



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 4d
Bay Area Metro Center
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San Francisco, CA 94105
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Memorandum

TO: Legislation Committee DATE: September 2, 2016
FR: Executive Director W. I. 1131
RE: Transportation Funding: Joint Assembly/Senate Proposal Released (AB x1-26/SB x1-1)

Background

After months of rumors but little legislative activity on transportation funding, in mid-August, Assembly Member Frazier & Senator Beall released a joint funding proposal. The ambitious \$7.4 billion/year proposal is contained in identical, companion bills — AB x1-26 and SB x1-1. Because the bills are part of the First Extraordinary Session of the Legislature (called by Governor Brown in June 2015 to specifically address transportation funding) they are not subject to the August 31 end-of-session deadline, but instead, may be acted upon until December 1, 2016.

Discussion

The joint proposal is very similar to — though substantially *larger* than — earlier versions authored by Senator Beall and Assembly Member Frazier. The key focus continues to be “fix it first,” with the majority of funds going to restore the condition of local and state roadways, but the return of weight fees to the State Highway Account (instead of General Fund debt service) and the increase in the existing variable rate excise tax result in substantial new funding for the State Transportation Improvement Program (STIP) as well. In addition, funding is provided for public transit from Cap and Trade and an increase in the rate of the sales tax on diesel fuel. Bicycle and pedestrian grant programs would also see an increase in funding.

Most of the funding is proposed to be distributed by formula for local street & road repairs, the STIP, and public transit. Based on our analysis, we estimate that the Bay Area would receive increased *annual* funding as follows:

- \$465 million for local street and road maintenance
- \$68 million for the STIP
- \$81 million for public transit

Local street & road and STIP funding amounts would grow significantly above these levels over the first five years. Starting in FY 2018, weight fees are gradually restored to the State Highway Account. With weight fees fully restored by 2022, Bay Area STIP funding levels would be augmented by an additional \$56 million per year, while local street and road funds would receive an additional \$83 million per year.


There is also significant *new* funding for statewide competitive programs, including:

- The Trade Corridor Investment Fund (\$900 million/year)
- The Active Transportation Program (\$80 million, plus up to \$70 million per year from Caltrans efficiency savings)
- State-Local Partnership Program (\$200 million/year)
- Transit and Intercity Rail Capital Program – (~\$200 million/year)

Attachment 1 includes a one-page summary of the proposal, which details the different tax increases, while Attachment 2 provides our estimate of funding to local jurisdictions and transit operators.

Next Steps

With the adjournment of the 2015-16 legislative session, three months remain to galvanize the Bay Area delegation, legislative leaders and the Brown Administration to take action on this proposal. While we are not optimistic, the lame-duck session, which begins after the November 2016 election, may offer the last fleeting opportunity in the foreseeable future to enact legislation that provides a meaningful increase in revenue for our state's ailing transportation system. Staff intends to stay engaged in discussions throughout the fall to help secure support for this bold joint proposal.



Steve Heminger

Attachments:

- Attachment 1: Frazier – Beall Transportation Funding Package
- Attachment 2: Increase in STIP Funding Proposed in AB x1-26 and SB x1-1

SH: rl

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 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.*

Estimate of New Transit Revenue to Bay Area from Diesel Sales Tax Increase in Joint Assembly-Senate Funding Proposal¹	
Estimate of Statewide Increase	\$ 216,000,000
Population-Based Funds (Bay Area)	\$ 20,952,796
Revenue-Based Funds (Bay Area)²	
ACE Train	\$ 309,971
AC Transit	\$ 5,598,131
BART	\$ 12,861,542
Caltrain	\$ 3,128,702
CCCTA	\$ 353,618
City of Dixon	\$ 2,743
ECCTA	\$ 163,771
City of Fairfield	\$ 69,104
Golden Gate Transit	\$ 2,769,528
City of Healdsburg	\$ 290
LAVTA	\$ 142,936
Marin Transit	\$ 515,829
NVTA	\$ 35,719
City of Petaluma	\$ 8,022
City of Rio Vista	\$ 631
SFMTA	\$ 23,433,100
SamTrans	\$ 1,924,128
City of Santa Rosa	\$ 78,537
Solano County Transit	\$ 161,337
Sonoma County Transit	\$ 85,034
City of Union City	\$ 24,181
VTA	\$ 7,402,952
WCCTA	\$ 185,320
WETA	\$ 761,249
Subtotal	\$ 60,016,378
GRAND TOTAL	\$ 80,969,174

1) Assumes statewide STA revenue increase of \$216 million based on increase in the diesel sales tax rate of 3.5%. Note legislation proposes new report requirements prior to use of funds and limitations on expenditures, with an emphasis on maintaining, repairing, modernizing or purchasing new vehicles or facilities. Operational uses are allowed in context of repairs or modernization.

2) Revenue-based shares are based on State Controller's Office FY 2014-15 Factors.

Source: Metropolitan Transportation Commission

Increase in Annual Low Carbon Transit Operations Program (LCTOP) Funding	
New Revenue Estimate	
Statewide Estimate of Increase¹	\$ 100,000,000
Population-Based Funds (Bay Area)	\$ 9,700,368
Revenue-Based Funds (Bay Area)	
ACE Train	\$ 143,505
AC Transit	\$ 2,591,727
BART	\$ 5,954,418
Caltrain	\$ 1,448,473
CCCTA	\$ 163,712
City of Dixon	\$ 1,270
ECCTA	\$ 75,820
City of Fairfield	\$ 31,993
Golden Gate Transit	\$ 1,282,189
City of Healdsburg	\$ 134
LAVTA	\$ 66,174
Marin Transit	\$ 238,810
NVTA	\$ 16,537
City of Petaluma	\$ 3,714
City of Rio Vista	\$ 292
SamTrans	\$ 890,800
SFMTA	\$ 10,848,657
City of Santa Rosa	\$ 36,360
Solano County Transit	\$ 74,693
Sonoma County Transit	\$ 39,368
City of Union City	\$ 11,195
VTA	\$ 3,427,293
WCCTA	\$ 85,796
WETA	\$ 352,430
SUBTOTAL	\$ 27,785,360
TOTAL NEW BAY AREA REVENUE	\$ 37,485,728

1) Assumes total annual Cap & Trade revenue of \$2 Billion. New LCTOP increment receives an additional 5% of total Cap and Trade funds generated.

**PRELIMINARY ESTIMATE OF NEW ANNUAL LOCAL
ROADWAY FUNDING FROM JOINT ASSEMBLY-
SENATE PROPOSAL BY BAY AREA COUNTY**

COUNTY	
ALAMEDA	\$ 94,656,483
CONTRA COSTA	\$ 66,014,320
MARIN	\$ 15,992,044
NAPA	\$ 10,442,371
SAN FRANCISCO	\$ 50,330,747
SAN MATEO	\$ 47,766,012
SANTA CLARA	\$ 116,712,814
SOLANO	\$ 29,391,895
SONOMA	\$ 34,040,919
BAY AREA TOTAL	\$ 465,347,604
STATE TOTAL	\$ 2,457,160,000

Source: Metropolitan Transportation Commission

**Cumulative Estimate of 5-Year Increase in Local Street & Road Funding
(FY 2018-22) from Restoring Truck Weight Fees in Joint Funding Proposal**

Dollars are in 2016 constant dollars and based on 2016 estimate of truck weight fees

County/City	Annual Funding
ALAMEDA	
ALAMEDA	\$ 1,567,590
ALBANY	\$ 379,738
BERKELEY	\$ 2,429,582
DUBLIN	\$ 1,142,260
EMERYVILLE	\$ 216,204
FREMONT	\$ 4,633,982
HAYWARD	\$ 3,127,264
LIVERMORE	\$ 1,758,880
NEWARK	\$ 904,170
OAKLAND	\$ 8,398,669
PIEDMONT	\$ 227,311
PLEASANTON	\$ 1,531,018
SAN LEANDRO	\$ 1,809,015
UNION CITY	\$ 1,487,940
City Total	\$ 29,613,624
County Total	\$ 21,236,364
Grand Total	\$ 50,849,988

Summary by Bay Area County	
ALAMEDA	\$ 50,849,988
CONTRA COSTA	\$ 35,463,259
MARIN	\$ 8,591,015
NAPA	\$ 5,609,700
SAN FRANCISCO	\$ 27,037,957
SAN MATEO	\$ 25,660,167
SANTA CLARA	\$ 62,698,772
SOLANO	\$ 15,789,489
SONOMA	\$ 18,286,971
BAY AREA TOTAL	\$ 249,987,318
STATE TOTAL	\$ 1,320,000,000

CONTRA COSTA	
ANTIOCH	\$ 2,215,179
BRENTWOOD	\$ 1,155,535
CLAYTON	\$ 230,890
CONCORD	\$ 2,578,675
DANVILLE	\$ 893,676
EL CERRITO	\$ 496,798
HERCULES	\$ 506,760
LAFAYETTE	\$ 514,512
MARTINEZ	\$ 764,670
MORAGA	\$ 336,803
OAKLEY	\$ 793,409
ORINDA	\$ 380,699
PINOLE	\$ 387,530
PITTSBURG	\$ 1,383,296
PLEASANT HILL	\$ 698,766
RICHMOND	\$ 2,195,706
SAN PABLO	\$ 608,112
SAN RAMON	\$ 1,606,924
WALNUT CREEK	\$ 1,367,750
City Total	\$ 19,115,691
County Total	\$ 16,347,568
Grand Total	\$ 35,463,259

MARIN	
BELVEDERE	\$ 43,384
CORTE MADERA	\$ 194,133
FAIRFAX	\$ 156,150
LARKSPUR	\$ 252,551
MILL VALLEY	\$ 295,342
NOVATO	\$ 1,095,849
ROSS	\$ 50,993
SAN ANSELMO	\$ 259,158
SAN RAFAEL	\$ 1,211,191
SAUSALITO	\$ 149,318
TIBURON	\$ 188,181
City Total	\$ 3,896,251
County Total	\$ 4,694,763
Grand Total	\$ 8,591,015

NAPA	
AMERICAN CANYON	\$ 412,137
CALISTOGA	\$ 107,611
NAPA	\$ 1,615,310
ST HELENA	\$ 124,056
YOUNTVILLE	\$ 61,711
City Total	\$ 2,320,826
County Total	\$ 3,288,873
Grand Total	\$ 5,609,700

SAN FRANCISCO

City Total	\$ 17,296,346
County Total	\$ 9,741,611
Grand Total	\$ 27,037,957



SAN MATEO	
ATHERTON	\$ 141,852
BELMONT	\$ 547,116
BRISBANE	\$ 92,884
BURLINGAME	\$ 611,384
COLMA	\$ 36,654
DALY CITY	\$ 2,164,288
EAST PALO ALTO	\$ 595,982
FOSTER CITY	\$ 662,521
HALF MOON BAY	\$ 246,497
HILLSBOROUGH	\$ 233,590
MENLO PARK	\$ 680,582
MILLBRAE	\$ 468,367
PACIFICA	\$ 788,541
PORTOLA VALLEY	\$ 92,597
REDWOOD CITY	\$ 1,673,953
SAN BRUNO	\$ 908,363
SAN CARLOS	\$ 602,364
SAN MATEO	\$ 2,074,677
SOUTH SAN FRANCISCO	\$ 1,353,943
WOODSIDE	\$ 113,297
City Total	\$ 14,089,453
County Total	\$ 11,570,714
Grand Total	\$ 25,660,167

SANTA CLARA	
CAMPBELL	\$ 856,163
CUPERTINO	\$ 1,222,278
GILROY	\$ 1,084,087
LOS ALTOS	\$ 614,371
LOS ALTOS HILLS	\$ 170,611
LOS GATOS	\$ 623,964
MILPITAS	\$ 1,485,118
MONTE SERENO	\$ 70,588
MORGAN HILL	\$ 854,567
MOUNTAIN VIEW	\$ 1,593,690
PALO ALTO	\$ 1,369,059
SAN JOSE	\$ 20,791,546
SANTA CLARA	\$ 2,474,439
SARATOGA	\$ 629,977
SUNNYVALE	\$ 3,027,836
City Total	\$ 36,868,294
County Total	\$ 25,830,478
Grand Total	\$ 62,698,772

SOLANO	
BENICIA	\$ 566,364
DIXON	\$ 391,867
FAIRFIELD	\$ 2,288,672
RIO VISTA	\$ 167,584
SUISUN CITY	\$ 590,889
VACAVILLE	\$ 1,937,080
VALLEJO	\$ 2,448,053
City Total	\$ 8,390,508
County Total	\$ 7,398,981
Grand Total	\$ 15,789,489

SONOMA	
CLOVERDALE	\$ 178,118
COTATI	\$ 150,259
HEALDSBURG	\$ 239,051
PETALUMA	\$ 1,217,859
ROHNERT PARK	\$ 840,209
SANTA ROSA	\$ 3,540,077
SEBASTOPOL	\$ 153,552
SONOMA	\$ 223,629
WINDSOR	\$ 559,123
City Total	\$ 7,101,876
County Total	\$ 11,185,094
Grand Total	\$ 18,286,971

REGION	
City Total	\$ 135,850,877
County Total	\$ 120,004,563
Grand Total	\$ 255,855,440

Source: Metropolitan Transportation Commission

**Preliminary Estimate of New Annual Local Street & Road Funding
from Joint Assembly-Transportation Funding Proposal**

County/City	Annual Funding
ALAMEDA	
ALAMEDA	\$ 2,918,046
ALBANY	\$ 706,876
BERKELEY	\$ 4,522,631
DUBLIN	\$ 2,126,299
EMERYVILLE	\$ 402,460
FREMONT	\$ 8,626,087
HAYWARD	\$ 5,821,355
LIVERMORE	\$ 3,274,129
NEWARK	\$ 1,683,099
OAKLAND	\$ 15,633,996
PIEDMONT	\$ 423,136
PLEASANTON	\$ 2,849,967
SAN LEANDRO	\$ 3,367,453
UNION CITY	\$ 2,769,779
City Total	\$ 55,125,312
County Total	\$ 39,531,170
Grand Total	\$ 94,656,483

CONTRA COSTA	
ANTIOCH	\$ 4,123,522
BRENTWOOD	\$ 2,151,011
CLAYTON	\$ 429,799
CONCORD	\$ 4,800,165
DANVILLE	\$ 1,663,565
EL CERRITO	\$ 924,783
HERCULES	\$ 943,325
LAFAYETTE	\$ 957,756
MARTINEZ	\$ 1,423,422
MORAGA	\$ 626,954
OAKLEY	\$ 1,476,918
ORINDA	\$ 708,665
PINOLE	\$ 721,382
PITTSBURG	\$ 2,574,984
PLEASANT HILL	\$ 1,300,742
RICHMOND	\$ 4,087,274
SAN PABLO	\$ 1,131,991
SAN RAMON	\$ 2,991,265
WALNUT CREEK	\$ 2,546,046
City Total	\$ 35,583,569
County Total	\$ 30,430,751
Grand Total	\$ 66,014,320

MARIN	
BELVEDERE	\$ 80,759
CORTE MADERA	\$ 361,376
FAIRFAX	\$ 290,670
LARKSPUR	\$ 470,121
MILL VALLEY	\$ 549,775
NOVATO	\$ 2,039,906
ROSS	\$ 94,923
SAN ANSELMO	\$ 482,419
SAN RAFAEL	\$ 2,254,614
SAUSALITO	\$ 277,953
TIBURON	\$ 350,297
City Total	\$ 7,252,813
County Total	\$ 8,739,231
Grand Total	\$ 15,992,044

NAPA	
AMERICAN CANYON	\$ 767,187
CALISTOGA	\$ 200,317
NAPA	\$ 3,006,876
ST HELENA	\$ 230,929
YOUNTVILLE	\$ 114,874
City Total	\$ 4,320,183
County Total	\$ 6,122,188
Grand Total	\$ 10,442,371

SAN FRANCISCO

City Total	\$ 32,196,887
County Total	\$ 18,133,860
Grand Total	\$ 50,330,747

SAN MATEO	
ATHERTON	\$ 264,055
BELMONT	\$ 1,018,449
BRISBANE	\$ 172,902
BURLINGAME	\$ 1,138,083
COLMA	\$ 68,231
DALY CITY	\$ 4,028,790
EAST PALO ALTO	\$ 1,109,412
FOSTER CITY	\$ 1,233,272
HALF MOON BAY	\$ 458,850
HILLSBOROUGH	\$ 434,825
MENLO PARK	\$ 1,266,893
MILLBRAE	\$ 871,857
PACIFICA	\$ 1,467,856
PORTOLA VALLEY	\$ 172,369
REDWOOD CITY	\$ 3,116,039
SAN BRUNO	\$ 1,690,903
SAN CARLOS	\$ 1,121,292
SAN MATEO	\$ 3,861,980
SOUTH SAN FRANCISCO	\$ 2,520,344
WOODSIDE	\$ 210,901
City Total	\$ 26,227,303
County Total	\$ 21,538,709
Grand Total	\$ 47,766,012

SANTA CLARA	
CAMPBELL	\$ 1,593,735
CUPERTINO	\$ 2,275,252
GILROY	\$ 2,018,012
LOS ALTOS	\$ 1,143,642
LOS ALTOS HILLS	\$ 317,589
LOS GATOS	\$ 1,161,500
MILPITAS	\$ 2,764,524
MONTE SERENO	\$ 131,399
MORGAN HILL	\$ 1,590,764
MOUNTAIN VIEW	\$ 2,966,630
PALO ALTO	\$ 2,548,483
SAN JOSE	\$ 38,703,148
SANTA CLARA	\$ 4,606,131
SARATOGA	\$ 1,172,693
SUNNYVALE	\$ 5,636,270
City Total	\$ 68,629,771
County Total	\$ 48,083,043
Grand Total	\$ 116,712,814

SOLANO	
BENICIA	\$ 1,054,278
DIXON	\$ 729,454
FAIRFIELD	\$ 4,260,328
RIO VISTA	\$ 311,954
SUISUN CITY	\$ 1,099,931
VACAVILLE	\$ 3,605,845
VALLEJO	\$ 4,557,014
City Total	\$ 15,618,804
County Total	\$ 13,773,091
Grand Total	\$ 29,391,895

SONOMA	
CLOVERDALE	\$ 331,563
COTATI	\$ 279,704
HEALDSBURG	\$ 444,991
PETALUMA	\$ 2,267,027
ROHNERT PARK	\$ 1,564,035
SANTA ROSA	\$ 6,589,799
SEBASTOPOL	\$ 285,835
SONOMA	\$ 416,281
WINDSOR	\$ 1,040,799
City Total	\$ 13,220,035
County Total	\$ 20,820,884
Grand Total	\$ 34,040,919

REGION	
City Total	\$ 258,174,677
County Total	\$ 207,172,927
Grand Total	\$ 465,347,604

Source: Metropolitan Transportation Commission

**Annual Increase in STIP Funding
from Restoration of Gas Tax**

Summary by Bay Area County¹	
ALAMEDA	\$ 14.03
CONTRA COSTA	\$ 8.93
MARIN	\$ 2.77
NAPA	\$ 1.65
SAN FRANCISCO	\$ 7.35
SAN MATEO	\$ 7.50
SANTA CLARA	\$ 16.46
SOLANO	\$ 4.26
SONOMA	\$ 5.16
BAY AREA TOTAL	68.11
STATE TOTAL	\$ 534.16

**Five-Year Cumulative Increase
from Weight Fee Restoration
(FY 2018-22)³**

Summary by Bay Area County	
ALAMEDA	\$ 35.34
CONTRA COSTA	\$ 52.17
MARIN	\$ 6.73
NAPA	\$ 3.37
SAN FRANCISCO	\$ 18.51
SAN MATEO	\$ 18.51
SANTA CLARA	\$ 40.39
SOLANO	\$ 10.10
SONOMA	\$ 13.46
BAY AREA TOTAL²	\$ 168.30
STATE TOTAL	\$ 1,320.00

Notes:

- 1) Based on STIP County Shares of Regional Transportation Improvement Program (RTIP)
- 2) Approximately \$52 million in additional funding could be expected to come to the Bay Area from competitive, statewide Interregional Transportation Improvement Program (ITIP), which receives 25% of total STIP funds.
- 3) Dollars are in 2016 constant dollars and based on 2016 estimate of truck weight fees

Source: Metropolitan Transportation Commission