

Capitola City Council

Agenda Report

Meeting: May 28, 2026

From: Public Works Department

Subject: FY 2026-27 SB 1 Project List and Measure D Five-Year Plan Update



Recommended Action: (1) Conduct a public hearing and adopt the FY 2026-27 Measure D Five-Year Program of Projects; and (2) Adopt the resolution approving the FY 2026-27 SB 1 Project List for the Road Maintenance and Rehabilitation Account (RMRA).

Background: In November 2016, Santa Cruz County voters approved Measure D, a 30-year half-cent sales tax intended to fund transportation improvements, including pavement maintenance, bicycle facilities, and pedestrian infrastructure. Under the Measure D Master Funding Agreement, each local jurisdiction receiving Measure D funds is required to annually develop, hold a public hearing on, and adopt a five-year program of projects identifying the anticipated use of Measure D revenues.

Similarly, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017, provides annual formula funding to cities for roadway maintenance and rehabilitation activities. To receive SB 1 funding, agencies must annually adopt a project list through a City Council resolution identifying proposed uses of Road Maintenance and Rehabilitation Account (RMRA) revenues for the upcoming fiscal year.

Historically, the City has used both Measure D and SB 1 revenues to support the City's Pavement Management Program (PMP) and annual pavement rehabilitation projects. These local revenues are often supplemented by grant funding for related improvements, including curb ramps, pedestrian accessibility improvements, Rectangular Rapid Flashing Beacons (RRFBs), striping, and other complete streets elements incorporated into roadway projects. Some accessibility improvements are also required to comply with Americans with Disabilities Act (ADA) requirements associated with pavement rehabilitation work.

On June 9, 2022, the City Council approved the 2022 PMP Update, which outlines specific streets scheduled for rehabilitation based on pavement conditions and long-term maintenance planning. The next comprehensive PMP evaluation and update is anticipated in FY 2027-28. Until that time, the City continues to utilize the adopted PMP framework and updates the Measure D five-year plan annually as required.

Discussion: The proposed FY 2026-27 SB 1 Project List and Measure D Five-Year Program continue the City's long-standing approach of directing these revenues toward pavement preservation and rehabilitation projects identified through the adopted PMP.

The SB 1 resolution includes specific street segments anticipated for work during FY 2026-27, consistent with State reporting requirements. However, the City also reports completed work after project delivery, and final project limits may be adjusted based on construction costs, coordination opportunities, field conditions, and available funding.

Similarly, the Measure D Five-Year Program functions as a planning document identifying anticipated future use of Measure D revenues over the next five fiscal years. Because the City has historically dedicated Measure D revenues toward implementation of the PMP, the updated five-year plan largely reflects the remaining streets identified within the adopted PMP. The five-year plan may continue to evolve annually as projects are completed, priorities shift, or coordination opportunities arise.

Several street segments identified in the current PMP are not proposed for near-term pavement rehabilitation due to overlap with active or anticipated capital improvement projects:

- The southern portion of 41st Avenue is currently being evaluated through the ongoing 41st Avenue Corridor Study and related multimodal planning efforts.
- Cliff Drive improvements are being coordinated with the future Cliff Drive Resiliency Project.
- Stockton Avenue near the Stockton Bridge is deferred pending future bridge-related improvements and project coordination.
- Village area streets are proposed to be coordinated with recommendations and priorities emerging from the City's Active Transportation Plan (ATP), which is currently underway on a shorter planning timeline than some of the larger corridor and resiliency projects.

The remaining streets identified in the PMP are primarily located within the Cliffwood Heights neighborhood and represent logical near-term pavement rehabilitation candidates. However, available FY 2026-27 revenues alone are currently insufficient to efficiently deliver the full remaining rehabilitation scope. In addition, the City is currently developing a larger neighborhood transportation and infrastructure improvement project within the Cliffwood Heights area for future grant funding opportunities anticipated later this year. As a result, staff does not recommend advancing standalone pavement rehabilitation work within the neighborhood at this time in order to preserve flexibility for future coordinated improvements and potential grant-funded project delivery.

Combining FY 2026-27 and FY 2027-28 funding allocations into a single larger pavement rehabilitation project would provide more favorable construction pricing and allow the City to complete the remaining Cliffwood Heights streets and Village-area pavement rehabilitation work more efficiently. Postponing portions of the remaining Cliffwood Heights rehabilitation work would also provide time to determine whether the City is successful in securing future grant funding opportunities associated with the broader neighborhood improvement effort.

In the interim, staff proposes utilizing FY 2026-27 SB 1 and Measure D funding toward heavy rehabilitation work on Reposa Avenue. The 2022 PMP Update identified a planning-level rehabilitation estimate of approximately \$240,000 for this work. Santa Cruz County is currently delivering a similar pavement rehabilitation project in the surrounding area, and recent bid pricing from that work indicates this estimate remains realistic, achievable, and generally consistent with current market conditions.

The attached Measure D Five-Year Program of Projects carries forward the remaining PMP street segments and reflects the City's current best estimate of project sequencing and implementation timing based on known project coordination needs, funding availability, and ongoing planning efforts.

The FY 2026-31 Measure D Five-Year Program of Projects is being considered following a public hearing before the City Council, consistent with Measure D requirements. Project prioritization is based primarily on the adopted Pavement Management Program, roadway condition assessments, coordination with active capital improvement projects, and opportunities to leverage regional coordination and external funding sources.

Fiscal Impact: Revenues of approximately \$277,000 from SB 1 and \$398,000 from Measure D are budgeted in Special Revenue Funds 1308 (SB1 RMRA) and 1309 (RTC Measure D), respectively. Reposa Avenue rehabilitation work is currently estimated at approximately \$240,000, with the remaining Measure D funding anticipated to carry forward toward future pavement rehabilitation projects identified in the Five-Year Program of Projects.

Attachments:

1. Resolution Adopting FY 2026-27 SB 1 Project List
2. Resolution Adopting FY 2026-31 Measure D Five-Year Program of Projects

Alignment with 2025-2029 Strategic Plan Priority: Sustainable Infrastructure

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