

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

764



FROM: Executive Office and TLMA

SUBMITTAL DATE:
April 22, 2015

SUBJECT: Support for Transportation Legislation Bills SB 16 and SCA 7

RECOMMENDED MOTION: That the Board of Supervisors support the following legislation:

1. SB 16 (Beall): This legislation generates approximately \$3 billion annually, for a five-year period, to fund transportation needs, through fuel excise tax increases, vehicle registration fee increases, directing of truck weight fees to transportation, and repayment of transportation loans; and,
2. SCA 7 (Huff): This is a constitutional amendment to ensure all transportation dollars are spent on transportation projects. Currently some monies are diverted to other uses in the state budget.


BACKGROUND:

Summary

SB 16

After a series of fact-finding committee hearings and stakeholder outreach sessions on state and local transportation needs, Senator Jim Beall (D-Santa Clara), Chairman of the Senate Transportation & Housing Committee, introduced SB 16.

Juan C. Perez, Director
Transportation and Land Management
Agency


 Brian Nestande
 Deputy County Executive Officer

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ N/A	\$ N/A	\$ N/A	\$	Consent <input type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

SOURCE OF FUNDS:	Budget Adjustment:
	For Fiscal Year:

C.E.O. RECOMMENDATION: APPROVE

BY: 
 George A. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- 4/5 Vote
- Positions Added
- Change Order

Prev. Agn. Ref.: | District: ALL | Agenda Number:

3-46

Departmental Concurrence

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Support for Transportation Legislation Bills SB 16 and SCA 7**

DATE: April 22, 2015

PAGE: 2 of 3

BACKGROUND:

Summary (Continued)

The Governor has indicated that the State has back-log of \$59 billion in State Highway maintenance needs. The deficit for local roads and bridge repairs statewide, based on the California Local Streets & Roads Needs Assessment prepared by Cities and Counties in 2014, stands in excess of \$78 billion over ten years. Senator Beall estimates that California motorists are spending \$17 billion annually in extra maintenance and car repair bills, more than \$700 per driver, due to the State's poorly maintained roads. This bill creates a Road Maintenance and Rehabilitation Program intended to raise additional revenue for maintenance and repair of roads and their associated facilities and for road safety projects.

Riverside County has 2,164 centerline miles, consisting of 4,376 lane miles, of County-Maintained roads in the unincorporated area, with an even larger inventory within our 28 Cities that are maintained by each City. The County also maintains 103 bridges on County roads. The County measures the conditions of our roads using a Pavement Condition Index (PCI) rating system that is updated periodically, as part of our overall Pavement Management System, and is based on field observations of road conditions. Our current County-wide PCI is 70, which is at the bottom threshold of the good/acceptable category. A PCI below 70 indicates that our roads are at risk of failure, with much greater costs to repair than what would have to be otherwise spent on normal preventive maintenance. The County has been able to make significant investments to maintain our PCI over the last few years with the use of State Proposition 1B funds, approved by the voters in 2006, which have now lapsed.

The estimate developed by our Pavement Management System is that it would take an additional investment of \$160 million over 5 years to keep our PCI at 70, and an additional \$23 million (\$183 million total) to bring it up to 75, which is the best-practice target. At our current funding levels, our PCI is projected to deteriorate to 64 over a 5-year period, and progressively drop further after that.

The estimated projections made by CSAC and the League of Cities are that this bill would generate an additional \$33.5 million annually for the unincorporated area and \$40.1 million for our Cities during FY 15/16, the first year, and grow proportionally based on formulas in the bill after that. The authorization for this temporary tax increase would expire in 5 years, with further legislative action needed to extend that in future years.

SB 16 does the following:

- Generates \$3+ billion statewide, annually over a five-year period;
- Increases the state excise tax on motor vehicle fuels by 10 cents per gallon;
- Increases state diesel excise tax by 12 cents per gallon;
- Increases Vehicle Registration Fees (VRF) by \$35 per vehicle;
- Recaptures Truck Weight Fees to transportation accounts over five years, worth \$200 million annually;
- Early repayment of outstanding loans by transportation accounts to the General Fund over a three-year period;
- Increase in Vehicle License Fee (VLF) of .07% annually, stepping up each year to backfill the Truck Weight Fee impact on the General Fund;
- Imposes \$100 Registration Fee on electric vehicles;

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BACKGROUND:

Summary (Continued)

Revenues generated by SB 16 are distributed as follows:

- 47.5% directly to cities and counties by formula (based on vehicles registered and maintained lane miles);
- 47.5% to the state highway operations and protections program (SHOPP); and
- 5% to counties that enact a transportation "self-help" sales tax after January 1, 2016.

SB16 ensures that revenues are returned to local governments on an equitable basis and also requires that tax dollars are used more efficiently by requiring Caltrans to develop a plan to achieve a 30% increase in efficiency over a three year period. This 30% savings will directly fund additional projects to repair roads and bridges on the state highway system.

SB 16 will improve the condition and safety of Riverside County roads, highways, and bridges by increasing funds to repair, maintain and operate local and state roads and bridges in the county. It will offset the impending loss of \$26 million countywide (about \$9.8 million to the County alone) of gas tax funding for Fiscal Year 2015/16. This bill is being supported by CSAC, copy of letter attached.

SCA 7

This measure would prohibit the Legislature from borrowing revenues from fees and taxes imposed by the state on vehicles or their use or operation, and from using those revenues other than as specifically permitted by Article XIX. The measure would also provide that none of those revenues may be pledged or used for the payment of principal and interest on bonds or other indebtedness. The measure would delete the provision that provides for use of any fuel tax revenues allocated to mass transit purposes to be pledged or used for payment of principal and interest on voter-approved bonds issued for those mass transit purposes, and would instead subject those expenditures to the existing 25% limitation applicable to use of fuel tax revenues for street and highway bond purposes.

This measure would require revenues derived from that portion of the vehicle license fee rate that exceeds 0.65% of the market value of a vehicle to be used for street and highway purposes. The measure would prohibit the Legislature from borrowing those revenues, and from using those revenues other than as specifically permitted. This measure would also provide that none of those revenues may be pledged or used for the payment of principal and interest on bonds or other indebtedness.

Impact on Residents and Businesses

SCA 7 would prohibit future borrowing by the Legislature from Transportation Fees, thereby, increasing the funding available for Transportation. SB16 will increase taxes and vehicle registration fees as described above for 5-year period. The significant revenue raised by this increase will assist the County and Cities to keep our roads in a state of good repair and fund safety improvements, reducing operating costs and vehicle collisions by our motorists, while also boosting job creation in the Transportation sector. These bills would ensure that revenues raised are used for the purposes intended and as a direct benefit to the people who pay.

Proposed New Local Streets and Roads Funding
Estimated Annual Allocations of \$ 665 Million and 855 Million Among Counties

County	NO. OF REGISTERED VEHICLES (11/30/14)	MAINTAINED MILEAGE (11/30/14)	County Shares at \$665 Million in Year One	County Shares at \$855 Million in Year Five
Alameda	1,260,613	470.76	\$ 21,273,365.86	\$ 27,351,470.39
Alpine	3,544	134.96	\$ 399,448.74	\$ 513,576.95
Amador	53,484	410.63	\$ 1,895,434.24	\$ 2,436,986.88
Butte	220,438	1,300.00	\$ 6,814,762.38	\$ 8,761,837.35
Calaveras	71,194	689.64	\$ 2,886,603.54	\$ 3,711,347.41
Colusa	28,180	713.24	\$ 2,261,529.59	\$ 2,907,680.90
Contra Costa	928,778	659.84	\$ 16,469,013.16	\$ 21,174,445.49
Del Norte	25,780	300.88	\$ 1,175,278.04	\$ 1,511,071.77
El Dorado	211,539	1,079.31	\$ 6,112,142.25	\$ 7,858,468.60
Fresno	731,518	3,515.79	\$ 20,585,893.58	\$ 26,467,577.47
Glenn	35,384	861.85	\$ 2,753,960.61	\$ 3,540,806.50
Humboldt	145,533	1,206.81	\$ 5,384,956.36	\$ 6,923,515.31
Imperial	168,003	2,567.86	\$ 9,201,980.14	\$ 11,831,117.32
Inyo	27,413	1,133.49	\$ 3,317,395.25	\$ 4,265,222.47
Kern	700,445	3,331.91	\$ 19,623,677.48	\$ 25,230,442.47
Kings	105,858	944.09	\$ 4,085,367.33	\$ 5,252,615.13
Lake	83,796	615.58	\$ 2,899,080.62	\$ 3,727,389.37
Lassen	35,943	881.04	\$ 2,811,635.52	\$ 3,614,959.95
Los Angeles	7,414,236	3,186.50	\$ 126,180,019.82	\$ 162,231,454.05
Madera	129,919	1,511.39	\$ 5,910,384.47	\$ 7,599,065.75
Marin	233,788	419.36	\$ 4,789,199.01	\$ 6,157,541.58
Mariposa	27,549	560.50	\$ 1,863,285.65	\$ 2,395,652.98
Mendocino	109,617	1,014.19	\$ 4,323,396.10	\$ 5,558,652.13
Merced	207,137	1,756.37	\$ 7,762,808.03	\$ 9,980,753.18
Modoc	13,409	985.27	\$ 2,717,656.54	\$ 3,494,129.83
Mono	17,038	684.42	\$ 2,010,831.55	\$ 2,585,354.85
Monterey	355,157	1,242.60	\$ 8,814,454.50	\$ 11,332,870.07
Napa	137,660	446.40	\$ 3,326,957.99	\$ 4,277,517.41
Nevada	123,917	562.19	\$ 3,402,367.36	\$ 4,374,472.32
Orange	2,549,270	320.30	\$ 41,414,515.18	\$ 53,247,233.80
Placer	386,049	1,045.00	\$ 8,804,242.21	\$ 11,319,739.98
Plumas	32,116	679.49	\$ 2,238,438.65	\$ 2,877,992.55
Riverside	1,758,296	2,197.83	\$ 33,589,032.09	\$ 43,185,898.40
Sacramento	1,212,653	2,202.02	\$ 24,909,602.33	\$ 32,026,631.57
San Benito	57,556	383.63	\$ 1,891,664.65	\$ 2,432,140.27
San Bernardino	1,651,511	2,553.56	\$ 32,792,442.37	\$ 42,161,711.61
San Diego	2,687,292	1,938.71	\$ 47,725,945.87	\$ 61,361,930.40
San Francisco*	476,588	930.75	\$ 9,955,823.60	\$ 12,800,344.63
San Joaquin	585,976	1,651.49	\$ 13,529,758.39	\$ 17,395,403.65
San Luis Obispo	287,017	1,336.25	\$ 7,967,250.82	\$ 10,243,608.19
San Mateo	685,420	315.45	\$ 11,717,938.45	\$ 15,065,920.86
Santa Barbara	372,063	873.29	\$ 8,145,089.45	\$ 10,472,257.86

Proposed New Local Streets and Roads Funding
Estimated Annual Allocations of \$ 665 Million and 855 Million Among Counties

Santa Clara	1,534,825	633.68	\$ 26,054,618.08	\$ 33,498,794.68
Santa Cruz	243,113	599.74	\$ 5,396,154.37	\$ 6,937,912.76
Shasta	206,592	1,191.19	\$ 6,317,702.02	\$ 8,122,759.73
Sierra	5,495	391.34	\$ 1,082,120.36	\$ 1,391,297.60
Siskiyou	63,625	1,360.91	\$ 4,472,115.20	\$ 5,749,862.40
Solano	374,096	585.25	\$ 7,445,403.17	\$ 9,572,661.22
Sonoma	489,736	1,382.75	\$ 11,313,997.66	\$ 14,546,568.42
Stanislaus	447,256	1,512.78	\$ 10,967,924.20	\$ 14,101,616.82
Sutter	93,565	757.78	\$ 3,416,071.36	\$ 4,392,091.75
Tehama	71,733	1,089.25	\$ 3,910,811.63	\$ 5,028,186.38
Trinity	20,221	692.30	\$ 2,081,552.31	\$ 2,676,281.54
Tulare	355,633	3,037.75	\$ 13,384,476.49	\$ 17,208,612.62
Tuolumne	73,695	608.08	\$ 2,719,147.44	\$ 3,496,046.71
Ventura	742,363	541.87	\$ 13,200,285.16	\$ 16,971,795.21
Yolo	179,580	756.95	\$ 4,783,863.32	\$ 6,150,681.41
Yuba	65,903	656.90	\$ 2,719,127.51	\$ 3,496,021.08
COUNTY TOTALS	31,316,108	65,413.16	\$ 665,000,000.00	\$ 855,000,000.00
SF City Share	N/A	N/A	\$ 17,376,450.00	\$ 22,341,150.00

**county share only*



April 21, 2015

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327-7500

Facsimile
916.441.5507

The Honorable Jim Beall
Chair, Senate Transportation and Housing Committee
State Capitol, Room 5066
Sacramento, CA 95814

**Re: SB 16 (Beall): Transportation Funding
As amended on April 15, 2015 – SUPPORT
Set for hearing on April 28, 2015 – Senate Transportation and Housing Committee**

Dear Senator Beall:

On behalf of the California State Association of Counties (CSAC), I'm pleased to convey our strong support for your Senate Bill 16, which would inject much-needed new revenues into the statewide transportation network to address maintenance backlogs on local streets and roads and state highways. Specifically, we find that the bill's combination of ensuring that existing transportation revenues fund transportation projects and its targeted tax and fee increases strikes the right policy and fiscal balance needed to address this momentous challenge. Considering that there are unmet needs of \$79 billion on the local streets and roads system and a \$59 billion in deferred maintenance on the state highway system, there is no single solution to this problem. It is clear, however, that now is the time to act on these pressing needs. Research by CSAC and the League of California Cities shows that failure to invest additional funds toward local system maintenance now will only increase maintenance needs in the future. Decisive action to address these funding shortfalls now, as proposed by SB 16, will reduce future burdens on taxpayers.

California's 58 counties believe that before the state can increase taxes or fees for transportation, all existing transportation fund loans should be repaid and diversions of transportation funds should be eliminated. SB 16 requires transportation loan repayment within three fiscal years, with the first repayment due on or before June 30, 2016. The measure would also return truck weight fees back to transportation projects and provide a backfill for transportation related bond debt service.

CSAC also recommends that SB 16 be amended to eliminate an ongoing diversion to the state general fund of price-based gas tax revenues related to fuel sales for off-highway vehicles and other vehicles that do not use roadways. Although the annual diversion is relatively small, the state will have diverted approximately \$626 million away from transportation by the end of FY 2014-15. The tax swap is required to be revenue neutral with what the sales tax on gasoline would have otherwise generated. Sales tax revenues never supported these funds for vehicles that do not use highways; as long as the state is diverting these revenues away from cities, counties and state highways, the state is not fully meeting the commitment it made within the 2010 transportation tax swap.

CSAC understands that robust focus group efforts conducted by Transportation California and the California Alliance for Jobs show that taxpayers and users of the transportation system support spreading any potential tax or fee increases across a range of options rather than generating significant revenue from just one source. By levying small increases of the gasoline and diesel excise taxes and vehicle registration and license fees, SB 16 takes a balanced approach that has proven to be palatable in statewide outreach efforts.

We also support the five-year sunset included in SB 16. It is well-known that traditional sources of funding for transportation infrastructure are no longer adequate. The purchasing power of the gas tax has significantly eroded over time due to inflation, increases in real construction and materials costs, and increases in vehicle fuel efficiency. Moreover, the trend towards alternative fuel and electric power vehicles means that there are cars on the road today that pay nothing toward the preservation and maintenance of streets and highway, while still putting the same wear and tear on the system as traditional motor vehicles. A technical advisory committee has been convened by California Transportation Commission (CTC) to develop recommendations to the Secretary of the California Transportation Agency to pilot a potential road charge that could replace the antiquated gas tax system. The CTC expects to finalize their recommendations by the end of 2015 and the start of a pilot program in 2016 is plausible. As such, SB 16's short-term approach allows California to address pressing and well-documented immediate needs while still focusing our long-term efforts on more sustainable funding practices.

Finally, while no one likes to pay taxes and we recognize increasing taxes is a difficult decision, SB 16 will save taxpayers money in the long run. As roads deteriorate, they become increasingly expensive to repair. In fact, rebuilding a road from scratch can cost as much as twenty times more than routine maintenance to extend the service life of our roadway infrastructure. Investing in our roads and highway through targeted and balanced increases in revenue as proposed by SB 16 will improve California's roadways today while saving taxpayers money tomorrow.

For all of these reasons, CSAC supports SB 16 and respectfully requests the committee's positive favor of the measure. For more information on our position, please do not hesitate contact me (916.650.8185 or kbuss@counties.org).

Sincerely,



Kiana Buss
Legislative Representative

cc: Members and Consultants, Senate Transportation and Housing Committee
Ted Morley, Consultant, Senate Republican Caucus
Michael Martinez, Deputy Legislative Secretary, Office of Governor Edmund G. Brown, Jr.