



Contra
Costa
County

To: Board of Supervisors

From: TRANSPORTATION, WATER & INFRASTRUCTURE COMMITTEE

Date: November 15, 2016

Subject: CONSIDER adopting a position on two identical bills, SB X 1-1 and AB X 1-26 (Transportation Infrastructure and Economic Investment Act)

RECOMMENDATION(S):

CONSIDER adopting a position on two identical bills, Senate Bill X 1-1 (Beall/Senate District 15) and Assembly Bill X 1-26 (Frazier/11th Assembly District), both the *Transportation Infrastructure and Economic Investment Act*, which will increase revenues for transportation infrastructure purposes through tax and fee increases, streamline project delivery through environmental review process revisions, and other protective actions relative to transportation revenue.

FISCAL IMPACT:

There is no fiscal impact related to adopting a position on the bill. The state legislative analysis finds the following impact if the bill(s), as they were structured as of August 26, 2016, were to be enacted:

"For an average driver, using a typical vehicle value, average fuel efficiency, and driving 12,000 miles per year, the extra fees and taxes will result in direct cost increases of about \$130/yr. Individuals who use more gas or diesel will pay more. By way of comparison, the slump in gasoline prices from their high of \$4.25 in the middle of 2014 to about \$3.25 per gallon today will reduce gas costs for the average driver by over \$500/yr. if prices stay at

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **11/15/2016** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: November 15, 2016

Contact: John Cunningham
(925)674-7833

David Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Steve Kowalewski, Lara Delaney, Mark Watts, Abigail Fateman

current levels."

BACKGROUND:

(Staff comment: This report was largely written prior to: 1] Measure X's outcome from the November 8th election being known {it was not approved}, and 2] knowing whether or not the state legislature will reconvene as has been speculated. Some or all assertions or information below may need to be adjusted depending on these variables.)

BACKGROUND: (CONT'D)

>

In the past two years there has been a substantial amount of dialog regarding the need for additional road maintenance funding at the Transportation, Water, and Infrastructure Committee (TWIC), the Board of Supervisors (BOS), and the Contra Costa Transportation Authority (CCTA). The dialog has been primarily generated by: **1)** preparations to bring Measure X to the November 2016 ballot, **2)** efforts at the state to generate additional revenue for transportation, and more directly **3)** the well-documented need for additional transportation infrastructure maintenance funding.

Prior Analysis/Reports Establishing the Need for Additional Maintenance Funding

2015/16 - Measure X Preparations: In September 2015, staff submitted a detailed report to the BOS on the status of road maintenance needs in the unincorporated area relative to potential new local revenues (as the BOS was commenting on what would become Measure X), and potential new state revenues (now reflected in the subject legislation). The analysis and data in the September 2015 report is still relevant in the current dialog. A substantial amount of background and information from the State, the Metropolitan Transportation Commission (MTC), and the Contra Costa County Public Works Department is included in that report and can be found at the link below under the heading, "[5J Maintenance and the Local Streets Maintenance and Improvements Program](#)":

*http://64.166.146.245/docs/2015/BOS/20150915_640/650_09-15-15_826_AGENDApacket.pdf#page=136)

In summary, that report indicated that the MTC 24-year analysis which reviewed how much funding is necessary to bring roads up to a state of good repair, indicated a revenue shortfall in unincorporated Contra Costa County of approximately \$179 million in pavement needs. If related, non-pavement needs are included (\$263 million), that shortfall increases to \$442 million. In addition to the MTC projections, Contra Costa County Public Works Department closely tracks pavement conditions in the unincorporated area. Their data indicates an even larger shortfall than the MTC data.

April 2016 - Report to TWIC Regarding State Gas Tax Reductions: In 2010, in response to AB x8 6 and SB 70 (collectively known as the fuel tax "swap"), the California State Board of Equalization (BOE) was charged with setting the excise tax on gasoline. The BOE uses forecasts to try and ensure that the "swap" remains revenue neutral over a three year period. At the end of the three year period there is a "true up" exercise whereby there is an adjustment to compensate for inaccuracies in the forecasting. In 2016/17, the BOE voted to lower the excise tax rate to compensate for forecasting inaccuracies. This adjustment resulted in a \$750 million reduction in the Statewide Transportation Improvement Program and a corresponding decrease in funding to local jurisdictions. As a result of this decrease Public Works is forced to delay project delivery. The details of the reductions and project delays can be seen in the April 2016 TWIC report [here](#):

(http://64.166.146.245/docs/2016/TWIC/20160414_776/786_4-14-2016%20TWIC%20Agenda%20Packet.pdf#page=50)

It is important to note that the subject legislation proposes to end the fuel tax swap true up process reducing revenue volatility.

* A video explaining the fuel tax swap is available from the Board of Equalization here:

https://www.boe.ca.gov/taxprograms/excise_gas_tax.htm

Update

At the time of the submission of this report, it is staff's understanding that the Legislature will reconvene sometime after the November 8th election, with potential bills introduced the third week of the month, and final action the last week. Staff will bring updated information forward as necessary at the November 15th Board of Supervisors meeting.

Attached is a report (November TWIC Report) from the County's consulting legislative advocate, Mark Watts, to the Transportation, Water, and Infrastructure Committee primarily discussing the procedural and schedule issues with the anticipated special session of the Legislature.

Also attached is the Executive Summary from the *2016 California Statewide Local Streets & Roads Needs Assessment* distributed by the California State Association of Counties (CSAC): (2016 Local Streets & Roads - Exec Summary.pdf). The report is put out by a coalition of organizations including CSAC, the League of Cities, County Engineers Association of California, California Regional Transportation Planning Agencies, the California Rural Counties Task Force, the Metropolitan Transportation Commission, and the County of Los Angeles, Department of Public Works.

Also attached is a fact sheet summarizing much of the information addressed in this report: CCCStreetRoadFunding.pdf.

Below is a summary of the subject/attached bills developed by Mr. Watts:

Frazier – Beall Transportation Funding Package

- A \$7.4 billion annual funding package to repair and maintain our state and local roads, improve our trade corridors, and support public transit and active transportation.
- A \$706 million repayment of outstanding transportation loans for state and local roads.
- Eliminates the BOE "true up" that causes funding uncertainty and is responsible for drastic cuts to regional transportation projects.
- Indexes transportation taxes and fees to the California CPI in order to keep pace with inflation.
- Reforms and accountability for state and local governments to protect taxpayers.
- Streamlines transportation project delivery to help complete projects quicker and cheaper.
- Protects transportation revenue from being diverted for non-transportation purposes. *
- Helps local governments raise revenue at home to meet the needs of their communities. *

New Annual Funding

- State -- \$2.9 billion annually for maintenance and rehabilitation of the state highway system.

- Locals -- \$2.5 billion annually for maintenance and rehabilitation of local streets and roads.
- Regions -- \$534 million annually to help restore the cuts to the State Transportation Improvement Program (STIP).
- Transit -- \$516 million annually for transit capital projects and operations.
- Freight -- \$900 million annually for goods movement.
- Active Transportation -- \$80 million annually, with up to \$150 million possible through Caltrans efficiencies, for bicycle and pedestrian projects.
- Constitutional Amendment to help locals raise funding at home by lowering the voter threshold for transportation tax measures to 55 percent.*

Reforms and Accountability

- Restores the independence of the California Transportation Commission (CTC).
- Creates the Office of Transportation Inspector General to oversee all state spending on transportation.
- Increases CTC oversight and approval of the State Highway Operations and Protection (SHOPP) program.
- Requires local governments to report streets and roads projects to the CTC and continue their own funding commitments to the local system.

Streamlining Project Delivery

- Permanently extends existing CEQA exemption for improvements in the existing roadway.
- Permanently extends existing federal NEPA delegation for Caltrans.
- Creates an Advance Mitigation program for transportation projects to help plan ahead for needed environmental mitigation.

New Annual Funding Sources

- Gasoline Excise Tax -- \$2.5 billion (17 cents per gallon increase)
- End the BOE "true up" -- \$1.1 billion
- Diesel Excise Tax -- \$900 million (30 cents per gallon increase)
- Vehicle Registration Fee -- \$1.3 billion (\$38 per year increase)
- Zero Emission Vehicle Registration Fee -- \$16 million (\$165 per year starting in 2nd year)
- Truck Weight Fees -- \$1 billion (Return to transportation over five years)
- Diesel Sales Tax -- \$216 million (3.5% increase)
- Cap and Trade -- \$300 million (from unallocated C&T funds)
- Miscellaneous transportation revenues -- \$149 million

Keeping Promises and Protecting Revenues

- One-time repayment of outstanding loans from transportation programs over two years. (\$706 million)
- Return of truck weight fees to transportation projects over five years. (\$1 billion)
- Constitutional amendment to ensure new funding cannot be diverted for non-transportation uses.

*These provisions will be in companion bills.

Transportation, Water, and Infrastructure Committee (TWIC) Input

TWIC had a discussion on the subject legislation at their October 13, 2016 meeting. While the bill language was not final at the time, the Committee expressed concerns about the scale of the fee and tax increases shown in the current version of the bill. As noted in the attached report from Mr. Watts, Senator Beall has been considering a reduced version of the Senate Bill. Staff is anticipating bringing additional detail on both Bills to the November 15, 2016, Board of Supervisors Meeting (BOS). Recognizing that the bills were likely to evolve, the Committee directed staff to bring the bills to the full BOS for consideration.

As discussed at TWIC, staff from the East Contra Costa Habitat Conservancy and the County's consulting legislative advocate are addressing advance mitigation issues as needed.

Registered Opposition

AAA of Northern California
Auto Club of Southern California
CalTax
Howard Jarvis Taxpayers Association

Registered Support

Alameda Corridor-East Construction Authority
Alta Vista Solutions
American Council of Engineering Companies of California
Arup
Blackburn Consulting
Blair, Church & Flynn Consulting Engineers
Brelje & Race
California Asphalt Pavement Association
California Association of Council of Governments
California State Association of Counties
California State Council of Laborers
California Transit Association
CDM Smith, Inc.
CEI Engineering Associates, Inc.

City/County Association of Governments of San Mateo County
Covello Group
The CSW/Stuber-Stroeh Engineering Group, Inc.
Diaz Yourman & Associates
Guida Surveying Inc.
Hatch Mott MacDonald
HMH Engineers
Huitt-Zollars
Humboldt; County of
ILS Associates Civil Engineering and Land Survey
Infrastructure Engineering Corporation
Inland Foundation Engineering
JLB Traffic Engineering
Kimley-Horn
Kleinfelder
KPFF
Lane Engineers
Lawrence Nye Carlson Associates
League of California Cities
Leighton Consulting, Inc.
Leptien, Cronin, Cooper, Morris & Poore, Inc.
Long Beach; City of
Los Angeles; City of
Michael Baker International
MNS Engineers
Morton & Pitalo, Inc.
MTC
Nasland Engineering
Ninyo & Moore
Oakland; City of
Professional Engineers in California Government
Quad Knopf
Rau and Associates
Rick Engineering Company
Rural County Representatives of California
SA Associates
SACOG
SCAG
Sacramento; City of
Santa Ana; City of
Santa Clara County Board of Supervisors
Santa Cruz; County of
San Francisco; City of
San Jose; City of
Silicon Valley Leadership Group
Southern California Association of Governments
Sukow Engineering
Tri City Engineering
Towill, Inc.
Transportation Agency for Monterey County
Ventura County Transportation Commission
Wagner Engineering & Survey
Yeh and Associates, Inc.

CONSEQUENCE OF NEGATIVE ACTION:

Contra Costa County would not have a position on the bills.

CLERK'S ADDENDUM

NO ACTION TAKEN

ATTACHMENTS

November TWIC Report (NOVEMBER 4, 2016)
2016LocalStreetsRoads-ExecSummary
CCCStreetRoadFunding.pdf
Assembly Bill X 1-26 (AUGUST 30, 2016)
Senate Bill X 1-1 Text (AUGUST 29, 2016)