

AGENDA: November 17, 2011
TO: Regional Transportation Commission
FROM: George Dondero, Executive Director
RE: Highway 1 Corridor
This item is for information only

BACKGROUND

At the October meeting, the RTC directed staff to provide a report on the time it would take to complete improvements on the Highway 1 corridor in Santa Cruz County. The RTC will make programming decisions to fund regional and local projects with State Transportation Improvement Program (STIP) funds at the December 1 RTC meeting and there have been several focused discussions regarding how to fund a growing backlog of unfunded transportation needs in the County.

DISCUSSION

The Project

The RTC has been developing preliminary design and environmental documents to reduce congestion and encourage alternative mode choices in the Highway 1 corridor since 2003. A draft environmental document is going through administrative reviews and is scheduled for public release in summer of 2012. Originally the project was conceived as looking at several alternatives, which over time were conflated to two build options for the corridor, between the Morrissey Blvd. and Larkin Valley/San Andreas Road interchanges.

In early 2011 the RTC was notified by the Federal Highway Administration (FHWA) that federal rules defining what constitutes a reasonable funding plan for a project over \$500 million in cost would henceforth be more aggressively enforced. The RTC's funding plan for the project, currently known as the Highway 1 HOV Lane project, does not qualify under the stricter enforcement of federal rules. The FHWA then proposed a way for the RTC to complete the EIR and get federal approval on the document by changing the approach to the project. The approach was described in previous staff reports and is called a "Tier 1 and Tier 2" environmental document. The Tier 1 document includes most of the technical environmental studies and much of the preliminary design work that was developed for the HOV Lanes project. However, the Tier 1 document will be utilized as a planning level study from which specific smaller projects may be developed, designed and built. These individual projects are the Tier 2 projects. This updated approach to completing the EIR has several characteristics which do more than just meet the stricter requirements of the FHWA. The tiered approach allows the RTC to retain the value of its \$12M investment in the project and to make smaller incremental improvements in the corridor as future funding opportunities allow. In today's unpredictable and anemic economy, this is an important shift in policy and provides advantages to the RTC. Under the previous approach which identified two build alternatives, one at \$250M and one at \$500M, even the most optimistic projections for future revenues would not completely fund one of the alternatives in a reasonable time frame. With the Tiered approach several smaller projects, many of which have already been identified (Attachment 1), could be built as funding becomes available.

The question of which projects should be funded is being considered by staff now working on the 2014 update to the RTC's Regional Transportation Plan (RTP), using metrics and tools being developed to help the region look at future funding decisions based upon principles of sustainability as it pertains to the triple bottom line – planet, people and prosperity. In the near future staff will be presenting material pertinent to how sustainability metrics could broaden the perspective of the RTP and make it a more useful planning and decision making tool.

Funding Scenarios

As previously stated, projections of future available funding for transportation projects are very difficult to make under current economic conditions. However, in an attempt to fulfill the RTC's request, some "educated guess" scenarios will be proposed. These will be made for a 25 year time frame, a common planning horizon.

Status Quo

This projection assumes no substantial changes in funding sources currently available. State Transportation Improvement Program (STIP) funds are generally considered most appropriate for larger and regional projects. For the 2012 STIP cycle, the RTC is allotted \$8.9 M (recently reduced from \$9.25M). STIP allocations are made every two years and can vary from approximately \$5M to \$9M, which means that over 25 years approximately 12 STIP cycles would yield about \$60M to \$108M.

The RTC also receives about \$2M annually in federal Regional Surface Transportation (RSTP) funds. These funds are more flexible than STIP funds, and have traditionally been applied to a wide range of project types including local road improvements, bike and pedestrian projects, state highway projects and improvements on the branch rail line to name a few examples. Because the demand on these funds is great and not likely to diminish soon, this scenario will assume that no RSTP funds will be directed to fund any Tier 2 projects on the

Local Sales Tax Measure

In 2007 the RTC held discussions about passing a local ½-cent sales tax measure, but in early 2008 the plans were put on hold due to a weakening economy. Under current law a 2/3 majority of the vote would be needed to pass a measure. Over the past decade there have been several bills floated in the state legislature to lower that majority to 55%, as was done successfully for education purposes. It is unclear when or if such a measure will pass in the near future, but for the sake of this discussion let us assume that it does, and that the RTC could take a measure to the voters in 2014 and that it would pass. Based upon past polling of likely county voters, the expenditure plan for such a measure would have to include a mix of transportation projects and programs to gain adequate voter support. For discussion purposes only, let us assume that the expenditure plan would be divided as:

- 30% to local streets and roads
- 30% to transit (bus and rail)
- 30% to Highway 1 improvements
- 10% to other programs such as Freeway Service Patrol, Traveler Information, Commute Solutions rideshare, educational and other bike/ped

programs, etc.

A ½ cent sales tax currently generates about \$14M annually. Although this amount might grow with inflation, so would the costs for projects and programs. For simplicity we will not include inflation in this estimate nor will we assume any economic growth. Over 25 years, the amount dedicated to Highway 1 would be approximately \$4.2M per year, or \$105M total. If we add this to the estimated yield from the STIP, approximately \$165M to \$213M total would become available for Highway 1 Tier 2 or other regional projects.

Other Potential Funding

From time to time opportunities arise to fund projects that are essentially “one time” events. Proposition 1B passed in 2006 is an example, and is the source of funds to construct the Soquel-Morrissey Auxiliary Lanes project which is now out to bid. Another example would include the federal stimulus packages of 2009. Typically these programs require that most of the environmental and design work be completed for a project to compete. The RTC’s use of the Tier 1 – Tier 2 approach aligns well with having projects ready for future one-time opportunities. The time and cost to produce the smaller Tier 2 project environmental documents will be compact, especially when compared to the effort invested to date. It is not possible to know when the next one time opportunity will manifest, but it is reasonable to assume that the RTC could pursue a policy of having at least one Tier 2 document prepared or “shelf ready” at any given time, to ensure that no future funding opportunities are missed.

Potential Projects

The Highway 1 Project Development Team has developed a list of potential stand alone projects on the corridor which could be built as funding becomes available. These include a number of auxiliary lanes and three bike/pedestrian overcrossings. Other potential projects could include creation of new park and ride lots to encourage and support car pooling, van pooling and transit use. If a sales tax measure is approved by the voters with a significantly higher percentage of funding for a longer period going to Highway 1 projects and such funding is used to leverage state and federal funding opportunities, it may be possible to build the improvements in the Tier 1 HOV lanes alternative sooner. However, such a scenario is not certain.

SUMMARY

This report provides some possible funding scenarios for improvements on the Highway 1 corridor. It is not likely that funding for all improvements identified as the HOV Lane project costing \$500M will be funded. However, there is potential to fund some improvements on the corridor under different funding assumptions. Using the Tier 1 –Tier 2 environmental document as a strategy, the RTC could position smaller projects for future funding opportunities.

Attachments:

Draft list of potential Tier 2 projects on Highway 1

SCCRTC Highway 1 HOV Lane Project Cost Estimate for Phased Implementation Plan - Aux Lanes

Segment ~ Segment Description ~ Total

NB Aux Lane Segments

N1 ~ NB 41st Ave to Soquel Ave Aux lane ~ \$11,361,900

N2 ~ NB Park Ave to Bay Porter Aux lane ~ \$18,016,000

N3 ~ NB State Park Ave to Park Ave Aux lane ~ \$14,222,200

N4, S4

Rio Del Mar to State Park Aux Lanes (NB and SB) ~ \$46,617,600

South UPRR structure ~ \$14,269,000

North UPRR structure ~ \$18,555,000

Route 1 over Aptos creek Structure ~ \$8,068,000

N4, S4 Total Aux lanes and Structures ~ \$87,509,600

N5 ~ NB Freedom to Rio Del Mar Aux lane ~ \$9,094,400

SB Aux Lane Segment

S1 ~ SB 41st Ave to Soquel Ave Aux lane ~ \$7,140,600

S2 ~ SB Park Ave to Bay Porter Aux lane ~ \$7,407,000

S3 ~ SB State Park Ave to Park Ave Aux lane ~ \$18,379,000

S5 ~ SB Freedom to Rio Del Mar Aux lane ~ \$3,885,000

Cost Assumptions

1. NB Improvements to precede SB improvements in the same reach.
2. Both NB and SB Aux Lanes will be constructed as one project between Rio Del Mar and State Park.
3. UPRR structures can be independent projects.