

market information, trends, audit of the Measure D tax receipts and revenue projections.

Hinderliter de Llamas’ quarterly overview for sales tax trends: The forecast reflects HdL's December 2025 consensus forecast economic change assumptions and local business trends. Macro influences include varying rates of inflation, declining interest rates, and fluctuating fuel prices. The FY 2025/26 forecast, based on the last quarter of calendar year 2025, is slightly lower.

**Table 4: HdI Santa Cruz County Measure D as of January 2026
3 Year Transactions and Use Tax Estimate**

FY 2024-25	FY 2025-26*		FY 2025-26		FY 2026-27		FY 2027-28	
Actual	Budgeted	%	Projection	%	Projection	%	Projection	%
27,549,225	27,666,801	0.43	27,294,286	-1.35	27,731,999	1.60	28,388,446	2.37

*Table 4 reflects the Hinderliter de Llamas January 2026 estimate for FY 2026-27.

Table 5 provides a comparison of the proposed FY 2026-27 budget to the FY 2026-27 approved budget.

Measure D Fiduciary Deposit Fund			FY 2025/26	FY 2026/27	Difference %
Object			Approved 12/4/25	Proposed 3/12/26	
<u>Revenues Received from CDTFA</u>					
1	Measure D	40186	27,666,801	27,731,999	0.24%
2	Interest	40430	250	250	0.00%
3	Total Revenues		27,667,051	27,732,249	0.24%
4					
5	Admin and Impl Alloc	75381	932,772	795,807	-14.68%
6					
7	<u>Distributions to Investment Categories per Ordinance</u>				
8	Neighborhood 30%*	75382	8,020,209	8,080,858	0.76%
9	Highway Corridors 25%	75383	6,683,507	6,734,048	0.76%
10	Transit/Paratransit 20%	75384	5,346,806	5,387,238	0.76%
11	Active Transp 17%	75385	4,544,785	4,579,153	0.76%
12	Rail Corridor 8%	75386	2,138,722	2,154,895	0.76%
13	Total Distributions		26,734,029	26,936,192	0.76%
14					
15	To/(From Reserves):		250	250	
16	Ending Fund Balance (estimate):		250	250	
17					
18	*Includes Highways 9 & 17				

Notably, Measure D – Neighborhood category revenues are distributed to cities and the County of Santa Cruz for projects approved by those agencies, typically as part of their annual budgets. The formula is adjusted annually, in accordance with the Measure D Ordinance, based on the latest population, road miles, and Measure D revenue generation numbers, as shown in Attachment 5. In FY

Santa Cruz Branch Rail Line		FY 2025/26	FY 2026/27	Difference	Note	
GL Key 722100		Approved	Proposed			
Real Property	Object	12/4/2025	3/12/2026			
Revenues						
1	Leases, Licenses & Other Revenue	40440	83,772	100,072	16,300	
2	Transfer from TC Funds	42367	110,000	100,000	(10,000)	
3	Total Revenues	193,772	200,072	6,300		
Expenditures						
5	Allocated Labor Costs	51070	57,155	51,959	(5,196)	
6	Allocated Overhead (indirect costs)	62354	52,845	48,041	(4,804)	
7	Total Salaries, benefits, & overhead	110,000	100,000	(10,000)		
8	Liability Insurance	61535	32,425	33,000	575	
9	Telephone	61221	480	500	20	
10	Office Expense	62223	500	21,000	20,500	
11	Legal Counsel	62359	5,000	120,000	115,000	
12	Professional Services	62381	54,520	50,000	(4,520)	
13	Training	62914	5,000	10,000	5,000	FY 2026/27 Hi-rail truck training
14	Transfer to Other Funds	75233	-	-	-	
15	Total Services, Supplies & Other	97,925	234,500	136,575		
16						
17	Total Expenditures	207,925	334,500	126,575		
18						
19	To/(From) Reserves Real Property:	(14,153)	(134,428)	(120,275)		

41st Avenue to Soquel Drive Auxiliary Lanes, Bus on Shoulder, and Bicycle and Pedestrian Overcrossing at Chanticleer Avenue. GL Key 722261

The project will construct northbound and southbound auxiliary lanes between the 41st Avenue and Soquel Avenue/Drive interchanges, bus on shoulder improvements, and construct a new bicycle and pedestrian overcrossing at Chanticleer Avenue. Construction began in 2023, with planned activities including design support during construction, project management, and public information campaign ongoing through 2026. State Transportation Improvement Program (STIP) and Solutions for Congested Corridors Program (SCCP) funds programmed for construction capital were allocated by the CTC to Caltrans and do not flow through the RTC budget. Caltrans is managing construction of the project and RTC is the sponsor agency.

Highway 1 Corridor GL Key 722261 41st Avenue to Soquel Drive		FY 2025/26 Approved 12/4/2025	FY 2026/27 Proposed 3/12/2026	Difference	Note
1	Revenues				
2	Measure D	40186	7,737,488	399,663	(7,337,825) Carryover from FY24-25 and recently approved 5Year Plan
1	SB1 SCCP 41st/Soquel	40465	-	353,965	353,965
3	Soquel Water District Contribution	41150	-	-	-
4	Total Revenues	7,737,488	753,628	(6,983,860)	
5	Expenditures				
6	Allocated Labor Costs	51070	63,748	109,742	45,994
7	Allocated Overhead (indirect costs)	62354	58,941	101,468	42,527
8	Total Salaries, benefits, & overhead	122,689	211,210	88,521	
9	Legal Fees	62359	868	-	(868)
10	Engineering Consultant	62381	-	-	-
11	Project Management Consultant	62381	28,302	28,302	- Carryover from FY 24/25
12	Pub Info, materials, & meetings	62381	16,000	16,000	-
13	Right of Way Capital and Support	62856	230,115	126,663	(103,452)
14	Construction Capital	62856	7,339,514	371,453	(6,968,061) Decrease due to full year of construction
15	Contingency	62856	-	-	-
16	Total Services & Supplies	7,614,799	542,418	(7,072,381)	
17					
18	Total Expenditures	7,737,488	753,628	(6,983,860)	
19					
20	To/(From) Reserves:	-	-	-	