



February 18, 2016

Senator William Monning  
State Capitol, Room 313  
PO Box 942849  
Sacramento, CA 95814  
**Fax:** (916) 651-4917

**Letters also sent to  
Assemblymembers Alejo and Stone.**

RE: Transportation Funding Crisis - Legislative Action Needed

Dear Honorable Senator Monning,

Existing revenues are woefully insufficient to address all of the transportation needs in our state. The recent decrease in oil prices and corresponding decrease in the price based excise tax on gasoline, compounded with the state's decision to divert transportation revenues to repay General Obligation bond debt, and increases in fuel economy have left transportation agencies at all levels in terrible shape. We are deferring essential maintenance of existing infrastructure, roadways are becoming increasingly congested, and we face delays to important transit, bicycle, and pedestrian projects needed to ensure safe access to jobs, schools, services, and the other places we travel.

The Santa Cruz County Regional Transportation Commission (RTC) is greatly alarmed that due to dropping state gas tax revenues the California Transportation Commission (CTC) will be deleting \$754 million in funding for critical transportation improvements from the State Transportation Improvement Program (STIP) and cities and counties are losing millions for basic roadway network maintenance.

### **What This Action Means for Santa Cruz County**

The State Transportation Improvement Program (STIP) currently includes \$25 million for extremely important projects that have been in development for many years. The Regional Transportation Commission (RTC) approved STIP funds for these projects following extensive public outreach and a process that required thoughtful project evaluation, deliberation and compromise. These projects reflect local priorities and are representative of the broad multimodal transportation needs in Santa Cruz County. They preserve existing transportation facilities, reduce congestion, increase safety, fill gaps in the bicycle and pedestrian networks, increase access to transit, and leverage millions in federal funds, developer fees, local tax revenues, and community donations. The projects are also critical to meeting state goals and priorities—like meeting the state's climate reduction goals. And these projects create jobs.

Projects that are at risk of deletion in our region include:

- Highway 1/9 Intersection Improvements – Over 85,000 vehicles a day travel through this intersection, which provides critical access to job centers, UCSC, tourist destinations, METRO bus operations facility, and homes.

- Rail Trail/Monterey Bay Sanctuary Scenic Trail Network (MBSST). City of Santa Cruz and Watsonville sections of this very popular trail.
- Highway 1/Harkins Slough Road improvements. Students traveling to Pajaro Valley High School are currently walking in the roadway because the existing overcrossing is insufficient. The City of Watsonville is working diligently with Caltrans to improve bicycle and pedestrian access over the highway.
- Local roadway rehabilitation and safety projects – including essential system preservation projects on Airport Boulevard in Watsonville, Casserly Road, and Freedom Boulevard through Aptos.
- Bike/pedestrian Bridge over Highway 1 connecting Seacliff Village and Aptos. This bridge will especially improve safety for students traveling to Mar Vista Elementary School and Cabrillo College.
- Auxiliary lanes on Highway 1 and a new bicycle/pedestrian bridge between 41<sup>st</sup> Avenue and Soquel Ave exits. This project will improve safety, traffic flow, and bicycle and pedestrian access through the one of the most heavily traveled sections of roadway in Santa Cruz County.

The State Transportation Improvement Program (STIP) is one of the only funding sources available for funding large capital infrastructure projects in Santa Cruz County. Given that our cities, the County of Santa Cruz, and the RTC depend on the STIP to fund a wide range of projects, the severe drop in STIP funds this year and projected for future years is a very serious issue. The RTC board recognizes that the drop in transportation revenues is painful for everyone and that the California Transportation Commission (CTC) is facing unprecedented challenges during this fiscal crisis. **The Regional Transportation Commission (RTC) urges you to work with your colleagues to address the funding shortfall.**

### **How We Got to This Point**

The problem is with the structure of transportation funding. The price-based portion of the State gasoline tax that is currently the only fund source used for the STIP. This is a volatile source of funding, since it is subject to adjustments based on fluctuations in the price of gasoline. The rate (established as part of the “fuel tax swap” enacted in 2010) is set annually by the Board of Equalization at a level that generates the same amount of revenue as would have been received if the sales tax on gasoline had remained in effect. The current rate was decreased from 18 cents to 12 cents as of July 1, 2015. Due the continuing dropping price of gasoline in the past year, the Board of Equalization is expected to reduce the tax further to 10 cents this Spring. This means there will be less revenue available and the CTC will be rescinding over \$750 million previously committed to projects in the STIP.

### **How to Fix It**

The Regional Transportation Commission (RTC) urges the California Legislature to **take action to restore, stabilize and increase funding for transportation**. Several legislative proposals would provide a partial solution. For example, the Governor’s January Budget, Assembly Member Frazier’s AB 1591, Senator Beall’s SB 1X-1, and various GOP bills have proposed removing the fuel swap mechanism that has required the downward forecasts. **Specifically the RTC urges the Legislature to:**

- **Stabilize and increase funds for the State Transportation Improvement Program (STIP).**

- **Restore the price based excise tax to its former rate of 18 cent per gallon** and adjust the excise tax rate for inflation.
- **Increase state funding for transportation projects.** May include:
  - Increasing and indexing gas and diesel taxes
  - New vehicle registration fees
  - Increasing Cap and Trade revenues allocated to transportation projects and programs that help reduce greenhouse gas emissions in Santa Cruz County.
- **Redirect and increase weight fees.** Restore the \$1 billion per year in truck weight fees that have been diverted to pay for general fund bond debt obligations and restore gas taxes to STIP, Local Streets and Roads, and the STIP.
- **Constitutionally protect all current and future taxes and fees** imposed on motor vehicles from being loaned to the General Fund, used to pay general obligation bond debt service or diverted to other non-transportation purposes.
- **Protect and expand the funding and community-based decision-making** role of local and regional agencies.
- **Ensure equitable distribution** of transportation revenues statewide.

These positions are a subset of the RTC's approved 2016 State Legislative Priorities, which are enclosed for your consideration. Santa Cruz County residents and Californians as a whole are frustrated with the declining condition of their transportation system and recognize the need to invest in transportation infrastructure. As you know, the RTC is also working diligently with the community to place a local measure on the November 2016 ballot to raise funds so that we are less dependent on state revenues to address our transportation needs; however a local ballot measure will not generate sufficient revenues for all of the transportation needs in Santa Cruz County. State revenues are critical to operate and maintain the transportation system.

We respectfully request you work with fellow Legislators and act swiftly to provide funding needed to repair roads and bridges, reduce traffic congestion, expand transportation alternatives and make the system more sustainable. Please contact me, Executive Director George Dondero, or Senior Planner Rachel Moriconi at 831-460-3200 if you have any questions.

Sincerely,



Don Lane

Regional Transportation Commission Chair - City of Santa Cruz Council

Cc: Members, Senate Transportation and Housing Committee  
Members, Assembly Transportation Committee  
California Transportation Commission  
Secretary Brian Kelly, California State Transportation Agency  
Director Malcolm Dougherty, California Department of Transportation  
Bill Higgins, Executive Director, CalCOG  
Sarkes Khachek, Moderator, Regional Transportation Planning Agencies