



STAFF REPORT

SPECIAL TOWN COUNCIL MEETING OF FEBRUARY 28, 2017

To: Honorable Mayor and Members of the Town Council
From: Joan L. Phillipe, Town Manager
Subject: SB 1 and AB 1: Transportation Funding
Date: February 27, 2017

RECOMMENDATION ACTION:

Determine whether to support the bills.

ISSUE STATEMENT AND DISCUSSION:

The League of California Cities has requested cities considered sending letters of support to its legislative representatives for bills SB1 and AB1. You will recall that Councilmember Ucovich brought this forward at the February 14 Council meeting.

According to the League's Executive Director Carolyn Coleman, there is "a hard deadline commitment from the Governor, the Speaker of the Assembly, the Pro Tem of the Senate, and the Transportation Committee Chairs to get this deal done by April 6, 2017". The League is supporting both bills that, if passed, would provide an additional \$1 billion directly to cities annually. This is in addition to "additional investments of \$1 billion for counties, \$2 billion for the state highway system, \$600 million for goods movement, \$550 million for transit, and \$150 million for active transportation projects. As with other transportation funding, these funds would be allocated based on population. The focus will be on "fix-it-first" and for cities that get into good repair, the city will be able to keep those funds for use on other local transportation priorities.

Evidently, legislators from both political parties specifically asked at the Senate Transportation and Housing Committee meeting last week, why more cities have not issued letters of support for the legislation. Of the state's 482 cities, 75 had supported the proposal as of February 15. Of note, however, the bill did pass out of the Senate Transportation and Housing Committee on an 8-3 vote on February 14.

Funding would come from a 12 cent increase to the gas tax, a \$38 increase to the vehicle registration fee, \$100 vehicle registration fee on zero emission vehicles, a 20 cent increase to the diesel excise tax, \$300 million from existing cap and trade funds and a return of \$500 million in vehicle weight fees phased in over five years. The gas and diesel tax and vehicle registration fees would increase every three years beginning July 1, 2019 based on the percentage change in the California Consumer Price Index. It does not appear that there is a cap on the escalator. This could be a concern, if in the future the state were to see double digit inflation.

Attached is a copy of the sample support letter provided by the League. Public Works Director Brit Snipes has provided the following draft language to be included in the letter specific to Loomis:

Currently the Town of Loomis has an average Pavement Condition Index (PCI) of 73. Several of our roads are below a PCI of 55, and are beyond a typical overlay and require full depth reconstruction. Funding from SB 1 would support the Town's efforts to restore the pavement on the Town's main arterials. Currently the Town's main arterials are old state highways, which were constructed with concrete. As these roadways deteriorate they are very costly to repair because in many cases we can't simply overlay the road it has to be reconstructed.

Projects in Loomis would include Phases Two and Three of the Loomis Downtown Master Plan. Projects like these not only provide restoration of the roadway but will also be done in conformance with Caltrans' Complete Street requirements and will include ADA access, lighting, bike lanes, etc.

While most times, submitting letters of support on legislation that would benefit the town would not be of concern, here, given the potentially significant increases in taxes and fees, I felt it important for the Council to review the request before taking steps to formalize letters.

Due to the length of the Bills we have not printed them out, attached is a summary from the League of California Cities. You can go to the following links for the complete Bill.

Senate Bill 1:

http://www.leginfo.ca.gov/pub/15-16/bill/sen/sb_0001-0050/sbx1_1_bill_20160829_amended_sen_v93.pdf

Assembly Bill 1:

http://www.leginfo.ca.gov/pub/15-16/bill/asm/ab_0001-0050/abx1_1_bill_20150623_introduced.pdf

FINANCIAL IMPLICATIONS:

At full phase in, the town would receive a one-time loan repayment of \$36, 125 and an annual payment of \$227,836.

*****CITY LETTERHEAD*****

DATE

The Honorable Jim Frazier
Chair, Assembly Transportation Committee
California State Capitol, Room 3091
Sacramento, CA 95814
FAX: (916) 319-2111

RE: AB 1 (Frazier). Transportation Funding.
Notice of Support

Dear Assembly Member Frazier:

The City/Town of _____ is pleased to support your AB 1, which represents a comprehensive transportation proposal inclusive of sensible reforms, modest increases to existing revenue sources, and robust infrastructure investment. The proposal presents an opportunity for the new legislature to advance a comprehensive framework to address the overwhelming backlog of repair and deferred maintenance as well as other transportation needs in the early part of 2017.

It would be an understatement to say the time to act is now to address the \$73 billion unmet funding need for local streets and roads and \$72 billion backlog to the State's Highway System. For local streets and roads alone, the funding need grows by an additional \$20 billion in just ten years. With the expressed commitment of Legislative Leadership and this Administration to getting this done in the early parts of 2017, we urge this legislature's immediate attention to this proposal as the vehicle to deliver this victory for California.

[Give examples of projects this funding would be used for. Talk about pavement conditions in your city.]

When fully phased in, AB 1 would generate an additional \$6 billion annually to provide desperately needed funding for the state and local transportation network. To repair and maintain existing transportation infrastructure, the proposal would generate up to \$2.4 billion and \$2.2 billion annually for the state's highway system and local streets and roads, respectively. The bill also provides nearly \$600 million for freight and the state's trade corridors, over a half billion for transit and intercity rail, and up to \$150 million to support active transportation programs throughout the state.

The proposal takes the approach of raising revenue over a variety of sources, such as a 12 cent increase to the gas tax to restore some of its purchasing power, ending the Board of Equalization's "true up" process on the price based excise tax on gas, a \$38 increase to the vehicle registration fee, a \$100 vehicle registration fee on zero emission vehicles, a 20 cent increase to the diesel excise tax, \$300 million from existing cap and trade funds, and returning \$500 million in vehicle weight fees phased in over five years.

In addition to raising revenue, the proposal includes a series of reforms to improve efficiency, transparency, and accountability, such as restoring independence to the California Transportation Commission, creating the Office of the Transportation Inspection General with audit and investigation authority over the state's transportation spending, and establishing local reporting requirements on local transportation spending. To streamline roadwork, the bill permanently extends and expands on the limited exemptions to California's Environmental Quality Act (CEQA) for repair, maintenance, and minor

alteration projects on existing roadways to cities and counties with populations greater than 100,000 and state roadways. The proposal also creates an advanced mitigation program which authorizes the Natural Resources Agency to establish state and regional transportation mitigation plans and mitigation banks to allow transportation projects to fulfill their environmental requirements in advance.

Overall, this proposal provides a comprehensive transportation reform and funding package that picks up where we left off at the end of the special session, while giving this legislature an opportunity for early action. While the legislature has had success in recent years in balancing the state budget, we can no longer afford to ignore our most basic repair and maintenance needs if we wish to avoid systematic failure of the state's entire transportation infrastructure. There may be no better way to put Californians back to work and stimulate our economy than making the roads we and our children rely on everyday safe again.

For these reasons, the **City/Town of _____** Supports AB 1 (Frazier).

Sincerely,

NAME

TITLE

CITY/TOWN of _____

cc: **Your Senator & Assembly Member**
Your League Regional Public Affairs Manager (via email)
Meg Desmond, League of California Cities, mdesmond@cacities.org



Search Results

Monday, February 27, 2017

SB 1**(Beall D) Transportation funding.** (Amended: 1/26/2017)**Status:** 2/24/2017-Set for hearing March 1.**Location:** 2/22/2017-S. GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapters
1st House				2nd House							

Calendar: 3/1/2017 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary: (1)Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account. This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria, consistent with a specified asset management plan, to ensure efficient use of certain funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.12 per gallon increase, phased in over 3 years, in the motor vehicle fuel (gasoline) tax imposed by the bill with an inflation adjustment, as provided, an increase of \$38 in the annual vehicle registration fee with an inflation adjustment, as provided, a new \$100 annual vehicle registration fee with an inflation adjustment, as provided, applicable to zero-emission motor vehicles, as defined, and certain miscellaneous revenues described in (7) below that are not restricted as to expenditure by Article XIX of the California Constitution. This bill contains other related provisions and other existing laws.

Attachments:

[SB 1 Gov & Finance Committee, Support](#)
[CITY Sample - SB 1 Sen Gov & Finance - Support](#)
[SB 1 EQ Committee, Support](#)
[CITY Sample - SB 1 Sen EQ - Support](#)
[SB 1 Author, Support](#)
[SB 1 Author, Support](#)
[CITY SAMPLE - SB 1 Support](#)

Policy Committee (primary)	Primary Lobbyist	2nd Lobbyist	
Transportation, _Communications _and _Public _Works	Berdugo, Rony		
League Position	Position Taken	Policy Committee (secondary)	Policy Analyst
Support	Hot		Derek Dolfie

Total Measures: 1**Total Tracking Forms: 1**

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Search Results Monday, February 27, 2017

AB 1

(Frazier D) Transportation funding. (Introduced: 12/5/2016)
Status: 1/19/2017-Referred to Coms. on TRANS. and NAT. RES.
Location: 1/19/2017-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

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Attachments:
[CITY SAMPLE - AB 1 Support](#)
[AB 1 Author, Support](#)

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Transportation, _Communications _and _Public _Works	Berdugo, Rony		
League Position	Position Taken	Policy Committee (secondary)	Policy Analyst
Support	Hot		Derek Dolfie

Total Measures: 1
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