

AGENDA: March 3, 2016

TO: Regional Transportation Commission
FROM: George Dondero, Executive Director
RE: Director's Report

THIS ITEM FOR INFORMATION ONLY

More Outreach Activities

RTC participated in the well-attended Aptos/Capitola/Soquel Business Showcase on February 24 in Aptos. Staff made many excellent business-to-business connections, and participants were eager to know more about local transportation projects and programs including the package of transportation projects in the November transportation ballot measure.

The RTC will be attending many outreach events between now and November of this year. Our next major event will be the Santa Cruz Business Fair on March 16. Commissioners are encouraged to share information with their constituents about the transportation investment plan and let staff know about outreach opportunities.

Watsonville Office

The RTC Watsonville office will remain in place. RTC will continue to sub-lease from the air district, until further notice from the City administration.

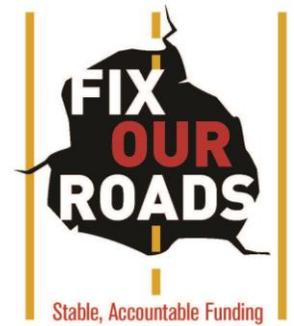
Leg Day

On March 9 I will join Commissioners Lane and Friend for a day in Sacramento to meet with legislators and several key transportation officials. We will join the four other Central Coast Coalition counties in this annual Leg Day event to jointly support long term solutions to the transportation funding crisis. A full day of meetings is planned, including Jim Beall, Chair of the Senate Transportation & Housing committee; Jim Frazier, Chair of the Assembly Transportation Committee; Will Kempton, Executive Director of the California Transportation Commission; Brian Kelly, Secretary, California State Transportation Agency; and with our representatives, including Senator Bill Monning; and Assembly Members Mark Stone and Luis Alejo.

On a related note, we have just received several items from the California State Association of Counties (CSAC). These are attached to this report, and include:

- **Fix Our Roads Fact Sheet**, which details seven principles critical for any new transportation funding and reform package. Recall that a larger coalition has united behind these same principles including the League of California Cities, metropolitan planning and regional transportation planning agencies, business organizations and labor. Individual counties are also welcome to join the Fix Our Roads Coalition<<http://fixcaroads.com/>>.
- A chart “**Transportation Funding Proposals Matrix – LSR Funding Criteria**” which provides information on which transportation fiscal bills meets CSAC’s equitable revenue sharing principle.
- A chart “**New County Road Funding Estimates – Plans with Legislative Language**” detailing approximate anticipated annual revenues county-by-county under three funding/reform proposals – The Governor’s Transportation Plan, SB X1 1 by Senator Jim Beall, and AB 1591 by Assembly Member Jim Frazier. While CSAC believes the Governor’s plan is a good starting point, as currently drafted, it does not generate enough new revenue nor share revenues equally between the state highway system and local streets and roads. As such, counties would be able to put the new revenues to much needed use but it wouldn’t be enough to actually improve the overall condition of the local network. The California Statewide Local Streets and Roads Needs Assessment<<http://www.savecaliforniastreet.org/>> demonstrates we need closer to \$3 billion annually to counties and cities in order to provide the public noticeable system wide improvements. AB 1591 provides the highest level of funding and SB X1 1 gets pretty close to that target \$3 billion too.
- **Fact sheets by Assembly and Senate district** (accessible via the Fix our Roads Coalition website at: <http://fixcaroads.com/local-impacts/>) that includes information on how the recent CTC cuts and comparable declining revenues at the local level will impact services and projects in each district as well as the economic impact. The Legislature must act now to mitigate the impacts from the declining gas prices on transportation revenues and generate new revenues to address the combined \$135 billion backlog/shortfall just to maintain the existing state and local transportation infrastructure. A sample Fact Sheet for Assembly District 29 (Stone) is provided.
- **Counties where a resolution was passed to support CSAC’s efforts** include: Alameda, Alpine, Lake, Lassen, Los Angeles, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Placer, Plumas, **Santa Cruz**, Siskiyou, Solano, Sonoma, and Trinity.

Problem: California lacks adequate funding to fix crumbling roads, highways, bridges and transportation infrastructure.



California's network of roads and highways are critical to our quality of life and economy. Yet the condition of our deteriorating network of roads is staggering:

- Our crumbling roads cost motorists \$762 a year per driver for vehicle maintenance.
- **California has the second highest share of roads in "poor condition" in the nation.**
- 58% of state roads need rehabilitation or pavement maintenance.
- California has 4 of 5 cities with the worst road conditions in the nation.
- 55% of local bridges require rehabilitation or replacement.
- **Nearly 70% of California's urban roads and highways are congested.**
- Without additional funding, 1/4 of local streets and roads will be in failed condition by 2024.

Our state lacks adequate funding to address these critical deficiencies:

- Local streets and roads face an estimated shortfall of \$78 billion in deferred maintenance and an annual shortfall of \$7.8 billion.
- CalTrans faces a \$59 billion backlog in deferred maintenance and an annual shortfall in the State Highway Operation and Protection Program (SHOPP) of \$5.7 billion.

Solution: A responsible, accountable solution to fix our roads.

A broad coalition of cities, counties, labor, business, public safety and transportation advocates has formed to meet the Governor's call to address California's chronic transportation infrastructure funding shortfall. During the 2015 special session on transportation, we support the following priorities:

1. Make a significant investment in transportation infrastructure.

If we are to make a meaningful dent that demonstrates tangible benefits to taxpayers and drivers, 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 & 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.

Strong accountability requirements to protect the taxpayers' investment (Continued).

- 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.

Bill	Author	Subject/Description	CSAC Policy/Position	Staff Comments	Equitable Revenue Sharing?
AB 1591	Frazier	The bill would generate \$7.1 billion annually in funding for state and local transportation programs. The measure includes new revenues from increases in gas and diesel taxes, new registration fees, and existing revenues, including repayment of all existing transportation loans and the return of truck weight fees to the State Highway Account (SHA).	Support; Seeking Amendments	CSAC intends to support the measure with amendments. The bill provides 50% of new maintenance revenues for LSR purposes and the other 50% to the State. One specific amendment does related to the weight fees. While CSAC doesn't have policy in favor of returning truck weight fees, various proposals have provided for the return in different ways. Any bill that returns weight fees to the SHA must also undo the gas tax backfill, thereby providing cities and counties an equitable share for Local Streets and Roads (LSR).	Yes and No
AB 1768	Gallagher	The bill would prohibit any future High-Speed Rail (HSR) bonds from being issued and sold for HSR-related purposes. Any unspent proceeds from already sold bonds would be used to repay any HSR-related bond debt. Finally, the remaining unissued bonds are redirected to the State Highway Operations and Protection Program (SHOPP).	Pending	Putting aside CSAC's policy on HSR, this bill would not provide any funding to counties and cities. Our main tenant in the transportation funding debate is that the state and locals must share maintenance revenue equally.	No
ABX1 1	Alejo	This bill would repay all existing transportation loans and return truck weight fees back to the SHA. The bill would further eliminate the gas tax backfill and allocate those revenues 44% to the State Transportation Improvement Program (STIP), 44% to LSR, and 12% to the SHOPP.	Watch	CSAC does not plan to take a position on this measure due to our policy on weight fees, although this bill would invest the redirected revenues in an equitable manner.	Yes
ABX1 13	Grove	This bill would reduce by 50% the continuous appropriation from cap and trade auction proceeds to the Affordable Housing and Sustainable Communities (AHSC) Program and reinvest those revenues in road maintenance. The bill would provide 50% of the revenues to the state and 50% of the revenues to counties and cities.	Watch	CSAC does not have policy in place to reduce the amount of funding to the AHSC program. Counties are eligible for these funds, although we continue to advocate for improvements to the program to better allow county projects to compete. However, it does invest the redirected revenues equally between the state and locals.	Yes

ABX1 14	Waldron	This bill would appropriate \$1 billion from the State General Fund for road maintenance. The bill would provide 50% of the revenues to the state and 50% of the revenues to counties and cities.	Watch	CSAC could potentially support one-time General Fund contributions to transportation as part of a larger package that also included substantial new revenues. We appreciate that the bill would invest equally in both the state and local systems.	Yes
ABX1 18	Linder	This bill would repay all existing transportation loans and return truck weight fees to the SHA.	Watch	CSAC does not plan to take a position on this measure due to our policy on weight fees. Any bill that returns weight fees to the SHA must also undo the gas tax backfill, thereby providing cities and counties an equitable share for LSR.	No
SBX1 1	Beall	This bill would generate \$4.5 billion annually in funding for state and local transportation programs. The measure includes new revenues from increases in gas and diesel taxes, new registration fees, and existing revenues, including repaying all existing transportation loans. It also includes a variety of reforms aimed at making transportation projects more efficient.	Support; Seeking Amendments	CSAC supports the measure and is seeking amendments. The bill provides 50% of new maintenance revenues for LSR purposes and the other 50% to the State.	Yes
Budget Trailer Bill	CalSTA/ DOF	This bill would generate \$3.6 billion in funding for state highways, local roads, and transit programs. The measure includes new revenues and reforms aimed at making transportation projects/funding more efficient.	Support in Concept; Seeking Amendments	This proposal gives a substantially larger share of maintenance moneys to the SHOPP. The bill achieves a 50/50 local/state split by counting funds made available for transit and a state local partnership program as local revenues even though statewide 40% of self-help county measure money and matching funds are invested in the state highway system.	No

Estimates of New Annual County Road Maintenance Funding
Plans with Legislative Language as of March 2016

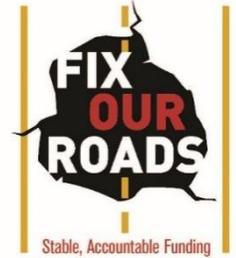
County	SBX1 1 (Beall) As of Sept. 1, 2015	AB 1591 (Frazier) As of Jan. 6, 2016	Governor's Plan As of Sept. 6 2015
Alameda	\$ 31,144,700	\$ 35,255,085	\$ 16,409,049
Alpine	\$ 606,976	\$ 687,083	\$ 319,794
Amador	\$ 2,766,893	\$ 3,132,060	\$ 1,457,779
Butte	\$ 9,930,390	\$ 11,240,974	\$ 5,231,974
Calaveras	\$ 4,223,471	\$ 4,780,872	\$ 2,225,198
Colusa	\$ 3,322,160	\$ 3,760,609	\$ 1,750,330
Contra Costa	\$ 23,987,628	\$ 27,153,445	\$ 12,638,239
Del Norte	\$ 1,727,533	\$ 1,955,528	\$ 910,177
El Dorado	\$ 8,891,490	\$ 10,064,963	\$ 4,684,614
Fresno	\$ 30,136,370	\$ 34,113,679	\$ 15,877,795
Glenn	\$ 4,038,469	\$ 4,571,454	\$ 2,127,728
Humboldt	\$ 7,879,119	\$ 8,918,982	\$ 4,151,231
Imperial	\$ 13,599,326	\$ 15,394,124	\$ 7,165,007
Inyo	\$ 4,867,889	\$ 5,510,338	\$ 2,564,720
Kern	\$ 28,572,161	\$ 32,343,030	\$ 15,053,668
Kings	\$ 5,973,933	\$ 6,762,355	\$ 3,147,456
Lake	\$ 4,224,536	\$ 4,782,078	\$ 2,225,760
Lassen	\$ 4,122,335	\$ 4,666,389	\$ 2,171,914
Los Angeles	\$ 181,627,994	\$ 205,598,720	\$ 95,693,413
Madera	\$ 8,659,856	\$ 9,802,759	\$ 4,562,574
Marin	\$ 6,898,695	\$ 7,809,164	\$ 3,634,680
Mariposa	\$ 2,725,452	\$ 3,085,149	\$ 1,435,945
Mendocino	\$ 6,321,066	\$ 7,155,302	\$ 3,330,348
Merced	\$ 11,386,363	\$ 12,889,102	\$ 5,999,075
Modoc	\$ 3,993,241	\$ 4,520,257	\$ 2,103,898
Mono	\$ 2,948,306	\$ 3,337,415	\$ 1,553,359
Monterey	\$ 12,851,174	\$ 14,547,234	\$ 6,770,832
Napa	\$ 4,839,326	\$ 5,478,006	\$ 2,549,671
Nevada	\$ 4,945,097	\$ 5,597,736	\$ 2,605,398
Orange	\$ 62,005,139	\$ 70,188,394	\$ 32,668,331
Placer	\$ 12,809,538	\$ 14,500,103	\$ 6,748,896
Plumas	\$ 3,272,284	\$ 3,704,151	\$ 1,724,052
Riverside	\$ 49,301,308	\$ 55,807,949	\$ 25,975,128
Sacramento	\$ 36,976,427	\$ 41,856,466	\$ 19,481,581
San Benito	\$ 2,777,567	\$ 3,144,142	\$ 1,463,402
San Bernardino	\$ 47,975,460	\$ 54,307,119	\$ 25,276,586
San Diego	\$ 69,451,699	\$ 78,617,729	\$ 36,591,662
San Francisco*	\$ 14,317,343	\$ 16,206,903	\$ 7,543,305
SF (City Portion)	\$ 25,045,605	\$ 28,351,050	\$ 13,195,650
San Joaquin	\$ 19,870,296	\$ 22,492,719	\$ 10,468,961

Estimates of New Annual County Road Maintenance Funding
Plans with Legislative Language as of March 2016

County	SBX1 1 (Beall) As of Sept. 1, 2015	AB 1591 (Frazier) As of Jan. 6, 2016	Governor's Plan As of Sept. 6 2015
San Mateo	\$ 16,971,846	\$ 19,211,740	\$ 8,941,870
Santa Barbara	\$ 11,836,384	\$ 13,398,516	\$ 6,236,175
Santa Clara	\$ 37,884,710	\$ 42,884,622	\$ 19,960,124
Santa Cruz	\$ 7,815,516	\$ 8,846,984	\$ 4,117,721
Shasta	\$ 9,175,861	\$ 10,386,865	\$ 4,834,439
Sierra	\$ 1,591,289	\$ 1,801,302	\$ 838,394
Siskiyou	\$ 6,551,475	\$ 7,416,120	\$ 3,451,742
Solano	\$ 10,868,825	\$ 12,303,261	\$ 5,726,402
Sonoma	\$ 16,452,146	\$ 18,623,452	\$ 8,668,058
Stanislaus	\$ 16,044,384	\$ 18,161,874	\$ 8,453,223
Sutter	\$ 4,975,297	\$ 5,631,923	\$ 2,621,310
Tehama	\$ 5,715,085	\$ 6,469,345	\$ 3,011,078
Trinity	\$ 3,053,220	\$ 3,456,175	\$ 1,608,634
Tulare	\$ 19,600,710	\$ 22,187,554	\$ 10,326,926
Tuolumne	\$ 3,974,375	\$ 4,498,901	\$ 2,093,959
Ventura	\$ 19,079,197	\$ 21,597,213	\$ 10,052,159
Yolo	\$ 6,967,994	\$ 7,887,609	\$ 3,671,191
Yuba	\$ 3,972,675	\$ 4,496,977	\$ 2,093,063
TOTAL	\$ 983,545,605	\$ 1,113,351,050	\$ 518,195,650

**county share only*

Assembly District 29 Transportation Projects Face Devastating Cuts by CTC and Cities and Counties Due to Inadequate Transportation Funding



Project cancellations underscore the urgency for a legislative transportation funding solution now.

California roads are in crisis. The funding necessary to stop the decline of California's transportation network is well documented. The state, counties and cities have identified the need for an additional \$14 billion, annually, to stop further deterioration and begin repairs to our transportation system to ensure it is safe and efficient. Now an additional loss of gas tax revenue due to the significant drop in gas prices has reduced the primary revenue stream to maintain our existing freeway, streets and roads. This loss has forced the California Transportation Commission (CTC) to slash funding for transportation improvements by \$754 million over the next five years, the largest cut in two decades. Without legislative agreement on reforms and revenue necessary to fix California's roads, next year will bring even more draconian cuts. This means critical projects in Assembly District 29 could be defunded.

Projects That Could be Cut or Delayed Indefinitely

CTC's decision in January 2016 to cut \$754 million over five years was based on projections of lower gas tax revenues. These reductions by CTC will mean the loss of \$72.9 million in funding for planned transportation projects in AD 29. Specific projects in the district that could be delayed or even killed altogether:

- Kick start Capitol Corridor Extension in Monterey County
- Operational improvements to State Route 1 in Carmel
- Monterey Salinas transit busses
- Converting State Route 156 into a 4-lane expressway from Castroville to Prunedale in Monterey County
- Construction of the Mar Vista Bike/Pedestrian overcrossing over State Route 1 in Santa Cruz County

3,889 Good-paying Jobs and \$787.2 Million of Economic Output at Risk in AD 29

The elimination or delay of these projects would result in the loss of 3,889 good-paying jobs and \$787.2 million of economic output in the regions in AD 29, including:

- 2,109 jobs and \$437.3 million of economic output lost in the Bay Area
- 1,780 jobs and \$349.9 million of economic output lost in the Central Coast region

Additional Funding Cuts to Cities and Counties in AD 29:

Cities and counties are also experiencing major declines in gas tax revenues. The League of California Cities and California State Association of Counties report that price-based gas tax revenues are projected to decline by the following amounts in FY 2016-17 in cities and counties in Assembly District 29, in addition to the reductions cities and counties have seen over the past two years:

- **Monterey County:** \$983,935 in FY 2016-17; \$3.4 million over three years
- **Santa Clara County:** \$2.9 million in FY 2016-17; \$10.1 million over three years
- **Santa Cruz County:** \$598,888 in FY 2016-17; \$2 million over three years
- **Carmel-by-the-Sea:** \$8,636 in FY 2016-17; \$34,531 over three years

- **Del Rey Oaks:** \$3,826 in FY 2016-17; \$13,688 over three years
- **Marina:** \$51,976 in FY 2016-17; \$244,276 over three years
- **Monterey:** \$64,908 in FY 2016-17; \$257,526 over three years
- **Pacific Grove:** \$35,466 in FY 2016-17; \$129,514 over three years
- **Sand City:** \$834 in FY 2016-17; \$2,773 over three years
- **Seaside:** \$77,606 in FY 2016-17; \$289,751 over three years
- **San Jose:** \$2.3 million in FY 2016-17; \$8.4 million over three years
- **Capitola:** \$23,167 in FY 2016-17; \$84,109 over three years
- **Santa Cruz:** \$147,017 in FY 2016-17; \$520,265 over three years
- **Scotts Valley:** \$27,491 in FY 2016-17; \$98,250 over three years

These projections highlight the critical need to stabilize the gas tax and to raise additional new revenue for transportation. Already, the deferred maintenance backlog on the state highway system is pegged at \$59 billion. The funding shortfall to maintain the existing local streets and roads system is \$78 billion. Today, California motorists are spending an average of \$762 annually just to fix repairs caused by poor road conditions.

In August 2015, the Fix Our Roads coalition laid out a set of [policy principles](#) to guide the negotiations. First, a long-term funding package is needed to address the billions of dollars of backlogged state and local transportation needs. Our policy principles also couple any new revenues with needed accountability provisions to ensure new transportation dollars go to transportation projects only.

It's time to fix our roads