



# Santa Cruz County Regional Transportation Commission

**Transportation Policy Workshop - Measure D Financing Scenarios as a  
Strategy to Expedite Delivery of Highway 1 and Coastal Rail Trail Projects**

**Thursday, April 21, 2022**

# Measure D - Overview

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**Approved by 2/3 of Voters in 2016**

**30-Year Transaction and Use Tax**

**Initial Projection was \$17M Annually in 2017**

**5-Year Plans Program of Projects (Annually)**

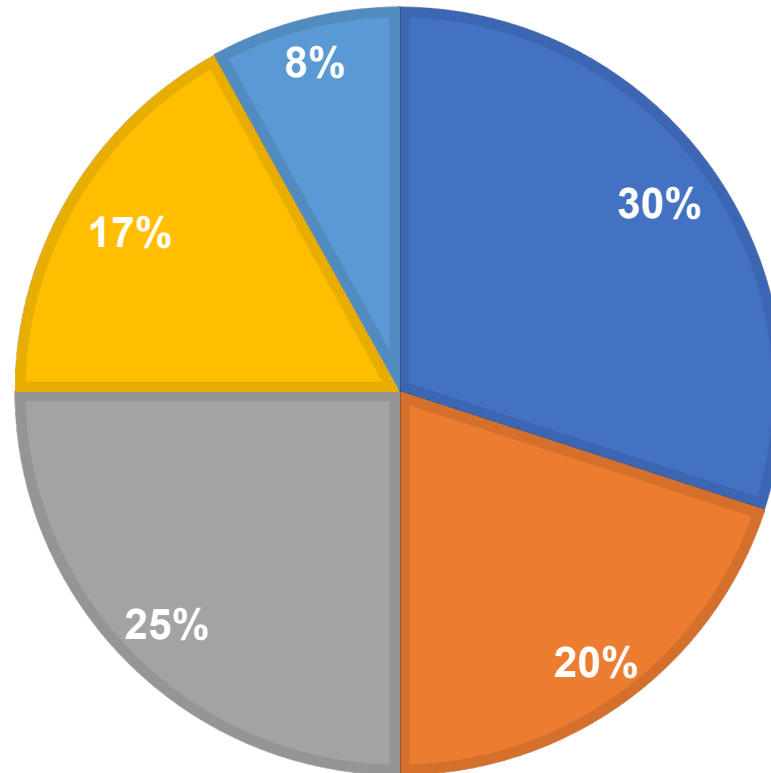
**Strategic Implementation Plan (at least every 5-Years) for Regional Projects**

**Measure Revenues not enough to fully fund all transportation needs**

**Measure D Expenditure Plan**

# Measure D Expenditure Plan

- 30% - Neighborhood Projects (incl \$10M for Hwy 9 SLV & \$5M for Hwy 17 WLC)
- 20% - Transit for Seniors & People with Disabilities
- 25% - Highway Corridors (Aux Lanes, BOS, B/P OC, TDM, Safety & Congestion Reduction)
- 17% - Active Transportation (Coastal Rail Trail)
- 8% - Rail Corridor - Preservation & Analysis of Options



# Coastal Rail Trail Projects Under Development



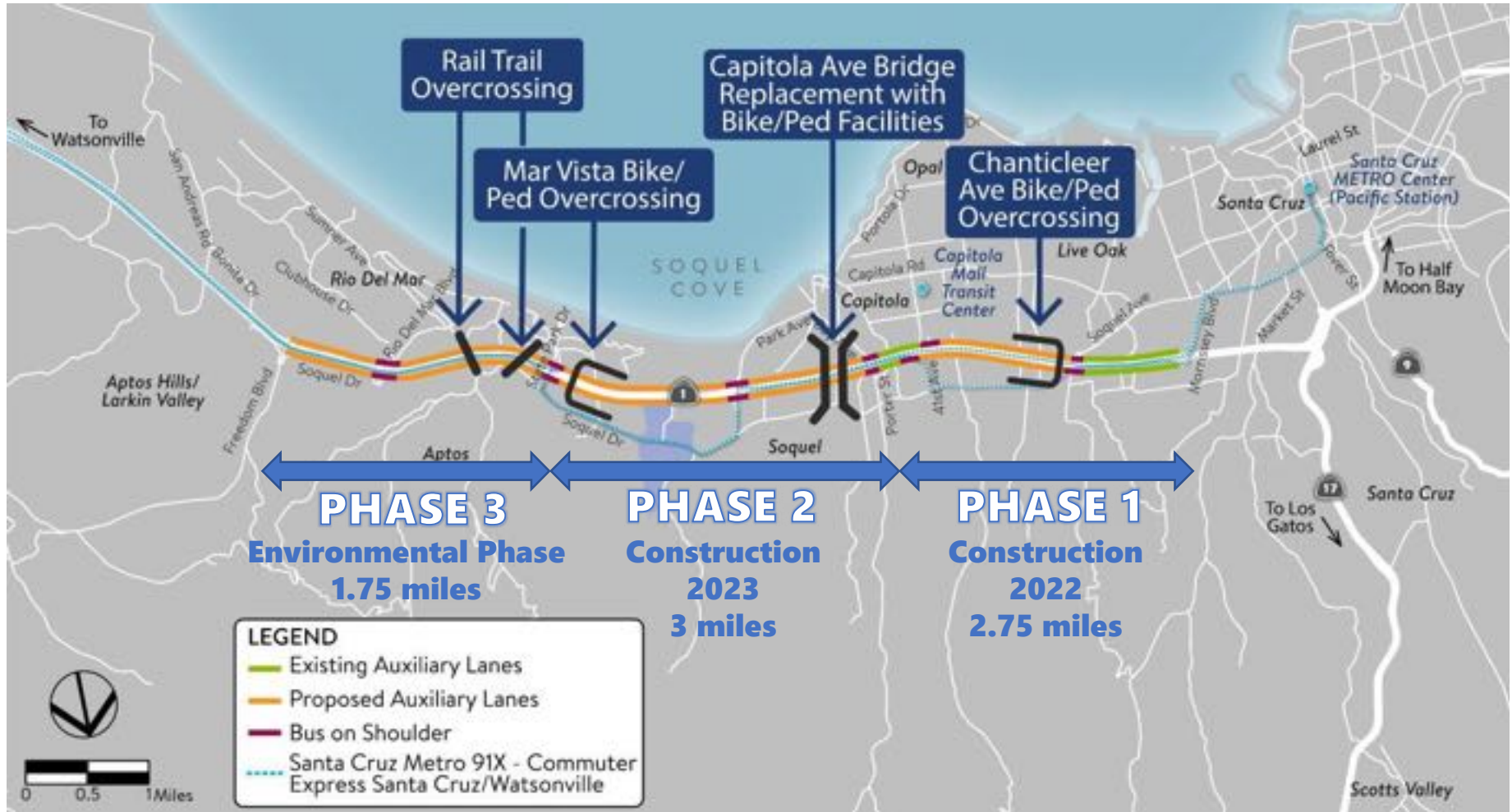
# Trail Segments 8 through 12 (Under Development)

Description of Work	Trail Segments & Cost (\$millions)			Total Cost
	8 & 9	10 & 11	12	
<b>1. Optional Interim Trail Phase (on existing rail alignment)</b>	\$18.1	\$33.4	\$24.6	\$76.1
<b>2. Ultimate Trail (Adjacent to Rail) without Interim Option</b>	\$33.1	\$70.2	\$47.9	\$151.2
<b>3. Interim Trail + Demo and Rebuild for Freight Rail and Ultimate Trail</b>	\$57.4	\$114.6	\$78.8	\$250.8

*Notes: The Interim Trail cost estimate includes funding to rehabilitate and repurpose the Capitola Trestle. The Ultimate Trail cost does not include the replacement of the Capitola Trestle needed for passenger rail + trail.*



# Highway 1 Projects (Under Development)



# Highway 1 – Freedom to State Park (Under Development)

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Description of Work	Total Cost
<b>1. Highway 1 Work without new Rail Bridges over Highway 1 (Interim Trail)</b>	\$101.4
<b>2. Highway Project with new Rail Bridges over Highway 1 (Ultimate Trial)</b>	\$125.9



# Two Scenarios for Consideration

## Capacity Summaries

<b>1) Interim Trail (on railroad alignment)</b>			
<b>Measure D Category</b>	<b>\$millions</b>		
	<b>Proposed</b>	<b>Borrowing</b>	<b>Future Capacity</b>
<b>Active Transportation</b>	\$76	\$0	\$101
<b>Highway Corridors</b>	\$91	\$7	\$166
<b>Totals</b>	<b>\$167</b>	<b>\$7</b>	<b>\$267</b>
<b>2) Ultimate Trail (adjacent to railroad alignment)</b>			
<b>Measure D Category</b>	<b>\$millions</b>		
	<b>Proposed</b>	<b>Borrowing</b>	<b>Future Capacity</b>
<b>Active Transportation</b>	\$113	\$14	\$73
<b>Highway Corridors</b>	\$131	\$60	\$89
<b>Totals</b>	<b>\$244</b>	<b>\$73</b>	<b>\$162</b>



# Segments 8 & 9 Funding Strategy

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- State Active Transportation Program Cycle 6
  - Funding Availability
    - \$650M for 4 years of funding statewide
    - Funding available 23/24 to 26/27
    - Call for projects every 2 years
  
- Measure D Local City and County- \$3M
  
- Measure D Regional Active Transportation Category- \$2M
  
- Other Funding Sources
  - Land Trust of Santa Cruz County (\$1.5M)
  - Natural Resources Agency (\$500k)
  - Transportation Development Act (\$200k)

# Segment 8 & 9 Measure D Request

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	Measure D- Regional		ATP Cycle 6 Request
	Approved	Proposed	
<b>Ultimate Trail (Trail Next to the Railroad Tracks)</b>	\$2M	\$2.3M	\$19.9M
<b>Interim Trail (Trail on the Railroad Alignment)</b>	\$2M	NA	NA



# Segments 10 & 11 Funding Strategy

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- State Active Transportation Program Cycle 6
- Measure D Regional Active Transportation Category
  - 20% match to state funds for Cycle 6

# Segment 10 & 11 Measure D Request

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	Measure D- Regional		ATP Cycle 6 Request
	Approved	Proposed	
<b>Ultimate Trail (Trail Next to the Railroad Tracks)</b>	\$4M	\$14M	\$56.2M
<b>Interim Trail (Trail on the Railroad Alignment)</b>	\$4M	\$6.6M	\$26.7M



# Segments 10 & 11 – Decision Points

2022	2023	2024	2025	2026	2027
★	Commitment of Measure D Regional Active Transportation \$				
	★	Certify EIR (County Lead Agency & RTC Responsible Agency)			
			★	Right of Entry to SCBL for Construction	
		Final Design		CONSTRUCTION	

# Hwy 1/Segment 12 Funding Strategy

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## SB1 funding opportunity:

- Only Construction Component of the project is eligible for funding
- Local Match includes preconstruction (environmental, design, and right of way) and a percentage of the construction component
- Available Funding: ~\$500M SCCP and ~\$170M LPP statewide
- Competitive applications include a minimum of 20% local match for construction
- Capacity of the grant programs is limited – a large “ask” may price the project out of being competitive.

## Performance criteria:

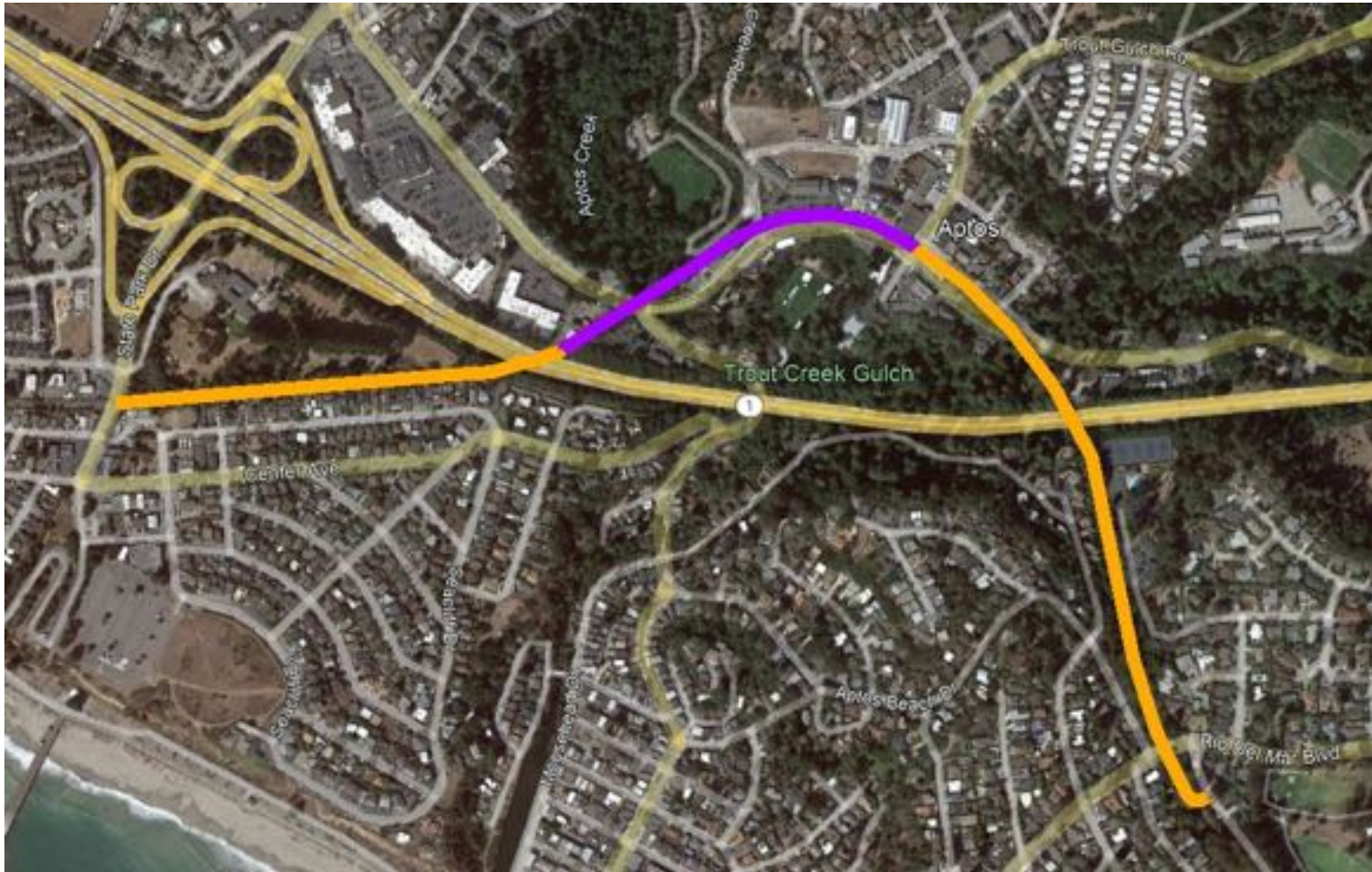
- Safety
- Congestion
- Accessibility
- Economic development, job creation, and retention
- Air pollution and greenhouse gas emission reductions
- Efficient land use
- Level of matching funds
- Timely project completion

# Hwy 1/Segment 12 Funding - Measure D Request

Funding	Hwy 1/ Seg12 Ultimate	Hwy 1/ Seg12 Interim Trail
Pre-Construction	\$34.0M	\$20.8M
Construction: Proposed Measure D Local Match	\$67.2M	\$29.5M
Construction: Proposed SB1 LPP/SCCP	\$88.7M	\$88.7M
<b>Total</b>	<b>\$189.9M</b>	<b>\$139.0M</b>



# Hwy 1/Segment 12 Cost Split – Measure D



Measure D Highway Corridors



Measure D Active Transportation



# Measure D Cash Flow Model: Actual Results through FY 2020/21

## Measure D Audited Financial Results (\$000)

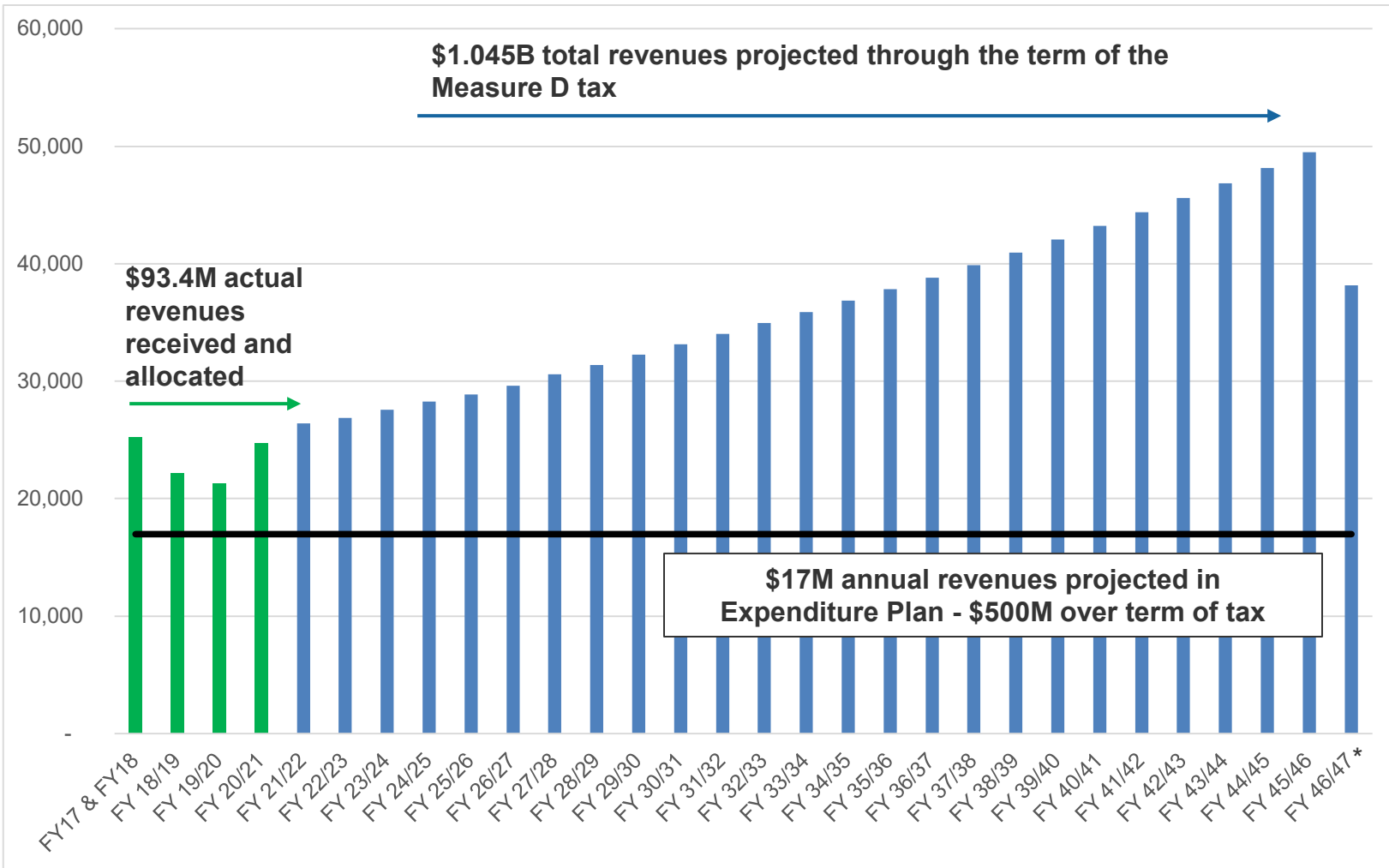
	Thru FY 2018	FY 2019	FY 2020	FY 2021
Total Revenues <sup>1</sup>	\$24,210	\$21,442	\$20,593	\$23,997
Direct Allocation Funding	(\$11,480)	(\$10,221)	(\$9,797)	(\$11,498)
Regional Program Funding	\$12,730	\$11,221	\$10,797	\$12,498
Regional Program Expenditures	(\$1,301)	(\$3,376)	(\$3,872)	(\$8,219)
<b>Regional Program Ending Cash Balance</b>	<b>\$11,429</b>	<b>\$19,274</b>	<b>\$26,198</b>	<b>\$30,478</b>

1. Net of CDTFA Fees and SCCRTC Admin Fees.

- Annual Measure D revenues (net of CDTFA and SCCRTC admin fees) are allocated in two ways:
  1. **Direct allocation funding:** distributed directly to jurisdictions
  2. **Regional funding:** allocated to program areas; managed by RTC
    - Annual expenditures do not always match annual revenues
    - Cash balances can accumulate and will be used for future capital expenditures

# Measure D Cash Flow Model: Projected Revenues through FY 2046/47

Actual and Projected Measure D Revenues (HdL as of January 2022)

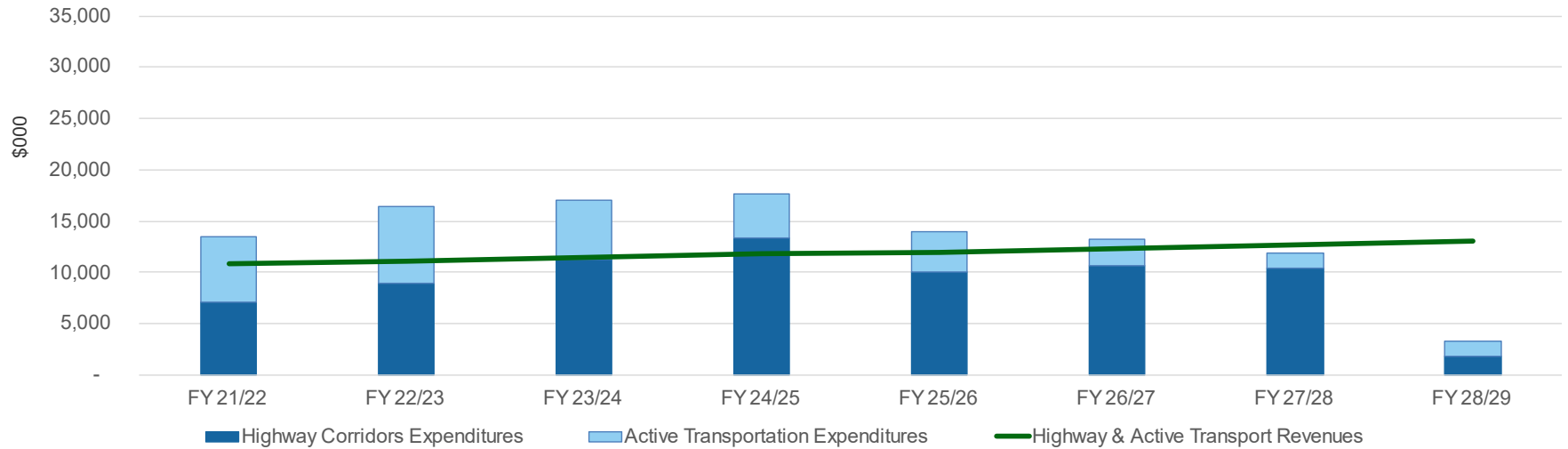


\*Reflects partial fiscal year due to term of tax.



# Interim Trail: Projected Revenues, Expenditures, and Cash Balance

Highway & Active Transportation Cash Flow: Projected Revenues & Expenditures



## Highway Corridors Projected Cash Flow

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Highway Corridors Revenue <sup>1</sup>	6,496	6,608	6,937	7,087	7,217	7,389	7,617	7,814
Less: Highway Corridors Expenditures <sup>2</sup>	(7,142)	(8,927)	(11,253)	(13,374)	(10,073)	(10,609)	(10,443)	(1,861)
Change in Cash Balance	(645)	(2,319)	(4,316)	(6,287)	(2,856)	(3,220)	(2,826)	5,954
Cummulative Cash Balance	<b>16,967</b>	<b>14,647</b>	<b>10,331</b>	<b>4,045</b>	<b>1,188</b>	<b>(2,032)</b>	<b>(4,858)</b>	<b>1,096</b>

1. Includes Measure D allocation and Highway 17 inter-program loan repayment.
2. Includes capital expenditures and Highway 17 inter-program loan disbursement.

## Active Transportation Projected Cash Flow

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Active Transportation Revenue	4,406	4,477	4,582	4,691	4,795	4,922	5,088	5,235
Less: Active Transportation Expenditures	(6,353)	(7,457)	(5,806)	(4,279)	(3,954)	(2,626)	(1,424)	(1,430)
Change in Cash Balance	(1,947)	(2,980)	(1,224)	412	841	2,296	3,665	3,806
Cummulative Cash Balance	<b>6,862</b>	<b>3,882</b>	<b>2,658</b>	<b>3,070</b>	<b>3,911</b>	<b>6,207</b>	<b>9,872</b>	<b>13,678</b>



# Interim Trail with Bonding: Projected Revenues, Expenditures, and Cash Balance

## Interim Trail Bonding Requirements

- Estimated **\$6.8M** of total required proceeds in FY 26/27 for Highway Corridors
- Pay-go revenues sufficient to address Active Transportation expenditure needs
- Borrowing sized to target minimum cash balance of \$1M
- Individual program area responsible for debt service associated with borrowing

Highway Corridors Projected Cash Flow								
	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Highway Corridors Revenue <sup>1</sup>	6,496	6,608	6,937	7,087	7,217	7,389	7,633	7,818
Less: Highway Corridors Expenditures <sup>2</sup>	(7,142)	(8,927)	(11,253)	(13,374)	(10,073)	(10,609)	(10,443)	(1,861)
<b>Add: Bond Proceeds</b>	-	-	-	-	-	<b>6,800</b>	-	-
<b>Less: Bond Debt Service</b>	-	-	-	-	-	<b>(306)</b>	<b>(523)</b>	<b>(523)</b>
Change in Cash Balance	(645)	(2,319)	(4,316)	(6,287)	(2,856)	3,274	(3,333)	5,435
Cummulative Cash Balance	<b>16,967</b>	<b>14,647</b>	<b>10,331</b>	<b>4,045</b>	<b>1,188</b>	<b>4,462</b>	<b>1,129</b>	<b>6,564</b>
<b>Program Debt Service Coverage</b>						<b>23.59x</b>	<b>14.25x</b>	<b>14.63x</b>

1. Includes Measure D allocation and Highway 17 inter-program loan repayment.

2. Includes capital expenditures and Highway 17 inter-program loan disbursement.

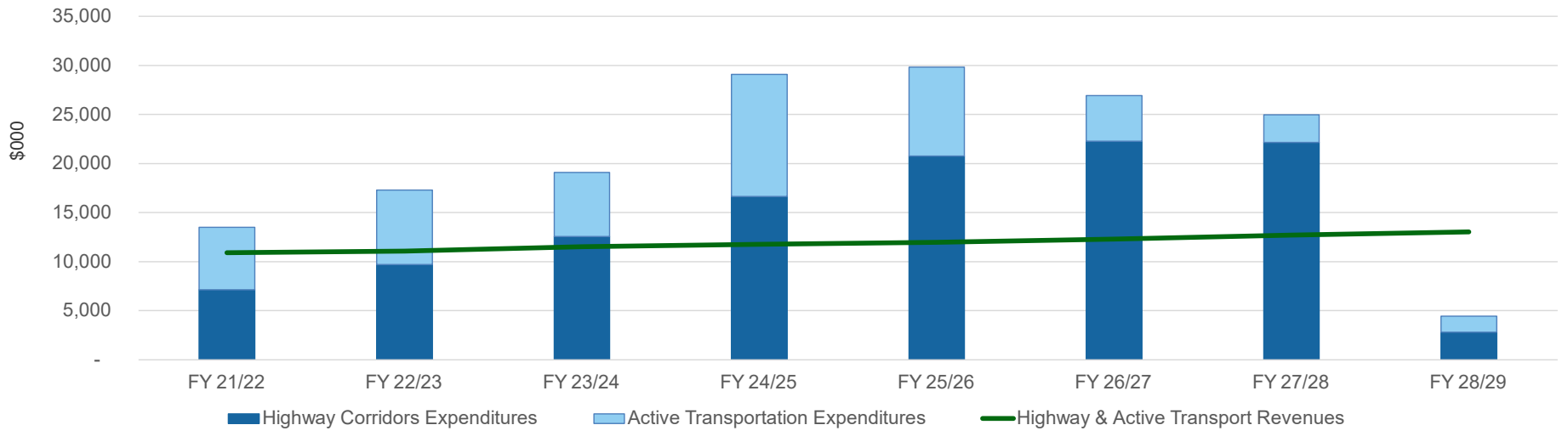
Active Transportation Projected Cash Flow								
	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Active Transportation Revenue <sup>1</sup>	4,406	4,477	4,582	4,691	4,795	4,922	5,088	5,235
Less: Active Transportation Expenditures	(6,353)	(7,457)	(5,806)	(4,279)	(3,954)	(2,626)	(1,424)	(1,430)
<b>Add: Bond Proceeds</b>	-	-	-	-	-	-	-	-
<b>Less: Bond Debt Service</b>	-	-	-	-	-	-	-	-
Change in Cash Balance	(1,947)	(2,980)	(1,224)	412	841	2,296	3,665	3,806
Cummulative Cash Balance	<b>6,862</b>	<b>3,882</b>	<b>2,658</b>	<b>3,070</b>	<b>3,911</b>	<b>6,207</b>	<b>9,872</b>	<b>13,678</b>

Note: Estimated debt service and debt service coverage assumes debt term consistent with term of Measure D tax (FY 46/47) and 4.50% interest rate assumption.



# Ultimate Trail: Projected Revenues, Expenditures, and Cash Balance

Highway & Active Transportation Cash Flow: Projected Revenues & Expenditures



## Highway Corridors Projected Cash Flow

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Highway Corridors Revenue <sup>1</sup>	6,496	6,608	6,934	7,080	7,202	7,385	7,617	7,814
Less: Highway Corridors Expenditures <sup>2</sup>	(7,142)	(9,717)	(12,566)	(16,654)	(20,768)	(22,278)	(22,142)	(2,786)
Change in Cash Balance	(645)	(3,109)	(5,632)	(9,574)	(13,566)	(14,893)	(14,524)	5,028
Cummulative Cash Balance	<b>16,967</b>	<b>13,858</b>	<b>8,226</b>	<b>(1,348)</b>	<b>(14,914)</b>	<b>(29,808)</b>	<b>(44,332)</b>	<b>(39,304)</b>

1. Includes Measure D allocation and Highway 17 inter-program loan repayment.

2. Includes capital expenditures and Highway 17 inter-program loan disbursement.

## Active Transportation Projected Cash Flow

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Active Transportation Revenue <sup>1</sup>	4,406	4,477	4,582	4,688	4,784	4,908	5,066	5,200
Less: Active Transportation Expenditures	(6,353)	(7,577)	(6,523)	(12,446)	(9,075)	(4,645)	(2,835)	(1,649)
Change in Cash Balance	(1,947)	(3,100)	(1,941)	(7,758)	(4,290)	263	2,231	3,551
Cummulative Cash Balance	<b>6,862</b>	<b>3,762</b>	<b>1,821</b>	<b>(5,938)</b>	<b>(10,228)</b>	<b>(9,965)</b>	<b>(7,734)</b>	<b>(4,183)</b>



# Ultimate Trail with Bonding: Projected Revenues, Expenditures, and Cash Balance

## Ultimate Trail Bonding Requirements

- Estimated **\$73.2M** of total required proceeds in FY 24/25
- Borrowing sized to target minimum cash balance of \$1M in each program area
- Individual program area responsible for debt service associated with borrowing

Highway Corridors Projected Cash Flow								
	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Highway Corridors Revenue <sup>1</sup>	6,496	6,608	6,934	7,080	7,400	7,520	7,684	7,815
Less: Highway Corridors Expenditures <sup>2</sup>	(7,142)	(9,717)	(12,566)	(16,654)	(20,768)	(22,278)	(22,142)	(2,786)
<b>Add: Bond Proceeds</b>	-	-	-	<b>59,700</b>	-	-	-	-
<b>Less: Bond Debt Service</b>	-	-	-	<b>(2,687)</b>	<b>(4,331)</b>	<b>(4,331)</b>	<b>(4,331)</b>	<b>(4,331)</b>
Change in Cash Balance	(645)	(3,109)	(5,632)	47,439	(17,699)	(19,089)	(18,788)	697
Cummulative Cash Balance	<b>16,967</b>	<b>13,858</b>	<b>8,226</b>	<b>55,665</b>	<b>37,966</b>	<b>18,877</b>	<b>88</b>	<b>786</b>
<b>Program Debt Service Coverage</b>				<b>2.56x</b>	<b>1.62x</b>	<b>1.67x</b>	<b>1.72x</b>	<b>1.77x</b>

1. Includes Measure D allocation and Highway 17 inter-program loan repayment.

2. Includes capital expenditures and Highway 17 inter-program loan disbursement.

Active Transportation Projected Cash Flow								
	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Active Transportation Revenue <sup>1</sup>	4,406	4,477	4,582	4,688	4,809	4,914	5,070	5,208
Active Transportation Expenditures	(6,353)	(7,577)	(6,523)	(12,446)	(9,075)	(4,645)	(2,835)	(1,649)
<b>Add: Bond Proceeds</b>	-	-	-	<b>13,500</b>	-	-	-	-
<b>Less: Bond Debt Service</b>	-	-	-	<b>(608)</b>	<b>(979)</b>	<b>(979)</b>	<b>(979)</b>	<b>(979)</b>
Change in Cash Balance	(1,947)	(3,100)	(1,941)	5,134	(5,245)	(710)	1,255	2,580
Cummulative Cash Balance	<b>6,862</b>	<b>3,762</b>	<b>1,821</b>	<b>6,955</b>	<b>1,710</b>	<b>1,000</b>	<b>2,255</b>	<b>4,835</b>
<b>Program Debt Service Coverage</b>				<b>7.71x</b>	<b>4.88x</b>	<b>5.01x</b>	<b>5.17x</b>	<b>5.31x</b>

Note: Estimated debt service and debt service coverage assumes debt term consistent with term of Measure D tax (FY 46/47) and 4.50% interest rate assumption.



# Summary of Cash Flow Model Projections and Project Expenditure Scenarios

1) Interim Trail (on railroad alignment) - \$millions				
Measure D Program Category	Projected Debt			Future Program Capacity
	Deficit Year	Issuance Amount	Total Debt Repayment <sup>1</sup>	
Highway Corridors	FY 26/27	\$6.8	\$10.7	\$166.2
Active Transportation	--	--	--	\$100.8
<b>Total</b>	<b>FY 26/27</b>	<b>\$6.8</b>	<b>\$10.7</b>	<b>\$267.0</b>

2) Ultimate Trail (adjacent to railroad alignment) - \$millions				
Measure D Program Category	Projected Debt			Future Program Capacity
	Deficit Year	Issuance Amount	Total Debt Repayment <sup>1</sup>	
Highway Corridors	FY 24/25	\$59.7	\$97.9	\$89.2
Active Transportation	FY 24/25	\$13.5	\$22.2	\$73.1
<b>Total</b>	<b>FY 24/25</b>	<b>\$73.2</b>	<b>\$120.1</b>	<b>\$162.3</b>

1. Assumes debt term consistent with term of Measure D tax (FY 46/47) and 4.50% interest rate assumption.



# Other Considerations:

## Segments Not Under Development

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Segment #	Location & Distance
Segment 6	Wilder Ranch to Schaffer Rd (1.49 miles)
Segment 7- Phase 3	Natural Bridges Drive to Schaffer Rd (.28 miles)
Segment 13	Rio Del Mar to Hidden Beach (.85 miles)
Segment 14	Seascape (along Sumner Rd) (1.17 miles)
Segment 15	Seascape Park to Manresa State Beach (1.37 miles)
Segment 16	Manresa State Beach to Ellicott Slough (2.66 miles)
Segment 17A	Harkins Slough -Buena Vista Avenue to Lee Rd (4.00 miles)
Segment 17B	San Andreas & Beach Street from Buena Vista to Lee Street
Segment 18- Phase 3	Lee Rd to Segment 18- Phase 1 (.5 miles)
Segment 19	Walker Street (.47 Miles)
Segment 20	Pajaro River (.74 miles)

# Other Considerations: Trail Maintenance

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## Annual Costs Included in Cash Flow Model

- Rail Corridor Maintenance

## Annual Costs Not Included in Cash Flow Model

- Trail Maintenance
- Trail Capital Improvements

# Other Funding Options

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A. Fund as "pay as you go"

B. Less Measure D Regional Active Transportation \$

C. More financing to fund Segments 10 through 12 & additional segments

# Other Considerations: Highway Corridors

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1. Cost Overruns on projects under development
2. Capacity for future capital projects:
  - Interchange improvements (replacement of overcrossings, ramp metering)
  - Active transportation improvements
  - High Occupancy Vehicle Lanes
3. Ongoing Program Costs:
  - Transportation Demand Management
  - Freeway Service Patrol
  - Safe on 17

# Next Steps

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## **April 21, 2022- Receive input from Commission:**

- Measure D Funding Requests to Serve as Local Match
- Financing to Advance Regional Projects (Policy)
- Input on Project Delivery (Ultimate Trail and Interim Trail – Optional Phase)

## **May 5, 2022- Consider Approval of Measure D 5-Year Program:**

- Hold a Public Hearing
- Program Measure D funds (FY22/23 to FY26/27)
  - Commit Measure D funds as grant match, which may include financing

# Questions/Discussion