



**Santa Cruz County Regional
Transportation Commission
Transportation Policy Workshop**

AGENDA

**Thursday, May 18, 2017
9:00 a.m.**

**NOTE LOCATION THIS MONTH
SCCRTC Conference Room
1523 Pacific Ave
Santa Cruz, CA**

NOTE

See the last page for details about access for people with disabilities, translation services, and meeting broadcasts.

En Español

Para información sobre servicios de traducción al español, diríjase a la última página.

AGENDAS ONLINE

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COMMISSION MEMBERSHIP

Caltrans (ex-officio)	Tim Gubbins
City of Capitola	Jacques Bertrand
City of Santa Cruz	Sandy Brown
City of Scotts Valley	Randy Johnson
City of Watsonville	Oscar Rios
County of Santa Cruz	Greg Caput
County of Santa Cruz	Ryan Coonerty
County of Santa Cruz	Zach Friend
County of Santa Cruz	John Leopold
County of Santa Cruz	Bruce McPherson
Santa Cruz Metropolitan Transit District	Cynthia Chase
Santa Cruz Metropolitan Transit District	Ed Bottorff
Santa Cruz Metropolitan Transit District	Norm Hagen

The majority of the Commission constitutes a quorum for the transaction of business.

1. Introductions

2. Oral communications

Any member of the public may address the Commission on any item within the jurisdiction of the Commission that is not already on the agenda. The Commission will listen to all communication, but in compliance with State law, and may not take action on items that are not on the agenda.

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

3. Additions or deletions 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 RTC or public wishes an item be removed and discussed on the regular agenda. Members of the Commission 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 Commissioner objects to the change.

4. Approve agreement for Santa Cruz Branch Rail Line tree removal due to storm damage (**Resolution**)**REGULAR AGENDA**5. Senate Bill 1 (SB1) Funding and Regional Transportation Plan (RTP) Updates
(*Ginger Dykaar and Rachel Moriconi, Senior Transportation Planners*)

- a. Staff report
- b. 2040 RTP Project List Updates
- c. Summary of SB1

6. Measure D Allocations to Recipient Agencies
(*Rachel Moriconi, Senior Transportation Planner*)

- a. Staff report
- b. Draft Master Agreement
- c. Draft Guidelines

7. Draft Measure D 30-year Revenue Projection
(*Luis Mendez, Deputy Director*)

- a. Staff report
- b. Draft 30-year revenue projection

8. Next meetings

The next SCCRTC meeting is scheduled for Thursday, June 1, 2017 at 9:00 a.m. at the Watsonville City Council Chambers, 275 Main Street, Suite 400, Watsonville, CA

The next Transportation Policy Workshop is scheduled for Thursday, June 15, 2017 at 9:00 a.m. at the RTC Offices, 1523 Pacific Ave., Santa Cruz, CA.

HOW TO REACH US

Santa Cruz County Regional Transportation Commission
1523 Pacific Avenue, Santa Cruz, CA 95060
phone: (831) 460-3200 / fax: (831) 460-3215

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TO: Regional Transportation Commission Transportation Policy Workshop

FROM: Yesenia Parra, Administrative Services Officer

RE: Santa Cruz Branch Rail Line Tree Removal Due to Storm Damage

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission (RTC) approve a resolution ([Attachment 1](#)) authorizing the Executive Director to execute agreements for removal of several trees in various locations along the Santa Cruz Branch Rail Line right-of-way to a maximum amount of \$100,000.

BACKGROUND

In October of 2012, the Regional Transportation Commission (RTC) acquired the Santa Cruz Branch Rail Line (Branch Line). With this acquisition, the RTC inherited all of the corresponding real estate rights and property responsibilities.

DISCUSSION

In January and February of this year, heavy storms with significant rain and wind hit Santa Cruz County causing severe damage to many properties, including the Santa Cruz Branch Rail Line. Several trees were knocked down or undermined, some falling across private property and others across the rail road tracks. Staff has been working with several jurisdictions and private property owners affected by fallen trees to remove the trees and address damages.

Staff obtained bids from tree removal contractors for the removal of 14 trees. The bids range from \$1,900 to \$2,900 per tree. The costs per tree vary significantly depending on the size of the tree, location of the tree, access to the location, and measures needed to protect other property. Staff recommends contracting with Community Tree Service and Lewis Tree Service for the removal of trees affected by the recent winter storms. Both of these contractors are also the primary contractors for the City of Capitola and City of Santa Cruz. These contractors have already worked with the RTC on tree removal projects and staff is confident that either one of these contractors can perform the tree removal work that is currently needed along the rail property.

Staff has already identified several trees ([Attachment 2](#)) that must be removed so as not to cause damage to adjacent properties and the rail property. Staff will be doing further assessment of the rail property to identify any other trees that have not been identified.

Therefore, **staff recommends that the Commission approve a resolution authorizing the Executive Director to execute agreements with Community Tree Service and Lewis Tree Service for removal of several trees in various locations along the Santa Cruz Branch Rail Line right-of-way to a maximum amount of \$100,000 total.**

SUMMARY

In January and February of this year, Santa Cruz County was one of the counties that was hit hard by heavy rains and winds which caused severe damage to many properties including the rail line. Several trees have fallen along the rail property. Staff has obtained bids from tree removal contractors and therefore recommends that the RTC approve a resolution (Attachment 1) authorizing the Executive Director to execute agreements with Community Tree Service and Lewis Tree Service for removal of several trees in various locations along the Santa Cruz Branch Rail Line right-of-way to a maximum amount of \$100,000 total.

Attachments:

1. Resolution Authorizing the Executive Director to execute purchase orders for tree removal for a total not to exceed \$100,000
2. Santa Cruz Branch Rail Line right-of-way tree removal list (*note – this is not an exhaustive list*)

RESOLUTION NO. 36-17

Adopted by the Santa Cruz County Regional Transportation Commission
on the date of May 18, 2017
on the motion of Commissioner
duly seconded by Commissioner

**A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO AGREEMENTS
WITH COMMUNITY TREE SERVICE AND LEWIS TREE SERVICE FOR REMOVAL OF TREES
AFFECTED BY THE RECENT WINTER STORMS**

WHEREAS, The RTC acquired the Santa Cruz Branch Rail Line (Branch Line) and inherited all the corresponding real estate rights, and property responsibilities; and

WHEREAS, The January and February of 2017 heavy storms knocked down or undermined several trees on various locations along the Branch Line ; and

WHEREAS, Bids were obtained from tree removal contractors for removal of fallen or undermined trees on the Branch Line; and

WHEREAS, Community Tree Service and Lewis Tree Service have demonstrated the ability to handle the need to remove trees along the Branch Line; and

WHEREAS, The RTC budget has sufficient funds to cover the cost of the removal of damaged and undermined trees on the Branch Line;

THEREFORE, BE IT RESOLVED BY THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION THAT:

1. The Executive Director is authorized to negotiate and enter into agreements with Community Tree Service and Lewis Tree Service for a total maximum amount of \$100,000; and
2. The Executive Director is authorized to negotiate and execute amendments to the agreements provided that the amendments are consistent with the RTC's approved budget and work program.

AYES: COMMISSIONERS

NOES: COMMISSIONERS

ABSTAIN: COMMISSIONERS

ABSENT: COMMISSIONERS

ATTEST:

Zach Friend, Chair

George Dondero, Secretary

Distribution: RTC Fiscal, Project Managers

Santa Cruz Branch Rail Line right-of-way tree removal list

(note – this is not an exhaustive list)

Watsonville

- Buena Vista Drive 2 Eucalyptus trees

Aptos

- Clubhouse Dr.-Rio Del Mar Blvd. 1 Pine & 1 Oak tree
- Rio Del Mar – Aptos Beach Dr. 1 Monterey Pine & 2 Oak trees
- Sand Piper 2 Pine trees

Capitola

- Park Ave. – Monterey 1 Oak & 1 Acacia tree
- Park Ave. – Kennedy 2 Eucalyptus trees
- Park Ave. – Grove Lane 1 multiple-trunk Eucalyptus tree

AGENDA: May 18, 2017

TO: Regional Transportation Commission Transportation Policy Workshop

FROM: Ginger Dykaar and Rachel Moriconi, Senior Transportation Planners

RE: Senate Bill 1 (SB1) Funding and Regional Transportation Plan (RTP) Updates

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission (RTC):

1. Receive an update on Senate Bill 1 (SB1): the Road Repair and Accountability Act of 2017; and
 2. In consideration of preliminary projections for new revenues from SB1, amend the *2040 Regional Transportation Plan (RTP)* financially constrained project list, as shown in Attachment 1; and
 3. Authorize staff to make adjustments to the RTP project list, if necessary, as SB1 revenue and distribution estimates are updated by state agencies.
-

BACKGROUND

At its April 6, 2017 meeting, the Regional Transportation Commission (RTC) approved the financially constrained project list for evaluation in the 2040 Santa Cruz County Regional Transportation Plan (RTP), the Association of Monterey Bay Area Governments (AMBAG) Metropolitan Transportation Plan (MTP), and the associated Sustainable Communities Strategy (SCS) and program-level Environmental Impact Report (EIR). While the list approved by the RTC last month assumed \$6 million per year in "potential" new state funding, with passage of Senate Bill 1 (SB1), even more new state funding will be available than previously assumed.

DISCUSSION

SB 1, a transportation funding measure approved by the State Legislature in April 2017, will provide new formula funding for cities, the County of Santa Cruz, Santa Cruz METRO, the Regional Transportation Commission (RTC) and Caltrans. It also provides opportunities for agencies to compete for funds from a range of programs targeting active transportation, transit, trade corridors, and congestion on major commute corridors.

SB 1 generates revenues from a combination of state gas taxes (which have not been raised since 1994), diesel taxes, and vehicle registration fees. Attachment 2 includes a preliminary summary of the approved bill; however, new details are becoming available weekly and numbers will be adjusted each year as part of California's budget. While the funds are not currently "firewalled" for transportation, California voters will consider a constitutional amendment in 2018 that would prevent the funds from being diverted to non-transportation purposes.

Association of Monterey Bay Area Governments (AMBAG) staff estimates that an additional \$10 million per year will be available for Caltrans' State Highway Operation and Protection Program (SHOPP) projects, an additional \$7-9 million per year will be available to cities and the County of Santa Cruz for ongoing operations and maintenance of local roads, and an additional \$3 million per year for State Transit Assistance-eligible transit and paratransit projects. AMBAG's preliminary estimates are that Santa Cruz County will average an additional \$1 million per year from other competitive programs (such as the Active Transportation Program (ATP)).

Because SB1 is expected to increase the amount of funding available during the 2040 Regional Transportation Plan (RTP) planning period, the RTP financially constrained project list, originally approved at the April 6, 2017 RTC board meeting, now needs to be updated in order for program-level environmental review to begin for the RTP/Metropolitan Transportation Plan (MTP). Previously, AMBAG assumed \$6 million per year from a new transportation funding package; however, based on the preliminary SB1 estimates it is prudent to assume significantly more funding for the State Highway Operation and Protection Program (SHOPP), public transit, cities, and counties. RTC and AMBAG staff anticipate that the region will receive little, if any, funding from trade corridor and congested corridor programs, especially given last minute "deals" made in the legislature.

Based on the new state funding estimates, **staff recommends that the RTC amend the RTP constrained project list to increase the amount of ongoing city, county, transit, and Caltrans transportation system operations and maintenance that can be funded through 2040, and authorize staff to make adjustments to the constrained list, if necessary, as SB 1 revenue and distribution estimates are updated by state agencies.** These modifications will be made to "lump sum" grouped project categories for each agency, as summarized in Attachment 1 (which is based on current SB 1 revenue estimates).

While SB1 serves as a welcomed bridge to address some of the region's extensive backlog of local road repairs and other transportation system needs, it is not a long-term fix. With ever increasing vehicle fuel efficiency and fluctuating fuel prices, SB1 diesel and gas taxes are not a reliable long-term option for funding California's transportation system. Changes will still be needed to funding methods for roadways, transit, bicycle, pedestrian and other transportation projects at the state and national level. The 2040 RTP assumes that while revenues from gas taxes will decline over time, replacement taxes and fees will be implemented.

SUMMARY

The Senate Bill 1 transportation funding package approved by the California legislature in April includes a combination of new diesel and gasoline taxes, vehicle fees, Caltrans efficiencies, and State General Fund loan repayments to fund local and state roadway repairs, public transportation, active transportation, and other transportation programs. Staff recommends that the RTC approve modifications to the Regional Transportation Plan (RTP) constrained project list to account for additional revenues anticipated in Santa Cruz County.

Attachments:

1. 2040 Regional Transportation Plan (RTP) Project List Updates
2. Summary of Senate Bill 1 (SB 1) (*note – estimates will not be finalized until approval of the state budget*)

Attachment 1

2040 Regional Transportation Plan (RTP) Project List Updates based on anticipated new SB1 revenues 2018-2040

Agency	Project Number	Project	Project Description	Total (\$1000's)	Prior Constrained (1000's)	New Constrained (1000's)	New UnConstrained (1000's)
County of Santa Cruz	CO-P35	Countywide General Road Maintenance and Operations	Ongoing maintenance, repair, and operation of road/street system within the unincorporated areas of the county.	495,000	407,000	446,839	48,161
City of Capitola	CAP-P06	Citywide General Maintenance and Operations	Ongoing maintenance, repair, and operation of road/street system within the City limits.	44,000	39,200	40,666	3,334
City of Santa Cruz	SC-P07	Citywide Operations and Maintenance	Ongoing maintenance, repair, and operation of street system within the City limits.	163,630	77,000	86,249	77,381
City of Scotts Valley	SV-P27	Citywide General Maintenance and Operations	Ongoing maintenance, repairs, and operation of road/street system within the City limits.	14,770	11,700	13,459	1,311
City of Watsonville	WAT-P06	Citywide General Maintenance and Operations	Ongoing maintenance, repair, and operation of road/street system, including bicycle and pedestrian facilities. (Total Need = \$2,600/year)	56,820	44,000	51,643	5,177
Caltrans	CT-P45	State Highway Preservation (bridge, roadway, roadside)	Various SHOPP projects that address bridge preservation, roadway & roadside preservation and limited mobility improvements.	778,390	233,523	467,163	311,227
SCMTD	MTD-P04	Metro Bus Replacements	Replace fleet at the end of normal bus lifetime (approximately every 12 years; \$675k each; \$900k each for Hwy 17 Over the Road coaches).	142,420	61,275	94,495	47,925
SCCRTC	RTC-P60	Regional State Transit Assistance Projects	State Transit Assistance (STA) eligible transit projects	33,220	—NA—	33,220	0

**SUMMARY OF SENATE BILL 1 (SB1)
Transportation Funding Package (2017)**

Credit: This summary is based on documents prepared by the Central Coast Coalition's consultant-Gus Khouri, Caltrans, League of Cities, and CalCOG

On April 6, 2017 the California legislature approved a \$5.2 billion annual transportation funding package aimed fixing local roads, state highways and bridges and investing more dollars toward transit and safety projects through the passage of SB 1 (Beall). It also approved ACA 5 (Frazier), which will place a constitutional amendment on the November 2018 ballot to firewall the resources from being diverted away from their intended use.

The package was able to garner the requisite votes for passage after Governor Edmund G. Brown, Senate President pro Tempore Kevin de León, and Assembly Speaker Anthony Rendon struck a deal in SB 132 (Committee on Budget) with Assembly Member Adam Gray and Senator Cannella to provide \$400 million for the Altamont Corridor Express extension to Merced and a \$100 million parkway extension to UC Merced. In addition, \$427 million was appropriated to Riverside County for Assembly Member Sabrina Cervantes and Senator Roth for various projects. San Bernardino Senator Connie Leyva also received \$50 million in funding to combat stationary source pollution in her district. Governor Brown signed the package of bills on April 28, 2017.

The package also includes the restoration and indexing of state price-based excise taxes, which are used to fund local roads, the State Transportation Improvement Program (STIP), and the State Highway Operation and Protection Program (SHOPP). The bill also includes a progressive vehicle registration fee that is based on the valuation of a vehicle. These elements were key in securing several votes, particularly from Moderate Democrats.

Aside from the restoration of and indexing to the STIP, growth to the program was curbed in favor of new, annual funding available for trade corridors (\$300 million) and the creation of the Solutions for Congested Corridors Program (\$250 million), through competitive grants.

The package would rely on the following annual resources to fund the program:

- \$730 million by increasing diesel excise tax by 20 cents (beginning November 1, 2017)
- \$350 million by increasing diesel sales tax to 5.75 percent (beginning November 1, 2017)
- \$2.44 billion by increasing gasoline excise tax by 12 cents (beginning November 1, 2017)
- \$1.63 million from a transportation improvement fee based on a vehicle's value (starting
- January 1, 2018) as follows:
 - o \$25 for vehicles with a market value under \$4,999
 - o \$50 for vehicles with a market value between \$5,000 to \$24,999

- \$100 for vehicles with a market value between \$25,000 to \$34,999
- \$150 for vehicles with a market value between \$35,000 to \$59,999
- \$175 for vehicles with a market value over \$60,000
- \$20 million from an annual \$100 Zero Emission Vehicle fee commencing in 2020.
- \$706 million in one-time General Fund loan repayments.
- Aside from the sales tax on diesel, all taxes and fees are adjusted annually by the Consumer Price Index
- -\$100 million through Caltrans efficiencies.
- "Gas Tax Swap" annual adjustments by the Board of Equalization are eliminated on July 1, 2019, thereby resetting price-based portion of gas tax to 17.3 cents. Funds would continue to be split 44%/44%/12% to the STIP, local streets and roads, SHOPP, respectively.

Allocations would be divided annually as follows:

Local Streets and Transportation Infrastructure (50 percent):

- \$1.5 billion in "Fix-It-First" local road repairs, including fixing potholes
- \$750 million to improve local public transportation
- \$200 million to support local "self-help" communities that are making their own investments in transportation improvements
- \$100 million to the Active Transportation Program (bicycle and pedestrian projects)
- \$82.5 million for the State Transportation Improvement Program after restoration
- \$27.5 for Interregional Transportation Improvement
- \$40 million for commuter and intercity rail programs
- \$25 million in local transportation SB 375 planning grants.

State Highways and Transportation Infrastructure (50 percent):

- \$1.5 billion in "Fix-it-First" highway repairs, including smoother pavement
- \$400 million in bridge and culvert repairs
- \$300 million to improve trade corridors
- \$250 million to reduce congestion on major commute corridors
- \$140 million in other transportation investments, including \$27.5 million for highway and intercity-transit improvements.
- \$25 million for the freeway service patrol
- \$7 million for university research
- \$5 million per year for five years to promote pre-apprenticeship training programs.
- \$706 million in General fund loan repayments would be divided as follows:
 - \$236 million to the Transit Capital and Intercity Rail Program
 - \$225 million to the SHOPP
 - \$225 million to local transit agencies
 - up to \$20 million for local planning grants

Accountability Measures:

- As mentioned above, ACA 5 would prohibit spending the funds on anything but transportation, subject to voter approval on the November 2018 ballot
- Creation of the Office of Inspector General to ensure Caltrans and any entities receiving state transportation funds spend taxpayer dollars efficiently, effectively and in compliance with state and federal requirements

- Authorization for the CTC to review and allocate SHOPP funding and Caltrans staffing for highway maintenance to ensure those levels are reasonable and responsible. This includes CTC project review, approval, and public hearings.
- Authorization for Caltrans to complete earlier mitigation of environmental impacts from construction in order to reduce costs and delays while protecting natural resources.

This bill also includes new 10-year performance targets for the state highway program, including requiring not less than 98% of pavement on the state highway system be in good or fair condition; not less than 90% level of service achieved for maintenance of potholes, spalls, and cracks; not less than 90% of culverts in good or fair condition; not less than 90% of the transportation management system units in good condition; and to fix not less than an additional 500 bridges.

Local governments are also subjected to new reporting and oversight by CTC for the new funding revenue, including submitting yearly project lists and maintaining their current level of local general fund contributions to their roads systems. Additionally, the state's transit operators are required to report to the State Controller.

Impacts for Santa Cruz County

The following are estimates for formula allocation programs – *all figures are preliminary estimates and are expected to change*:

New Local Streets and Roads Funds

Agency	Caltrans 10-Year Estimate	Dept. of Finance Est. for FY18/19*
County of Santa Cruz (unincorporated)	\$60,000,000	\$4,524,000
Capitola	\$2,320,000	\$174,000
Santa Cruz	\$14,790,000	\$1,100,000
Scotts Valley	\$2,780,000	\$209,000
Watsonville	\$12,100,000	\$909,000

**First full year of implementation. AMBAG recommends using this 4/6/17 DOF estimate for the MTP/RTP assumptions.*

Other Formula Funds (annual average)

State Transit Assistance (STA)	
PUC 99314: Santa Cruz METRO	\$1,587,000
PUC 99313: Santa Cruz County RTC	\$1,510,000
State Transportation Improvement Program (STIP): RTC	\$600,000

For the SHOPP, it is estimated that \$3.25 billion in additional funding will be made available for the Central Valley and Coast Counties (19 counties) over a five-year period. An additional \$280 million is made available for highway maintenance over a five-year cycle. Caltrans District 5 will be responsible for identifying projects on Santa Cruz County highways to compete for those funds.

ADDITIONAL INFORMATION

Transit and Intercity Rail Capital (TIRCP)

SB 1 provides additional one-time and ongoing funding to the TIRCP, a heavily oversubscribed program, which provides funding for rolling stock and rail improvements, that is currently reliant upon somewhat unpredictable Cap-and-Trade funds and administered by the California State Transportation Agency (CalSTA). The TIRCP would receive a one-time infusion of at least \$236 million as a result of a General Fund loan repayment as well as an additional \$245 million annually from the Transportation Improvement Fee (TIF) starting in FY 2018-19. This amount is set forth in the statute and will not escalate even though the TIF rate is indexed to inflation. In FY 2017-18, the TIRCP should receive approximately half the annual amount (\$123 million) from the TIF since the new fee is not effective until January 1, 2018.

Intercity and Commuter Rail Funding

SB 1 creates dedicated funding for intercity rail and commuter rail programs by the imposition of a new 0.5 percent diesel sales tax. Similar to the TIRCP, projects would be selected by CalSTA. Of the approximately \$37.5 million available each year, funds would be distributed as follows:

- 50 percent to CalSTA for "state-supported intercity rail services." Of that amount, at least 25 percent shall be allocated to each of the state's three intercity rail corridors that provide regularly scheduled intercity rail service (the Capitol Corridor, San Joaquin, Pacific Surfliner routes).
- 50 percent to CalSTA to be allocated to public agencies responsible for commuter rail service. For FY 2018-19 and FY 2019-20, each of the state's five commuter rail agencies (such as Metrolink) would receive 20 percent. Subsequent to that, CalSTA would allocate funds pursuant to guidelines to be adopted by July 1, 2019.
- Funds may be spent for operations or capital.
- Similar to the State Transit Assistance (STA) program, the actual amount of revenue each year will depend on diesel prices and sales.

State Transportation Improvement Program (STIP)

While there are no specific provisions for the STIP, effective July 1, 2019, SB1 stabilizes funding for the STIP by virtue of eliminating the annual adjustment pegged to the price of fuel for what is known as the "price-based excise tax." Instead, SB 1 sets the rate at 17.3 cents/gallon on July 1, 2019, plus an annual adjustment to keep pace with inflation that will begin in July 1, 2020. In recent years, the CTC has essentially restricted STIP funding to what is generated by the price-based excise tax. This tax is a major source of STIP funding, receiving 44 percent of its revenue after backfilling the State Highway Operation & Protection Program (SHOPP) for the loss of weight fees. Since the existing rate of 9.8 cents/gallon already offsets weight fees, any increase above that is distributed directly according to a 44/44/12 percent formula where the other 44 percent goes to cities and counties for local streets and roads, and the 12 percent goes to Caltrans for highway maintenance and rehabilitation.

While it's impossible to predict exactly how this will affect STIP funding in the future relative to what would have occurred if the rate were pegged to the price of fuel, the Department of Finance estimates a net benefit to the STIP over 10 years of

\$1.1 billion, or \$825 million for the Regional Transportation Improvement Program. For Santa Cruz County, this amounts to approximately \$600,000 which is still significantly lower than historic STIP levels. This estimate may be on the conservative side. If we assume the price-based excise tax would not go above the 11.7 cents/gallon rate in effect on July 1, 2017 then the 17.3 cents/gallon rate amounts to a 5.6 cents/gallon increase – equating to \$840 million more per year statewide, including approximately \$370 million per year in new STIP funding statewide. Note that this increase will not begin until Fiscal Year 2019-20.

State-Local Partnership Program for “Self-Help” Counties

SB 1 authorizes \$200 million per year to be continuously appropriated for a new program for counties that have dedicated transportation funding from uniform developer fees or voter-approved taxes. The program is similar to the State-Local Partnership Program established by Proposition 1B except it is limited to counties, so unfortunately transit agencies with voter- approved taxes are not eligible. Another important difference is that funds are to be distributed to counties and each city within the county and are limited to local road maintenance purposes as set forth in the RMRP program (which does include complete streets elements). The bill requires the CTC to adopt guidelines for the program on or before January 1, 2018. CTC staff has proposed that 75% of the funds be distributed on a competitive basis, with applications due in March 2018.

Congested Corridors Program

The bill establishes a new “Solutions for Congested Corridors Program” and authorizes \$250 million per year for annual appropriation in the budget act from revenue generated by the TIF. The program, to be administered by the CTC, focuses on multi-modal solutions to the most congested corridors in the state and takes a performance- based approach. To qualify for funding a project must be included in a “comprehensive corridor plan designed to reduce congestion in highly traveled corridors by providing more transportation choices for residents, commuters and visitors to the area of the corridor while preserving the character of the local community and creating opportunities for neighborhood enhancement projects.”

Eligible projects for this new program include improvements to state highways, public transit facilities, local streets and roads, bicycle and pedestrian facilities, and restoration or preservation work that protects critical local habitat or open space. Highway capacity expansion projects are not eligible, with the exception of high-occupancy vehicle lanes (HOV) and high-occupancy toll (HOT) lanes or non-general purpose lane improvements designed primarily to improve safety for all modes of travel, such as auxiliary lanes, truck-climbing lanes or dedicated bicycle lanes. The bill requires the CTC to score each project on the following criteria:

- Safety
- Congestion
- Accessibility
- Economic development and job creation and retention
- Furtherance of state and federal air quality and greenhouse gas emission reduction
- Efficient land use
- Matching funds
- Project deliverability

Either Caltrans or agencies responsible for developing the Regional Transportation Improvement Program (RTIP) can nominate projects, but a maximum of 50 percent can be awarded to projects nominated only by Caltrans. With respect to how projects will be scored, the bill emphasizes that preference will be given to projects that are developed as a result of collaboration between Caltrans and regional or local agencies “that reflect a comprehensive approach to addressing congestion and quality-of-life issues within the affected corridor through investment in transportation and related environmental solutions.”

As for the mechanics of the program, the CTC is required to develop guidelines for the program in consultation with the Air Resources Board and after conducting at least one hearing in northern California and one hearing in southern California. CTC is also required to provide draft guidelines to the Joint Legislative Budget Committee and the transportation policy committees in each house and adopt the guidelines no sooner than 30 days after that submission to the Legislature. The bill requires the CTC to adopt an initial program based on the first appropriation of funds, but such program may cover a multiyear programming period. Subsequently, the program shall be adopted on a biennial basis. Beginning in March 2019, the CTC is required to provide project updates in its annual report to the Legislature, including an assessment of how each project is performing relative to the quantitative and qualitative measurements outlined in its application. CTC staff expects that the applications for the first round of funds will be due in Spring 2018.

Bicycle and Pedestrian Access Improvements

In addition to augmenting the Active Transportation Program by \$100 million per year (increasing in the size of this on-going program by more than 80%), SB 1 requires that Caltrans update the Highway Design Manual to incorporate the “complete streets” design concept. No other limitations or conditions on the use of funds are included in the bill. CTC staff proposes to make FY17/18 and FY18/19 funds available to already approved projects that can be delivered early or that applied for funds in 2016, but were not selected.

Local Planning Grants

As noted above, the bill provides \$25 million to be available to Caltrans for local planning grants on an annual basis, subject to appropriation. The bill states that the purpose of the grants is to “encourage local and regional planning that furthers state goals as provided in the regional transportation guidelines” adopted by the CTC. The bill requires Caltrans to develop a grant guide in consultation with the Air Resources Board, the Governor’s Office of Planning and Research and the Department of Housing and Community Development. In addition, up to \$20 million is available on a one-time basis from FY 2018 through FY 2020 for local and regional agencies for climate change adaptation planning. This is funded from the Public Transportation Account as a result of a General Fund loan repayment.

Trade Corridors

SB 1 creates a new Trade Corridor Enhancement Account, and allocates to this account 50 percent of the diesel excise tax increase, or approximately \$300 million annually. In an unusual move, the bill provides the Legislature with full discretion over project selection for this program specifying only that funds shall be available for “corridor-based freight projects nominated by local agencies and the state.” It is expected that most of these funds will be directed to areas serving ports. CTC staff

proposes that the first round of funds be combined with the California Freight Investment Program, for which applications are due in July 2017.

Advance Mitigation

SB 1 requires \$30 million to be set aside annually from FY 2017 through FY 2020 from funding appropriated for the STIP and the SHOPP for an Advance Mitigation Program to protect natural resources through project mitigation, accelerate project delivery and to fully mitigate environmental impacts of transportation projects. The bill provides that the annual budget act or subsequent legislation may provide additional provisions for the program.

Job Training/Contracting Provisions

SB 1 requires that Caltrans develop a plan by January 1, 2020 to increase by up to 100 percent the dollar value of contracts and procurements awarded to small business, disadvantaged business enterprises, and disabled veteran business enterprises. In addition, the bill requires the Legislature appropriate \$5 million per year for five years starting in FY 2017-18 to the California Workforce Development Board to assist local agencies with promoting pre-apprenticeship programs. As noted above, SB 1 also requires Caltrans and cities and counties to follow guidelines to be developed by the California Workforce Development Board regarding pre-apprenticeship training programs no later than January 1, 2023.

EFFICIENCY, ACCOUNTABILITY & OTHER RELATED PROVISIONS

New Caltrans Audit Office Established

The bill requires the creation of an Independent Office of Audits and Investigations within Caltrans. The director of the office, whose title would be Inspector General, would be appointed for a six-year term by the Governor and confirmed by the Senate, and would be responsible for ensuring compliance by Caltrans and all entities receiving state and federal transportation funds with state and federal requirements and ensuring Caltrans follows accounting standards and practices and manages its programs in a financially responsible manner. The Inspector General is required to report annually on any audit or investigation findings and recommendations.

Capital Outlay Support and SHOPP Oversight Strengthened

The bill adds additional transparency requirements with respect to Caltrans support funding for projects in the State Highway Operation & Protection Program (SHOPP), requiring that such costs be identified up front for every SHOPP project by project phase and a delivery date for each project phase, including "project approval," be provided. In addition, starting July 1, 2017, the bill requires that the CTC allocate the Caltrans' capital outlay support resources by project phase to provide greater transparency in the development of the Caltrans budget.

Caltrans Requirement to Implement Efficiency Measures

The bill requires Caltrans to implement efficiency measures with goal of saving \$100 million/year in savings to invest in maintenance and rehabilitation of the state highway system. No specific efficiency measures are suggested in the bill.

OTHER PROVISIONS AND RELATED LEGISLATION

Truck Emissions

SB 1 includes a provision that limits the ARB from requiring truck owners to retire or retrofit trucks that meet existing ARB emissions standards (by 2023, all trucks must have 2010 model year engines or equivalent) before they are 13 years old or reach 800,000 miles. According to the California Trucking Association, this will ensure truck owners have time to recoup their investment in more efficient technology before being faced with a newer, stricter mandate. Environmental and health advocates raised concerns that the provision was overly broad and would prevent regulators from developing other air quality rules, such as capping emissions at warehouses and ports. In response, SB 1 was amended to clarify that the provision is not intended to undermine regional efforts. Though ARB expressed support for the deal, it was not sufficient to alleviate the aforementioned concerns and groups remained opposed.

Related Legislation

As mentioned above, to secure two-thirds support for the package, two other bills were amended including, SB 132, a budget trailer bill, and SB 496, a companion bill that must be enacted for the trailer bill to take effect. SB 132 includes large earmarks for the Central Valley and Riverside County:

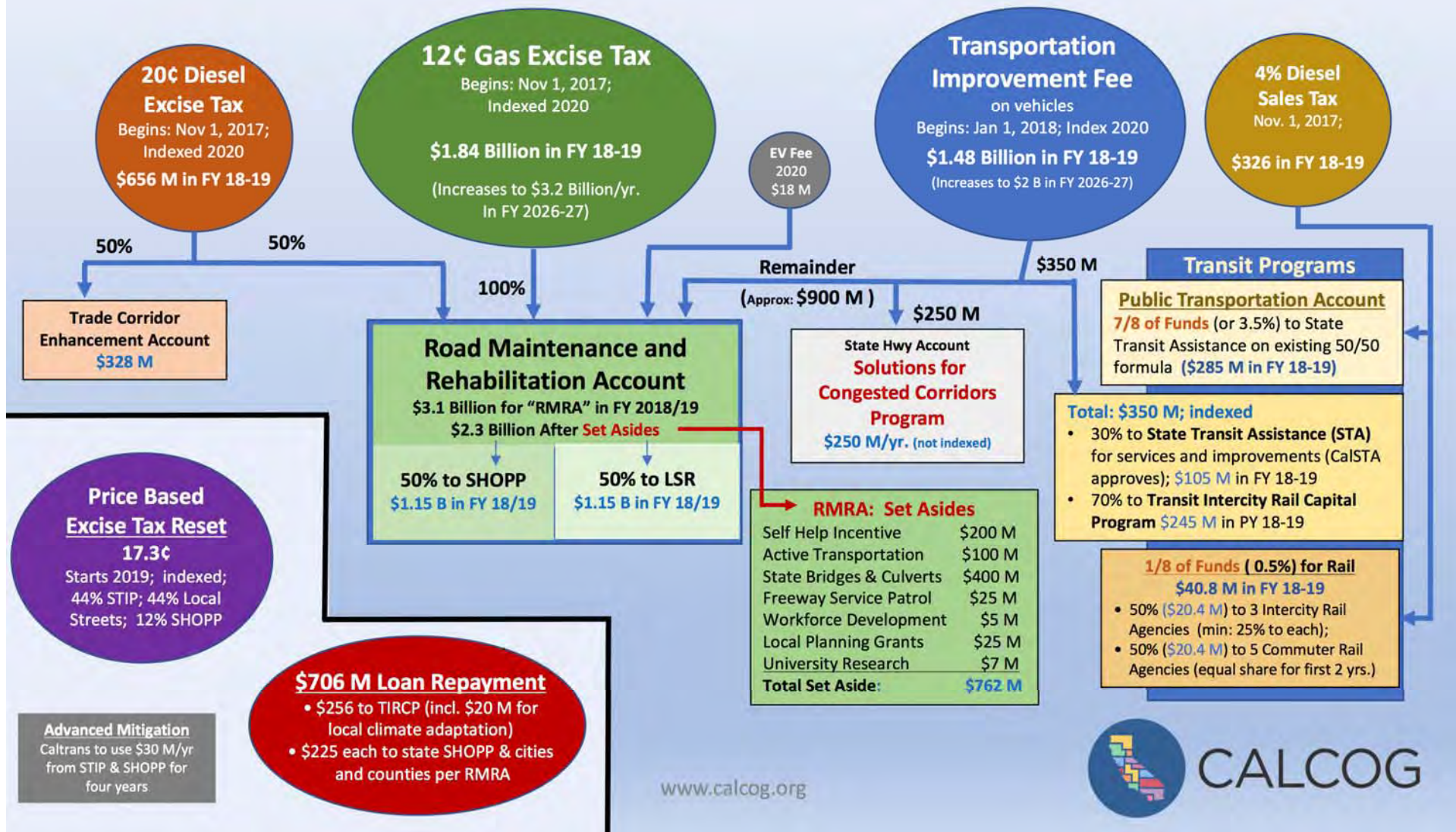
- \$427 million for the Riverside County Transportation Efficiency Corridor for five specific projects, including grade separation projects, bridge widening, an interchange and the State Route 91 Toll Connector to Interstate 15 North.
- \$400 million for the extension of the Altamont Commuter Express to Ceres and Merced from the TIRCP
- \$100 million for the University of California, Merced Campus Parkway Project from the State Highway Account

SB 496 provides that with respect to all contracts for design services entered into after January 1, 2018, indemnity agreements are unenforceable, except under certain circumstances. The bill is similar – though not identical – to SB 885 (Wolk, 2016), which the RTC, CSDA, members of the Central Coast Coalition, the Self-Help Counties Coalition, school districts, and many other public agencies actively opposed last year.

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SB 1: TRANSPORTATION ACCOUNT FLOWS

FY 18-19 is selected because it is the first full year when most of the new revenues are fully implemented. Figures are from from Senate Appropriations Committee Analysis



TO: Regional Transportation Commission Transportation Policy Workshop

FROM: Rachel Moriconi, Senior Transportation Planner

RE: Measure D Allocations to Recipient Agencies

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission (RTC):

1. Review and approve the Master Agreement and guidelines (Attachments 1 and 2) for Measure D formula funds allocated by formula to local cities, the County of Santa Cruz, Santa Cruz Metropolitan Transit District (METRO), and Community Bridges Lift Line; and
 2. Authorize the Executive Director to sign agreements with the recipient agencies.
-

BACKGROUND

Measure D, the transportation ballot measure passed by Santa Cruz County voters on November 8, 2016, provides funding for five categories of projects: neighborhood projects, transportation for seniors and people with disabilities, highway corridors, active transportation, and the rail corridor. The Regional Transportation Commission (RTC) is responsible for implementation and administration of the measure. The Expenditure Plan categories: "Neighborhood Projects" and "Transportation for Seniors and People with Disabilities" include formula funding allocations to local jurisdictions and transit service providers ("recipient agencies") for local efforts related to maintaining and improving local roads, including pavement, bicycle, and pedestrian infrastructure, and transit/paratransit services.

DISCUSSION

Funding Agreements and Guidelines for Formula Funds for Direct Allocations

Measure D funds will be allocated to the cities, the County, Santa Cruz METRO, and Community Bridge/Lift Line on a formula basis, as set forth in the ballot measure. Staff has worked with the RTC's Budget and Administration/Personnel (B&A/P) Committee, the Interagency Technical Advisory Committee (ITAC), recipient agencies, and the RTC's legal counsel to develop funding agreements and guidelines (Attachments 1 and 2) that delineate requirements for Measure D funds that are directly allocated to local jurisdictions and transit providers.

The documents are meant to ensure that funds are spent in accordance with the Measure D Ordinance and Expenditure Plan and ensure that standardized procedures are applied to each recipient of Measure D revenues. They clarify roles

and responsibilities, provide guidance on eligible uses and expenditures of each fund type, outline the obligations of RTC in distributing the funds and the recipient agencies in expending the funds.

The agreement and its implementing guidelines also include funding allocation, payment and expenditure provisions, direct local distribution summary, reporting provisions, and liability and indemnification responsibilities. The documents also require recipients to install or mount signage to inform the public of what projects or services have been funded by Measure D. Staff will be working with recipient agencies over the next few months to develop specific signage designs and specifications, in consideration of signage used for other funding programs and state, federal, and local requirements.

Staff recommends that the RTC approve the Master Agreement and guidelines (Attachment 1 and 2) and authorize the Executive Director to negotiate and sign the agreements with recipient agencies.

Accountability Measures

Measure D includes strong transparency and accountability measures. These include:

- requirements to make information available to the public about projects funded by Measure D,
- involving the community in the decision-making process for how funds will be used each year (through the "5-year Program of Projects" or "5-year plans"),
- tracking how funds were spent (through annual reports and audits),
- a taxpayer oversight committee which reviews the annual expenditures and audits, and
- maintenance of effort requirements that ensure that new revenues are used to supplement and not supplant revenues used for transportation purposes.

Maintenance of Effort

The requirement that has generated the most discussion among recipient agencies has been the "maintenance of effort" requirement. State law requires agencies to demonstrate that new sales tax revenues will be used to enhance and not supplant current investments in the transportation system. The Measure D Ordinance states:

Section 26. MAINTENANCE OF EFFORT. Pursuant to California Public Utilities Code 180001(e), it is the intent of this Ordinance that funds generated by the Transportation Tax be used to supplement and not replace existing revenues used for transportation purposes. Existing funds, revenues and other resources being used for transportation purposes include but are not limited to federal and state funding, the collection of traffic impact mitigation fees, other local impact fees, and dedications of property. The funds generated by the Transportation Tax shall not be used to replace existing transportation funding or to replace requirements for new development to provide for its own transportation needs. The entities receiving Measure Revenues shall maintain their existing commitment of discretionary local transportation-related expenditures for transportation purposes pursuant to this ordinance, and the Authority shall enforce this Section by appropriate actions, including fiscal audits of the local agencies.

The language in the master agreement (Article II.C.3) and guidelines (Section 7) is based on input received from the Interagency Technical Advisory Committee (ITAC) and recipient agencies. The proposed RTC guidelines are a hybrid of policies, procedures, and methods used in other regions to ensure that maintenance of effort requirements are met. They recognize that special one-time revenues from other agencies, fluctuations in general fund revenues, especially during recession and recovery years, and other special circumstances – including massive storm damage, may impact the baseline maintenance of effort amount in some years. Individual agencies will describe how they are meeting this “Maintenance of Effort” requirement on an annual basis, as part of the annual report and 5-year program of projects.

SB 1 also includes strong accountability measures, including a local maintenance of effort requirement. Once guidance is established for SB1, there may be opportunities to combine the maintenance of effort reporting requirements for Measure D with those which agencies will be required to provide to the state.

Performance Measures

Beyond maintenance of revenue commitments, performance measures are often used to show that agencies are using new sales tax revenue to maintain the transportation system and go above and beyond what they did before. Attachment B of the Measure D Guidelines ([Attachment 2](#)) includes a list of performance measures that agencies will use to document the performance and benefits of the projects and programs funded with Measure D funds.

5-Year Program of Projects

As established in the Measure D Ordinance, all entities receiving Measure D funds (including the RTC) are required to develop a five-year program of projects, identifying how each agency plans to use Measure D funds in the upcoming 5 years. The 5-year project list will be updated annually and must be approved following a public hearing.

Starting in 2018 (by December 31) agencies will submit an annual report which includes:

- an updated five-year program of projects,
- a report on prior fiscal year expenditures,
- progress made to improve the transportation system,
- how maintenance of effort requirements have been met to ensure Measure D revenues are supplementing (not supplanting) other revenues, and
- the degree to which Measure D funds were used to secure additional funding from other sources (leveraging other funds).

The Measure D Oversight Committee and annual fiscal audit will review the annual report of expenditures to ensure funds were expended consistent with the requirements of Measure D. A template for the five year project list is included in Attachment A of the guidelines ([Attachment 2](#)). The program of projects approved by each agency will be posted on the RTC’s Measure D website.

Next Steps

Following review and approval by RTC at this meeting, direct recipient agencies are expected to submit the signed master agreement and their five-year program of projects to the RTC by June 30, 2017.

Later this year, staff will be refining 30-year revenue projections and the long term implementation plan. The implementation plan will provide a timeline and projections for delivery and cash flow of regional projects. As set forth in Section 8 of the Measure D Ordinance, the implementation plan will be updated at least every five years, following a public hearing. Purposes of the implementation plan are to provide additional information on the scope, cost, and delivery schedule of each Expenditure Plan project or program, provide updated revenue projections and discuss possible financing tools that may be needed to deliver the Expenditure Plan within the 30 years promised to voters. It will also describe the risks, critical issues and opportunities that the RTC should address to expeditiously deliver the Expenditure Plan, including opportunities for matching funds and proposed bonding or loan programs to accelerate project delivery.

SUMMARY

Measure D includes funds that will be allocated by formula to cities, the County of Santa Cruz, Santa Cruz METRO, and Community Bridges. Each of the Measure D recipient agencies are in the process of developing a five-year program of projects showing how they intend to spend their shares of Measure D revenues. In order to ensure that requirements set forth in the voter-approved Measure D Ordinance are implemented, the recipients will be required to sign a master agreement, which includes guidelines for Measure D formula funds.

Attachments:

1. Draft Master Fund Agreement
2. Draft Guidelines

MEASURE D
MASTER FUNDING AGREEMENT
between the
SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
and the
[INSERT RECIPIENT]

This Master Funding Agreement (“AGREEMENT”), effective the ___ of _____, 2017, is entered into by and between the Santa Cruz County Regional Transportation Commission (“RTC”) and the [Insert Recipient] (“RECIPIENT”).

RECITALS

A. On November 8, 2016, the voters of Santa Cruz County, pursuant to the provisions of the Local Transportation Authority and Improvement Act, California Public Utilities Code, Division 19, Section 180000 et seq. (the “Act”), adopted an ordinance approving the Santa Cruz County Transportation Improvement Plan Measure (“Measure D”), thereby authorizing Santa Cruz County Regional Transportation Commission (“RTC”) to administer the proceeds from a retail transaction and use tax of one-half of one-percent (0.5%).

B. The duration of the Measure D sales tax will be 30 years from the initial date of collection, which is April 1, 2017, with said tax to terminate/expire on March 31, 2047. The tax proceeds will be used to pay for the programs and projects outlined in the Measure D Expenditure Plan and Ordinance, as it may be amended.

C. The Measure D Ordinance authorizes the RTC to allocate, administer, and oversee the expenditure of all Measure D revenues and to distribute revenues no less than quarterly to local jurisdictions, Santa Cruz Metropolitan Transit District (METRO), and the Consolidated Transportation Service Agency (CTSA): Community Bridges Lift Line, consistent with the formulas and provisions set forth in the Expenditure Plan;

D. This Agreement delineates the requirements of the Measure D funds that are directly allocated to local jurisdictions, METRO and Community Bridges, as authorized by the Measure D Expenditure Plan. Funds for projects identified in the expenditure plan to be funded from the highway corridors, rail corridor, and/or Monterey Bay Sanctuary Scenic Trail (Coastal Rail Trail) categories are not the subject of this AGREEMENT, and RECIPIENT will be required to enter into a separate agreement for any funds from those investment categories.

E. This AGREEMENT was approved by the governing body of the RTC on _____, 2017.

NOW, THEREFORE, it is mutually agreed by and between the parties as follows:

ARTICLE I: FUNDING ALLOCATIONS

1. This AGREEMENT authorizes the RTC to allocate the direct allocation funds derived from Measure D receipts as described in the voter-approved Ordinance and Expenditure Plan for the following:

- Neighborhood Projects: Direct Allocation to Cities and County
- Transportation for Seniors and People with Disabilities: Direct Allocation to Service Providers

2. All Measure D distributions pursuant to this AGREEMENT shall be effective as of July 1, 2017.

A. Neighborhood Projects Program: Direct Allocation to Local Jurisdictions

1. Consistent with the Measure D Expenditure Plan, RTC will distribute Measure D Neighborhood Projects direct allocation funds at least quarterly to incorporated cities and the County of Santa Cruz pursuant to a formula weighted based on each jurisdiction's proportional share of the countywide population (29%), lane miles of roadway (39%) and site in Santa Cruz County where revenue from the Measure D transaction and use tax is generated (32%). RECIPIENT's allocations are subject to change based on variations in annual population, road mile, and tax site generation figures. Data will be updated each year based on the latest available data.

2. The *Measure D: Guidelines for Direct Allocations* ("Guidelines") provide program eligibility and fund usage guidelines, definitions, additional requirements, and guideline adoption details. Said guidelines are hereby incorporated into this AGREEMENT by reference.

3. Neighborhood Projects to be funded with Measure Revenues may include: fixing potholes, local roadway repairs, rehabilitation, reconstruction and intersection improvements; new and improved sidewalks, crosswalks and bicycle lanes and paths, especially near schools; and other transportation projects as necessary for the benefit of residents in those jurisdictions. The County of Santa Cruz and the cities of Capitola, Santa Cruz, Scotts Valley and Watsonville, who are best able to determine their current and future local transportation needs, shall each prepare an annual report through a public process, in accordance with the requirements of this AGREEMENT, to identify how they plan to spend their share of measure funds and how measure funds were spent in the prior year.

B. Transportation for Seniors and People with Disabilities Program: Direct Allocation to METRO and Community Bridges

1. RTC will distribute Measure D direct allocation funds pursuant to set percentages detailed in the Measure D Expenditure Plan.

2. As noted in the Measure D Expenditure Plan: 16% of net Measure Revenues will be distributed to Santa Cruz Metropolitan Transit District (METRO) to provide transit and paratransit service for Seniors and people with disabilities. 4% of net Measure Revenues will be allocated to the Consolidated Transportation Services Agency for Santa Cruz County (Community Bridges-Lift Line) for paratransit service. Paratransit works with social service agencies to increase transportation options for Seniors, individuals with disabilities, and persons with low incomes.

3. The *Measure D: Guidelines for Direct Allocations* ("Guidelines") provide program eligibility and fund usage guidelines, definitions, additional requirements, and guideline adoption details. Said guidelines are hereby incorporated into this AGREEMENT by reference.

ARTICLE II: PAYMENTS AND EXPENDITURES

A. RTC'S DUTIES AND OBLIGATIONS

1. Within thirty working days of actual receipt of the Measure D sales tax revenues from the State Board of Equalization ("BOE") RTC shall remit to the RECIPIENT its designated amount of available direct allocation funds. Funds shall be disbursed on a no less than quarterly basis by the formulas described in Article I Section A or B, as applicable, above. As noted in the Measure D Expenditure Plan: distribution percentages are net after costs required for administration, implementation and oversight of the measure, including RTC administrative salaries and benefits (*limited to 1% of total measure*

revenues), annual independent fiscal audits, reports to the public, preparation and implementation of state-mandated reports, oversight committee, Board of Equalization fees, and other administration, implementation and oversight responsibilities as may be necessary to administer and implement the Ordinance and the Expenditure Plan. These costs are estimated in the RTC's annual budget.

2. RTC shall annually update the Measure D fund revenue projections and the resulting fund allocation formulas to reflect the most current data available. RTC shall use the updated Measure D program allocation formulas in the allocations beginning July 1 of each new fiscal year, which is from July 1 to June 30.

3. RTC shall report quarterly to the public the amount of Measure D revenues distributed to RECIPIENT quarterly and for the fiscal year.

4. RTC shall provide for an independent annual audit of its financial statements including revenues and expenditures and also of its calculation of the allocation formula for distributing Measure D revenues to various recipients and render an annual report to the RTC within 180 days following the close of the fiscal year. The RTC may consider extensions to this deadline on a case-by-case basis.

5. RTC shall provide at least 45 days' notice to RECIPIENT prior to conducting an audit of expenditures made by RECIPIENT to ensure that expenditures are in compliance with this AGREEMENT and the Measure D Ordinance and Expenditure Plan.

B. RECIPIENT'S DUTIES AND OBLIGATIONS

1. RECIPIENT shall expend all Measure D funds received in compliance with applicable policies, guidelines and plans, including the Guidelines, the Measure D Ordinance, Expenditure Plan, 30-year Implementation Plan, and consistency with the Regional Transportation Plan and performance measures, as they may be adopted or amended by RTC from time to time.

2. RECIPIENT shall set up and maintain an appropriate system of accounts to report on Measure D funds received. RECIPIENT must account for Measure D funds, including any interest received or accrued, separately for each program, and from any other funds received from the RTC. The accounting system shall provide adequate internal controls and audit trails to facilitate an annual compliance audit for Measure D funds and the respective usage and application of said funds. RTC and its representatives, agents and nominees shall have the absolute right at any reasonable time to inspect and copy any accounting records related to such funds, except to the extent specifically prohibited by applicable law.

3. RECIPIENT shall expend Measure D allocations as quickly as possible for cost-effective eligible projects, but may reserve annual allocations for a maximum of no more than five fiscal years for larger projects that are identified in the Five-Year Program of Projects. If funds are not obligated and expended within five years, funds may be redirected after sixty (60) days of the end of the fifth fiscal year, at RTC's discretion, to other Measure D recipient agencies for projects that can be immediately implemented, unless a corrective action plan has been submitted to and approved by the RTC, an exception due to extenuating circumstances has been approved by the RTC board, or a "cooperative fund agreement" (*described in Section II.C*) has been approved by the RTC.

4. RECIPIENT hereby agrees to and accepts the formulas used in the allocation of Measure D revenues as reflected in the voter-approved Measure D Ordinance and Expenditure Plan, as it may be amended as provided therein, and agrees to accept the annual update of the sales tax allocation formulas, as reported by the RTC in its annual budget.

5. RECIPIENT hereby agrees that prior to commencement of any specific project or activity which will be funded with Measure D revenues, requirements of the California Environmental Quality Act (CEQA) and/or the National Environmental Policy Act (NEPA) shall be met, if applicable. The RTC shall not be the lead agency for any project or activity undertaken by RECIPIENT using Measure D revenues.

6. RECIPIENT hereby agrees to actively work to leverage or secure matching outside funding sources. Any additional Measure D revenues made available through their replacement by matching funds will be spent based on the principles outlined for fund allocations described in the Ordinance and Expenditure Plan.

C. OTHER EXPENDITURE CONDITIONS AND RESTRICTIONS

1. **Transportation Purposes Only:** RECIPIENT shall use all Measure D funds solely for transportation purposes as defined by the authorizing ballot measure. If RECIPIENT violates this provision, all further allocations shall be suspended until RECIPIENT fully reimburses all misspent funds, including all interest which would have been earned thereon. If RECIPIENT does not reimburse misspent funds, further allocations will be redistributed to other projects in the Neighborhood Projects or Transit categories of Measure D.

2. **Interest Earnings:** As set forth in the Measure D Ordinance, agencies implementing the Expenditure Plan projects may accumulate revenue over multiple years so that sufficient funding is available for larger and long-term projects. Any interest income earned on funds allocated pursuant to the Measure D ordinance or this AGREEMENT shall be expended only for the purposes for which the funds were allocated.

- a. Interest earnings on must be spent on the eligible uses defined in the Measure D Expenditure Plan, Ordinance, and “Guidelines.”
- b. Beginning in FY 18/19, each recipient agency shall estimate annual interest earnings and reflect these earnings in their 5-Year Program of Projects.
- c. The expenditure of interest earnings according to this policy will be included in the annual audit required by the Measure D Ordinance.

3. **Maintenance of Effort/Non-Substitution of Funds:** Pursuant to California Public Utilities Code Section 180001(e), RECIPIENT shall use Measure D funds to supplement and not replace existing local revenues used for transportation purposes. Measure D revenues also shall not be used to replace revenues used for existing agency indirect costs or overhead. As set forth in the Measure D Ordinance: Existing funds, revenues and other resources being used for transportation purposes include but are not limited to federal and state funding, the collection of traffic impact mitigation fees, other local impact fees, and dedications of property. The funds generated by the Transportation Tax shall not be used to replace existing transportation funding or to replace requirements for new development to provide for its own transportation needs. The entities receiving Measure D Revenues shall maintain their existing commitment of discretionary local transportation-related expenditures for transportation purposes pursuant to the ordinance, and the RTC shall enforce this requirement by appropriate actions, including fiscal audits of the local agencies. RECIPIENTS shall report on their compliance in the annual report. The *Measure D: Guidelines for Direct Allocations* (“Guidelines”) provide additional guidance.

4. **Cooperative Fund Agreements:** To maximize the effective use of funds, revenues may be transferred or exchanged between or among jurisdictions receiving funds from this measure. Jurisdictions receiving funds may, by annual or multi-year agreement, exchange funds provided that the percentage of funds allocated as provided in the Expenditure Plan is maintained over the duration of the period of time the tax is imposed. Agreements to exchange funds, including fund repayment provisions, must be approved by the RTC and shall be consistent with all rules adopted or approved by the RTC relating to

such exchanges. Subject to concurrence of RECIPIENT, the RTC may exchange Measure D revenues for State or federal funds allocated or granted to any public agency within or outside the area or jurisdiction of the RTC to maximize effectiveness in the use of the Measure D revenues. Such federal or State funds shall be distributed in the same manner as Measure D revenues. The RTC shall maintain for public review an accounting of all balances that are subject to cooperative agreements approved pursuant to this section.

5. **Staff Cost Limitations:** Direct costs associated with the delivery of programs and projects associated with Measure D programs, including direct staff costs and consultant costs, are eligible uses of Measure D funds. The intent of the measure is to expand and improve the transportation network through the construction, maintenance and operation of transportation projects and services. RTC does not allow indirect costs, unless the RECIPIENT submits an independently audited/approved Indirect Cost Allocation Plan (ICAP). This may include, but not be limited to, the ICAP prepared for other state or federal programs.

ARTICLE III: REPORTING REQUIREMENTS

A. REQUIREMENTS AND WITHHOLDING

1. RECIPIENT shall comply with each of the reporting requirements set forth below. If RECIPIENT fails to comply with one or more of these requirements, RTC may withhold payment of further Measure D funds to RECIPIENT until full compliance is achieved.

2. RECIPIENT shall, by December 31st of each year, submit to RTC separate independently audited financial statements for the prior fiscal year ending June 30 of Measure D funds received and used. The RTC may consider extensions of the due date on a case-by-case basis. The audit, which shall be made available to the public, shall report on evidence that the expenditure of funds is in accordance with the Expenditure Plan adopted by the voters. The RTC will prepare a publicly available annual report on past and upcoming activities and publish an annual financial statement on the RTC website.

3. RECIPIENT shall actively conduct public outreach, in partnership with RTC and/or its advisory committees, as a means of ensuring that the public has the ability to access information about which projects and programs are funded with Measure D funds.

4. RECIPIENT shall, by December 31st of each year, submit to RTC an annual report (covering the prior fiscal year) regarding programs and projects on which RECIPIENT expended Measure D funds. The RECIPIENT agency board shall annually adopt the annual report, after holding a public hearing. The annual report shall include 1) a five-year program of projects including information about each of the projects to be funded with Measure D revenues. RECIPIENT shall submit the program of projects to the RTC in a format that can be easily understood by members of the public; and 2) Description of expenditures of Measure Revenues from the most recently completed fiscal year. Some agencies may adopt the five-year program of projects as part of their annual budget, capital improvement programs, or other process earlier in the year, but must submit the list no later than December 31.

5. RECIPIENT shall document expenditure activities and report on the performance of Measure D funded activities through the annual report process, or through other RTC performance and reporting processes as they may be requested, including but not limited to the annual Five-Year Program of Projects, planning and monitoring reports. The RTC shall utilize information from RECIPIENT on expenditures to prepare a comprehensive report to the public on the expenditure of Measure D revenues.

6. RECIPIENT shall install or mount signage adjacent to Measure D funded construction projects and/or on vehicles funded with Measure D funds where practical, so Santa Cruz County taxpayers are

informed as to how RECIPIENT is using Measure D funds. See separate “*Measure D: Sign Specifications*” [under development] for additional signage guidance.

7. RECIPIENT shall provide current and accurate information on RECIPIENT’s website, to inform the public about how RECIPIENT plans to use and is using Measure D funds. RECIPIENT shall notify RTC staff once the draft 5-year program of projects is available for public review and at least two weeks in advance of the anticipated date of the public hearing and board action on the annual 5-Year Program of Projects.

8. RECIPIENT shall, at least annually, publish an article highlighting a project or program funded by Measure D funds. This could be in a local newspaper, agency newsletters, or via internet-based platforms, including but not limited to blogs, websites, and social media sites.

9. RECIPIENT shall make its administrative officer or designated staff available upon request to render a report or answer any and all inquiries in regard to RECIPIENT’s receipt, usage, and/or compliance audit findings regarding Measure D funds before the RTC and/or the Independent Oversight Committee or RTC advisory committees, as applicable.

10. RECIPIENT agrees that RTC may review and/or evaluate all project(s) or program(s) funded pursuant to this AGREEMENT. This may include visits by representatives, agents or nominees of RTC to observe RECIPIENT’s project or program operations, to review project or program data and financial records, and to discuss the project with RECIPIENT’s staff or governing board.

ARTICLE IV: OTHER PROVISIONS

A. INDEMNITY BY RECIPIENT

1. Neither RTC, nor its governing body, elected officials, any officer, consultant, agent, or employee thereof shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by RECIPIENT in connection with the Measure D funds distributed to RECIPIENT pursuant to this AGREEMENT. It is also understood and agreed, pursuant to Government Code Section 895.4, RECIPIENT shall fully defend, indemnify and hold harmless RTC, its governing body, and all its officers, agents, and employees, from any claims or liability imposed on RTC for injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by RECIPIENT in connection with the Measure D funds distributed to RECIPIENT pursuant to this AGREEMENT.

B. INDEMNITY BY RTC

1. Neither RECIPIENT, nor its governing body, elected officials, any officer, consultant, agent, or employee thereof shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by RTC under or in connection with any work, authority or jurisdiction delegated to RTC under this AGREEMENT. It is also understood and agreed, pursuant to Government Code Section 895.4, RTC shall fully defend, indemnify, and hold harmless RECIPIENT, and its governing body, elected officials, all its officers, agents, and employees from any claims or liability imposed on RECIPIENT for injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by RTC under or in connection with any work, authority or jurisdiction delegated to RTC under this AGREEMENT.

C. JURISDICTION AND VENUE

1. The laws of the State of California will govern the validity of this AGREEMENT, its interpretation and performance, and any other claims to which it relates. All legal actions arising out of this AGREEMENT shall be brought in a court of competent jurisdiction in Santa Cruz County, California and the parties hereto hereby waive inconvenience of forum as an objection or defense to such venue.

D. TERM

1. The term of this AGREEMENT shall be from April 1, 2017 to June 30, 2022, unless amended in writing or a new Master Funding Agreement is executed between RTC and RECIPIENT for Measure D revenues.

E. SEVERABILITY

1. If any provision of this AGREEMENT is found by a court of competent jurisdiction or, if applicable, an arbitrator, to be unenforceable, such provision shall not affect the other provisions of the AGREEMENT, but such unenforceable provisions shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth in this AGREEMENT.

F. MODIFICATION

1. This AGREEMENT, as well as the referenced Guidelines, Measure D Ordinance and Expenditure Plan, constitutes the entire AGREEMENT, supersedes all prior written or oral understandings regarding Measure D program funds (but not project funding agreements). This AGREEMENT may only be changed by a written amendment executed by both parties. Notwithstanding the foregoing, the Guidelines, performance measures, and other policies related to Measure D funds may be changed from time to time by the RTC, and any such changes shall be incorporated herein to the same extent as the underlying policy so amended.

IN WITNESS WHEREOF, the parties have executed this AGREEMENT by their duly authorized officers as of the date first written below.

ENTER NAME (RECIPIENT)

**SANTA CRUZ COUNTY REGIONAL
TRANSPORTATION COMMISSION (RTC)**

Name Date
Title

George Dondero Date
Executive Director

Approved as to Form:

Approved as to Form:

By: _____
Name Date

By: _____
Legal Counsel to SCCRTC Date

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DRAFT

Measure D: Guidelines for Direct Allocations for Neighborhood Projects and Transportation for Seniors and People with Disabilities

Section 1. Purpose

- A. To specify the eligible uses of and requirements for funds authorized under Measure D (2016) that local jurisdictions, Santa Cruz Metropolitan Transit District (METRO), and the Consolidated Transportation Services Agency (CTSA) for Santa Cruz County: Community Bridges Lift Line must follow in their use of Measure D funds authorized under the “Neighborhood Projects” and “Transportation for Seniors and People with Disabilities” categories. These guidelines are incorporated by reference into the *Measure D Master Funding Agreement*. Additional terms and conditions are contained in the agreements themselves, the Measure D Ordinance and Expenditure Plan. The intent of these guidelines is to:
1. Provide guidance on eligible uses and expenditures of Measure D “Neighborhood Projects” and “Transportation for Seniors and People with Disabilities” direct allocation funds.
 2. Guide implementation of the Measure D Ordinance and Expenditure Plan, as it relates to these direct allocations.
- B. These guidelines only apply to the ongoing formula allocations of net revenues to cities, the County of Santa Cruz, and transit/paratransit operators (RECIPIENTS) pursuant to Measure D and the Expenditure Plan associated therewith. Separate Guidelines apply to “Neighborhood Projects” investments which are allocated specific dollar amounts (Highway 9 Corridor in San Lorenzo Valley and Highway 17 Wildlife Crossing) and other Measure D investments categories (Highway Corridors, Active Transportation, and Rail Corridor).

Section 2. Authority

- A. The Santa Cruz County Regional Transportation Commission (RTC) is responsible for implementation of Measure D. These guidelines, adopted by the RTC board, set forth eligible uses and expenditures of Measure D revenues designated to the “Neighborhood Projects” and “Transportation for Seniors and People with Disabilities” categories. The RTC may update these guidelines on an as-needed basis, effective upon approval of the RTC board, and will do so with involvement of Measure D revenue recipients, and the RTC’s technical, bicycle, and elderly/disabled advisory committees, as applicable. Exceptions to these guidelines must be requested in writing and be approved by the RTC board.

Section 3. Background

- A. On November 8, 2016, voters approved the 2016 Santa Cruz County Transportation Improvement Plan - Expenditure Plan: Measure D, which allocates 30% of net Measure D revenues to a “Neighborhood Projects” program and 20% to a “Transportation for Seniors and People with Disabilities” program. Section 5 of these guidelines clarifies eligible fund uses and expenditures in association with these Direct Allocation funds (also referred to as formula funds, direct distributions, direct allocations).
- B. **Neighborhood Projects – Direct Allocation to Cities and County:** As set forth in the voter- approved Expenditure Plan, all but \$15 million (total over 30 years) of funds allocated to Neighborhood Projects (30% of net Measure D revenues) will be distributed to the cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville and the County of Santa Cruz for eligible transportation projects based on the formula set forth in the Measure D Expenditure Plan.
- C. **Transportation for Seniors and People with Disabilities:** Direct Allocation to Service Providers funds will be distributed as follows:

1. 16% of net Measure D Revenues will be distributed to Santa Cruz Metropolitan Transit District (METRO) to provide transit and paratransit service for seniors and people with disabilities.
 2. 4% of net Measure D Revenues will be allocated to Community Bridges Lift Line, as the Consolidated Transportation Services Agency (CTSA) for Santa Cruz County for paratransit services that increase transportation options for seniors, individuals with disabilities, and persons with low incomes.
- D. In the event that any agency that is designated to receive direct allocation funds through the Expenditure Plan is dissolved, the RTC may redistribute funds based on the same formulas minus the dissolved agency. New or successor entities that come into existence in Santa Cruz County during the life of the Expenditure Plan, such as incorporation of a new city, merging of agencies, or designation of a new agency as the county Consolidated Transportation Services Agency or transit agency, may be considered as eligible recipients of funds through the amendment process as set forth in the Ordinance.

Section 4. Definition of Terms

- A. **Authority/RTC:** The Santa Cruz County Regional Transportation Commission (RTC) is the state-designated regional transportation planning agency and is the Local Transportation Authority (Authority) for Santa Cruz County which performs long-range planning and funding for countywide transportation projects and programs, and administers the Measure D half-cent transportation sales tax programs, approved by voters on November 8, 2016.
- B. **Capital project:** A capital investment that typically requires the following phases: planning/feasibility, scoping, environmental clearance, design, right-of-way, construction, and completion.
- C. **Complete Street:** A transportation facility that is planned, designed, operated, and maintained to provide safe mobility for all users, including bicyclists, pedestrians, transit vehicles, truckers, and motorists, appropriate to the function and context of the facility. Complete street concepts apply to rural, suburban, and urban areas. (Caltrans definition)
- D. **Complete Streets Act of 2008:** The California Complete Streets Act (Assembly Bill 1358) was signed into law in September 2008. It requires that local jurisdictions modify their general plans as follows:
1. Commencing January 1, 2011, upon any substantial revision of the circulation element, the legislative body shall modify the circulation element to plan for a balanced, multimodal transportation network that meets the needs of all users of the streets, roads, and highways for safe and convenient travel in a manner that is suitable to the rural, suburban, or urban context of the general plan.
 2. For the purposes of this paragraph, “users of streets, roads, and highways” means bicyclists, children, persons with disabilities, motorists, movers of commercial goods, pedestrians, skaters, users of public transportation, seniors, and other users of transportation facilities.
- E. **Cost Allocation Plans (CAPs):** CAPs and indirect cost (IDC) rate proposals are plans that provide a systematic manner to identify, accumulate, and distribute allowable direct and indirect costs to programs funded through the RTC Master Funding Agreements.
- F. **Direct cost (DC):** A cost completely attributed to the provision of a service, operations, a program, a capital cost, or a product. These costs include documented hourly project staff labor charges (salaries, wages, and benefits) that are directly and solely related to the implementation of Measure D-funded projects, consultants, contractors, and materials. These funds may be used for travel or training if they are directly related to the implementation of the “Neighborhood Projects” and “Transportation for

Seniors and People with Disabilities” funds.

- G. **Direct Local Allocation (or Distribution) Funds:** Funds allocated based upon a funding formula defined in a voter approved measure and allocated to eligible agencies on a regularly schedule basis (no less than quarterly).
- H. **Education and promotion:** Marketing, education, information, outreach, and promotional campaigns and programs funded by Measure D.
- I. **Environmental documents:** Preparation of environmental documents, such as those related to the California Environmental Quality Act (CEQA) and/or the National Environmental Policy Act (NEPA), or permits required by state or federal permitting agencies.
- J. **Equipment and vehicles:** Purchase or lease of vehicles and equipment for Measure D-funded transportation services, information dissemination, fare collection, maintenance, etc.
- K. **Grants:** Funding for plans, programs, or projects based on a competitive call for projects; evaluated based on applicable evaluation criteria; and allocated based on a reimbursement basis.
- L. **Indirect cost:** Also known as “overhead,” any cost of doing business other than direct costs. These costs include utilities, rent, administrative staff, officers’ salaries, accounting department costs, and personnel department costs, which are requisite for general operation of the organization but are not directly allocable to a particular service or product.
- M. **Maintenance:** Repairs, renovation, or upgrade of existing facility or infrastructure.
- N. **Net Measure D Revenues:** The net amount of Measure D sales tax revenues remaining after costs required for administration, implementation and oversight of the measure. These expenses include annual independent fiscal audits, reports to the public, preparation and implementation of state-mandated reports, oversight committee, and other administration, implementation and oversight responsibilities as may be necessary to administer and implement the Ordinance and the Expenditure Plan. Net revenues are distributed by formula to the investment categories identified in the Expenditure Plan.
- O. **Operations:** Provision of services that operate transportation facilities and programs. Operations costs do not include the costs to operate community outreach or other programs not directly related to a specific transportation service, program, or product.
- P. **Pedestrian crossing improvements:** Pedestrian crossing improvements such as crosswalks, roadway/geometric changes, or reconfiguration specifically benefiting pedestrians.
- Q. **Planning:** Identification of project and program current conditions and needs and development of strategies and plans to address the identified needs.
- R. **Project completion/closeout:** Inspection/project acceptance, final invoicing, final reporting, and the processes for closing out a project.
- S. **Recipient:** Agencies receiving direct allocations of funds from the “Neighborhood Projects” and “Transportation for Seniors and People with Disabilities” Expenditure Plan categories.
- T. **Scoping and project feasibility:** Early capital project phases that identify project needs, costs, and implementation feasibility.
- U. **Sidewalks and ramps:** New sidewalks, sidewalk maintenance, curb ramps, and stairs/ramps for

pedestrian and Americans with Disabilities Act access.

- V. **Signage:** Warning, regulatory, wayfinding, or informational signage.
- W. **Signals:** New traffic signals or crossing signals, signal upgrades, countdown signals, audible signals, or signal timing improvements.
- X. **Street resurfacing and maintenance:** Repaving and resurfacing of on-street surfaces, including striping.
- Y. **Traffic calming:** Infrastructure primarily aimed at slowing down motor vehicle traffic.

Section 5. Fund Allocations

A. “Neighborhood Projects” Direct Allocation Funds

1. *General:* RTC distributes Measure D “Neighborhood Projects” funds to incorporated cities in the county and to the County of Santa Cruz to be spent on transportation capital improvements intended to directly maintain and improve the multimodal local streets and roads network in Santa Cruz County. Each city and Santa Cruz County will receive their proportional share (which share shall be adjusted annually as described in the Master Funding Agreement) of the direct allocation Neighborhood Projects funds based on the formula specified in the Measure D Expenditure Plan, as it may be amended from time to time as provided therein. These funds are allocated on a no less than quarterly basis directly to each city and the County. Recipient agencies must place all such funds in a separate account for the Measure D program and will require annual audits. Agencies will maintain all interest accrued from the Measure D funds within the program.
2. *Formula:* Neighborhood Project Funds to cities and the County of Santa Cruz shall be distributed by the following formula: Proportional share of the countywide population (29%), lane miles of roadway (39%) and site where the Measure Revenue from the transaction and use tax is generated (32%). Population, road mile, and tax site generation figures will be updated each year based on the latest available data.
3. *Eligible Project Types:* These funds may be used for any local transportation need based on local priorities identified in the recipient agency’s annually updated 5-Year Program of Projects. Neighborhood Projects to be funded with Measure D revenues may include the items below under Eligible Uses (5) which are determined as necessary for the benefit of residents in those jurisdictions and approved through a public process by the jurisdiction.
4. The County of Santa Cruz and the cities of Capitola, Santa Cruz, Scotts Valley and Watsonville, who are best able to determine their local transportation needs, shall each prepare an annual report through a public process to identify how they plan to spend their share of measure funds in the next five years and how measure funds were spent in the prior year.
5. *Eligible Uses:* The Measure D “Neighborhood Projects” funds allocated to cities and the County of Santa Cruz may be used for capital projects, programs, maintenance, and operations that directly improve local streets and roads and local transportation. These include streets and roads projects, local transit projects, bicycle and pedestrian projects, projects (sponsored by others) that require local agency support, and other transportation projects, as approved through a public process by the jurisdiction. Where applicable, projects will also incorporate complete streets practices that make local roads safe for all modes, including bicyclists and pedestrians, and

accommodate transit. Eligible uses for these funds include, but are not necessarily limited to:

a. Capital projects, including:

- i. All phases of capital projects, including feasibility studies, planning, environmental, right-of-way acquisition, construction, construction management
- ii. Transportation infrastructure maintenance and preservation including fixing potholes, repaving, resurfacing, rehabilitation, and reconstruction of local streets, roads, pathways, and maintenance of curbs, gutters and drains.
- iii. Intersection improvements, including signals, turn lanes, etc.
- iv. Signage and striping on roadways, including crosswalks, traffic and bicycle lanes
- v. Improvements or upgrades to transportation bridges and tunnels
- vi. Installation of or upgrades to sidewalks and curb ramps
- vii. Americans with Disabilities Act (ADA) on-street improvements, including sidewalk upgrades and curb ramp installations
- viii. Purchase or lease of equipment or new vehicles dedicated for local streets and roads projects
- ix. Crossing projects including traffic signals, signage, traffic lights, and striping (at intersections, interchanges, railroads, freeways, etc.), including bicyclist and pedestrian treatments
- x. Pedestrian facility installation and maintenance, including sidewalk repair and installation, curb ramps, countdown signals, accessible signals, at-grade crossings
- xi. Bicycle facility installation and maintenance, including bikeways, bicycle routes, boulevards, lanes, multi-use pathways, green lanes, sharrows, bicycle boxes
- xii. Improvements to roadways at rail crossings, including grade separations and safety protection devices
- xiii. Pedestrian and bicycle access to, from and at transit facilities
- xiv. Traffic calming projects
- xv. Upgrades to or installation of new local streets and roads infrastructure including installation of streets, roads, and highways
- xvi. Bus stop improvements, including bus pads, turnouts and striping
- xvii. Improvements to roadways for truck or transit routing.

b. Transportation system operations including:

- i. Operations of traffic signal system controls and interconnections, corridor monitoring and management, signal synchronization and transit prioritization.
- ii. Public transit operations including bus, shuttle, rail, and paratransit services

- iii. Safe routes to schools programs.
 - c. Direct staff and consultant costs that support eligible activities, including the annual report and audit for Measure D revenues.
 - d. Direct staff training costs directly related to implementation of projects or programs implemented with the Measure D “Neighborhood Projects” Funds.
 - 6. *Ineligible Uses:* The following is a list of ineligible uses of Measure D “Neighborhood Projects” funds:
 - a. Non-transportation projects such as fees charged to capital construction projects for services or amenities not related to transportation;
 - b. Capital projects, programs, maintenance, operations, or purchases that do not directly improve local transportation facilities;
 - c. Projects or programs that exclusively serve city/county staff;
 - d. Supplanting existing funds designated for transportation programs and projects;
 - e. Indirect costs, unless the RECIPIENT submits an independently audited/approved Indirect Cost Allocation Plan and Measure D funds are not supplanting other funds used to cover existing overhead and indirect costs. Indirect costs shall only be applied to direct agency staff costs.
 - f. Mark-up to costs for services, materials, equipment, contracts, etc.
- B. “Transportation for Seniors and People with Disabilities” Funds
1. *General:* RTC distributes Measure D “Transportation for Seniors and People with Disabilities” funds to Santa Cruz METRO and CTSA to be spent on transportation capital improvements, services, and operations that provide transportation services to seniors or people with disabilities, with the intent to maximize the number of rides provided. METRO and CTSA will receive direct allocations of net Measure D funds based on the formulas specified in the Measure D Expenditure Plan, as it may be amended from time to time as provided therein. These funds are allocated on a no less than quarterly basis directly to each service provider. Recipient agencies must place these funds in a separate account for the Measure D program and annual audits are required. Agencies will maintain all interest accrued from the Measure D funds within the program.
 2. *Formulas and Purpose:* As described in the voter-approved Measure D Expenditure Plan:
 - a. 16% of net Measure Revenues will be distributed to Santa Cruz Metropolitan Transit District (METRO) to provide transit and paratransit service for seniors and people with disabilities.
 - b. 4% of net Measure Revenues will be allocated to the Consolidated Transportation Services Agency (CTSA) for Santa Cruz County, Community Bridges Lift Line, for paratransit services that increase transportation options for seniors, individuals with disabilities, and persons with low incomes.
 3. The METRO and CTSA are best able to determine their transportation needs, shall each prepare a five-year plan through a public process to identify how they plan to spend their share of

measure funds in the next five years and an annual report detailing how measure funds were spent in the prior year. Reports prepared by the CTSA are subject to review and concurrence from the RTC's Elderly and Disabled Transportation Advisory Committee (E&D TAC).

4. *Eligible Uses:* The Measure D funds allocated to Santa Cruz Metropolitan Transit District (METRO) and Community Bridges Lift Line (CTSA) may be used for capital projects, programs, maintenance, or operations that directly improve transportation for seniors and people with disabilities. Eligible uses for these funds include, but are not necessarily limited to:
 - a. Capital projects, including:
 - i. All phases of capital projects, including feasibility studies, planning, environmental, right-of-way acquisition, construction, construction management
 - ii. Upgrades to or expansions to bus, paratransit, and shuttle infrastructure
 - iii. Purchase or lease of equipment or new vehicles for transit services
 - b. Maintain or increase METRO public transit and paratransit system operations and services, including express, local, and feeder buses, shuttles, and paratransit services that serve seniors and people with disabilities
 - c. Maintain or increase Paratransit services operated by the CTSA.
 - d. Safety or security improvements for operators, passengers, service users, facilities, and infrastructure or property.
 - e. Direct staff and consultant costs to develop, plan, implement, manage, operate and maintain transit and paratransit projects and programs that serve seniors and people with disabilities.
 - f. Direct staff and consultant costs to provide customer service and outreach for transit and paratransit projects and programs
 - g. Direct staff and consultant costs that support eligible activities, including the annual report and audit for Measure D revenues
 - h. Direct staff training costs directly related to implementation of projects or programs implemented with the Measure D "Transportation for Seniors and People with Disabilities" funds
5. *Ineligible Uses:* The following is a list of ineligible uses of Measure D "Transportation for Seniors and People with Disabilities" funds:
 - a. Non-transportation projects such as fees charged to capital construction projects for services or amenities not related to transportation;
 - b. Capital projects, programs, maintenance, or operations that do not directly improve local transit or paratransit facilities or services;
 - c. Projects or programs that exclusively serve recipient agency staff;
 - d. Supplanting existing funds designated for transportation programs and projects;
 - e. Indirect costs, unless the RECIPIENT submits an independently audited/approved Indirect

Cost Allocation Plan and Measure D funds are not supplanting other funds used to cover existing overhead and indirect costs.

- C. **Approval of Projects/Program – The 5-Year Program of Projects:** Prior to the agency expending the Measure D funding on any projects or programs, all projects and programs that use Measure D “Neighborhood Projects” and “Transportation for Seniors and People with Disabilities” direct allocation funds must be approved by the recipient-agency governing board following a public hearing. This approval allows the opportunity for the public to provide input on planning for Measure D-funded projects. These projects and programs must be included in the Five Year Program of Projects. Project sponsors are encouraged to use the Five Year Program of Projects template included as Attachment A. In the case of the CTSA, the 5-Year Program of Projects must be reviewed by the RTC’s Elderly and Disabled Transportation Advisory Committee (E&D TAC) and approved by the RTC, following a public hearing at an RTC board meeting.

Section 6. Performance Metrics

- A. Recipients of Measure D revenues shall report on the performance of Measure D funded activities as part of the annual report process, or through other RTC performance and reporting processes as they may be requested, including but not limited to the annual report of prior year expenditures and Five-Year Program of Projects and the annual audit. Attachment B provides a list of performance measures that shall be used, unless substitute measures are approved by the RTC.

Section 7. Maintenance of Effort

- A. Recipient shall use Measure D funds to supplement and not replace existing revenues used for transportation purposes, including agency indirect costs and overhead. A maintenance of effort formula ensures that Measure D results in an increased or sustained level of transportation-related activities than would otherwise have been possible. Existing funds, revenues and other resources being used for transportation purposes include but are not limited to federal and state funding, the collection of traffic impact mitigation fees, other local impact fees, and dedications of property. The funds generated by the Transportation Tax shall not be used to replace existing transportation funding or to replace requirements for new development to provide for its own transportation needs. While Measure D funds shall not be used to directly replace and/or reduce those charges, Recipient may reduce or provide subsidies to development for their transportation needs and/or charges using other non-transportation sources to offset those charges. The entities receiving Measure D Revenues shall maintain their existing commitment of discretionary local transportation-related expenditures for transportation purposes pursuant to the ordinance, and the RTC shall enforce this requirement by appropriate actions, including fiscal audits of the local agencies.
- B. An agency’s baseline “maintenance of effort” shall be calculated based on the average of revenues and expenditures for transportation purposes in the three to five fiscal years prior to the start of Measure D allocations to recipient agencies (FY16/17, FY15/16, FY14/15, and optionally FY13/14 and FY12/13).
- C. The baseline calculation shall include the following revenues: local discretionary revenues, formula funds received for transportation purposes (e.g. gas tax, state transit assistance, FTA5311, etc).

1. Local agency discretionary revenues (general funds, sales and property taxes and other fees) designated for transportation purposes which were calculated for the baseline shall be adjusted annually in proportion to growth or decline of gross Measure D sales tax revenues. Dedicated funds for transportation which are not locally generated, such as state gas tax and other state and federal formula funds shall not be subject to this adjustment.
 2. Revenues from special, non-formula, competitive grants, and/or past revenues carried over into FY14/15-16/17 (and optionally FY12/13 and 13/14) for special projects and/or emergencies will not be part of MOE baseline calculation but shall still be identified in the baseline report. This includes, but is not limited to, one-time grants such as Regional Surface Transportation Program (RSTP)/Surface Transportation Block Grant Program (STBG), State Transportation Improvement Program (STIP), Active Transportation Program (ATP), American Recovery and Reinvestment Act (ARRA), Highway Safety Improvement Program (HSIP), Highway Bridge Program (HBP), FTA5310, and FEMA grants. While these are not part of the baseline calculation, agencies will be expected to continue to seek and secure grants from other sources, use some Measure D funds to leverage other grants, and not depend on Measure D formula funds to supplant those efforts.
- D. *Expenditures:* In the baseline report, Recipients shall also show how revenues were used in FY14/15-16/17 (and optionally FY12/13 and 13/14). This includes a breakdown by transportation purpose, such as ongoing operations, maintenance, transit service type, major projects, street sweeping, pavement, bicycle projects, walkways, as well as outside transportation programs your agency has contributed funds to (such as safe route to school, transportation demand management, and paratransit programs), and agency staffing, overhead and indirect costs.
- E. *Exceptions:* The RTC recognizes that there will be instances where other and sometimes longstanding local, state, or federal revenues, formula funds, and grants will fluctuate or no longer be available. There also may be instances where a recipient agency reserves several years of funds, then spends several years of banked revenues in one fiscal year. If there are past revenues or expenditures which an agency proposes to exclude from the baseline maintenance of effort calculations, or if an agency is unable to meet the baseline maintenance of effort in a given year, the agency must provide a written justification for such exclusion for consideration by the RTC and the Measure D Oversight Committee. The written justification must include evidence for the need for any lower base amount.
- F. If extraordinary storm damage or other emergencies occur in a given year, an agency may request an exception to maintenance of effort requirements that year.
- G. Recipient agencies have up to three fiscal years to meet the adjusted minimum local revenue expenditure requirement, outlined in Section 7.C.1. If an agency fails to submit annual reports or within three fiscal years the adjusted average annual expenditures of local discretionary revenues over the past three years do not meet the adjusted minimum local expenditure maintenance of effort requirements, the Measure D allocations amount to the RECIPIENT will be reduced by the amount that the agency did not meet the baseline level of expenditures of the agency discretionary revenues and the remaining Measure D will be

reserved until any and all maintenance of effort expenditures are fulfilled or a plan to meet the maintenance of effort amount moving forward has been approved by the RTC.

- H. Recipients shall submit their baseline calculation to the RTC by August 1, 2017. Recipients shall demonstrate and certify their maintenance of effort through the annual report and audit, and provide supporting documentation of how they calculated their maintenance of effort, which may include annual fiscal expenditure reports or ledgers and/or State Controllers reports used to comply with Senate Bill 1 (2017) or the California Streets and Highways Code.

Section 8. Complete Streets Policy Requirement

- A. To receive Measure D “Neighborhood Projects” funds, local jurisdictions must do both of the following with respect to Complete Streets policies:
1. Have an adopted Complete Streets policy or adopt a Complete Street policy by April 1, 2018, and
 2. Comply with the California Complete Streets Act of 2008, including any amendments. The California Complete Streets Act (AB1358) requires that local general plans do the following:
 - a. Commencing January 1, 2011, upon any substantial revision of the circulation element, the legislative body shall modify the circulation element to plan for a balanced, multimodal transportation network that meets the needs of all users of the streets, roads, and highways for safe and convenient travel in a manner that is suitable to the rural, suburban, or urban context of the general plan.
 - i. For the purposes of this paragraph, “users of streets, roads, and highways” means bicyclists, children, persons with disabilities, motorists, movers of commercial goods, pedestrians, users of public transportation, and seniors.
 - ii. The Governor’s Office of Planning and Research has developed detailed guidance for meeting this law: *Update to the General Plan Guidelines: Complete Streets and the Circulation Element*
https://www.opr.ca.gov/docs/Update_GP_Guidelines_Complete_Streets.pdf
- B. Agencies shall utilize the *Monterey Bay Area Complete Streets Guidebook* checklist or another complete streets checklist when defining project scope and design.

Section 9. Signage

- A. *Background:* The display of project signs is regularly utilized by public agencies to provide members of the public with information about the construction and operation of transportation projects. Project signs are posted near the location of the project, or on the vehicle in the case of bus transit projects, and typically display the project name, the project cost, funding source, project sponsor and estimated completion date. Project signs also are used to help inform the public of what programs help fund projects, like the Measure D transportation sales tax.
- B. *Project Signage Provisions:* RTC, in coordination with local project sponsors, will utilize project signs to provide members of the public with information on projects and programs that the Measure D program is helping deliver. Project sign guidelines will help provide uniformity for project sponsors in the implementation of the Measure D program. Projects that meet the thresholds identified in the guidelines will follow the appropriate display schedules and project signage type. While specifications for Measure

D project signs have been developed by types of projects, if the prescribed sign type obstructs user accessibility or causes a potential safety hazard, project sponsors have the discretion to install alternative signage that displays the Measure D logo at a minimum.

- C. *Measure D Contribution Thresholds, Display Schedules, and Sign Specifications:* Measure D project sign installation will follow the Measure D contribution thresholds, display schedules, and sign specifications summarized in Attachment C. RTC will provide templates of sign specifications, developed in consultation with project sponsors.

Section 10. Advancement of Direct Local Allocation Distribution Funds

- A. The RTC may consider advancing future year direct allocation funds, with the goal of seeing improvements made in the near term, if sufficient funding is available for short term loans from other Measure D programs. If a jurisdiction is interested in this option, a written request to the RTC Executive Director indicating the amount of funds requested and the projects on which the funds will be spent is required. Requests will be considered on an individual basis and will be approved by the RTC only if they do not delay implementation of other projects.

Section 11. Adoption of Guidelines

- A. Measure D guidelines are adopted by the RTC on an as-needed basis. Changes to Guidelines will be brought through the RTC's Interagency Technical Advisory Committee for review and comment, as well as any other RTC committees as necessary, before changes are adopted by the RTC Commission.

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**ATTACHMENT A:
5-YEAR PROGRAM OF PROJECTS CONTENT**

All recipient agencies that use Measure D “Neighborhood Projects” and “Transportation for Seniors and People with Disabilities” direct allocation funds must receive approval of a 5-year program of projects, in accordance with the requirements of this Attachment A, from their governing board prior to the jurisdiction expending Measure D funding on any project/program. This approval allows the opportunity for the public to provide input on planning for local streets and roads and transit projects and programs.

Contents of 5-year Program of Projects, which must be adopted by the jurisdiction’s governing board, following a public hearing (which may be done as part of agency’s overall budget or Capital Improvement Program adoption):

- 1) **5-year Project List:** List of projects on which to specifically spend Measure D funds. All projects must be consistent with the Measure D Ordinance/Expenditure Plan and Implementation Guidelines. They should be focused on addressing the promises made to voters.
 - a. **Grouped Project List:** List in spreadsheet how you anticipate using Measure D allocations.

Name/ Road/ limits	Description, complete streets components	Total Measure D	\$\$\$ of Measure D to be used each year					Other funds	Total Cost	Project schedule
			FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22			

- b. **Major Projects** – In addition to including in one row of grouped list, include following basic info on each major project/program (*Next page includes sample template for this information or project sponsors can use their own template/fact sheet that includes this information.*)
 - i. Project name
 - ii. Description: Brief description of work to be done and project location
 - iii. Project benefits/purpose
 - iv. Complete Streets consistency
 - v. Cost/Funding: cost by phase, and other funds (secured or anticipated) - local, grants using by Measure D funds to leverage, etc.
 - vi. Schedule – timing of environmental review, design, right-of-way, and construction
- 2) **Future Funds** (*if applicable*): General description of anticipated use of Measure D funds through 2047 if known (e.g. priority future projects, if there is a large project you may be saving funds up for, or general ongoing roadway rehab, paratransit service, Active Transportation Plan implementation)
- 3) **Public Process:** Describe public input process used to develop your 5-year plan and individual projects; public process must include at least one public hearing and approval of recipient’s governing board. In the case of CTSA, the 5-Year Program of Projects must be reviewed by the RTC’s Elderly and Disabled Transportation Advisory Committee (E&D TAC) and approved by the RTC, following a public hearing at an RTC board meeting. Also explain how were these projects were prioritized – e.g. evaluation criteria used.
- 4) **Maintenance of effort:** Attach documentation of other revenues spent in past 3 years on transportation and amount budgeted in current/upcoming fiscal year. Provide justification of any reduction in local funds designated for operations and/or projects.

Text from Measure D Ordinance related to 5-year Program of Projects – Section 32.A.1): Each agency receiving Measure Revenue shall annually adopt, after holding a public hearing, an annual report which includes 1)a five-year program of projects including information about each of the projects to be funded with Measure Revenues allocated according to the Expenditure Plan. Local and regional agencies shall submit their program of projects to the Authority in a format that can be easily understood by members of the public.

MEASURE D: MAJOR PROJECT INVESTMENTS

Category: (list one-Neighborhood Projects, Highway Corridors, Transportation for People with Disabilities, Active Transportation/MBSST. Rail Corridor)

PROJECT NAME/TITLE

Implementing Agency:

Agency name

Description/Scope:

Brief description of work to be done and project location (plus graphics, photos, etc if available/appropriate)

Project Location/Limits:

Describe project location, include map if appropriate

Project Purpose/Need/Benefits:

Description of benefits, reasons for project. Help the public understand what they are getting from the Measure D funding for your project/program. Include 5 main bullet points that are easy to understand, remember, repeat, etc. It can also include more detail in paragraph form.

Complete Streets consistency:

Description of complete streets components of project; ensure consistency with [Complete Streets Guidebook](#) (see: check list too - <https://www.sccrtc.org/wp-content/uploads/2013/08/ChecklistFinal.pdf>)

If applicable:

Miles of New Bike Lanes/trails:

Miles of New Pedestrian Walkways/sidewalks:

Cost/Funding/Schedule Information:

Cost by phase, and other funds (secured or anticipated) - local, grants using by Measure D funds to leverage, etc. UPDATE with what makes sense for your project. This is a SAMPLE.

	Cost by phase				
	Environmental (PA/ED)	Design (PS&E)	Right-of-Way (ROW)	Construction	Other
Timing of work (start/end month/yr)					
Measure D					
List Other Sources (as applicable)					
HUTA					
Grant x					
METRO sales tax					
Developer Fee					
TBD-additional need					
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -

Public Outreach

List public outreach that has been done or will be done for project. (e.g. past plans, committee review, public hearings, etc.)

Project Contact: Project Manager Name/contact info/project website info (if applicable)

ATTACHMENT B
PERFORMANCE MEASURES

Direct Allocation recipients are to document the performance and benefits of the projects and programs funded with Measure D funds. The following performance measures are a selection of performance standards to be documented by the recipients, as applicable. Additional or alternate performance measures may be requested by the RTC or recipients.

Performance reporting will be done via the annual report, as well as the audit process and various planning activities, as applicable. Performance will be evaluated periodically through the aforementioned evaluation reports to determine the effectiveness of investments and to inform future investment decisions. Note: The *Measure D Guidelines for Direct Allocations* may contain additional listing of performance measures by program type.

NEIGHBORHOOD PROJECTS PROGRAM (Local Streets and Roads - LSR)
PERFORMANCE MEASURES

Performance Measure	Performance Metric and Standard	Corrective Action
Pavement State of Repair	Track city/countywide Pavement Condition Index (PCI), which rates the “surface condition” of local streets from 1 to 100, at least every three years.	Any agency with a falling PCI must provide an explanation. If the PCI drops, specify what funding amounts, policies, or other needs are required to enable increasing the PCI to 60 (fair) or above.
Complete Streets Implementation Expenditure of LSR Measure D funds on bicycle and pedestrian projects elements	<ul style="list-style-type: none"> ▪ Percent of annual Measure D LSR investment to support bicycling and walking. ▪ Number of linear feet or lane miles of bicycle facilities built or maintained (bike lanes, bike routes, multi-use pathways) ▪ Number of pedestrian projects completed (linear feet of sidewalks, number of crossing improvements/striping, quantify traffic calming items, lighting, landscaping/streetscape, number of curb/ADA ramps, linear feet of trail/pathway built or maintained) ▪ Describe how school access was improved for children bicycling and walking, which may include collision data 	Provide an explanation if less than 20% of Measure D funds are spent on bicycle and pedestrian facilities.
Capital Project and Program Investment Amount expended on capital projects and programs by phase (design, right-of-way, construction and capital support)	Investment into capital projects and programs is greater than funding program administration (outreach, staffing, administrative support)	Any agency expending less on capital investments compared to other activities must explain how capital investments will increase in the subsequent years
Leveraged Funds	Report total grants and other funding secured using Measure D as a match.	Explain if Measure D funds fully funding projects.

**TRANSPORTATION FOR SENIORS AND PEOPLE WITH DISABILITIES PROGRAM
PERFORMANCE MEASURES**

Performance Measure	Performance Metric and Standard	Corrective Action
Ridership/Service Utilization <ul style="list-style-type: none"> ▪ Annual Ridership ▪ Passenger trips per revenue vehicle hour/mile 	Change in annual ridership and passenger trips per revenue vehicle hour/mile and qualitative explanation for possible reasons.	Provide information on why numbers went down.
Cost Effectiveness <ul style="list-style-type: none"> ▪ Operating Cost per Passenger ▪ Operating Cost per Revenue Vehicle Hour/Mile 	Maintain operating cost per passenger or per revenue vehicle hour/mile; percentage increase less than or equal to inflation as measured by CPI	Any agency with significant increase in costs must provide an explanation
State of Good Repair	<ul style="list-style-type: none"> ▪ Average age of bus and paratransit vehicles ▪ Number of vehicles beyond useful life 	Provide information on plan to keep bus and paratransit vehicles in state of good repair.
Service Provision <ul style="list-style-type: none"> ▪ Frequency and service span on major corridors or trunk lines ▪ Revenue hours ▪ Revenue miles ▪ Service areas 	<ul style="list-style-type: none"> ▪ 15 minute or better frequencies on major corridors or trunk lines: 10 minute or better frequencies during weekday peak periods ▪ Service span of 7 days/week, 20 hours per day ▪ Maintain or increase revenue hours/miles ▪ Number of routes ▪ Total service hours 	Any agency not meeting expected performance must provide an explanation and a description of how service provision will be met in the future.
Service Operations and Provisions Number of people served or trips provided to seniors or people with disabilities Percent of fixed route service used by seniors and people with disabilities	Track number of seniors or people with disabilities served by program. <ul style="list-style-type: none"> ▪ Service types such as ADA mandated paratransit, door-to-door service, taxi programs, accessible van service, shuttle service, group trips, travel training, meal delivery, and fixed-route transit 	Report on ridership or service data. Explain reasons for ridership reductions.
Cost Effectiveness Cost per Trip or Cost per Passenger Total Measure D program cost per one-way passenger trip divided by total trips or total passengers during period.	Maintain cost per trip or per passengers <ul style="list-style-type: none"> ▪ Service types such as ADA mandated paratransit, door-to-door service, taxi programs, accessible van service, shuttle service, group trips 	Any agency with significant increase in costs must provide an explanation
Breakdown of METRO budget for ParaCruz and fixed routes service	Maintain paratransit operating budget and service.	If other funds shifted from one program to another, provide explanation
Leveraged Funds	Report total grants and other funding secured using Measure D revenues as a match.	Explain if Measure D funds fully funding projects.

ATTACHMENT C
MEASURE D PROJECT SIGN GUIDELINES SUMMARY

Project Type	Measure D Funding Threshold	Display Schedule	Type of Signage
Neighborhood Projects: Capital Improvement Projects	Contribution greater than \$25,000	Prior to the construction, during construction and 1 months after the completion of construction.	2' by 3' sign for \$25k-\$999,999; 4' by 6' for greater than \$1 million
Transit/paratransit Capital	Contribution greater than \$10,000	Vehicles: Life of vehicle Transit Facilities and Amenities: Prior to the construction, during construction and 1 month after the completion of construction.	Vehicles: 18" by 18" Amenities: 2' by 3'
Transit Operations	Contribution greater than \$10,000	Funding duration	18" by 18"
Regional Capital Projects (Highway, Rail, Trail)	All projects	Prior to the construction, during construction and 3 months after the completion of construction	4' by 6' sign

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AGENDA: May 18, 2017

TO: Regional Transportation Commission Transportation Policy Workshop

FROM: Luis Pavel Mendez, Deputy Director

RE: Draft Measure D 30-Year Revenue Projection

RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission (RTC) review and provide input to staff on the attached ([Attachment 1](#)) draft Measure D 30-year revenue projection.

BACKGROUND

Thanks to a well funded and well run campaign and broad community support, in November 2016, a supermajority of Santa Cruz County voters approved Measure D. RTC staff has been working to implement Measure D in accordance with the approved ordinance and state law. One of the items that staff has prepared is a draft projection of Measure D revenue for the 30-year duration of the measure. This was reviewed by the Budget and Administration/Personnel (B&A/P) Committee at their May 11th meeting.

DISCUSSION

The 30-year revenues projection for Measure D ([Attachment 1](#)), prepared by staff, is meant to be a basic and conservative starting point for general planning purposes. The projection is based on an analysis of the TDA funds (a ¼-cent sales tax) and a comparison to the Santa Cruz METRO ½-cent transactions and use tax. As a history of revenues from Measure D builds, that will be incorporated into future projections. Staff recommends that the RTC review and provide input on the attached Measure D 30-year revenue projection.

SUMMARY

RTC staff has drafted Measure D 30-year revenue projections and recommends input from the RTC.

Attachments:

1. Draft Measure D 30-year Revenue Projection

Transactions & Use Tax Revenue Projections

Fiscal Year	Annual Estimate	Implemt, Mgmt & Admin	Net for Allocation	Neighborhood Projects 30%	Distribution of Neighborhood Projects Bucket						Highway 25%	SC METRO 16%	Comm Bridges 4%	Trail 17%	Rail 8%
					Highways 9 & 17 \$15Mtotal	Capitola 5.6213%	Santa Cruz 22.7041%	Scotts Valley 4.8992%	Watsonville 15.1912%	County Unincorp 51.5842%					
2017-18	19,842,749	1,062,364	18,780,385	5,634,116	500,000	288,604	1,165,655	251,531	779,934	2,648,392	4,695,096	3,004,862	751,215	3,192,665	1,502,431
2018-19	20,100,705	750,000	19,350,705	5,805,212	500,000	298,222	1,204,501	259,913	805,925	2,736,651	4,837,676	3,096,113	774,028	3,289,620	1,548,056
2019-20	20,362,014	759,750	19,602,264	5,880,679	500,000	302,464	1,221,635	263,610	817,390	2,775,580	4,900,566	3,136,362	784,091	3,332,385	1,568,181
2020-21	20,626,720	769,627	19,857,094	5,957,128	500,000	306,762	1,238,992	267,356	829,003	2,815,016	4,964,273	3,177,135	794,284	3,375,706	1,588,567
2021-22	20,894,868	779,632	20,115,236	6,034,571	500,000	311,115	1,256,574	271,150	840,768	2,854,964	5,028,809	3,218,438	804,609	3,419,590	1,609,219
2022-23	21,166,501	789,767	20,376,734	6,113,020	500,000	315,525	1,274,386	274,993	852,685	2,895,432	5,094,183	3,260,277	815,069	3,464,045	1,630,139
2023-24	21,441,666	800,034	20,641,631	6,192,489	500,000	319,992	1,292,428	278,886	864,757	2,936,425	5,160,408	3,302,661	825,665	3,509,077	1,651,331
2024-25	21,720,407	810,435	20,909,973	6,272,992	500,000	324,517	1,310,706	282,830	876,987	2,977,952	5,227,493	3,345,596	836,399	3,554,695	1,672,798
2025-26	22,002,772	820,970	21,181,802	6,354,541	500,000	329,101	1,329,221	286,826	889,375	3,020,018	5,295,451	3,389,088	847,272	3,600,906	1,694,544
2026-27	22,288,809	831,643	21,457,166	6,437,150	500,000	333,745	1,347,976	290,873	901,924	3,062,631	5,364,291	3,433,147	858,287	3,647,718	1,716,573
2027-28	22,578,563	842,454	21,736,109	6,520,833	500,000	338,449	1,366,976	294,973	914,637	3,105,798	5,434,027	3,477,777	869,444	3,695,139	1,738,889
2028-29	22,872,084	853,406	22,018,678	6,605,603	500,000	343,214	1,386,222	299,126	927,514	3,149,527	5,504,670	3,522,989	880,747	3,743,175	1,761,494
2029-30	23,169,421	864,500	22,304,921	6,691,476	500,000	348,041	1,405,719	303,333	940,560	3,193,824	5,576,230	3,568,787	892,197	3,791,837	1,784,394
2030-31	23,470,624	875,739	22,594,885	6,778,466	500,000	352,931	1,425,469	307,595	953,774	3,238,696	5,648,721	3,615,182	903,795	3,841,130	1,807,591
2031-32	23,775,742	887,123	22,888,619	6,866,586	500,000	357,885	1,445,476	311,912	967,161	3,284,152	5,722,155	3,662,179	915,545	3,891,065	1,831,089
2032-33	24,084,827	898,656	23,186,171	6,955,851	500,000	362,903	1,465,743	316,285	980,721	3,330,199	5,796,543	3,709,787	927,447	3,941,649	1,854,894
2033-34	24,397,929	910,339	23,487,591	7,046,277	500,000	367,986	1,486,273	320,715	994,458	3,376,845	5,871,898	3,758,015	939,504	3,992,890	1,879,007
2034-35	24,715,103	922,173	23,792,930	7,137,879	500,000	373,135	1,507,071	325,203	1,008,373	3,424,097	5,948,232	3,806,869	951,717	4,044,798	1,903,434
2035-36	25,036,399	934,161	24,102,238	7,230,671	500,000	378,351	1,528,138	329,749	1,022,470	3,471,963	6,025,559	3,856,358	964,090	4,097,380	1,928,179
2036-37	25,361,872	946,305	24,415,567	7,324,670	500,000	383,635	1,549,480	334,354	1,036,749	3,520,451	6,103,892	3,906,491	976,623	4,150,646	1,953,245
2037-38	25,691,576	958,607	24,732,969	7,419,891	500,000	388,988	1,571,099	339,019	1,051,214	3,569,570	6,183,242	3,957,275	989,319	4,204,605	1,978,638
2038-39	26,025,567	971,069	25,054,498	7,516,349	500,000	394,410	1,592,999	343,745	1,065,868	3,619,328	6,263,624	4,008,720	1,002,180	4,259,265	2,004,360
2039-40	26,363,899	983,693	25,380,206	7,614,062	500,000	399,903	1,615,184	348,532	1,080,711	3,669,732	6,345,052	4,060,833	1,015,208	4,314,635	2,030,416
2040-41	26,706,630	996,481	25,710,149	7,713,045	500,000	405,467	1,637,657	353,381	1,095,748	3,720,791	6,427,537	4,113,624	1,028,406	4,370,725	2,056,812
2041-42	27,053,816	1,009,435	26,044,381	7,813,314	500,000	411,103	1,660,422	358,294	1,110,980	3,772,515	6,511,095	4,167,101	1,041,775	4,427,545	2,083,550
2042-43	27,405,516	1,022,558	26,382,958	7,914,887	500,000	416,813	1,683,483	363,270	1,126,410	3,824,910	6,595,739	4,221,273	1,055,318	4,485,103	2,110,637
2043-44	27,761,787	1,035,851	26,725,936	8,017,781	500,000	422,597	1,706,844	368,311	1,142,041	3,877,987	6,681,484	4,276,150	1,069,037	4,543,409	2,138,075
2044-45	28,122,691	1,049,317	27,073,373	8,122,012	500,000	428,456	1,730,509	373,418	1,157,875	3,931,754	6,768,343	4,331,740	1,082,935	4,602,473	2,165,870
2045-46	28,488,286	1,062,958	27,425,327	8,227,598	500,000	434,391	1,754,482	378,590	1,173,915	3,986,220	6,856,332	4,388,052	1,097,013	4,662,306	2,194,026
2046-47	28,858,633	1,076,777	27,781,856	8,334,557	500,000	440,404	1,778,766	383,831	1,190,163	4,041,394	6,945,464	4,445,097	1,111,274	4,722,916	2,222,549
Total	722,388,177	27,275,826	695,112,351	208,533,705	15,000,000	10,879,110	43,940,086	9,481,603	29,400,092	99,832,814	173,778,088	111,217,976	27,804,494	118,169,100	55,608,988

Notes

1. Initial estimate is based on Auditor Controller's estimate of TDA revenues after applying a historical comparison of TDA revenues to SC METRO's transactions and use tax. As the RTC builds a history of actual transactions and use tax revenues it will be incorporated into future estimates. Adjustments will be made each year based on actual revenues.
2. A long-term growth of 1.3% is estimated based on the average historical growth of TDA revenues over the past 17 years, which have varied from -8.61% to 7.02%.
3. Implementation, management and administration costs are escalated by the assumed growth of the revenue of 1.3%.
4. The return to source variable is based on the existing transactions and use taxes for each of the cities and the library transactions and use tax to derive an estimate for the the unincorporated area . After the tax is collected and data is provided to the RTC by the Board of Equalization, adjustments can be made based on the actual transactions and use tax revenues generated by each jurisdiction.