



# Funding Our Transportation System

## Santa Cruz County's Transportation System

Sound infrastructure is the backbone of a healthy community and strong local economy, yet funding to maintain and improve our transportation system falls shockingly short of the need. Traditional state and federal sources, such as gas taxes, generate less than half of what is needed to meet our transportation needs.

### 1. State of the System

Maintaining the existing transportation network in Santa Cruz County's transportation is critically important.

- ✓ Current network includes:
  - 6 state highways
  - Nearly 900 miles of streets and roads
  - Extensive bus system that carries over 5.5 million riders each year
  - Specialized transport system for seniors and people with disabilities
  - Sidewalks
  - Over 200 miles of bikeways
  - One airport
  - Publically owned rail line
- ✓ The 2015 Pavement Condition Index (PCI) countywide average is 57 or at risk of failure (100 = new road in excellent condition, <25 = failed).
- ✓ \$150 million needed for deferred local streets and road maintenance; if sidewalks, drainage, and other related components are included, the number climbs to over \$350 million.
- ✓ Average budgeted funds for pavement repair for all five jurisdictions is about \$7.6m/year, whereas the need is over \$20m/year to maintain it at status quo (PCI 57). If we want to bring roads to good condition (PCI of 70), approximately \$44m/year is needed.
- ✓ Every \$1 spent on preventative maintenance eliminates or delays \$6 to \$10 of rehabilitation or reconstruction. Costs increase exponentially.
- ✓ The street and road network serves people using cars, bicycles, sidewalks and transit, as well as trucks bringing food and other goods to markets. It's the fabric of neighborhood mobility.
- ✓ The local street network can also be enhanced to provide safe routes to school boosting healthy options for kids.
- ✓ Peak capacity periods on Highway 1 are becoming longer.
- ✓ Spill over traffic from Highway 1 negatively impacts local streets and roads.
- ✓ Transit and paratransit vehicle maintenance needs are increasing.
- ✓ Ownership of the rail corridor requires ongoing maintenance.

### 2. Funding Challenges

Declining and unpredictable funding sources, aging infrastructure, rising construction costs, and new regulatory requirements all contribute to a funding shortfall. Heavier vehicles, better vehicle fuel efficiency, increasing traffic and the need for expanded transit service, bicycles and pedestrians facilities place increased demands on the

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transportation system even as funding continues to decline. Relying on traditional funding sources will put us further behind and cost us and future generations more in the long run.

- ✓ Most transportation funding comes from revenue generated at the gas pump.
- ✓ Federal gas taxes have not been raised since 1993; state gas taxes dropped 6 cents per gallon in July 2015.
- ✓ Gas tax revenues have less purchasing power due to inflation and increased fuel efficiency.
- ✓ Budget constraints have precluded needed maintenance.
- ✓ Because of a drop in state gas taxes, ZERO funds are available for new projects in State Transportation Improvement Program (average annual \$3.5m).
- ✓ Federal and state transportation funding is unpredictable and unreliable.
- ✓ External factors -- changes in the economy, state or federal actions, fuel availability, environmental mandates, etc - can impact conditions and revenues, and may change significantly from year to year.
- ✓ The vast majority (75%) of revenues are highly restricted (or “dedicated”) by federal, state, or local regulations for use by specific jurisdictions, agencies and/or types of projects.
- ✓ Nearly one third of local, state, and federal transportation funds coming into our county can only be used on transit operations and projects (includes: rider fares, \$15-18 million/year from a local half-cent sales tax approved by voters in 1978 designated for the Santa Cruz Metropolitan Transit District, and Federal Transit Administration).
- ✓ Discretionary, relatively flexible funding makes up about 25% of the local, state and federal funding. The Regional Transportation Commission (RTC) has discretion over less than 6% of the funds available for transportation projects (\$5-7 million per year mostly from STIP & RSTP).
- ✓ While approximately \$120 million per year is available for transportation in Santa Cruz County on average, this is less than half of what is needed
- ✓ Many competitive and formula state and federal funding programs favor larger regions.
- ✓ The significant shortfall in transportation funding is not unique to Santa Cruz County.

### 3. Funding Solutions

Our approved long range Regional Transportation Plan assumes that Santa Cruz County will become a “self help” county, passing both a sales tax and vehicle registration fee and joining the 85% of California’s population that lives in counties that have voted in a transportation ballot measure.

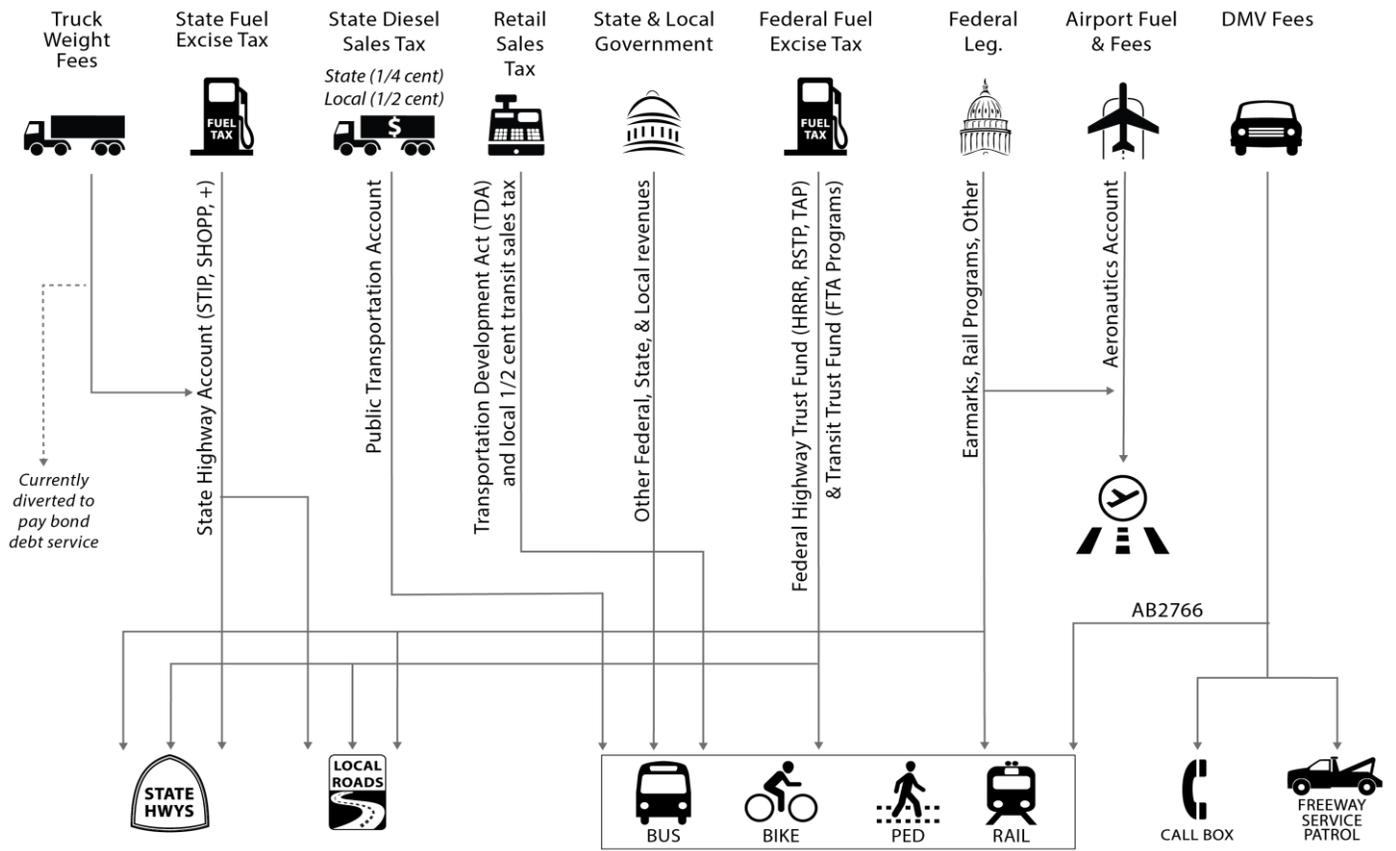
#### Near Term

- ✓ Recent polling indicates 73% support for a transportation ballot measure (May 2015).
- ✓ A ½ cent sales tax has the best chance and would bring in the most revenue.
- ✓ Passage potential is higher in a presidential election.
- ✓ Costs to repair roads, replace transit vehicles, and improve the transportation system will increase the longer we wait.
- ✓ Local, relatively flexible funding can help our region leverage state and federal funding.
- ✓ Urge state and federal officials to increase funding for transportation projects.

#### Longer Term

- ✓ \$10 Vehicle Registration Fee
- ✓ Pursue Public-Private partnerships
- ✓ Monitor new funding mechanisms
  - tolling/congestion pricing
  - mileage based fees

Major Transportation Revenues in California



Source: Caltrans and Santa Cruz County Regional Transportation Commission, 2014