



SACOG Board of Directors

June 10, 2009

Adopt State Budget Transportation Funding Advocacy

Issue: What are the impacts of the state budget shortfall on transportation funding, and what issues should SACOG weigh in on?

Recommendation: The Government Relations & Public Affairs Committee recommends that the Board adopt a set of state budget advocacy positions and direct staff to advocate on these positions.

Committee Action/Discussion: Government Relations & Public Affairs Committee discussed the possible ramifications to SACOG and its member jurisdictions of some of the reductions which the State Legislature and Governor may be considering to further resolve the state budget deficit. In February, the Legislature adopted a budget through June 2010. Since that time, a shortfall of \$24.3 billion has accumulated and is growing. The Governor issued a May Revision to this adopted budget to correct this shortfall. The Legislature has convened a Budget Conference Committee, which is holding hearings on the May Revision to be followed in the next few weeks with legislative proposal for budget changes.

Impact on Bond Sales

The State Treasurer believes that the state may not be able to sell bonds until the budget is balanced. As seen earlier this year, suspension of bond sales has adverse effects on highway, road and transit programs. Housing programs (Prop. 1C of 2006) will also suffer, potentially stalling downtown railyards and other projects in the region. Some of the Proposition 1B (2006) projects that may be delayed if bonds cannot be sold are listed below. This list does not include all local projects that may be awaiting bond sales.

- SACOG, Universal Fare Card Implementation, \$5,500,000
- SACOG, Vehicles for Ag Worker Program Grant, \$100,000
- Yolo County Transportation District, Maintenance and Operations Facility Improvements, \$1,064,000
- City of Sacramento, Intermodal depot retrofit, \$10,500,000
- Sacramento Regional Transit District (RT), Northeast Corridor Enhancements, \$5,000,000
- Regional Transit, Louis/Orlando Transfer Point Improvements, \$2,500,000
- Caltrans, SR 99/Everta Road Interchange, \$19,110,000
- Caltrans, SR 99 Auxiliary Lanes, Calvine Road to Mack Road, \$6,860,000
- Caltrans, Feather River Bridge Replacement and Widening, \$73,500,000

Impact on SACOG Programming

If the state cannot fund the State Transportation Improvement Program (STIP), it will impact how many projects SACOG is able to fund this fall. Staff has not identified the scope of the programming round for this fall, but the STIP is one of three primary sources of funding (the other two being federal).

Impact on Transit Operations

The Governor proposes to use \$336 million of “spillover” sales tax revenues for transit bond debt service costs, which by law is intended to be paid out of the General Fund. Spillover funds accrue when revenue derived from sales taxes on gasoline is proportionately higher to all taxable sales, generally reflecting higher gas prices. The spillover is intended to provide additional funds for transit operations and capital projects when ridership is high.

Proposition 42 Suspension

The Governor has not proposed suspending Proposition 42, but it has been discussed as a potential legislative proposal. If the Legislature uses its authority to suspend Proposition 42 (Prop. 1A of 2006), that would have adverse effects on city and county road fund payments as well as reduced or no funding for the STIP. Local projects to be funded with Traffic Congestion Relief Program (TCRP) funds, such as RT South Sacramento Corridor Phase II (\$63 million) will at best be delayed. Staff believes the impact on the region would be dramatic.

Elimination of Williamson Act

The Governor proposes to eliminate state subventions to local governments for open space and agricultural land under the Williamson Act, the state program that funds a portion of the revenue lost by counties when they lower property tax assessments in exchange for land owners keeping their land in agricultural or open space.

Options for Transportation

While state funding for transportation will almost certainly be reduced to close the budget shortfall, SACOG should still communicate its priorities to the Legislature and the Governor. In order to repair the budget, the opportunity may also emerge to stabilize future transportation funding and allow more local options for project financing.

Government Relations & Public Affairs Committee supported the following recommended Budget Advocacy Principles and recommended the SACOG Board of Directors take a position of support on these principles:

- **Stabilize funding for transit**
- **Support more local revenue options**
- **Support lowering voter threshold reforms**
- **Maintain funding for Williamson Act**

Approved by:

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