



Government Relations & Public Affairs Committee Information

January 30, 2014

State Advocacy Update

Issue: Update on state advocacy issues related to SACOG.

Recommendation: None, this is for information only.

Discussion:

Governor’s Budget Proposal

The January CEO Update included a preliminary report on the Governor’s 2014-15 Budget Proposal. The key budget takeaway relative to transportation is that while expenditures are proposed above 2013-14 levels overall, they are lower in certain key areas such as road maintenance, and that any increases in funding are due to one-time expenditures. Ongoing transportation revenues (primarily from the gas tax) are lower than in 2013-14, and are likely to continue to decline.

The Governor’s proposed budget estimates that gas tax revenues will decline in 2014-15, which translates into less for maintenance of state highways and local streets and roads. The table below shows three-year transportation expenditures for the key state transportation accounts.

Expenditures (in thousands)	2012-13	2013-14	2014-15 (proposed)
Local assistance – grants	53,257	25,000	25,000
State operations	3,020	3,644	3,561
California Transportation Commission Sub-Total	\$56,277	\$28,644	\$28,561
Public Transit Account	417,495	389,752	373,091
PTMISEA (Prop. 1B transit grant funds)	752,893	298,988	823,949
State Transit Assistance Sub-Total	\$1,170,388	\$688,740	\$1,197,040
Aeronautics	4,109	5,269	8,915
Highway Transportation	10,565,439	11,373,099	9,932,806
Mass Transportation	970,291	1,132,431	694,876
Transportation Planning	162,182	219,723	221,738
Caltrans Sub-Total	\$11,702,021	\$12,730,522	\$10,858,335
Administration	10,181	22,100	25,065
Program Management	1,200	1	1
Public Information	68	500	500
Fiscal and Other External Contracts	6,339	3,750	3,750
Blended System Projects	-	-	32,000
Capital Outlay	213,082	593,299	1,328,715
High-Speed Rail Authority Sub-Total	\$230,870	\$619,650	\$ 1,390,031
Transportation Account Totals	\$ 12,948,252	\$ 14,067,556	\$13,473,967

Transportation Revenue

As the Board heard from representatives of Transportation California, Placer County Transportation Planning Agency and Regional Transit last August, California is facing a significant revenue shortfall and backlog of transportation needs. In November, Transportation California and the California Alliance for Jobs asked the Attorney General to prepare title and summary for a potential ballot measure to increase the vehicle license fee by 1 percent for transportation purposes. On January 27, these groups decided to indefinitely delay this proposal, primarily based on the lack of voter support in recent polling.

The Governor's budget does propose one new transportation-related revenue source: cap-and-trade revenues. \$50 million would be appropriated to Caltrans for competitive grants for integrating rail systems and intercity rail connections to High-Speed Rail, \$250 million to the High-Speed Rail Authority for high-speed rail construction, and \$100 million to the Strategic Growth Council for local assistance for Sustainable Communities.

The Governor proposes that the Sustainable Communities funding be competitively awarded to projects benefitting disadvantaged communities and reducing GHG emissions. Eligible uses may include: increasing transit ridership, active transportation (walking/biking), affordable housing near transit stations, preservation of agricultural land, and local planning that promotes infill development and reduces the number of vehicle miles traveled.

SACOG and the Transportation Coalition for Livable Communities has been looking for a much higher funding level, as well as allowing regions to have a role in directing how these funds are allocated. We are hoping that there will be more clarity on the specific uses eligible for these funds, the role of regions in prioritizing expenditures, and the potential funding levels in future years.

Redevelopment Replacement

Last year, the Legislature did not pass the legislation that SACOG has been seeking for the last two years, but it did send one SACOG-supported Infrastructure Financing District reform bill to the Governor, AB 662, which he vetoed. His only objection was to unintended costs to the General Fund. He said his administration will work with the author's office to modify the language and send it back for his signature next year.

As part of his budget proposal, the Governor detailed support for an expanded Infrastructure Financing District program, but it is more limited than the legislation SACOG has supported in the past, and it adds a clear condition that Infrastructure Financing Districts can be formed in former Redevelopment Areas only if the local governments have received a finding of compliance from the Department of Finance, have complied with State Controller audit findings, and have concluded any lawsuits with the Department of Finance. With approximately 100 active lawsuits between local governments and the Department of Finance currently pending, many jurisdictions across the state would be unable to use this new authority.

In February, staff expects the Administration to propose legislation to do the following:

- Expand the types of projects that IFDs can fund to include military base reuse, urban infill, transit priority projects, affordable housing, and associated necessary consumer services. The goal is to maintain the IFD focus on projects which have tangible quality-of-life benefits for the residents of the IFD project area.
- Allow cities or counties that meet specified benchmarks to create these new IFDs, and to issue related debt, subject to receiving 55-percent voter approval.

- Allow new IFD project areas to overlap with the project areas of the former RDAs, while strictly limiting the available funding in those areas to dollars available after payment on all of the former RDA's approved obligations.
- Maintain the current IFD prohibition on the diversion of property tax revenues from K-14 schools, which will ensure any usage will have no state General Fund impact, and require entities that seek to establish an IFD to gain the approval of the county, cities, and special districts that would contribute their revenue, including residual revenue, to the IFD.

Water

SACOG staff continues to work with the North State Water Alliance (Regional Water Authority, Northern California Water Association, Mountain Counties Water Resources Association, Metro Chamber and SACOG), as well as individual jurisdictions in the region on water issues. This month, staff is bringing the Land Use and Natural Resources Committee a revised version of the educational handout distributed at the January Board meeting. Staff is also working on a special meeting of regional city and county executives and elected officials to discuss regional responses to short- and long-term water issues.

Scoping Plan

The Air Resources Board is updating its scoping plan for AB 32 implementation. The scoping plan describes all of the activities required to reduce greenhouse gas emissions to 1990 levels by 2020. One of the activities included in the scoping plan is the Sustainable Communities Strategies regional greenhouse gas reduction targets. Staff is monitoring very closely whether the Air Resources Board intends to modify the SCS targets, which would have implications for the update to the next MTP/SCS.

Approved by:

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