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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.

Since the implementation of the tax in April 2017 through June 2020, \$65 million in sales tax revenues have been generated and \$31 million of Measure D funds have been expended by the RTC and the other recipient local agencies. As highlighted on the next page, \$38,716,834 of carryover Measure D Funds (which includes interest earnings) will be used for future projects, which are identified in each agency's 5-year program of projects (5-year plans).

Section 32 of the ordinance that governs the expenditure of Measure D funds specifies that an Independent Oversight Committee (or Taxpayer 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 Oversight Committee shall not exceed 5 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.

Oversight Committee members are appointed by the RTC Board for 2-year terms. The current Oversight Committee members are as follows:

- Supervisorial District 1: Sandra Skees
- Supervisorial District 2: Michael W. Machado CPA, Chair
- Supervisorial District 3: Philip Hodsdon
- Supervisorial District 4: Jenny Sarmiento
- Supervisorial District 5: Andre Duurvoort, Vice Chair

The Committee held meetings via Zoom on March 9 and March 29, 2021 to review Fiscal Year 2019/2020 expenditures. Meeting materials and minutes are available for review on the RTC website: https://sccrtc.org/meetings/measure-d-taxpayer-oversight-committee/.



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At its March 2021 meetings, the Committee reviewed the Measure D Financial Statements that were audited by independent Certified Public Accounting firms and annual reports for the Measure D recipient agencies:

- 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. Oversight Committee members and RTC staff noted several areas in which the annual reporting could be expanded to provide additional information and several suggestions were provided to the RTC and the Recipient Agencies.

For the Fiscal Year 2019/2020 (FY19/20) ending June 30, 2020, the Measure D halfcent sales tax generated \$21,313,881 in revenue. This was \$866,994 (3.9%) lower than in FY18/19 due primarily to the COVID-19 global pandemic, though the overall drop was tempered because of strong economic activity in the first half of FY19/20 and implementation of the Wayfair Decision, which resulted in revenues from online sales being distributed more consistently to the area where purchases were made. Santa Cruz County received this increase in sales taxes from online sales, which was not guaranteed when Measure D was first approved by voters.





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A summary of Measure D Funds received and expended from July 1, 2019 through June 30, 2020 follows as reported in the audited financial statements of each agency:

Investment Category (% of Measure D Net Revenues)	Beginning Measure D Funds Available (July 1, 2019)	FY19/20 Measure D Funds Allocated ¹ (accrual basis)	Measure D Funds Expended in FY19/20 ²	Carryover Funds ³ (including interest June 30, 2020)
Neighborhood (30%)				
SLV SR9	\$727,711	\$333,333	\$52,516	\$1,024,675
Hwy 17 Wildlife	\$381,356	\$166,667	\$1,806	\$554,692
City of Capitola	\$211,115	\$312,095	\$421,213	\$106,352
City of Santa Cruz	\$808,322	\$1,292,099	\$476,998	\$1,759,455
City of Scotts Valley	\$270,580	\$267,880	\$473,006	\$116,166
City of Watsonville	\$1,534,120	\$869,481	\$579,385	\$2,093,206
County of Santa Cruz	\$4,044,608	\$2,936,355	\$2,844,274	\$4,209,205
Transit/Paratransit - Santa Cruz METRO (16%)	\$5,018,095	\$3,294,885	\$3,063,716	\$3,266,636
Paratransit - Lift Line* (4%)	\$266,584	\$823,721	\$929,502	\$146,264
Highway Corridors (25%)	\$10,585,768	\$5,148,258	\$1,340,087	\$14,633,634
Active Transportation (17%)	\$5,710,728	\$3,500,816	\$1,162,230	\$8,180,428
Rail Corridor (8%)	\$1,867,887	\$1,647,443	\$2,155,162	\$1,806,906
Net Revenues	\$31,426,873	\$20,593,033	\$13,499,895	\$37,897,619
Admin. salaries & benefits Implementation & Oversight	\$629,457	\$720,848	\$446,035	\$819,215
Totals	\$32,056,330	\$21,313,881	\$13,945,930	\$38,716,834
State BOE Fees	\$727,711	\$220,190	\$220,190	

Notes: This table includes a combination of information from RTC and local agency audited financial information and project expenditure reports. Audited financials are typically presented on a modified or full accrual basis which means revenues are recognized when earned, not when received.

¹⁻FY19/20 Allocations reflect RTC audited accrual basis, whereas some agencies showed revenues on a modified accrual or cash basis in their audits. For example- While revenue earnings are based on transactions in May 2020, if the cash was received in July or August 2020, some agencies will show the funds in FY20/21 rather than FY19/20.

²⁻Expenditures include funds carried over from prior years and interest earnings. For many agencies, the information represents cash, rather than accrual

³-Unexpended balances or reserved funds carryover to future years for use on Measure D eligible expenditures. Planned use of carryover balances shown in 5-year plans. Agencies have up to 5 years to accumulate and spend revenues per use agreements. Balances shown do not include additional \$312 Transit & \$3318 Neighborhood balances shown in RTC audit which were not yet paid out at the end of FY19/20.

^{*}In addition to formula allocations shown for METRO and Lift Line, a small amount of interest earned by RTC for the Paratransit category was also paid in FY19/20.



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As shown in the table above, total Measure D funds collected and allocated (on an accrual basis) for the fiscal year ending June 30, 2020 by the RTC were \$21,313,881. Agencies also earned interest income of \$688,289 on Measure D funds not yet expended. This includes \$320,836 interest income RTC earned on Measure D Funds designated for regional investments categories. The RTC distributed \$9,796,516 to other agencies based on formulas set forth in the Measure D Expenditure Plan and expended \$4,711,801 on specific regional projects. The Cities, the County, Santa Cruz METRO and Community Bridges expended \$8,788,094 in Measure D funds on transportation projects during the 2019-2020 fiscal year. Measure D funds totaling \$38,716,834 (including interest) are being carried over to future years for use on projects approved by their governing boards, with \$27,019,550 for regional investment categories and projects and direct-recipient agency funds of \$11,697,284. Each agency has developed detailed 5-year plans that indicate the specific projects that will be funded with the carryover funding. This information can be found in each agency's reports, online at: https://sccrtc.org/funding-planning/measured/taxpayer-oversight/ and local agency websites.

Measure D continues to serve as a crucial source of local transportation funding for the Santa Cruz County community. The Committee encourages recipient agencies to move quickly to put unspent balances to work, use Measure D to leverage grants, integrate traffic calming, bike and pedestrian facilities into Measure D-funded projects where feasible, and looks forward to continuing to work with the community to ensure the ongoing success of the Measure D program.

The Measure D Oversight Committee hereby finds that the Authority and Recipient Agencies are proceeding in accordance with the Measure D Ordinance, based on our review of audits and expenditures for the period from July 1, 2019 through June 30, 2020.

Michael W. Machado CPA, Chair

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Measure D Taxpayer Oversight Committee Santa Cruz County Regional Transportation Commission









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Highlights of FY 19/20 Expenditures and Activities

Local Neighborhood Projects

In FY19/20, 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. Additional information on expenditures in FY19/20 are included in each recipient agency's annual Expenditure Report, available online at: *sccrtc.org/funding-planning/measured/taxpayer-oversight/* and/or on each recipient agency's website.

County of Santa Cruz

- ▶ Resurfacing of 5.75 miles of roads was completed in the Live Oak, Ben Lomond, Rio Del Mar and Bonny Doon areas.
- ▶ Design of 6.26 miles of roads was completed in Felton, Seacliff and Lakeview Road north of Highway 129.
- ▶ Planned future projects: Roadway resurfacing countywide and ongoing Safe Routes to Schools bicycle/pedestrian education at schools.
 - While the County's main focus is pavement maintenance given the large backlog of roadways in need of repairs, the County considers the Monterey Bay Area Complete Streets Guidebook (https://sccrtc.org/santa-cruz-county-complete-streets) and incorporates Complete Streets elements as they fit within the scope of pavement maintenance work, such as enhancing roadway striping for bicylces & pedestrians.

Love Creek in Ben Lomond repaving (before), County of Santa Cruz



Love Creek in Ben Lomond repaving (after), County of Santa Cruz

Capitola

- Construction of the Park Avenue Sidewalk project was completed and included 1,600 feet of new sidewalk, new crosswalks, new curb ramps and updated pavement markings.
- Design work was completed and construction began on the Brommer Street Improvements project, a "complete streets" project that includes approximately 1,000 feet of new rehabilitated roadway, new ADA driveways and sidewalks, updated pavement markings, new bicycle loop detectors, a green bike box and reconfiguring of the eastbound approach to 41st Avenue for vehicle access.
- ▶ Planned future projects: Citywide pavement preservation.



Brommer Street Improvements Project, City of Capitola



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Santa Cruz

- Street Reconstruction and Overlay Projects: Overlays of Broadway, California Street and the Soquel Avenue Project were completed, including new curb ramps and green bike lanes along portions of these arterial streets.
- ▶ River Street and Water Street Overlay Projects: Overlays of River Street and Water Street were completed, including green, buffered and protected bike lanes, and new accessible curb ramps and crosswalks. The project utilized Cold-In-Place Asphalt Recycling which reuses much of the old pavement. Old pavement not used on River and Water streets was used as base for Segment 7 Phase I of the Coastal Rail Trail, saving money and resources.
- Leveraged grants: active transportation grants.





Overlay project, City of Santa Cruz

Scotts Valley

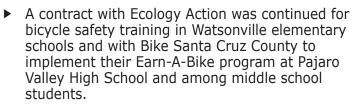
BIKE SMART WALK SMART Funded by

Measure D Transportation

Sales Tax

- ► Construction of new trails and ADA improvements were completed at Siltanen Park, K Street, and East Glenwood Preserve Trails.
- ► Construction of new bike lanes were completed on Glenwood Drive from K Street to the city limits and included pavement repair.
- ► Leveraged grants: \$1 million SB1-Local Partnership Program (LPP) for Glenwood projects.
- Planned future projects: Bean Creek Road repaying.

Watsonville





Glenwood Drive pavement repair (before & after), City of Scotts Valley

- Design and environmental documents were prepared for the Lee Road Trail project.
- Designs were prepared for trail repair and maintenance projects.
- ▶ Pedestrian safety programs, sidewalk repairs and design for traffic signals were implemented.



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Watsonville - Continued

- ▶ Bicycle safety improvements including signage and traffic markings were implemented in various locations.
- ► Design documents were prepared for the Green Valley Road Improvements Project from Freedom Boulevard to the city limits.
- ▶ Leveraged grants: active transportation grants.
- Planned future projects: Citywide pavement preservation; Downtown complete streets improvements; Monterey Bay Sanctuary Scenic Trail Network (MBSST); citywide bicycle and pedestrian safety improvement projects.





Bicycle safety improvements, Bridge Street (before & after), City of Watsonville

Lift Line - Paratransit Services

▶ Lift Line continued its expanded services seven days per week utilizing two additional drivers. For the first three quarters of

FY19/20, Lift Line provided 2,886 additional rides funded through Measure D.

MEASURE

▶ Lift Line installed fast charging equipment for Electric Vehicles (EV) and started upgrading their new 9,000-square foot operation/maintenance facility financed with Measure D funds. In October of 2019, the driving and maintenance departments started operation out of the new facility.



New Lift Line facility, Watsonville

- ▶ Leveraged grants: CARB funding for EV charging equipment and vehicles.
- ▶ Planned future projects: Ongoing expanded services and vehicle replacements.

Santa Cruz METRO

- ► METRO retrofitted 10 hybrid diesel-electric buses for the Highway 17 Express fleet, replacing 2003 CNG buses, which are beyond their useful life.
- ▶ METRO purchased four Compressed Natural Gas (CNG) buses which will improve fleet reliability and reflect METRO's continued commitment to the transition to clean air buses.



- ▶ METRO funded nine fixed-route bus operator positions and one Paracruz operator position.
- ▶ Leveraged grants: FTA grants for bus replacement.



SCENIC

TRAIL

Measure D Taxpayer Oversight Committee

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Regional Expenditure Categories

About 50% of Measure D revenues are allocated to regional expenditure categories. The RTC is responsible for programming and allocating those funds to specific projects.

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

During FY19/20, Measure D funds were used on environmental review, permitting, design, coordination and other actions required for rail trail projects, including:

▶ The RTC provided oversight and technical assistance for implementation of the Monterey Bay Sanctuary Scenic Trail Network (MBSST), including coordination with local jurisdictions and Central Federal Lands of the Federal Highways Administration who are implementing specific sections of the trail network.

► The City of Santa Cruz completed construction of Segment 7 Phase I from Natural Bridges Drive to Bay Street/California Avenue.

► The City of Santa Cruz is completing design work and is pursuing grants for construction of Segment 7

Phase II from Bay Street/California Avenue to the Santa Cruz Wharf.

▶ In coordination with the RTC, Federal Highway Administration Central Federal Lands Highway Division (FHWA-CFLHD) continued work on design of Segment 5 from Davenport to Wilder Ranch State Park, and work on preconstruction activities, including environmental, design, right-of-way and permitting continued.



Segment 7 construction, City of Santa Cruz

▶ The City of Santa Cruz solicited proposals for a consultant to complete design and environmental review of Segments 8 & 9 and is pursuing grants for construction.

- ► The City of Watsonville began construction of Segment 18, Phase I between Ohlone Parkway and the Watsonville Slough Wetlands trail network, and continued design for Segment 18, Phase II.
- ▶ The RTC continued to use Measure D funds to maintain the future trail corridor, including vegetation control; hazardous tree removal; trash and dumping abatement; encampments; drainage maintenance and repairs; and clearing encroachments. The RTC also initiated work to secure on-going maintenance permits to help ensure more efficient maintenance activities.
- ► Leveraged grants: \$11,540,000 from FLAP, Land Trust, RSTPX and Coastal Conservancy for North Coast Segment 5.



Segment 7, City of Santa Cruz

▶ Planned future projects: North Coast Segment 5; Segment 7, Phase II; Segment 8/9; Segment 10-11; Segment 18.



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Highway 9/SLV Corridor and Highway 17 Wildlife Crossing

- ► Caltrans prepared design plans for the Highway 17 Wildlife Crossing under Highway 17; \$5 million from Measure D will be used for construction and financing needed to accelerate delivery in FY21/22.
 - Leveraged funds: \$3 million from the Land Trust of Santa Cruz County and over \$5 million from the State Highway Operation and Protection Program (SHOPP) for pre-construction work.
- Measure D funds were provided to the County of Santa Cruz to make improvements to Farmer Street in Felton, which bicyclists and pedestrians are encouraged to use as an alternative to Highway 9.
- Building off the community-based Highway 9 "complete streets" corridor plan, Caltrans and the RTC used Measure D funds in FY19/20 to conduct a more detailed engineering analysis of priority projects for implementation in the corridor, including new pedestrian facilities on Highway 9 between downtown Felton and San Lorenzo Valley High School. The RTC entered into a Cooperative Agreement with Caltrans to prepare a Project Initiation Document (PID) for the complete streets elements identified in the plan. Measure D revenues are being used to fund this PID and, once it is complete, to leverage grants and integrate complete streets into SHOPP projects.
- ▶ Planned future projects: Being identified and prioritized through the PID. Stay up-to-date on future planning and opportunities for public input at www.sccrtc.org/projects/streets-highways/hwy-9-plan/.

Highway Corridors

Highway 1 - Auxiliary Lanes and Bus-on-Shoulder Projects

The RTC is sponsoring the development of three contracts to construct five (5) new sets of auxiliary lanes and implement a hybrid bus-on-shoulder program along 7.5-miles of Highway 1.

- Design and right-of-way work of auxiliary lanes and bus-on-shoulder facilities between 41st Avenue and Soquel Drive (Phase 1) continued, with construction scheduled to start as early as FY21/22. The project includes a new bicycle/ pedestrian bridge over Highway 1 near Chanticleer Avenue and will provide for buses to operate in auxiliary lanes and on shoulders.
- ► Environmental review and preliminary engineering were initiated for the Highway 1 hybrid auxiliary lanes and bus-on-shoulder project between State Park Drive and Bay-Porter interchanges (Phase 2). The project includes a new bicycle and pedestrian overcrossing at Mar Vista Avenue.

Expenditure Plan Amended

The voter-approved Measure D Ordinance includes provisions that allow for the Expenditure Plan to be amended to provide for the use of additional federal, state and local revenues, to account for unexpected revenues, or to take into consideration unforeseen circumstances. The Ordinance and Expenditure Plan may only be amended, if required, by the following process set forth in Section 180207 of the Public Utilities Code: (1) Initiation of amendments by the Authority reciting findings of necessity; (2) Provisions of notice and a copy of amendments provided to the Board of Supervisors and the City Councils in Santa Cruz County; (3) The proposed amendments shall become effective 45 days after notice is given. Initiation and approval of amendments require a two-thirds (2/3) vote of the total membership of the Authority. In light of new funding opportunitites available as the result of passage of Senate Bill 1 by the State Legislature on February 6, 2020, the RTC voted to amend the Measure D expenditure plan for the first time, specifying two additional sets of auxiliary lanes and bus-on-shoulder improvements eligible for the Highway 1 Corridors Investment Category.



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Highway 1 - Auxiliary Lanes and Bus-on-Shoulder Projects - Continued

▶ Environmental review and design were initiated for Highway 1 hybrid auxiliary lanes and bus-on-shoulder facilities between Freedom Boulevard-Rio Del Mar-State Park Drive (Phase 3). The project includes portions of Segment 12 of the Coastal Rail Trail from State Park Drive to Rio Del Mar Boulevard and the replacement of two rail bridges over Highway 1 in Aptos.

Leveraged grants:

 Because of Measure D funds, our county is eligible for Senate Bill 1 (SB1) Local Partnership Program (LPP) formula funds, which require a one-to-one match of Measure D. The RTC is using the formula funds to advance environmental review and design of the Phase 3 auxiliary lanes project.



Public open house, Phase I Auxiliary Lanes Project

- During FY19/20 the RTC also prepared applications to the California Transportation Commission's (CTC) Senate Bill 1 Solutions for Congested Corridors Program (SCCP) and Local Partnership Program (LPP) programs, using Measure D funds as a match. In December 2020, the CTC awarded over \$90 million to the RTC for the Phase 1 and Phase 2 auxiliary lanes projects.
- ▶ Planned future projects: Highway 1 Auxiliary Lanes and Bus-on-Shoulder projects, including bicycle/ pedestrian overcrossings at Chanticleer Avenue and Mar Vista Drive, reconstruction of the Capitola Avenue overcrossing and reconstruction of two railroad bridges.

Cruz511 Program

▶ The RTC continued to provide rideshare, transit, bicycle and traffic information to the public, primarily through the www.Cruz511.org website. In FY19/20, staff worked with the County of Santa Cruz to include county road and lane closure information directly on Cruz511.org. Staff continued to provide traffic safety messaging and active transportation mapping resources to community members throughout the county. Staff also worked with other entities to develop a more robust demand management program, including an online commute manager and rewards platform with dynamic ride matching and trip planning. Cruz511 traveler information and rideshare resources were also updated due to the global COVID-19 health crisis and local wildfires in 2020.

Safe on 17 and Freeway Service Patrol



▶ Measure D continued to provide critical funding for extra California Highway Patrol (CHP) enforcement on Highway 17 through the Safe on 17 program. Measure D funds are also being used to provide tow truck patrols on Highway 1 and Highway 17 during peak travel times, which work in tandem with CHP to reduce incident related congestion, improve traffic flow and safety by removing debris, assist motorists with broken down vehicles and clear collisions and other incidents.



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Rail Corridor

- ▶ The RTC continued environmental and engineering work necessary to implement 2017 storm damage repairs to the Santa Cruz Branch Rail Line right-of-way. In addition, Measure D funds are being used to fund engineering work necessary for repair and maintenance of the railroad bridges, which was initiated in FY19/20.
- ► Storm damage repairs, infrastructure preservation and preventative maintenance for railroad infrastructure continues in the rail corridor. Maintenance requests can be directed to *maintenance@sccrtc.org*.
- Transit Corridor Alternatives Analysis: Measure D funds provided a match to a Caltrans Planning grant for the RTC, in partnership with Santa Cruz METRO, to conduct the Transit Corridors Alternatives Analysis (TCAA) to provide a detailed analysis of potential high-capacity transit options for the rail corridor. The commission accepted the TCAA in February 2021.
- Planned future projects: Ongoing repair and maintenance of railroad infrastructure; railroad bridge inspections, analysis and rehabilitation.

Administrative and Implementation Activities in FY 19/20

- ▶ Policies and procedures were followed to safeguard taxpayer dollars and ensure they are expended per voter direction.
- ▶ Accounting and fiscal systems were used to manage each of the accounts and disburse funding to direct recipients per voter approved formulas.
- ▶ Five-year plans were prepared to delineate planned projects using Measure D revenues.
- Ongoing outreach and community engagement was conducted via website updates (www.sccrtc.org/move), Facebook, NextDoor and eNews.
- ▶ Taxpayer Oversight Committee met to review Measure D expenditures and create the annual report.
- The RTC is responsible for preparing a Strategic Implementation Plan (SIP) for long-range implementation of Measure D. The SIP adopted by the RTC in February 2020, following several months of public outreach, includes long-term revenue forecasts, a cash flow model, policies and detailed information on regional projects. The Measure D Ordinance and SIP focus on utilizing Measure D to leverage grants and other funds, while also facilitating loans between fund programs to avoid delays and expedite delivery of projects, including the Highway 17 Wildlife Crossing.
- ▶ Following a public hearing in February 2020 and notices to each of the local jurisdictions, as required by the Measure D Ordinance, the RTC amended the Expenditure Plan for the first time to clarify eligible and intended uses of Measure D Highway Corridors funds to include additional auxiliary lanes and bus-on-shoulder facilities on Highway 1 between Freedom Blvd, Rio Del Mar and State Park Drive interchanges.

Sign up for the RTC enews list to stay up-to-date on Measure D projects and for information on opportunities to provide public input on planned Measure D projects in the County: www.sccrtc.org/about/esubscriptions/.