

TO: Regional Transportation Commission
FROM: Rachel Moriconi, Senior Transportation Planner
RE: 2010 Regional Transportation Plan -- Draft Project List & Financial Element

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission (RTC):

1. Approve the draft RTP Financial Element (Attachment 1), which assumes revenues from a future sales tax measure; and
 2. Approve projects (Attachment 2) for inclusion in the draft *2010 Regional Transportation Plan (RTP)*.
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BACKGROUND

The Santa Cruz County Regional Transportation Commission is currently in the process of updating the *Regional Transportation Plan (RTP)*. The RTP is a state-mandated document that establishes a blueprint for transportation projects and funding in Santa Cruz County over a 25 year period. The last update of the RTP was completed in 2005. The 2010 RTP is a minor update, with major revisions anticipated for the 2012 RTP.

The RTP consists of three main sections: Policy Element, Action Element, and Financial Element. The Policy Element identifies goals, policies, and evaluation measures. The Action Element of the RTP identifies projects, programs and actions necessary to implement the policy element of the RTP and fill gaps in the regional transportation network. The Financial Element identifies funds available to the region over the next 25 years. As required by state and federal law, projects are sorted into "Within Project Funds" (constrained based on the Financial Element) and "Need New Funds" (unconstrained).

Listing projects in the plan is an essential first step in securing funding from federal and state sources. Projects identified in the RTP Project List include maintenance of the existing transportation system, as well as improvements to roadways, highways, bicycle and pedestrian facilities, transit, specialized transportation for seniors and people with disabilities, and transportation demand management.

This RTP update is a joint effort with the Commission's partner agencies, Association of Monterey Bay Area Governments (AMBAG), Transportation Agency for Monterey County (TAMC), and San Benito Council of Governments (SBCOG). Program level environmental review will be done collectively on the plans for the tri-county region.

DISCUSSION

Draft Financial Element

The draft Financial Element (Attachment 1) identifies funding which can be reasonably assumed to

be available for transportation projects over the next twenty-five years. The projections are based on a combination of historical averages, current trends, and/or state and federal actions. Actual revenues vary significantly from year to year, as transportation funding is in a continual state of flux, especially as the state diverts transportation revenues to the State General Fund. Additionally, a new Federal Transportation Act is currently under development and could result in changes to existing federal funding programs, creation of new programs, and changes to revenue projections for Santa Cruz County. New funding sources focused on reducing greenhouse gas emissions may be developed over the next few years; however insufficient information is available at this time to assume those potential revenues in the Financial Element. Any new information will be included in the 2012 RTP.

Staff from agencies in the Monterey Bay region worked collectively to develop the draft financial element. All of Santa Cruz County's projects on the Constrained "Within Projected Funds" list must fit within this estimate. The Financial Element shows that \$2.6 billion will be available for transportation projects in Santa Cruz County over the next 25 years, including \$400 million in revenues from a ½ cent local sales tax (see discussion below). As required by federal rules, these revenues, as well as project costs, will be escalated for the RTP document.

Significant changes from the 2005 RTP Financial Element

Revenue projections shown in the Draft 2010 RTP Financial Element (Attachment 1) are over \$350,000 lower than what was included in the 2005 RTP. Primary differences include elimination of Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds (approx. \$50 million) and reduced new sales tax revenues (approx. \$190 million). The 2005 RTP included growth projections for a new sales tax whereas Attachment 1 does not. Also the 2005 RTP included approximately \$50 million in State Transportation Improvement Program (STIP) funds that had been carried over for nearly 15 years for the Highway 1/17 Merge Lanes project, which was recently constructed.

Also since the 2005 RTP, State Transit Account funds have been diverted to the State General Fund, leaving none of this money for public transit. While a lower court ruled that these diversions were not legal, the State has appealed that decision. As such, SCMTD staff recommends that it would not be fiscally prudent to assume State Transit Assistance (STA) funding in the 2010 RTP, as the STA program has been suspended indefinitely, pending the outcome of this case. The 2005 RTP assumed \$21 million from STA over 25-years. If STA funding is reinstated, additional SCMTD projects, currently shown as "unconstrained", could be funded.

New Sales Tax Measure

The 2005 RTP included revenues from a future half-cent sales tax measure in the Financial Element and projects from the Measure J Expenditure Plan in the Constrained "Within Projected Funds" list. **Staff recommends that the RTC continue to assume that a new half-cent sales tax for transportation will be approved by voters.** Staff will escalate funds in for inclusion in the draft plan, but does not reflect project growth in this draft. Without inclusion of funds from a new sales tax measure in the RTP, it may be difficult to get authorization from FHWA to release the environmental impact report for the Highway 1 HOV lanes project. If in the future the RTC decides not to pursue a sales tax measure, the funds would be removed from the Financial Element and the HOV Lanes project would be moved to the unconstrained project list.

In order to include these funds, the Commission will need to provide a compelling argument to the Federal Highway Administration (FHWA) that a sales tax measure will pass in the future. Otherwise the FHWA will require the RTC to eliminate those funds and projects from the constrained project list. Staff believes it is reasonable to include these funds for the following reasons:

- The Transportation Funding Task Force (TFTF) process resulted in a list of projects for a half-cent sales tax that received significantly more than a 2/3 majority support from the broad based task force. However, the economic recession thwarted the community's efforts to place a sales tax measure on the ballot.
- Statewide efforts are underway to reduce the two-thirds (66.7%) vote requirement for special taxes to 55% which will make it reasonable to assume a local sales tax measure will be approved.
- Greenhouse Gas (GHG) reduction targets will require that we build infrastructure for transportation alternatives (transit, carpool, vanpool, bicycle, pedestrian, etc.) and revenues will be needed to build that infrastructure.
- As fewer state and federal dollars are going towards transportation, local communities are increasingly supportive of local transportation funding initiatives. Example: Several entities approved sales tax measures in 2008, in part because of the weakened economy.
- 33% of counties in California representing 84% of the population are self help counties benefiting from increased transportation revenues and those that are not continue efforts to become self help counties; therefore, it is reasonable to assume that this trend will continue over the next 25 years

Draft Project List

The Draft Project List for the Regional Transportation Plan (RTP) identifies which projects (or portions of projects) could be funded over the next twenty-five years "Within Projected Funds" (Constrained) and which projects would "Need New Funds" (Unconstrained) (Attachment 2).

The emphasis of the constrained "Within Projected Funds" list is on projects that address ongoing maintenance and operation needs, fill critical gaps in the transportation network, benefit a large number of people, address safety, are located along major transportation corridors, specifically address needs identified in the draft goals and policies of the Policy Element or have dedicated or programmed funding. This list is constrained within the projected funds identified in the draft Financial Element, and as such could be funded over the next 25 years.

Projects that "Need New Funds" are typically of lower priority, have potentially significant environmental constraints, or are not currently financially feasible. In some cases it is reasonable to assume a portion of a project could be funded within projected funds, but new revenue sources (beyond what is shown in the Financial Element) would be needed to fully fund the project. Those projects include funding in both columns.

Staff recommends that the RTC review the Draft RTP Project List which contains both projects that are Constrained "Within Projected Funds" list and Unconstrained "Need New Funds" (Attachment 2) and approve the draft list for inclusion in the *Draft 2010 Regional Transportation Plan*. It is necessary to approve the draft project list at this time so that environmental review of the RTP and the AMBAG Metropolitan Transportation Plan (MTP) can be initiated.

Developing the Draft RTP Project List

This spring, project sponsors and RTC Advisory Committees were asked to review and update the 2005 RTP's project lists. Project sponsors were also asked to consider project ideas identified at the Transportation Funding Task Force (TFTF) public meetings and other planning efforts since 2004/05.

Commission staff evaluated the revised project lists to determine consistency with the draft Policy Element of the RTP, project sponsors priorities, gaps in identified transportation corridors, and the financial element. Due to diminished revenues available for transportation in recent years and the increased cost of transportation projects, fewer projects can be funded within existing funds than in the 2005 RTP.

Additionally, since several funding sources are dedicated to certain types of projects, staff also ensured that the constrained project list matched the available types of funds. For instance formula transit funds cannot be used on road projects. Attachment 1 shows which revenue sources which are restricted (or dedicated) to certain types of projects.

Format of the Draft Project List

The identification (ID) numbers for projects which have been previously included in the Regional Transportation Improvement Program (RTIP) match those numbers shown in the RTIP, and do not have a "P" for "plan-only" in the ID number. Projects added since the 2005 RTP have a checkmark to the left of the project name.

Project costs are shown in thousands of dollars (\$000s) and are based on year 2009/10 cost estimates. In the draft RTP (scheduled for distribution in early 2010), project costs will be escalated to match project schedules, based in part on when projected revenues may be available.

Next Steps

Once the draft list is approved, the environmental consultant will be able to initiate the program level environmental review and staff will be able to complete the Draft RTP, both scheduled for public and committee review in early 2010. Though staff does not anticipate significant changes to the list, updated financial information, as well as impacts and mitigation measures identified in the EIR, could result in some changes for the final project list. For the Financial Element, growth projections and escalation rates will be applied to all revenue sources and shown in the draft RTP document.

SUMMARY

As part of the 2010 Regional Transportation Plan update, staff has worked with partner agencies and RTC advisory committees to update the Financial Element (Attachment 1) and RTP Project List (Attachment 2). Staff recommends that the Commission review the project list and approve the draft list & draft Financial Element.

Attachments:

1. Draft Financial Element
2. Draft RTP Project List