



**Item #16-5-6
Action**

Government Relations & Public Affairs Committee

April 29, 2016

Fix Our Roads Coalition

Issue: Should SACOG join the Fix Our Roads Coalition, which is advocating for increased state funding for transportation?

Recommendation: That the Government Relations & Public Affairs Committee recommend that the Board join the Fix Our Roads Coalition.

Discussion: A broad coalition of cities, counties, labor, business, and transportation advocates has formed the Fix Our Roads Coalition to meet the Governor's call to address California's chronic transportation infrastructure funding shortfall. The coalition has a set of seven priorities (Attachment A) that align closely with SACOG's State Advocacy Principles as well as its MTP/SCS policies.

SACOG's State Advocacy Principles call for: 1) giving regions and local governments additional revenue options and protections, 2) restricting the state budget to help stabilize transportation funding, 3) supporting new ways to fund transportation needs. SACOG's MTP/SCS policies call for: 1) pursuing and supporting enactment of sustainable funding sources adequate for maintenance and rehabilitation of highways, streets and roads and operations and maintenance of transit services for the region; and 2) supporting authority for local option funding sources to allow local areas to customize transportation funding and investment for maintenance and operation of the existing system and expansion to meet future needs.

SACOG members who have joined the Fix Our Roads Coalition are: Davis, Roseville, Sacramento, Sacramento County, Winters, and Woodland. The California State Association of Counties, League of California Cities, and California Association of Councils of Governments are also members. A full list of the coalition members is also attached (Attachment B).

Staff recommends joining the coalition instead of taking positions on specific legislation at this time. By joining the Fix Our Roads coalition, SACOG would lend its voice to an already strong coalition that is negotiating with legislative leaders. Working with the coalition, rather than advocating independently, gives SACOG the ability to advance its priorities. This broad-based coalition improves the chances of a compromise that meets the needs of all transportation stakeholders. To date, the coalition has not yet endorsed any of the legislative proposals. SACOG would maintain the ability to leave the coalition should its positions not align with SACOG's interests.

On May 19, from 10:00-10:45 a.m., the coalition is holding a rally at the State Capitol. This time conflicts with the SACOG Board meeting, but staff wanted the Board to be aware of it. The Board meeting will take place as scheduled, but action items should be approved by 10 a.m. in the event that a quorum is lost by Board members who choose to participate independently in the rally.

Background on funding proposals

In June 2015, the SACOG Board voted to support, if amended, SB 16, which was one of the first transportation funding proposals. The Board was interested in supporting a measure that would have at least 10 years of funding (SB 16 was a five-year bill), and one that focused the funds only on road maintenance and rehabilitation.

In July 2015, the Governor called a special session to fix the shortfall and volatility in transportation funding and provide additional funding for road rehabilitation, but the Legislature failed to pass a proposal. Since that time, several funding measures have been introduced. The two primary proposals are being led by Assembly Member Frazier and Senator Beall.

In January, Assembly Member Frazier introduced AB 1591, which would raise \$7.8 billion. Also in January, the Governor proposed a \$3.6 billion expenditure plan in his draft 2016-17 budget. On April 22, Senator Beall revised his proposal (SB X 1-1) to add several reform provisions and expand some of the base transportation funding. The original \$3.9 billion proposal has expanded to a \$6.5 billion proposal. Attached is an outline of this proposal (Attachment C).

Approved by:

Mike McKeever
Chief Executive Officer

MM:EJ:ts
Attachments

Key Staff: Erik Johnson, Manager of Policy and Administration, (916) 340-6247

Fix Our Roads Coalition Priorities

1. **Make a significant investment in transportation infrastructure.** Any package should seek to raise at least \$6 billion annually and should remain in place for at least 10 years, or until an alternative method of funding our transportation system is agreed upon.
2. **Focus on maintaining and rehabilitating the current system.** Repairing California's streets and highways involves much more than fixing potholes. It requires major road pavement overlays, fixing unsafe bridges, providing safe access for bicyclists and pedestrians, replacing storm water culverts, as well as operational improvements that necessitate, among other things, the construction of auxiliary lanes to relieve traffic congestion choke points and fixing design deficiencies that have created unsafe merging and other traffic hazards. Efforts to supply funding for transit in addition to funding for roads should also focus on fixing the system first.
3. **Invest a portion of diesel tax and/or cap-and-trade revenue to high-priority goods movement projects.** While the focus of a transportation funding package should be on maintaining and rehabilitating the existing system, California has a critical need to upgrade the goods movement infrastructure that is essential to our economic well-being. Establishing a framework to make appropriate investments in major goods movement arteries can lay the groundwork for greater investments in the future that will also improve air quality and reduce greenhouse gas emissions.
4. **Raise revenues across a broad range of options.** Research by the California Alliance for Jobs and Transportation California shows that voters strongly support increased funding for transportation improvements. They are much more open to a package that spreads potential tax or fee increases across a broad range of options rather than just one source. Additionally, any package should move California toward an all-users pay structure in which everyone who benefits from the system contributes to maintaining it – from traditional gasoline-fueled vehicles, to hybrids, alternative fuel and electric vehicles, to commercial vehicles. Our coalition supports:
 - Reasonable increases in:
 - Gasoline and diesel excise taxes.
 - Vehicle registration and vehicle license fees.
 - Dedicating a portion of the cap and trade revenue paid by motorists at the pump to transportation projects that reduce greenhouse emissions.
 - Ensuring existing transportation revenues are invested in transportation-related purposes (i.e. truck weight fees and fuel taxes for off-road vehicles that are currently being diverted into the general fund).
 - User charge for electric and other non-fossil fuel powered vehicles that currently do not contribute to road upkeep.
5. **Equal split between state and local projects.** We support sharing revenue for roadway maintenance equally (50/50) between the state and cities and counties. Funding to local governments should be provided directly (no intermediaries) to accelerate projects and ensure maximum accountability.
6. **Strong accountability requirements to protect the taxpayers' investment.** Voters and taxpayers must be assured that all transportation revenues are spent responsibly. Authorizing legislation should:
 - Constitutionally protect transportation revenues for transportation infrastructure only. Time and again (Prop 42, 2002; Prop 1A, 2006; Prop 22, 2010), voters have overwhelmingly supported dedicating and constitutionally protecting transportation dollars for those purposes. We strongly support protections that prohibit using transportation dollars for other purposes.

- Repay existing transportation loans and end ongoing diversions of transportation revenues, including approximately \$850 million in loans to the general fund and the annual loss of approximately \$140 million in off-highway vehicle fuel taxes.
- Establish performance and accountability criteria to ensure efficient and effective use of all funding. All tax dollars should be spent properly, and recipients of new revenues should be held accountable to the taxpayers, whether at the state or local level. Counties and cities should adopt project lists at public hearings and report annually to the State Controller's Office regarding all transportation revenues and expenditures. Local governments should also commit to ensuring any new revenues supplement revenues currently invested in transportation projects. Both Caltrans and local governments can demonstrate and publicize the benefits associated with new transportation investments.
- Caltrans reform and oversight. To increase Caltrans effectiveness, provide stronger oversight by the state transportation commission of the programs funded by new revenues and establish an Inspector General office to provide accountability. Reduce Caltrans administrative budgets through efficiency reviews with all savings to be spent on road improvements.
- Expedite project delivery. More should be done to streamline project delivery, including but not limited to:
 - Establishing timelines for actions required by state agencies and eliminating other permit delays.
 - Increased implementation of alternative delivery systems that encourage more investment from the private sector.
 - Reforms to speed project completion.

7. Provide Consistent Annual Funding Levels. Under current statute, the annual gas tax adjustment by the Board of Equalization is creating extreme fluctuations in funding levels — a \$900 million drop in this budget year alone. A transportation funding package should contain legislation that will create more consistent revenue projections and allow Caltrans and transportation agencies the certainty they need for longer term planning. While this change would not provide any new revenue to transportation, it would provide greater certainty for planning and project delivery purposes.

Fix Our Roads Coalition Members**Business**

California Chamber of Commerce
 California Business Roundtable
 California Business Properties Association
 California Building Industry Association
 American Council of Engineering Companies –
 California
 Associated General Contractors of California
 United Contractors
 Engineering Contractors Association
 California Construction and Industrial Materials
 Association
 Western States Trucking Association
 California Infill Builders Federation
 California Asphalt Pavement Association
 Northern California Engineering Contractors
 Association
 Bay Area Council
 The Los Angeles Area Chamber of Commerce
 BizFed – LA County Business Federation
 Golden State Gateway Coalition
 East Bay Leadership Council
 East Bay Economic Development Alliance
 Associated General Contractors, San Diego
 Chapter
 International Council of Shopping Centers
 NAIOP CA, The Commercial Real Estate
 Development Association
 Silicon Valley Leadership Group
 San Jose Silicon Valley Chamber of Commerce
 San Gabriel Valley Economic Partnership
 Orange County Business Council
 South Bay Association of Chambers of Commerce
 Redwood City/San Mateo County Chamber of
 Commerce
 Torrance Area Chamber of Commerce
 Greater Merced Chamber of Commerce
 Northridge Chamber of Commerce
 Ripon Chamber of Commerce Government
 Relations Committee
 Golden State Builders Exchanges
 Flasher Barricade Association
 Caterpillar
 C.C. Myers, Inc.
 DeSilva Gates Construction
 Ghilotti Bros., Inc.
 Granite Construction Co.
 Mountain Cascade
 Solar Turbines

Mark Thomas & Company
 Disney Construction Inc.
 Moxie International
 ICS Electronics
 Gallagher Asphalt Corporation
 Towill, Inc.
 Surfa Slick, LLC
 Pro-Cast Products, Inc.
 Sunworks International
 Sully-Miller Contracting Co.
 Blue Diamond Materials
 United Rock Products
 First Vanguard Rentals & Sales Inc.

Elected Officials

Mayor Eric Garcetti, City of Los Angeles
 Mayor Robert Garcia, City of Long Beach
 Mayor Sam Liccardo, City of San Jose
 Mayor Anthony R. Silva, City of Stockton
 Mayor Larry Forester, City of Signal Hill
 Mayor James Goodhart, City of Palos Verdes
 Estates
 Mayor Bill Kampe, City of Pacific Grove
 Mayor Maria Orozco, City of Gonzales
 Mayor Jerry B. Edelen, City of Del Rey Oaks
 Mayor Joe Gunter, City of Salinas
 Mayor John Huerta Jr., City of Greenfield
 Mayor Jason Pu, City of San Gabriel
 Mayor Stanley E. Henry, City of Cathedral
 City
 Mayor Carla Condon, Town of Corte Madera
 Mayor Martin Scheel, City of Lakeport
 Mayor Patrick J. Furey, City of Torrance
 Mayor Richard Murphy, City of Los Alamitos
 Mayor Jorge Morales, City of South Gate
 Supervisor Mary Piepho, Contra Costa
 County, District 3
 Vice Mayor Chin Ho Liao, City of San Gabriel
 Vice Mayor Jeff Wieler, City of Piedmont
 Vice Mayor Jess Talamantes, City of Burbank
 Mayor Pro Tem Victoria Martinez, City of El
 Monte
 Council Member Jim Davis, City of Sunnyvale
 Council Member Mark Wheatley, City of
 Arcata
 Council Member Gordon Siebert, City of
 Morgan Hill

Council Member Connie Williams, City of Sonora
Council Member Lori Fleck, City of Etna
Council Member Katy Miessner, City of Vallejo
Council Member Gabriel Quinto, City of El Cerrito
Council Member Peter Tucker, City of Hermosa Beach
Council Member Maureen Mulheren, City of Ukiah
Council Member Newell Arnerich, Town of Danville

Labor

State Building and Construction Trades of California
California Alliance for Jobs
Operating Engineers Local 3
Northern California District Council of Laborers
Northern California Carpenters Regional Council
American Federation of State, County, and Municipal Employees Council 36

Transportation

Transportation California
Metropolitan Transportation Commission
Solano Transportation Authority
Kern Transportation Foundation

Local Government

League of California Cities
California State Association of Counties
Rural County Representatives of California
California Association of Councils of Governments
California Contract Cities Association
Urban Counties Caucus
California Rural Counties Task Force
California Chapters of American Public Works Association
North State Super Region
League of California Cities Los Angeles County Division
City/County Association of Governments of San Mateo County
South Bay Cities Council of Governments

Gateway Cities Council of Governments
San Gabriel Valley Council of Governments
Cities Association of Santa Clara County
Merced County Association of Governments
Mendocino Council of Governments
MuniServices
Alameda Corridor-East Construction Authority
Monterey County Mayors Association
County of Monterey
County of Marin
County of Santa Cruz
County of Merced
County of Sonoma
County of San Joaquin
County of Sacramento
City of Los Angeles
City of Sacramento
City of Ventura
City of Gilroy
City of Greenfield
City of Lakewood
City of Paramount
City of Palos Verdes Estates
City of Crescent City
City of Colton
City of Martinez
City of Concord
City of Ontario
City of Marina
City of Norwalk
City of American Canyon
City of Calistoga
City of Mill Valley
City of Montclair
City of Rancho Cucamonga
City of Monterey Park
City of Lemoore
City of Shasta Lake
City of Hercules
City of Tehama
City of Brentwood
City of Downey
City of Lompoc
City of Oroville
City of San Jacinto
City of Rolling Hills Estates
City of Belvedere
City of Pleasanton
City of South Lake Tahoe
City of Orinda
City of Scotts Valley

City of Artesia
City of Hemet
City of Petaluma
City of Selma
City of Bell
City of Santa Cruz
City of Seaside
City of Ripon
City of Lomita
City of Vacaville
City of Roseville
City of Bell Gardens
City of Maywood
City of Lafayette
City of Oakley
City of La Mirada
City of Sonoma
City of Eureka
City of Wildomar
City of San Mateo
City of Arroyo Grande
City of Piedmont
City of Antioch
City of Pleasant Hill
City of El Cerrito
City of San Gabriel
City of Rio Vista
City of Mt. Shasta
City of Santa Maria
City of Lakeport
City of Millbrae
City of Woodland
City of Corona
City of Dos Palos
City of Cotati
City of Sanger
City of Huntington Park
City of Highland
City of Arcata
City of Fremont
City of Hanford
City of Monterey
City of South Pasadena
City of Taft
City of Bellflower
City of Cloverdale
City of Chula Vista
City of Rohnert Park
City of San Luis Obispo
City of Signal Hill
City of Cerritos
City of Morro Bay

City of Glendale
City of Dublin
City of Goleta
City of Grover Beach
City of Davis
City of Torrance
City of Vallejo
City of Watsonville
City of Covina
City of Santa Fe Springs
City of Ukiah
City of Orland
City of Morgan Hill
City of Albany
City of Azusa
City of Brawley
City of Compton
City of Claremont
City of Walnut Creek
City of Del Mar
City of Canyon Lake
City of Pomona
City of Jackson
City of Los Banos
City of South Gate
City of Kerman
City of Thousand Oaks
City of San Leandro
City of Avenal
City of Carpinteria
City of Winters
City of Merced
City of Riverbank
City of Baldwin Park
Town of Corte Madera
Town of San Anselmo
Town of Yountville
Town of Apple Valley
Town of Ross
Town of Danville
Town of Fairfax
Town of Tiburon
Town of Los Altos Hills
Town of Moraga

Transportation Infrastructure and Economic Investment Act (SB X 1-1 as Amended 4/21/16)

A \$6.5 billion funding package to improve our roads and transportation infrastructure

Where will the money come from?

Revenues Adjustments and Enhancements: \$4.6 billion annually

The transportation funding package proposes a series of new revenue enhancements and adjustments to fix our roads and improve mobility throughout the state. Specifically, this proposal eliminates the Board of Equalization's annual adjustment of the gas excise tax, restores the gas excise tax rate by 6 cents to its pre-2015 level, plus enhances the gas excise tax an additional 6 cents and indexes it to raise approximately \$1.7 billion annually. The proposal also increases the diesel excise tax by 22 cents and sales tax to 5.25% to generate an estimated \$900 million annually. Additional revenue enhancements include an annual road access fee of \$35 per vehicle, an annual \$100 fee for zero-emission vehicles, and a vehicle registration adjustment of \$35 per vehicle.

Restoration of existing weight fees: \$500 million

- Vehicle weight fees generate approximately \$1 billion annually and are currently used to pay down transportation debt service. The package will annually redirect an estimated half of weight fees currently being allocated for transportation debt service (approximately \$500 million) to once again be used for transportation purposes. The package will recapture the estimated \$500 million from transportation revenue generated from State Transit Assistance, High-Speed Rail, and other miscellaneous revenues currently used for specific debt service in addition to a redirection of Highway User Tax Account funds currently being used for General Fund purposes.
- The redirection of the above-mentioned special funds will be backfilled with an estimated \$300 million in non-dedicated Cap-and-Trade (C&T) revenues and \$200 million in General Fund revenue.

Increase Cap and Trade allocation for transit: \$300 million

- Existing law requires a portion of C&T revenues to fund several transit related programs. This package increases the existing percentage of funding for the C&T's Transit and Intercity Rail Capital Program from the current 10% allocation to 20% and the Low Carbon Transit Operations Program from the current 5% to 10% in order to increase transit services that reduce greenhouse gas emissions throughout the state.

CalTrans Reforms and Efficiency improvements: \$100 Million

- The package requires Caltrans to provide the California Transportation Commission with a plan to increase the department's efficiency by 30%, similar to the Governor's Transportation funding proposal, and further requires Caltrans to justify to the Legislature, via reporting to the appropriate Policy and Budget Committees, the number of employees needed to complete transportation projects and any replacement of positions accrued through attrition. Requires Caltrans to develop and implement outcome-based performance and efficiency guidelines for projects funded by new revenues. Revenue

generated from efficiency modifications will be targeted to fund road maintenance, repair work, and one-time cleanup efforts of state highways.

Accelerate General Fund Loan Repayment obligations: \$1 Billion in one-time revenue

- This package provides that outstanding loans (approximately \$1 billion) made to the General Fund from the State Highway Account, the Motor Vehicle Fuel Account, the Highway Users Tax Account, and the Motor Vehicle Account will be repaid with a one-time payment within a designated time. The package would further dedicate these revenues to provide one-time funding for highway cleanup efforts.

Total funding: \$5.5 billion annually + \$1 billion one-time revenue

How will the money be spent?

Funding for Self-Help Counties

- To encourage local governments share in the financial responsibility of maintaining and improving California's transportation infrastructure, this proposal sets aside 5% of annual revenues to counties that adopt local sales tax measures commonly referred to as "self-help" counties. If no new "self-help" counties are approved then the funding shall revert back and allocated 50/50 by the locals and state.

50/50 funding split between state and local agencies

- The package establishes a balanced approach to ensure transportation maintenance and rehabilitation needs are sufficiently met throughout the state. Thus, new transportation revenue will be split equally between locals and state for road and bridge repair and maintenance.

Trade Corridors

- As regional ports serve as one of the primary economic engines for the state, the transportation funding package allocates 12 cents of the diesel excise Tax or approximately \$300 million annually to support the movement of goods in California's critically important trade corridors. Ports such as Los Angeles, Long Beach, and Oakland along with border crossings with Mexico will receive financial resources to boost mobility efficiency along these trade corridors.

Commuter/Intercity Rail and Transit

- In order to continue providing travelers with improved mobility options to get to work, school, and other key destinations, \$550 million will be allocated to support commuter rail improvements. As a result, commuter rail systems such as LA Metrolink, Caltrain, and the Altamont Corridor Express, as well as the Pacific Surfliner, Capitol Corridor, and San Joaquin intercity rail service providers will receive additional financial resources for capital improvement projects and to also provide service increases within their corridors. Additional financial resources for capital and service improvements will provide an enhanced experience for transit users and provide an incentive to get motorists out of their vehicles and into transit buses and trains.
- Additional funding for the State Transit Assistance (STA) program will provide for additional resources for local transit providers throughout the state. This revenue will provide transit agencies with the opportunity to purchase zero-emissions buses and be used for various capital projects.

Workforce, job training, & Opportunity Act (Pre-Apprenticeship Programs)

- The transportation package addresses the state's projected labor shortage by providing high-quality training and skills development to individuals entering the workforce. The proposal specifies all projects

funded with new transportation revenue will be required to engage in a pre-apprenticeship program for individuals, including low-income/disadvantaged individuals. State and local California Conservation Corps shall be an eligible partner under this act.

How will transportation funding be protected?

Constitutional Protections:

- Prohibits the Legislature from borrowing or redirecting new revenues levied on vehicles or their use and further prohibits the Legislature from using those revenues for purposes other than specifically permitted by Article 19. The Constitutional proposal additionally prohibits new revenues from being pledged or used for the payment of principal and interest on bonds or other indebtedness. Revenues derived from off-road vehicles and boats must be used for relevant purposes. Additionally, aviation fuel taxes will also be required to be used specifically for aviation purposes. Further clarifies revenues allocated to trade corridors can be used for both rail and road projects. Lastly, the proposal allows a portion of existing weight fees to continue to be used for transportation debt service.

Reforms:

CTC Independence

- The package establishes CTC as an independent agency as a means to design a more efficient project delivery system and use of state resources. Further transfers responsibility for the approval of the State Highway Operations and Protection Program (SHOPP) from Caltrans to CTC. Specifically, acting as an independent state entity, CTC will be provided with the ability to prioritize project needs and align limited transportation resources to effectively meet project needs.

Office of Transportation Inspector General

- Creates the Office of the Transportation Inspector General (TIG) and notes that the TIG shall not be a subdivision of any other governmental entity. Specifies the TIG is to serve as an independent office to ensure that all state agencies expending state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws. Provides the Legislature with the ability to direct the TIG to carry out compliance investigations (including on CTC) and issue reports and findings accordingly.

Additional transportation improvements:

Public-Private Partnerships

- Authorizes the Caltrans Director, at their discretion, to enter into Public-Private Partnership agreements permanently. Requires approval of workload ratio request by the Caltrans Director to be determined through the annual budget process and further requires Caltrans Director to establish parameters to justify the proposed workload ratio.

CEQA Streamlining and Advanced Mitigation

- Exempt from CEQA requirements a project that consists of the inspection, maintenance, repair, restoration, reconditioning, relocation, replacement, or removal of existing transportation infrastructure within the existing right of way.

- Establishes an Advance Infrastructure Mitigation Program designed to provide comprehensive environmental mitigation associated transportation projects in exchange for streamlined project approvals from federal and state resources agencies.

Active Transportation

- Improve existing Active Transportation Program through increased funding and updating the Highway Design Manual to include complete streets design. Pursuant to this act, Caltrans shall establish a new division specific to Active Transportation and allocates an additional \$100 million in new revenue to active transportation programs.

Summary of new revenues:

• Gasoline excise tax increase: \$0.12/gallon	\$1.7 billion	Indexed
• Diesel excise tax increase: \$0.22/gallon	\$600 million	Indexed
• Road access fee: \$35 per vehicle annually	\$1 billion	Indexed
• VRF adjustment: \$35 per vehicle annually	\$1 billion	Indexed
• Zero-emission vehicles Fee: \$100 per vehicle	\$10 million	
• Increase diesel fuel sales tax from 1.75% to 5.25%	\$300 million	
• Caltrans reforms & efficiencies	\$100 million	
• Restoration of weight fees	\$500 million	
• Cap and Trade distribution increases	\$300 million	
Total ongoing:	\$5.5 billion	
• Loan Repayment Acceleration:	\$1 billion	One-time
Total Revenue:	\$6.5 billion	