



Measure D Taxpayer Oversight Committee

Annual Report

Fiscal Years 16/17 & 17/18

In November 2016, over 2/3rd of the voters of Santa Cruz County approved Measure D, a comprehensive and inclusive package of transportation improvements to be developed in the County that would be funded by the imposition of a Retail Transactions and Use Tax of one-half of one percent (0.5%) for a period of 30 years. The tax became effective on April 1, 2017. The Santa Cruz County Regional Transportation Commission (RTC) allocates, administers and oversees the expenditure of all Measure D revenues which are not directly allocated by formula annually to other agencies, consistent with the Expenditure Plan. The RTC has been designated as the Local Transportation Authority (the Authority) to implement the provisions of Measure D.

Section 32 of the ordinance that governs the expenditure of Measure D funds specifies that an Independent Oversight Committee be formed by the Commission's Board of Directors to review the annual independent fiscal audit of the expenditure of Transportation Tax funds and issue an annual report on its findings regarding compliance with the requirements of the Expenditure Plan and the ordinance to the Authority Board of Directors. The independent Taxpayer Oversight Committee shall not exceed five members who will be residents of Santa Cruz County who are neither elected officials of any government nor employees from any agency or organization that oversees or implements projects funded from the proceeds of the sales tax.

The Oversight Committee members were appointed by the RTC Board of Directors in 2018 after an application process was concluded. The Oversight Committee members are as follows:

- Supervisorial District 1: Janet Edwards, Vice Chair

- Supervisorial District 2: Michael W. Machado CPA, Chair
- Supervisorial District 3: Abel Rodriguez
- Supervisorial District 4: Carmen Herrera Mansir
- Supervisorial District 5: Todd Guin

The Committee held its first meeting on October 29, 2018, its second meeting on March 25, 2019, and its third meeting on May 13, 2019. Minutes of the meetings are available for review on the RTC Website.

At its March 25, 2019 meeting, the Committee reviewed the audited Measure D Financial Statements that were audited by independent CPA firms. Independent audits of the Measure D Funds of the following agencies were reviewed:

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

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



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A summary of Measure D Funds received and expended from April 1, 2017 (the effective date) through June 30, 2018 follows:

Fund Distribution and Expenditures: Fiscal Years 16/17 & 17/18

(includes revenues received since the effective date of April 1, 2017 through June 30, 2018.)

	Measure D Revenue Allocation			Interest Earned	Expenditures	Measure D Balance ⁶
	(Cash Basis- there is a 2-month accrual lag)					
Investment Category	FY17/18	FY16/17	Total Allocation ⁵	FY17/18	FY16/17-17/18**	6/30/2018
Neighborhood						
City of Capitola	\$312,311	\$11,254	\$323,565	\$2,652	\$108,602	\$217,615
City of Santa Cruz ¹	\$1,261,406	\$45,453	\$1,306,859	\$0	\$688,389	\$618,470
City of Scotts Valley	\$272,191	\$9,808	\$281,999	\$1,371	\$191	\$283,179
City of Watsonville	\$844,000	\$30,413	\$874,413	\$3,989	\$46,200	\$832,202
County of Santa Cruz	\$2,865,941	\$103,271	\$2,969,212	\$16,900	\$223,162	\$2,762,950
SLV SR9-RTC	\$333,336	\$27,778	\$361,114	\$2,226	\$0	\$363,340
Hwy 17 Wildlife-RTC	\$166,668	\$13,889	\$180,557	\$1,113	\$0	\$181,670
Total Neighborhood	\$6,055,853	\$241,866	\$6,297,719	\$28,251	\$1,066,544	\$5,259,426
Highway Corridors - RTC	\$5,046,542	\$201,555	\$5,248,097	\$32,251	\$50,000	\$5,230,348
Transit/Paratransit -METRO ²	\$3,229,787	\$128,995	\$3,358,782	\$19,647	\$1,801,752	\$1,576,677
Transit/Paratransit -misc ³				\$1,180		\$1,180
Paratransit - Lift Line ⁴	\$807,447	\$32,249	\$839,696	\$209	\$348,725	\$491,180
Active Transportation-RTC	\$3,431,648	\$137,057	\$3,568,705	\$20,725	\$674,927	\$2,914,503
Rail Corridor-RTC	\$1,614,893	\$64,497	\$1,679,390	\$9,983	\$642,324	\$1,047,049
Admin. salaries & benefits	\$207,365	\$11,462	\$218,827	\$2,235	\$218,827	\$2,235
Implementation & Oversight	\$342,915	\$328,537	\$671,452	\$3,581	\$422,120	\$252,913
Total	\$20,736,450	\$1,146,218	\$21,882,668	\$118,062	\$5,225,219	\$16,775,511

Notes: This table includes a combination of information from RTC and local agency audited financial information and project expenditure reports. For most agencies, information represents cash, rather than accrual, basis. Audited financials are typically presented on a modified or full accrual basis which means revenues are recognized when earned, not when received. For example, while revenue earnings are based on transactions in May 2017, if it was received in July 2017, it is shown in FY17/18 because that is when cash was received. Unexpended balances or reserved funds carryover to future years. Several projects started in FY17/18 and incurred majority of costs in FY18/19.

1-City of Santa Cruz expenditures include \$1,863 allowance for gains/losses which is included in their audited financial statement.

2-METRO also set aside on accrual (not cash) basis \$532k for capital vehicle replacements. Funds will be shown as expenditures in future.

3-Interest earnings not yet transferred to Lift Line and METRO at end of FY17/18.

4-For Community Bridges, revenues reflect amounts paid by RTC to Lift Line in FY17/18, though Lift Line did not account for them until FY18/19.

5-Net Revenues, after state Board of Equalization fees.

6-Carryover balances, includes funds allocated to recipient agencies, to be expended in future years.



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As noted in the table, total Measure D revenues collected from April 2017 through June 2018 by the RTC were \$21,882,668. The RTC distributed \$9,954,526 to direct recipient agencies and the RTC expended \$2,008,198 on regional projects, administrative and implementation tasks. Measure D funds totaling \$16,775,511 are being carried over to future years for use on approved projects.

Measure D continues to serve as a crucial source of local transportation funding for the Santa Cruz County community. The Committee looks forward to continuing to work with the community to ensure the ongoing success of the Measure D program.

The Measure D Taxpayer Oversight Committee hereby finds that the Authority is proceeding in accordance with the Measure D Ordinance and the Expenditure Plan for the period from April 1, 2017 through June 30, 2018.

Michael W. Machado CPA, Chair

Measure D Taxpayer Oversight Committee
Santa Cruz County Regional Transportation Commission





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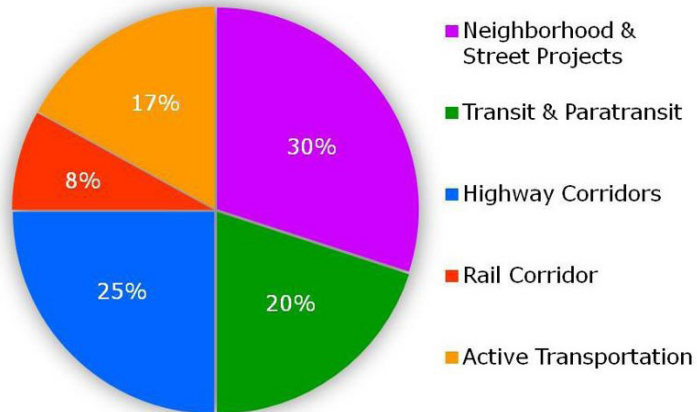
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FY's 16/17 & 17/18 Measure D Annual Report & Overview

On November 8, 2016 67.78% of Santa Cruz County voters approved Measure D, a 1/2 cent sales tax measure to improve, operate and maintain Santa Cruz County's transportation network.

Projects will provide safer routes to schools for local students; maintain mobility and independence for seniors and those with disabilities; invest in bicycle and pedestrian pathways and bridges on an unprecedented scale; repave roadways, repair potholes and improve safety on local streets; ease congestion; and invest in transportation projects that reduce the pollution that causes global warming.



Measure D Recipients

- Measure D revenues are distributed by voter-approved formulas to the cities of Capitola, Santa Cruz, Scotts Valley, Watsonville, the County, the RTC, METRO and Lift Line. Measure D recipients may also program funds (via 5-year plans) to projects implemented by other agencies, such as Caltrans and non-profit organizations.

Committed to Voters:

- Each recipient agency solicits public input and approves updated 5-year plans identifying specific projects annually.
- Annual audits of the expenditure of all funds generated by the measure are conducted by an independent auditor and publicly available.
- The Measure D Oversight Committee reviews the independent annual audit and issues a report regarding compliance with the Expenditure Plan.
- Recipient agencies are required to use new Measure D funds to supplement, not replace, existing revenues used for transportation.

Summary of Transportation Projects	
<i>Voter-approved 30-Year Expenditure Plan</i>	
Neighborhood Projects - 30%	
Local Funds for Cities and County: Direct percentage for local roadway pavement repair and operational improvements, school and neighborhood traffic safety projects, bicycle and pedestrian projects	
San Lorenzo Valley Hwy 9 Corridor Improvements: \$10 million to improve travel and safety for SLV pedestrians, bicyclists, and motorists	
Highway 17 Wildlife Crossing: \$5 million to help build a wildlife crossing under Highway 17	
Highway Corridors - 25%	
Highway 1 Corridor: Extend merge lanes that separate entering and exiting traffic from through lanes to improve traffic flow and safety at the 41st Ave-Soquel Dr, Bay/Porter Park, and State Park-Park exits	
Bicycle and pedestrian over-crossings: Bicycle and pedestrian bridges over Highway 1, including overcrossings at Chanticleer Ave and Mar Vista Drive	
Traveler Information and Transportation Demand Management: Traffic demand management programs including Cruz511 traveler information and carpool/vanpool programs	
Highway Safety and Congestion Reduction Programs: Programs that reduce fatal and injury collisions on highways and reduce congestion, including Freeway Service Patrol and Safe on 17 CHP Enforcement	
Transit for Seniors and People with Disabilities - 20%	
Santa Cruz METRO (16%): To help stabilize and maintain fixed-route bus and ParaCruz services	
Community Bridges Lift Line Paratransit Service (4%): To increase Lift Line's ability to provide paratransit services by 30%	
Active Transportation - 17%	
Monterey Bay Sanctuary Scenic Trail (Coastal Rail Trail): Bike and pedestrian trail construction; maintenance, management and drainage of the rail/trail corridor; install conduit for internet and electrical services	
Rail Corridor - 8%	
Infrastructure Preservation and Analysis of Options: Analysis (including environmental and economic analysis) of both rail transit and non-rail options for the corridor; rail infrastructure preservation, maintenance and repairs	



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HIGHLIGHTS OF PROJECTS FUNDED in FY's 16/17 & 17/18

Local Neighborhood Projects

In FY17/18, city and county public works departments used their apportionments of Measure D funds to repair local roads and improve bicycle and pedestrian facilities throughout the county.

County of Santa Cruz

- ▶ Casserly Road bridge replacement
- ▶ Countywide 2018 roadway resurfacing design
- ▶ Bicycle safety education and outreach programs

Capitola

- ▶ Enhanced green bike lanes at Highway 1 on/off ramps
- ▶ Citywide slurry seal along 2.6 miles of roadway, including portions of: 46th Avenue, Wharf Road, Prospect Avenue, Beverly Avenue, Burlingame Avenue, Capitola Avenue, Del Monte Avenue, Pilgrim Drive, Pine Street, Plum Street; and crack seal along Bay Avenue

Santa Cruz

- ▶ San Lorenzo River Trestle trail widening
- ▶ Downtown bike locker replacements
- ▶ Citywide roadway repairs, reconstruction, and overlays

Scotts Valley

- ▶ Measure D funds were reserved for use on future projects

Watsonville

- ▶ Bicycle Safety Improvements – signage and traffic markings along bicycle corridors and bicycle safety training in schools
- ▶ Downtown complete streets revitalization (Main Street from Beach Street to Freedom Boulevard)
- ▶ Pedestrian and Traffic Safety - contracted with a traffic engineer to analyze collision data to assist with implementing pedestrian safety programs and improvements



Measure D-funded road resurfacing - before & after in Boulder Creek, 2018



New flashing beacon, Watsonville



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Lift Line – Paratransit Services

- ▶ Lift Line used its Measure D allocation in FY17/18 to expand service to seven days per week.

Santa Cruz METRO

- ▶ Measure D was used to sustain fixed-route services on routes 35, 40, 41, 68, 69A, 71, 72, 75, 79, and 91X; and to provide additional weekend service on route 71.
- ▶ Sustain ParaCruz service levels – 1 operator.
- ▶ Vehicle replacements – Measure D being used to leverage state and federal grants to reduce the backlog of METRO vehicles needing replacement from 60% to 30%.



Active Transportation - Monterey Bay Sanctuary Scenic Trail Network (MBSST) Rail



During FY17/18 the RTC and the City of Santa Cruz used Measure D funds on environmental review, permitting, design, coordination and other actions required for the following projects:

- ▶ New bike/walk bridge at the San Lorenzo River Trestle near the Boardwalk. The project was completed in May 2019.
- ▶ Rail Trail between Natural Bridges Drive and Bay Street/California Avenue (Phase 1 of Segment 7) in Santa Cruz, scheduled to start construction in 2019.
- ▶ Rail Trail between Bay Street/California Avenue and the Wharf intersection roundabout in Santa Cruz (Phase 2 of Segment 7), scheduled to start construction in 2020.
- ▶ North Coast Rail Trail project from Davenport to Wilder Ranch State Park (Segment 5), construction scheduled in 2021/22.
- ▶ Watsonville trail (Segment 18) from Lee Road to Walker Street, construction scheduled in FY20/21.

Highway 9/SLV Corridor and Highway 17 Wildlife Crossing

- ▶ FY17/18 Measure D funds designated for the Highway 9/SLV Corridor and Highway 17 Wildlife Crossing were held in reserve for use in future years. Planning and preconstruction work for Highway 9/SLV Corridor and the Highway 17 Wildlife Crossing was conducted with other funds in FY17/18.



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Highway Corridors

- ▶ Cruz511 Traveler Information System - \$50,000 in Measure D funds were spent in FY17/18 to provide traffic, roadway closure, carpool, vanpool, bus, and other information to travelers via www.Cruz511.org, 429-POOL, and public events.
- ▶ The balance of FY17/18 Measure D funds designated for Highway Corridors were held in reserve for use in future years on projects identified in the Measure D 5-year plans, including Highway 1 auxiliary lanes between 41st Avenue and Soquel Drive, and a bicycle/pedestrian overcrossing at Chanticleer Avenue; auxiliary lanes from Bay/Porter in Capitola/Soquel to State Park Drive in Aptos; and a bicycle/pedestrian crossing near Mar Vista in Seacliff/Aptos is expected to use future Measure D funds.

Rail Corridor

- ▶ Measure D helped fund the Unified Corridor Investment Study (UCS), which evaluated rail and non-rail options in the rail corridor. On January 17, 2019, the RTC approved a preferred scenario and affirmed the RTC's commitment to include trail and transit, and freight and recreational rail uses in the Santa Cruz Branch Rail Line corridor.
- ▶ Ongoing storm damage repairs and preventative maintenance, including vegetation and drainage work on the rail corridor.



Administrative and Implementation Activities in FY17/18

- ▶ Agreements were established between the RTC and the state to collect the sales (use) tax and to receive the revenues.
- ▶ Policies and procedures were established to safeguard taxpayer dollars and ensure they are expended per voter direction.
- ▶ Accounting and fiscal systems were set up to manage each of the accounts and disburse funding to direct recipients per voter approved formulas.
- ▶ Agreements and guidelines were established with recipient agencies.
- ▶ Five-year plans were prepared to delineate projects planned for the first five years of revenues.
- ▶ Ongoing outreach and community engagement was conducted via website updates (www.sccrtc.org/move), Facebook, eNews, and NextDoor.
- ▶ Oversight Committee was established.