



**Santa Cruz County
Regional Transportation Commission
Measure D Taxpayer Oversight Committee**



**AGENDA
Tuesday, June 10, 2025
6 p.m.**

In-Person Meeting

**SCCRTC Office: 1101 Pacific Ave, Suite 250
Santa Cruz, CA**

Remote Participation

Members of the public may participate in person or via zoom. Committee Members who need to participate remotely should provide justification prior to the meeting to smunz@sccrtc.org. Committee members that are unable to attend in person due to an "emergency" or "for cause" as defined in AB2449, may participate remotely only if at least a quorum of the members of the committee participate in person from a singular physical location identified on the agenda.

Zoom Meeting - Web:

<https://us02web.zoom.us/j/86179612757?pwd=7XRyNgmad1zcO6iRdMANdVetxZpqIm.1>

Dial-in Number (US): +1 669 900 9128 US

Meeting ID: 861 7961 2757

Passcode: 690400

NOTE:

- See the end of this agenda for details about access for people with disabilities, translation services and other information.
- **SERVICIOS DE TRADUCCIÓN/ TRANSLATION SERVICES:** Si gusta estar presente o participar y necesita información o servicios de traducción al español, por favor llame por lo menos con tres días laborables de anticipo al (831) 460-3218 o email info@sccrtc.org y diríjase a las últimas páginas.
- **Agendas Online:** To receive email notification when the RTC Measure D Taxpayer Oversight Committee meeting agenda packet is posted on our website, please call (831) 460-3200 or visit <https://sccrtc.org/about/esubscriptions/>

Taxpayer Oversight Committee Members

Representing	Name
Supervisory District 1	Frederick Harron
Supervisory District 2	Mark Johannessen, Chair
Supervisory District 3	Philip Hodsdon, Vice-Chair
Supervisory District 4	Jeannene Rawlsky
Supervisory District 5	Jennifer Merchant

1. Call to Order
2. Roll Call/Introductions
3. Consider AB2449 request(s) to participate in the meeting remotely due to just cause or emergency circumstances (described at end of agenda)
4. Additions, deletions, or other changes to consent and regular agendas

CONSENT AGENDA

All items appearing on the consent agenda are considered to be minor or non-controversial and will be acted upon in one motion if no member of the Committee or public wishes an item be removed and discussed on the regular agenda. Members of the Committee may raise questions, seek clarification or add directions to Consent Agenda items without removing the item from the Consent Agenda as long as no other committee member objects to the change.

5. Approve Minutes of the April 17, 2025 Oversight Committee Meeting

REGULAR AGENDA

6. Fiscal Year 2023/2024 Measure D Audits and Expenditure Reports for Direct Recipient Agencies
(Tracy New, Director of Finance and Budget, Tommy Travers, Transportation Planner)
 - a. Staff Report
 - b. Attachments
 1. FY23/24 Reports from recipient agencies, including Audited Financial Statements and Expenditure Reports; **Santa Cruz METRO, Lift Line, and RTC**. (see files online at: <https://sccrtc.org/funding-planning/measured/taxpayer-oversight/#reports>)

7. Oversight Committee Annual Report
(Shannon Munz, Communications Specialist)
 - a. Staff Report
 - b. Attachment
 1. TOC FY22/23 Annual Report
8. Election of Officers: Committee Chair and Vice Chair
9. Oral Communications

*Any member of the public may address the Committee on any item within the jurisdiction of the Committee that is **not already on the agenda**. At the discretion of the chair, the amount of time for oral communications may be limited. Committee members will not take action or respond immediately to any Oral Communications presented, but may choose to follow up at a later time, either individually, or on a subsequent Committee agenda.*

Speakers are requested to state their name clearly so that their names can be accurately recorded in the minutes of the meeting.

10. Adjourn

HOW TO REACH THE RTC OR MEASURE D OVERSIGHT COMMITTEE:

*Santa Cruz County Regional Transportation Commission
1101 Pacific Avenue, Ste. 250, Santa Cruz, CA 95060; phone: (831) 460-3200 / fax (831) 460-3215 / email:
info@scrtc.org / website: www.scrtc.org*

REMOTE PARTICIPATION –Committee Members (AB2449)

This meeting is being held in accordance with the California Ralph M. Brown Act as amended by AB2449 of 2022 and AB2302 of 2024 and as interpreted by Attorney General Opinion 23-1002.

1. *Members of the committee may attend by teleconference if the location from which they are attending is open to the public to participate and the remote meeting location is listed on the agenda.*
2. *Members of the committee may attend via zoom up to two times per year due to an emergency or for cause according to requirements set forth in Government Code Section 54953, as long as a quorum of the committee is present in person at one meeting location within the county. The remote location from which the member is participating does not need to be listed on the agenda and does not need to be available to the public.*
 - *Government Code Section 54953(j) defines "just cause" as:*
 - *Care of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner;*
 - *a contagious illness that prevents a member from attending in person;*
 - *a need related to a physical or mental disability as defined by statute; or*
 - *travel while on official business of the RTC or another state or local agency*
 - *Government Code Section 54953(j) defines "emergency circumstances" as a physical or family medical emergency that prevents a member from attending in person. The committee member must provide a general description of the circumstances relating to*

your need to appear remotely at the given meeting (not exceeding 20 words). Medical condition does not need to be disclosed. The ITAC must take action to approve the request to participate due to an emergency circumstance at the start of their regularly scheduled meeting.

3. *Per Attorney General Opinion 23-1002, members with an Americans with Disabilities Act (ADA) qualifying disability that precludes their in-person attendance may participate remotely as a reasonable accommodation due to their disability.*
4. **Under any circumstance that a member is participating remotely:** *The members must be connected in real time through both audio and visual means, and they must disclose the identities of any adults present with them at the remote location.*

REMOTE PARTICIPATION - Public

The public may participate in the meetings of the Regional Transportation Commission (RTC) and its committees in person or remotely via the provided Zoom link or teleconference number. If technical difficulties result in the loss of communication for remote participants, the RTC will work to restore the communication; however, the meeting will continue while efforts are being made to restore communication to the remote participants. Members of the public participating by Zoom or teleconference are instructed to be on mute during the proceedings and to speak only when public comment is allowed, after requesting and receiving recognition from the Chair.

PARTICIPACIÓN REMOTA – El público

El público puede participar en las juntas de la Comisión Regional de Transporte (RTC) en persona o remotamente a través del enlace Zoom proporcionado. Si problemas técnicos resultan en la pérdida de comunicación con quienes participan remotamente, la RTC hará lo posible por restaurar la comunicación. Pero, la junta continuara mientras se hace lo posible por restaurar la comunicación con quienes participan remotamente. A los miembros del público que participan por Zoom se les indica que permanezcan en silencio durante los procedimientos y que hablen solo cuando se permitan comentarios públicos, después de solicitar y recibir el reconocimiento del presidente

Zoom Meeting Tips: *Meeting attendees are strongly encouraged to use the Zoom app for best reception. Prior to the meeting, participants can download the Zoom app at:*

<https://zoom.us/download>. A link to simplified instruction for the use of the Zoom app is:

<https://blog.zoom.us/video-communications-best-practice-guide/>

SERVICIOS DE TRADUCCIÓN/ TRANSLATION SERVICES: *Si gusta estar presente o participar en juntas de la Comisión Regional de Transporte del condado de Santa Cruz y necesita información o servicios de traducción al español por favor llame por lo menos con tres días laborables de anticipo al (831) 460-3200 para hacer los arreglos necesarios. (Spanish language translation is available on an as needed basis. Please make advance arrangements at least three days in advance by calling (831) 460-3200.)*

ACCESSIBILITY/ACCOMMODATIONS FOR PEOPLE WITH DISABILITIES: *The Santa Cruz County Regional Transportation Commission does not discriminate on the basis of disability and no person shall, by reason of a disability, be denied the benefits of its services, programs, or activities. This meeting location is an accessible facility. If you wish to attend this meeting and require special assistance in order to participate, please contact RTC staff at 460-3200 (CRS 800/735-2929) at least three working days in advance of this meeting to make arrangements. People with disabilities may request a copy of the agenda in an alternative format. As a courtesy to those persons affected, please attend the meeting smoke and scent-free.*

TITLE VI NOTICE: *The RTC operates its programs and services without regard to race, color and national origin in accordance with Title VI of the Civil Rights Act. Any person believing to have been aggrieved by the RTC under Title VI may file a complaint with RTC by contacting the RTC at (831) 460-3212 or 1101 Pacific Avenue, Ste 250, Santa Cruz, CA 95060 or online at <https://sccrtc.org/about/title-vi-civil-rights-program/>. A complaint may also be filed directly with the Federal Transit Administration to the Office of Civil Rights, Attention: Title VI Program Coordinator, East Building, 5th Floor-TCR, 1200 New Jersey Ave., SE, Washington, DC 20590.*



**Santa Cruz County
Regional Transportation Commission
Measure D Taxpayer Oversight Committee**



**Draft Minutes
Thursday, April 17, 2025
6:00 p.m.
Location: SCCRTC Conference Room
1101 Pacific Ave, Ste 250A, Santa Cruz, CA**

Taxpayer Oversight Committee Members

Representing	Name
Supervisory District 1	Frederick Harron
Supervisory District 2	Mark Johannessen, Chair
Supervisory District 3	Philip Hodsdon, Vice-Chair
Supervisory District 4	Jeannene Rawlsky
Supervisory District 5	Jennifer Merchant

1. Call to Order: Committee Chair Johannessen called the meeting to order at 6:00 p.m.
2. Roll Call/Introductions

Members Present (all in person):

Frederick Harron, District 1
Mark Johannessen, District 2
Philip Hodsdon, District 3
Jeannene Rawlsky, District 4
Jennifer Marchant, District 5

RTC Staff:

Tracy New, Director of Finance and Budget
Tommy Travers, Transportation Planner

Guests:

Claire Gallogly, City of Santa Cruz
Edward Torres, City of Santa Cruz
Casey Carlson, County of Santa Cruz
Nelly Park, County of Santa Cruz
Courtney Lindberg, City of Watsonville

Murray Fontes, City of Watsonville
Joey Nolasco, City of Watsonville
Dat Nguyen, City of Scotts Valley
Stephanie Hill, City of Scotts Valley
Kendra Reed, City of Scotts Valley
Kailash Mozumder, City of Capitola
Jim Malberg, City of Capitola

3. Consider AB2449 request(s) to participate in the meeting remotely due to emergency circumstances (a physical or family medical emergency that prevents a member from attending in person): None
4. Additions, deletions, or other changes to consent and regular agendas: Staff announced that a replacement of the agenda showing minor changes was posted online.

CONSENT AGENDA

A motion (Rawlsky/Merchant) was made to approve the consent agenda. The motion passed unanimously with members Harron, Johannessen, Hodsdon, Rawlsky, and Merchant voting in favor.

5. Approved Minutes of the May 28, 2024 Oversight Committee Meeting

REGULAR AGENDA

6. Overview of Committee Purpose, Scope of Responsibilities, Membership and Composition and Bylaws

Tommy Travers, RTC Transportation Planner, briefly reviewed the content of the staff report.

7. Fiscal Year 2023/2024 Measure D Audits and Expenditure Reports for Direct Recipient Agencies

Representatives from the County of Santa Cruz and the cities of Santa Cruz, Watsonville, Scotts Valley, and Capitola discussed the various projects for which they used their formula shares of Measure D funds in FY23/24.

Individual Committee members posed several questions and made comments to the local representatives related to aspects of the expenditure reports and audits including carryover balances, accounting transfers, accounting adjustments, reimbursements to other jurisdictions, storm damage, and differences between a 5-Year Plan

programmed amount and spent amount. A Committee member requested clarification that all recipients are using the same definitions of "leveraged funds." Watsonville staff will provide the missing audit memo for RTC staff to post online and share with the interested Committee members. Capitola staff noted that they resumed updating their 5-Year Plan annually.

8. Oversight Committee Annual Report

Tommy Travers introduced the Committee's role of producing an annual report and stated that this will also be an item at the next meeting. Committee members discussed a desire to highlight carryover of allocated Measure D funds from previous years, as well as better highlight leveraging Measure D funds to secure outside funds.

9. Election of Officers: This item was deleted from the agenda.

10. Oral Communications: None.

11. Adjourn: Committee Chair Johannessen adjourned the meeting at 7:20 p.m.

Minutes respectfully submitted by Tommy Travers, Transportation Planner

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TO: Measure D Taxpayer Oversight Committee

FROM: Tracy New, Director of Finance and Budget and
Tommy Travers, Transportation Planner

RE: Fiscal Year 2023/24 Measure D Audits and Expenditure Reports for Direct Recipients (Continued) & Regional Transportation Commission – Regional Projects

RECOMMENDATIONS

Staff recommends that the Measure D Taxpayer Oversight Committee review Measure D FY2023/24 annual reports, including expenditure reports and independent fiscal audits for Santa Cruz METRO, Lift Line, and the RTC (*online at: <https://sccrtc.org/funding-planning/measured/taxpayer-oversight/#reports>*), to ensure that expenditures conform to the Measure D Ordinance.

BACKGROUND

In November 2016, Santa Cruz County voters approved Measure D, a half-cent transaction and use tax (sales tax) for transportation. Each year, agencies that receive Measure D revenues are required to prepare expenditure reports and independently audited financial statements for the prior fiscal year. The audits and expenditure reports should provide evidence that the expenditure of funds is in accordance with the [Measure D Ordinance](#) and [Expenditure Plan](#) and Measure D Funding Agreement with recipient agencies.

Per Section 32C of the voter-approved Measure D Ordinance, the oversight committee is tasked with the following responsibilities:

1. Reviewing Expenditure Plan expenditures on an annual basis to ensure they conform to the Ordinance.
2. Reviewing the annual audit and report prepared by an independent auditor, describing how funds were spent.
3. Producing a publicly available Annual Report of oversight activities.

The Committee reviewed audits and expenditure reports for the County of Santa Cruz and the cities of Santa Cruz, Watsonville, Scotts Valley, and Capitola at its April 17, 2025 meeting.

DISCUSSION

Nearly 50% of Measure D revenues are allocated to the cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville, the County of Santa Cruz, Santa Cruz METRO, and Community Bridges' Lift Line (Direct Recipients). These agencies have prepared annual reports which include expenditure reports and audited financial statements showing how they spent Measure D allocations in Fiscal Year 2023/24 (July 1, 2023 – June 30, 2024).

Representatives from **Santa Cruz METRO, Lift Line, and the Regional Transportation Commission** will be available to answer questions at this meeting.

Summary of Revenues and Expenditures

FY2023/24 was the seventh full year that Measure D revenues were collected. For this year, the RTC allocated a total of \$26.8 million in net Measure D revenues to recipient agencies and regional investment categories based on formulas set forth in the voter approved Measure D Ordinance and Expenditure Plan. These revenues can only be used for transportation purposes described in the Measure D Expenditure Plan, agreements, and guidelines.

Recipient agencies expended \$18.6 million and RTC expended \$19.8 million of Measure D revenues on projects and services in the fiscal year. Allocations not expended can be carried over for use in future years on projects identified in the 5-year program of projects (also called 5-Year Plans) that are annually updated by each agency.

Investment Category	%	FY23/24 Allocations* (Accrual basis)	Distributions (Cash Basis, Paid 7/1/23- 6/30/24)	FY23/24 Expenditures
Neighborhood	30%	\$8,066,338	\$7,963,095	
SLV Hwy 9		\$333,333	\$333,333	\$25,953
Hwy 17 Wildlife		\$166,667	\$166,667	\$56,816**
City of Capitola		\$366,367	\$360,957	\$366,000
City of Santa Cruz		\$1,717,387	\$1,672,750	\$1,974,096
City of Scotts Valley		\$373,237	\$359,957	\$338,095
City of Watsonville		\$1,184,373	\$1,168,885	\$1,010,069
County of Santa Cruz		\$3,939,648	\$3,900,723	\$6,294,868
Transit/Paratransit - METRO	16%	\$4,294,955	\$4,246,984	\$7,148,077
Paratransit - Lift Line	4%	\$1,073,739	\$1,061,746	\$1,469,256
Highway Corridors	25%	\$6,721,948	\$6,635,913	\$9,000,897
Active Transportation/MBSST	17%	\$4,559,728	\$4,512,421	\$10,111,979
Rail Corridor	8%	\$2,145,594	\$2,123,492	\$594,490
Net Revenues (<i>net fees, admin/implementation</i>)	100%	\$26,819,929	\$26,543,651	\$38,159,815
Admin. salaries & benefits	1%	\$275,729	\$273,633	\$285,179
Implementation & Oversight	varies	\$477,278	\$545,967	\$418,040
Total		\$27,572,936	\$27,363,250	\$38,863,034
State CDTFA (BOE) Fees	actuals	\$187,050	\$239,720	\$187,050

**Allocations shown reflect RTC payments on an accrual basis, whereas some agencies showed revenues on a modified accrual or cash basis in their audits. Interest earning and other adjustments are not shown in this table.*

***Adjusted since 4/17 Committee meeting staff report to reflect proceeds from inter-program loan from Highway category; \$126k was expended, and the difference will be reconciled in FY24/25.*

Audit and Expenditure Reports Compliance

The Measure D Ordinance states: **Annual Audit.** *No less than annually, an independent annual audit shall be conducted of the expenditure of all funds generated by the transportation tax. The audit, which shall be made available to the public, shall report on evidence that the expenditure of funds is in accordance with this Plan as adopted by the voters in approving the Ordinance on November 8, 2016.*

The FY2023/24 annual reports for the recipient agencies (including audits, expenditure reports, and additional documentation) are online at: <https://www.sccrtc.org/funding-planning/measured/taxpayer-oversight/#reports> and again linked at the end of this report. The only material finding of the FY2023/24 Measure D audits was a deficiency in internal control at the City of Watsonville related to inclusion of the city's Impact Fee Special Revenue Fund in their annual budget; the auditor's memorandum is included in the posted files.

Whereas the audited financials summarize total Measure D expenditures, the expenditure reports and supporting documents break out what projects and services Measure D funds were spent on and provide information on compliance with the Ordinance and fund agreements.

As shown in the expenditure report spreadsheets included in their annual reports (Item #3), the recipient agencies and RTC used Measure D funds on a wide range of projects including roadway resurfacing projects and transportation network maintenance, new bicycle and pedestrian facilities, traffic safety education programs, bus and paratransit services and vehicle purchases.

In accordance with Section 32C of the Measure D Ordinance, staff recommends that the Oversight Committee review the annual FY2023/24 audits, expenditure reports, and annual updates describing how Measure D funds were spent to ensure expenditures conform to the Ordinance.

Based on committee review of the audits, expenditure reports, and associated annual documents, the Committee will produce an Annual Report to the public. The front section of each recipient agencies' reporting called "Highlights" will assist in improving the Annual Report for public consumption.

A few things the Committee may note:

1. Financial statements from recipient agencies were stated on a full or modified accrual basis. In most instances the revenue amounts reported in recipient agency audits differed slightly from apportionment amounts shown above and in the RTC's financial

statements because the RTC reports apportionments on a full accrual basis – including payments made a few months later for revenues generated through June 30, 2024, whereas some agencies reported revenues and expenditures on a cash basis for funds they received from RTC July 2023 – June 2024.

2. As part of obtaining reasonable assurance about whether the Measure D Fund's financial statements are free of material misstatement, auditors performed tests of compliance which could have a direct and material effect on the determination of financial statement amounts.
3. While the Measure D Ordinance requires the audit to report that expenditures are in accordance with the Expenditure Plan in the ordinance approved by the voters, since fiscal audits do not typically cover compliance, agencies provided supplemental information in the annual reports.
4. Section 26 of the Ordinance and PUC 180001(e) requires that funds generated by Measure D be used to supplement and not replace existing revenues used for transportation purposes. The annual reports include Maintenance of Effort (MOE) information on the amount of discretionary local transportation-related expenditures which agencies have used for transportation purposes. The Measure D guidelines for recipient agencies (Section 7.G.) allow agencies 3 years to meet adjusted average minimum local MOE expenditures.

SUMMARY

Agencies that receive Measure D funds are required to annually submit audited financial statements and expenditure reports showing how Measure D funds were expended in the prior fiscal year. The oversight committee is responsible for reviewing and reporting on those documents.

Attachments:

1. Audited Financial Statements and Annual Expenditure Reports

ONLINE AT:

<https://www.sccrtc.org/funding-planning/measured/taxpayer-oversight/#reports> for:

- a) Santa Cruz METRO
- b) Community Bridges' Lift Line
- c) Regional category: Highways
- d) Regional category: Active Transportation/MBSST Corridor
- e) Regional category: Rail Infrastructure
- f) Regional category: San Lorenzo Valley/Highway 9
- g) Regional category: Highway 17 Wildlife Crossing

AGENDA: June 10, 2025

TO: Measure D Taxpayer Oversight Committee
FROM: Shannon Munz, Communications Specialist
RE: Oversight Committee Annual Report

RECOMMENDATIONS

Staff recommends that the Measure D Taxpayer Oversight Committee:

1. Prepare an Annual Report from the committee to the public and SCCRTC board regarding Fiscal Year 2023/2024 Measure D expenditures and audits.
 2. Discuss and agree on content for the FY23/24 report, authorize the Chair to prepare a letter from the Committee commenting on whether Measure D Ordinance provisions and requirements were met in FY23/24, and direct staff to assist in preparing and making the report available to the public.
-

BACKGROUND

In November 2016, Santa Cruz County voters approved the Measure D transportation sales tax. Each year, agencies receiving Measure D revenues provide an expenditure report and audited financial statements showing how they spent Measure D funds in the prior fiscal year (*see separate agenda item*).

Per Section 32C of the voter approved Measure D Ordinance, the oversight committee is tasked with the following responsibilities:

- Reviewing Expenditure Plan expenditures on an annual basis to ensure they conform to the Ordinance.
- Reviewing the annual audit and report prepared by an independent auditor, describing how funds were spent.
- **Producing a publicly available Annual Report of oversight activities.**

DISCUSSION

Based on review of the FY23/24 audits and expenditure reports from recipient agencies (*see separate agenda item*), the Taxpayer Oversight Committee will prepare an annual report commenting on whether expenditures conform to the provisions and requirements of the Measure D Ordinance. Last year's report included a letter from the Chair, focused on the financials and findings of the audits, a one-page executive summary, and highlights of most of the projects that were funded by Measure D funds in FY22/23 (Attachment 1). **Staff recommends that**

the Oversight Committee discuss and agree on content for the FY23/24 annual report and authorize the Chair to prepare a letter from the Committee commenting on whether Measure D Ordinance provisions and requirements were met in FY23/24 and direct staff to assist in preparing and making the report available to the public. The Committee may want to use a similar format to last year's report, or identify any changes.

SUMMARY

The Measure D Ordinance requires the Oversight Committee to prepare an annual report regarding its oversight of Measure D expenditures and annual audits.

Attachments:

1. Taxpayer Oversight Committee FY22/23 Annual Report

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Measure D Transportation Sales Tax

*Taxpayer Oversight Committee
Annual Report: Fiscal Year 2022/2023*



Photo by Kevin Painchaud



Executive Summary

Measure D was approved by over two-thirds of Santa Cruz County voters in 2016. This ½-cent, 30-year transactions and use tax (similar to a sales tax) funds five categories of transportation projects: Neighborhood/Local Roads; Transit & Paratransit; Highway Corridors; Rail Corridor; and Active Transportation.

Through June 2023, Measure D has generated over \$169 million in revenues. In Fiscal Year 2022/2023, Measure D generated \$27.4 million. There was \$12.9 million spent in the regional categories and \$12.2 million spent by the other recipient agencies on over 50 transportation projects that maintain local streets and roads, improve bicycle and pedestrian safety, enhance transit and paratransit service, implement major infrastructure projects, and provide information and assistance to people in Santa Cruz County. The Santa Cruz County Regional Transportation Commission (RTC) is responsible for implementing the provisions of Measure D and distributes the funds to local recipient agencies based on formulas set forth in the voter-approved Measure D Ordinance and the Expenditure Plan.

Measure D recipient agencies (RTC, cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville, the County of Santa Cruz, Santa Cruz METRO, and Community Bridges Lift Line) have identified where they plan to spend carryover balances and estimated future year revenues in five-year plans which are updated annually. Recipient agencies have also used Measure D funds to leverage more than \$350 million in other grants and advance several large transportation projects.

We are excited about the progress being made using Measure D funds and the leverage this money has given agencies in Santa Cruz County to address its most pressing transportation issues. We want to thank county taxpayers for approving Measure D and providing the community with a steady, direct source of local funding for vital transportation improvements that will work to reduce congestion, reduce greenhouse gas emissions, and improve safety, access, and mobility for everyone in our community.

Thank you, County Taxpayers! – Measure D Taxpayer Oversight Committee



Measure D Taxpayer Oversight Committee

Annual Report

Fiscal Year Ending June 30, 2023

In November 2016, over two-thirds of Santa Cruz County voters approved Measure D, an ordinance with a comprehensive and inclusive package of transportation improvements to be developed in the county that would be funded by the imposition of a retail transactions and use tax of one-half of one percent (0.5%) for a period of 30 years.

The tax became effective on April 1, 2017. The Santa Cruz County Regional Transportation Commission (RTC) is designated as the Local Transportation Authority to implement the provisions of Measure D. Consistent with the Measure D Transportation Improvement Expenditure Plan, the RTC allocates, administers, and oversees the expenditure of all Measure D revenues which are not directly allocated by formula to other agencies.

Through June 2023, over \$169 million in tax revenues have been generated and over \$85 million of Measure D funds have been expended by the RTC and the other recipient local agencies. As highlighted in Figure 1 (page 4), over \$64 million of carryover Measure D Funds will be used on transportation projects identified in each agency's 5-year program of projects (5-year plans).

The voter-approved Measure D Ordinance specifies that an independent Taxpayer Oversight Committee (Committee) review the annual independent fiscal audit of the expenditure of Measure D funds and issue an annual report on its findings regarding compliance with the requirements of the Expenditure Plan and Ordinance. The Committee consists of five members who are residents of Santa Cruz County and are neither elected officials of any government nor employees from any agency or organization that oversees or implements projects funded from the proceeds of the tax.

Committee members are appointed for two-year terms. The current Committee Members are:

- Supervisorial District 1: Gail Jack
- Supervisorial District 2: Mark Johannessen
- Supervisorial District 3: Philip Hodsdon, Vice-Chair
- Supervisorial District 4: Jeannene Rawlsky
- Supervisorial District 5: Andre Duurvoort, Chair



The Committee held in-person meetings on May 9 and May 28, 2024 to review Fiscal Year 2022/2023 (FY22/23) expenditures. Meeting materials and minutes are available for review on the RTC website: <https://sccrtc.org/meetings/measure-d-taxpayer-oversight-committee/>.

The Committee reviewed the Measure D Financial Statements that were audited by independent Certified Public Accounting firms and annual reports of the Measure D recipient agencies:

- Santa Cruz County Regional Transportation Commission
- County of Santa Cruz
- City of Capitola
- City of Santa Cruz
- City of Scotts Valley
- City of Watsonville
- Santa Cruz Metropolitan Transit District
- Community Bridges/Lift Line

None of the audits noted any negative findings as to the expenditure of the Measure D funds nor were any incidents of non-compliance with the Measure D Ordinance noted.

The Transportation Improvement Expenditure Plan, as amended in February 2020, provides for the allocation of investments of Measure D funds for neighborhood projects (30%), highway corridors (25%), transit for seniors and people with disabilities (20%), active transportation (17%) and the rail corridor (8%). For FY22/23, the RTC allocated \$26.9 million in net Measure D revenues to cities, the County, Santa Cruz METRO, Community Bridges, and regional investment categories and projects based on formulas set forth in the voter approved Measure D Ordinance and Expenditure Plan. The RTC expended \$12.9 million in the regional categories and the other recipient agencies expended \$12.2 million of Measure D revenues on projects and services in FY22/23. Additional funds were allocated to and expended on administrative and implementation tasks. Any balance of allocations not expended through FY22/23 are carried over for use in future years.



A summary of Measure D revenues and expenditures from July 1, 2022 through June 30, 2023, and balances follows:

Investment Category	% of Measure D Net Revenues	FY22/23 Allocations¹ (accrual basis)	FY22/23 Expenditures	Balances (include prior year carryovers & interest)
Neighborhood	30%			
SLV/Hwy 9		\$333,333	\$94,839	\$1,718,123
Hwy 17 Wildlife		\$166,667	\$2,584,609	\$0
City of Capitola		\$366,367	\$1,129,884	\$185,892
City of Santa Cruz		\$1,697,664	\$3,176,329	\$2,400,288
City of Scotts Valley		\$365,132	\$45,043	\$523,693
City of Watsonville		\$1,186,343	\$360,950	\$4,338,191
County of Santa Cruz		\$3,959,035	\$2,938,100	\$8,067,333
Transit/Paratransit – Santa Cruz METRO	16%	\$4,304,634	\$3,522,834	\$7,941,802
Paratransit – Lift Line	4%	\$1,076,159	\$1,017,162	\$756,575
Highway Corridors	25%	\$6,725,991	\$5,281,825	\$22,274,790
Active Transportation (Coastal Rail Trail & Corridor)	17%	\$4,573,674	\$3,624,804	\$11,796,771
Rail Corridor (Rail Infrastructure & Studies)	8%	\$2,152,317	\$1,255,153	\$4,747,525
Net Revenues (net fees, admin/implementation)	100%	\$26,903,964	\$25,031,532	\$64,750,983
Admin. Salaries & Benefits	1%	\$273,633	\$262,852	
Implementation & Oversight	Varies	\$185,653	\$541,116	
Total		\$27,363,250	\$25,835,500	
State CDTFA (BOE) Fees	actuals	\$239,720	\$239,720	

Figure 1: FY22/23 Revenue & Expenditures Summary

Notes:

This table includes a combination of information from the RTC and local agency audited financial information and project expenditure reports. Audited financials are typically presented on a modified or full accrual basis which means revenues are recognized when earned, not when received. FY22/23 Allocations shown reflect RTC payments on an accrual basis, whereas audits for some agencies showed revenues on a modified accrual or cash basis depending on what month they accrued revenues.

As shown in the table above, the total Measure D funds collected and allocated (on an accrual basis) for the fiscal year ending June 30, 2023, by the RTC were \$27,363,250; this is \$262,723, or 0.95% lower than in FY21/22.

Over \$64 million in Measure D revenues have been carried over to FY23/24 for regional and local projects. Each agency develops and annually updates 5-year plans that indicate the projects that will be funded with the carryover funding and future anticipated revenues. This information can be found in each agency’s FY22/23 reports online at: <https://sccrtc.org/funding-planning/measured/taxpayer-oversight/>.

Measure D continues to serve as a crucial source of local transportation funding for the Santa Cruz County community and has been leveraged to secure more than \$350 million in outside funding for our transportation system. More details are included in this annual report.

The Measure D Oversight Committee hereby finds that the RTC and Recipient Agencies are proceeding in accordance with the Measure D Ordinance, based on our review of the audited financial statements and the expenditure reports for the period from July 1, 2022, through June 30, 2023.



Andre Duurvoort, Chair 2024

Measure D Taxpayer Oversight Committee
Santa Cruz County Regional Transportation Commission



Your Measure D Dollars at Work

In FY22/23, recipients used Measure D funds to provide comprehensive and inclusive transportation projects throughout Santa Cruz County. In addition to addressing local street and road maintenance, improving bicycle and pedestrian safety, enhancing transit and paratransit service, designing major infrastructure projects, and providing traveler information and assistance programs, the funds were used as leverage to secure outside grant funding, to prepare upcoming projects for future construction, to improve sustainability, and to reduce greenhouse gas emissions.

Highlights of Projects Funded by Measure D in FY22/23

Each of the agencies that receive Measure D revenues prepare reports and an audit showing how funds were spent. Additional information on expenditures is included in each recipient agency's annual Expenditure Report, available online at: sccrtc.org/funding-planning/measured/taxpayer-oversight/.

Neighborhood Projects: 30% of Measure D Revenues

County of Santa Cruz

- ▶ 2022 Measure D Resurfacing Project: 8.31 miles of roadway resurfaced and restriped with bike lane and pedestrian crossing improvements.

Santa Cruz

- ▶ Rail Trail Segment 7, Phase 2: Continued construction of Rail Trail between Bay/California and the Wharf Roundabout with anticipated completion in FY23/24.
- ▶ Downtown Bike Lockers: Updated networking system to allow for mobile application use to show available lockers and improve user experience.
- ▶ Street Smarts Traffic Safety Program: Media and public outreach for the ongoing regional traffic safety campaign.



*Before and after road resurfacing, County of Santa Cruz.
Left: 7th Avenue. Right: Marina Avenue.*



Rail Trail Segment 7, Phase 2 construction, City of Santa Cruz

Capitola

- ▶ Clares Street Traffic Calming Project: A complete streets project that included three pedestrian crossings with raised crosswalks, improved visibility, and bike lane improvements.
- ▶ 2022 Road Resurfacing Project: Pavement maintenance and rehabilitation of city streets identified in 5-year pavement management plan in partnership with the County of Santa Cruz.



Complete streets elements at the intersection of Clares Street and Wharf Road, City of Capitola

Scotts Valley

- ▶ Bean Creek Road Rehabilitation: Pavement rehabilitation for 12 miles of Bean Creek Road north of Blue Bonnet Road.



Pavement rehabilitation on Bean Creek Road (before & after), City of Scotts Valley

Watsonville

- ▶ Roadway Reconstruction Projects:
 - Complete streets elements implemented on Freedom Boulevard
 - Pennsylvania Drive Project and Bridge Street Project in preconstruction and design phase
- ▶ Highway 1/Harkins Slough Road Pedestrian Bridge & Safe Routes to School Project: Continued design of project to provide safer routes for Pajaro Valley High School students who walk or bike to school, such as proposed Class IV bike lane and a pedestrian bridge
- ▶ Lee Road Trail: Phase 1 of pedestrian and bicycle improvements in preconstruction
- ▶ Citywide Bicycle Facilities: Bicycle and pedestrian training, activities, and improvements
- ▶ Maintain and Improve Trails: Prepared design of Lee Road Trail and provided branches for slough trails
- ▶ Pedestrian Traffic Safety: Hired consulting traffic engineer services for intersection design on pedestrian and bicycle facilities, intersection design, school and zone safety, and traffic safety media outreach



Left: sidewalk replacement (before & after), City of Watsonville



Complete streets elements on Freedom Boulevard, City of Watsonville

Transit for Seniors and People with Disabilities:

20% of Measure D Revenues

Lift Line – Community Bridges: 4%

- ▶ Lift Line continued to use Measure D funds to:
 - Expand service hours and provide additional rides
 - Support safety and service training for drivers
 - Promote paratransit ride availability
 - Purchase vehicle/equipment replacements



Lift Line facility in Watsonville



Lift Line paratransit service

METRO: 16%

- ▶ Preparation to complete a site-wide redevelopment of Pacific Station/METRO Transit Center
- ▶ Fixed-route buses equipped with new technology to provide riders with real-time arrival and departure information
- ▶ Purchased four electric buses to be used on the Highway 17 Commuter Route
- ▶ Continued to increase fixed-route service and sustain ParaCruz service



METRO purchased new electric buses and continued to provide vital paratransit service to the community.

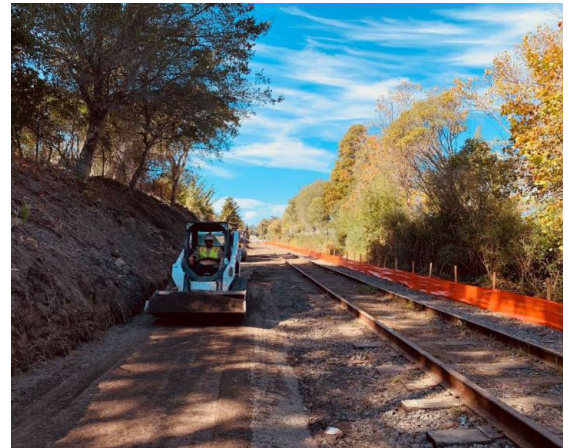
Regional Investment Categories

Active Transportation/Coastal Rail Trail Corridor: 17% of Measure D Revenues



During FY22/23, Measure D funds were used on environmental review, permitting, design, coordination, and other actions required for Coastal Rail Trail projects, including:

- ▶ RTC staff provided ongoing oversight and technical assistance for implementation of the MBSST.
- ▶ Various alignments were analyzed, and public input was solicited.
- ▶ In coordination with the RTC, Federal Highway Administration Central Federal Lands Highway Division continued development of Segment 5 from Davenport to Wilder Ranch State Park with pre-construction activities, including final design and right-of-way.
- ▶ The County of Santa Cruz, in partnership with the City of Capitola, continued planning, design, environmental review, and oversight of Segments 10 & 11.
- ▶ The RTC continued preliminary design and right-of-way of Segment 12 between State Park Drive and Rio Del Mar Boulevard as part of the Highway 1 Freedom-State Park Auxiliary Lanes and Bus-on-Shoulder project which is been implemented in partnership with Caltrans. This section of trail includes bicycle/pedestrian bridges over Highway 1 and Soquel Drive, connecting the coast and Aptos Village.
- ▶ The RTC continued to use Measure D funds to maintain the Rail Trail corridor, including vegetation control; tree maintenance; trash and dumping abatement; encampments; drainage maintenance and repairs; and managing, renegotiating, or clearing of unpermitted encroachments. The RTC also initiated work to secure environmental permits to support maintenance activities.
- ▶ Coastal Rail Trail Oversight and Coordination: trail planning, surveys, legal, stakeholder coordination, development of future segments and grant applications
- ▶ Corridor Encroachments and Maintenance: ongoing corridor maintenance, including vegetation, tree work, trash, graffiti, drainage, encroachments, and storm damage repairs.



Segment 7, Phase II construction, City of Santa Cruz.



Goats were utilized to perform vegetation control on the rail line.

Highway 9/SLV Corridor and Highway 17 Wildlife Crossing (Funded from Neighborhood Category)

- ▶ SLV Safe Routes to School: Access Study to refine priorities and prepare for acquiring construction grant to implement improvements around SLV High, SLV Middle, and SLV Elementary.
- ▶ Construction of a wildlife undercrossing on Highway 17 near Laurel Road in Santa Cruz County to link core wildlife habitat areas on either side of the highway and to allow animals to travel beneath the highway. Mountain lions, bobcats, deer and other wildlife are using the crossing, reducing car crashes with wildlife. The crossing was constructed in 2022-2023.



Highway 17 Wildlife Crossing

Highway Corridors: 25% of Measure D Revenues

Highway 1 - Auxiliary Lanes and Bus-on-Shoulder Projects

The RTC is sponsoring the development of three contracts to construct five (5) new sets of auxiliary lanes and implement a hybrid bus-on-shoulder program along 7.5-miles of Highway 1.

- ▶ **Phase 1: Soquel Drive to 41st Avenue** – Measure D funds were used to fully fund construction of auxiliary lanes and bus-on-shoulder facilities which started construction in early 2023. The project includes a new bicycle/pedestrian bridge over Highway 1 at Chanticleer Avenue.
- ▶ **Phase 2: Bay/Porter to State Park Drive** – The RTC completed the final design and right-of-way activities for the Highway 1 auxiliary lanes and bus-on-shoulder project, including a new bicycle/pedestrian bridge over Highway 1 at Mar Vista Drive and replacement of the Capitola Avenue overcrossing.
- ▶ **Phase 3: State Park Drive to Freedom Boulevard including Segment 12 of the Coastal Rail Trail** – Environmental and preliminary design for Highway 1 hybrid auxiliary lanes and bus-on-shoulder facilities continued in FY22/23 with public comments on the draft environmental document due June 2023. The Phase 3 project includes 1.25-mile Segment 12 of the Rail Trail from State Park Drive to Rio Del Mar Boulevard.



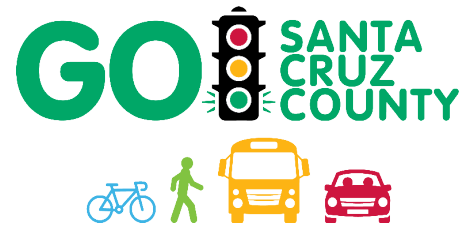
Community members provided input on the draft environmental document for the Highway 1, Phase 3 project during a public open house held in Aptos in 2023.



Bicycle/pedestrian bridge construction over Highway 1 at Chanticleer Avenue (photo by Kevin Painchaud)

Cruz511

- ▶ The RTC, in partnership with the City of Santa Cruz, UCSC, Ecology Action, and other entities, used Measure D funds to continue to promote "Go Santa Cruz County," a robust demand management program, including an online commute manager and rewards platform with dynamic carpool ride matching and transit, carpool, and bike trip planning. Consultants assisted with creating marketing materials, employer toolkits, the program website (www.gosantacruzcounty.org), and social media content. Additionally, consultants assisted with employer outreach by engaging with major employers, onboarding new employers to the platform, and providing virtual and in-person commuter workshops to participants.



RTC staff promoting GO Santa Cruz County at a community event

There are 5,735 people enrolled in Go Santa Cruz County with 1,196 new participants joining the program in FY22/23. RTC staff attended Earth Day festivities in Watsonville and Mid-Town Friday events in Live Oak as well as other in-person community events to promote the GO Santa Cruz County Program and signup new participants. The RTC also continued to provide rideshare, transit, bicycle, traffic information, and county road and lane closure information to the public, primarily through the www.Cruz511.org website and social media. Staff continued to provide traffic safety messaging and active transportation mapping resources to community members throughout the county.

Safe on 17 and Freeway Service Patrol

- ▶ Measure D continued to provide critical funding for extra California Highway Patrol (CHP) enforcement on Highway 17 through the Safe on 17 program.
- ▶ Measure D funds were used for the Freeway Service Patrol (FSP) to provide tow truck patrols on Highway 1 and Highway 17 during peak travel times, which work in tandem with CHP to reduce incident related congestion, and improve traffic flow and safety by removing debris, assisting motorists with broken down vehicles, clearing collisions, and other incidents. In FY22/23, the FSP tow providers worked a total of 3,656 hours and provided approximately 1,005 assists, with an average of 0.27 assists per hour. The program benefit to cost ratio is 2.4 as of FY22/23. The most frequent types of motorist aid provided by FSP included assistance with collisions, mechanical quick fixes, and flat tire repairs.



An FSP tow provider assists a broken down vehicle.

Rail Corridor (Rail Infrastructure and Studies): 8% of Measure D Revenues

- ▶ Measure D funds were used to finish design and construction of the Pajaro River Bridge repairs.
- ▶ The RTC continues to perform basic maintenance of railroad infrastructure in areas not currently served by the shortline operator.
- ▶ Storm damage repairs, infrastructure preservation, and preventative maintenance for railroad infrastructure continue to be funded on the rail corridor.
- ▶ The RTC continues to perform ongoing engineering and administrative review, and coordination for utility companies and other entities to perform maintenance or construction on facilities affecting the rail line.
- ▶ Preparation of operating concept and preliminary engineering and environmental analysis for zero emission passenger rail and trail project.



Crews reinforced and repainted the Pajaro River Bridge structural steel.



Crews repaired the Pajaro River Bridge cable railing.

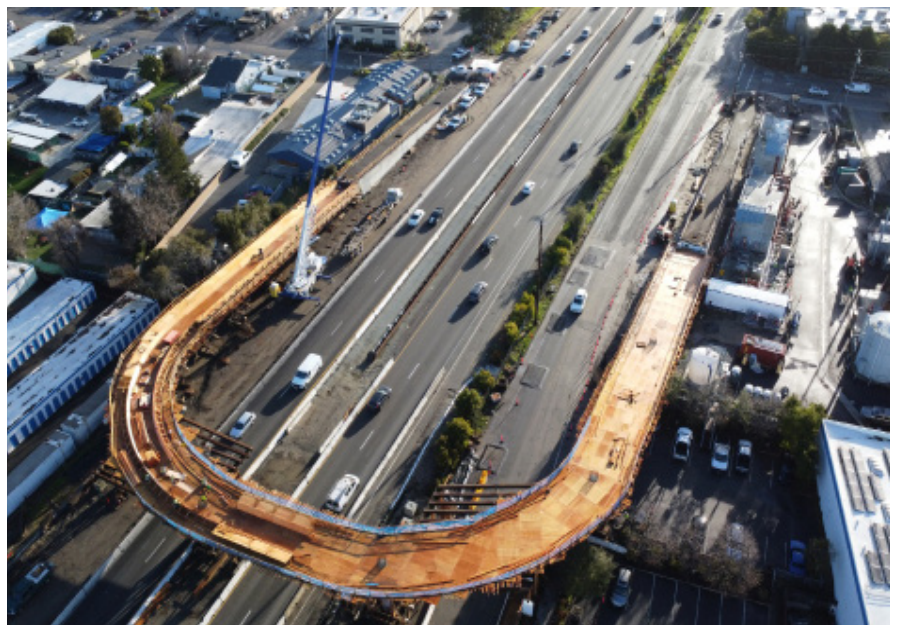
Administrative and Implementation Activities

- ▶ Policies and procedures were followed to safeguard taxpayer dollars and ensure they are expended per voter direction.
- ▶ Accounting and fiscal systems were used to manage each of the accounts and disburse funding to direct recipients per voter approved formulas.
- ▶ Five-year plans were prepared and amended as needed to delineate planned projects using Measure D revenues.
- ▶ Ongoing outreach and community engagement was conducted via website updates (www.sccrtc.org/move), Facebook, NextDoor, and eNews.
- ▶ Staff prepared, assembled, and reviewed RTC and recipient agency expenditure reporting documents for the Taxpayer Oversight Committee to review and to create the annual report.
- ▶ The Ordinance requires that all administrative, implementation and oversight costs for the measure be borne by revenues generated by the measure. The Ordinance also restricts the RTC from spending more than 1% of Measure D net revenues on salaries and benefits for administration of the tax measure. The RTC also spends a small amount on general "implementation and oversight," as is reported every year, which refers to spending on the Measure D Strategic Implementation Plan, strategy for potential Measure D financing, and some cash flow modeling and early planning work for projects that are not yet under development.

Leveraging Measure D Funds

One of the benefits of Measure D is the ability to use the funds to bring more money into the county for transportation projects. For example, Measure D funds have been used to leverage additional grant funds for the following projects through June 2023. These are in addition to many smaller grant awards not listed.

- ▶ Over \$110 million in funding from the Surface Transportation Improvement Program (STIP), Highway Infrastructure Program, and SB1 Solutions for Congested Corridors for the Highway 1 projects between Soquel Drive and State Park Drive
- ▶ Over \$54 million in funding from the Federal Lands Access Program, Land Trust of Santa Cruz County, Regional Surface Transportation Program Exchange (RSTPX), and Coastal Conservancy for the North Coast Rail Trail (Segment 5)
- ▶ \$67.6 million in Active Transportation Program (ATP) funding for Segments 10-11 of the Coastal Rail Trail
- ▶ \$39 million in ATP funding for Segments 8-9 of the Coastal Rail Trail
- ▶ \$30 million in Federal MEGA funding for the Highway 1 State Park Drive to Freedom Boulevard and Coastal Rail Trail Segment 12 project
- ▶ \$15.8 million in State Highway Operation and Protection Program (SHOPP) funding for the SLV Schools safety project
- ▶ \$11.8 million in ATP and STIP funding for Segment 7 of the Coastal Rail Trail
- ▶ \$3.5 million in state Transit & Intercity Rail Capital Improvement funding for the Zero Emission Passenger Rail & Trail project
- ▶ \$3 million from the Land Trust and \$4 million in SHOPP funds for the Wildlife Crossing
- ▶ \$2.7 million in STIP, Local Partnership Program (LPP), Low or No Emission Vehicle Program, and Caltrans 5339 Discretionary funding for METRO electric and CNG buses
- ▶ \$1.5 million in Congressionally Directed Spending earmark from Congresswoman Anna Eshoo for the Boulder Creek Complete Streets project
- ▶ \$1.5 million in STIP funding for the Freedom Boulevard Reconstruction Project



Construction on the Highway 1 auxiliary lane and bus-on-shoulder project between 41st Avenue and Soquel Avenue/Drive

Carryover Balances

Revenues have exceeded expenditures each year. Funds that are not expended can be carried over to use in future years on projects identified in Measure D 5-year plans. Some agencies build up several years of funding for construction of larger projects. For example, carryover balances are being used for the construction of projects such as Highway 1 auxiliary/bus-on-shoulder lanes and bicycle/pedestrian overcrossings, the Highway 17 Wildlife Crossing, several segments of the Coastal Rail Trail, and other projects that were under development in FY22/23 that started or will be starting construction 2023-2026. As large projects go to construction, carryover balances are expected to decrease across all program categories. The Measure D ordinance allows for the RTC to secure financing against future revenues.

Projects To Look Forward To

Measure D recipient agencies are saving up multiple years of Measure D revenues for major work on projects, including:

- ▶ Swanton Road resurfacing (County)
- ▶ Bay Street/Drive Complete Streets Project (Santa Cruz)
- ▶ Scotts Valley Drive and Mt Hermon Road Complete Streets projects (Scotts Valley)
- ▶ Highway 17 Wildlife Crossing
- ▶ Freedom Boulevard Reconstruction and Airport Boulevard Reconstruction projects (Watsonville)
- ▶ Facility Paving and EV Infrastructure Project (Lift Line)
- ▶ Pacific Station redevelopment (METRO)
- ▶ Hydrogen bus, CNG bus, and paratransit van purchases (METRO)
- ▶ Highway 1 Auxiliary Lanes and Bus-on-Shoulder projects between Soquel Drive in Santa Cruz/Live Oak and Freedom Boulevard in Aptos, including new bicycle/pedestrian bridges over Highway 1 (RTC)
- ▶ Coastal Rail Trail projects
- ▶ Environmental review of electric passenger rail on the Santa Cruz Branch Rail Line (RTC)



Construction of a new bicycle/pedestrian bridge over Highway 1 at Chanticleer Avenue

The measure D taxpayer oversight committee welcome the public to review all materials made available on the RTC website (www.sccrtc.org). Sign up for the RTC enews list to stay up-to-date on Measure D projects and for information on opportunities to provide public input on planned Measure D projects: www.sccrtc.org/about/esubscriptions/.