



Date: July 3, 2007
 Committee Meeting Date: July 19, 2007
 Board Meeting Date: August 2, 2007
 ACTION X DISCUSSION INFO

BOARD MEMORANDUM

TO: Committee of the Whole
 Santa Clara Valley Transportation Authority
 Board of Directors

THROUGH: Michael T. Burns
 General Manager

FROM: Kurt Evans
 Government Affairs Manager

SUBJECT: Legislative Positions

Policy-Related Action: Yes **Government Code Section 84308 Applies: No**

RECOMMENDATION:

Adopt a support position for SB 286 (Lowenthal).

BACKGROUND/DISCUSSION:

SB 286 (Lowenthal) establishes procedures for allocating the \$2 billion in Proposition 1B transportation infrastructure bond revenues available to cities and counties for local street and road improvements.

Last November, California voters approved Proposition 1B, the Highway, Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, which authorized the issuance of \$19.925 billion in general obligation bonds to invest in high-priority improvements to the state's surface transportation system and to improve air quality. Among the 14 different programs contained in Proposition 1B is the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006. Proposition 1B sets aside \$2 billion in this account for local governments—\$1 billion for cities and \$1 billion for counties.

Upon appropriation by the Legislature, Proposition 1B revenues deposited into the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account are to be

made available for allocation by the Controller's Office to cities and counties "for improvements to transportation facilities that will assist in reducing local traffic congestion and further deterioration, improving traffic flows, or increasing traffic safety." Under Proposition 1B, the types of projects that would be eligible to receive funding are as follows:

- ✓ Local street and road maintenance, rehabilitation, construction, and reconstruction.
- ✓ Maintenance, rehabilitation, installation, construction, and reconstruction of facilities related to local streets and roads, such as drainage and traffic control devices.
- ✓ Maintenance, rehabilitation, installation, construction, and reconstruction of facilities that expand ridership on public transit systems.
- ✓ Safety projects to reduce fatalities.
- ✓ Local match to obtain state or federal transportation funds for similar purposes.

The \$1 billion deposited into the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account for counties would be distributed according to the Proposition 42 formula, with 75 percent of the revenues being allocated based on each county's proportional share of registered motor vehicles and 25 percent based on each county's proportional share of county maintained road miles. The \$1 billion for cities also would be distributed according to the Proposition 42 formula, which is based on population. However, each city is guaranteed to receive a minimum of \$400,000.

SB 286 is intended to establish a more detailed framework for governing the allocation of bond revenues in the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account as follows:

- Upon appropriation by the Legislature, requires the Controller's Office to allocate the first payments to cities and counties from the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account no later than January 1, 2008.
- Clarifies that each city is to receive a minimum of \$400,000 no later than January 1, 2008. After this has occurred, the remaining Proposition 1B revenues from the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account for cities would be allocated on the basis of population.
- In allocating Proposition 1B bond revenues from the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account to cities, requires the Controller's Office to use the population estimates prepared by the Demographic Research Unit of the Department of Finance as of January 1, 2007.
- Upon appropriation of money from the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account, requires cities and counties to

submit to the Department of Finance a list of projects included in their adopted budgets that are expected to be funded with Proposition 1B bond revenues.

- ❑ Requires cities and counties to report annually to the Department of Finance on the expenditure of their share of Proposition 1B bond revenues from the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account, including the name, location, completion date, and estimated useful life for each project, as well as the amount of the expenditures.
- ❑ Requires cities and counties to expend their Proposition 1B bond revenues from the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account within three fiscal years from the date of allocation by the Controller's Office. Any funds not expended within three years must be returned to the Controller's Office for reallocation.

SB 286 is critical to cities and counties because they are foregoing their allocation of Proposition 42 revenues for FY 2007 and FY 2008 in order to reimburse the State Highway Account for an advance they received in FY 2002 and FY 2003, when gasoline sales tax revenues were diverted to the General Fund. The bill would offset this gap in funding.

SB 286 is being co-sponsored by the League of California Cities and the California State Association of Counties (CSAC). It also is being supported by more than 100 individual cities and counties. On June 14, 2007, VTA's Technical Advisory Committee (TAC) reviewed SB 286 and encouraged the Board of Directors support this measure.

ALTERNATIVES:

The Board of Directors could decide to adopt an oppose position for SB 286, or could opt to take no position on this bill at this time.

FISCAL IMPACT:

There is no immediate fiscal impact associated with this recommendation.

Prepared by: Kurt Evans, Government Affairs Manager