including the strengthened greenhouse gas emission reduction language discussed above, are as follows:

- ❑ Increase the Future Connections program by \$5 million to a total of \$40 million – This provides additional assets that can be matched for the Watsonville/Pajaro Train Station, Right-of-Way renovations to keep freight now using the rail line off roads and highways, and for passenger rail service connecting to Amtrak and Caltrain, all popular projects with voters
- ❑ Increase Neighborhood Projects \$5 million for a total of \$140 million – This provides more funding to local jurisdictions for priority projects determined at the neighborhood level. The September 2007 voter opinion poll showed a high level of support for local road projects.
- ❑ Decrease Access Options \$10 million for a total of \$120 million – This allows a slight increase for the items listed above, while maintaining a significant percentage of the sales tax measure for this item acknowledging that, there are transit funding deficiencies, the transportation needs for seniors and people with disabilities is expected

to rise as baby boomers age, and there is already a permanent ½ cent sales tax dedicated to transit, providing about \$17 million annually.

- ❑ Add the Coastal Trail Network (Monterey Bay Sanctuary Scenic Trail Network) to the List of Eligible Neighborhood Projects – Although this project is technically qualified for funding under the bike/pedestrian projects category, calling it out as a separate project eligible for funds would be beneficial.
- ❑ Assign costs to the projects within each category, with the exclusion of the Neighborhood Projects which will be prioritized and implemented from the list of eligible projects by the local jurisdictions in accordance with neighborhood priorities.

Also attached are the project summaries from the January 2007 Draft Transportation Funding Improvement Plan for the Transportation Funding Task Force ([Attachment 3](#)). The full descriptions can be found in the draft plan on the Task Force website (www.tftaskforce.org).

Staff recommends that the RTC amend the transportation sales tax ballot measure expenditure plan approved at its January 10, 2008 meeting as proposed on [Attachment 2](#).

November 2008 Presidential Election

The Regional Transportation Commission is at a crucial point in time and must make a decision at this time about whether to proceed with recommending that a transportation sales tax measure be placed on the November 2008 ballot to allow time for an environmental analysis of the plan as required by law and to allow time for public education about the need for local transportation funding. The community is looking to the Regional Transportation Commission for leadership in improving the region's mobility through a balanced transportation and funding plan. Action to request that the measure be placed on the ballot by the Board of Supervisors will initiate the required plan-level environmental review process.

Staff recommends that the Regional Transportation Commission request that the Board of Supervisors, at their August 5, 2008 meeting, place 35 year, ½ cent transportation funding sales tax measure on the November 2008 ballot to fund the expenditure plan approved by the RTC, including strengthened greenhouse gas emission reduction language and other provisions as approved by the RTC. This will provide an opportunity for Santa Cruz County voters decide on the transportation plan.

Staff also recommends that the RTC direct staff to proceed with the required environmental review work for a transportation sales tax ballot measure with the expenditure plan approved by the RTC.

Contingency

One more assessment of voter support, wording implications and potential influence of the economy on voter attitudes should be performed before the measure is placed on the ballot by

the County Board of Supervisors in August 2008. Ideally, the RTC would poll the exact ballot language after the community has been informed about the measure, but with time left to adjust the language to secure a higher level of voter support. The poll can also assess the voter's perception of general well being, which can affect how they will vote.

Therefore, staff recommends that the RTC Direct staff to release a request for proposals (RFP) for consultant services to poll likely voters for support of a sales tax measure with the expenditure plan approved by the RTC and return to a future RTC meeting with a consultant recommendation and plan to fund the poll. Staff also recommends that the RTC authorize staff to make a concerted effort to fully inform the community about transportation issues, projects, and the need for local funding over the next six months.

Next Steps

If the Regional Transportation Commission decides to move forward with a ballot measure, the next steps will be for the Commission to determine the tax authority and its duties, composition of the oversight committee, and the final expenditure plan language. The RTC may also want to develop a Plan of Finance in advance of the ballot, as discussed by Peter Shellenberger at the January 2008 TPW.

SUMMARY

In November 2007, the RTC received the mobility plan recommended by the Transportation Funding Task Force for a transportation sales tax measure. Since then, the RTC has been gathering information to make a decision whether to place a transportation sales tax measure on the November 2008 ballot. Staff recommends placing a transportation sales tax measure on the November 2008 ballot with an expenditure plan slightly different from that approved by the Task Force, approving green house gas emissions reduction language for the measure, providing public information and polling the RTC approved expenditure plan.

Attachments:

1. Transportation Funding Task Force Mobility Plan
2. Proposed Expenditure Plan
3. Project Descriptions
4. Transportation Sales Tax Measure Timeline

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