

Metropolitan Transportation Commission Legislation Committee

June 14, 2019

Agenda Item 3a

FY 2019-20 State Budget Update

Subject: Overview of the transportation and housing-related provisions in the FY 2019-20 State Budget.

Overview: The Legislature is required to adopt the state budget each year by June 15, 2019. At the time this memo was prepared, budget conference committee had not yet begun, but there is not too much in dispute between the two houses as it relates to transportation and housing.

Released on May 9, the May Revise of the Governor's FY 2019-20 Budget anticipates \$3.2 billion more revenue than assumed in January. The May Revise continues the Governor's cautious approach toward new spending, but specific policy areas are benefices of significant one-time funding. The summary notes that despite strong fiscal health in the short term, economic growth rates have slowed and even a modest recession could cause a \$40 billion deficit over three years.

Transportation Funding

Ushering in the whole new world post-Senate Bill 1 (Beall, 2017), "transportation" wasn't once mentioned in the near 200-page May Revise summary. Instead, the budget discussion is dominated by education, rainy day funds, housing, and homelessness. State transportation funding is flush this year, with an estimated \$4.8 billion in additional revenue thanks to enactment of Senate Bill 1 (Beall, 2017) and defeat of Proposition 6 by the voters.

State Transit Assistance The May Revise includes an updated forecast for State Transit Assistance (STA) for FY 2019-20 - \$772 million, an increase of almost \$104 million above FY 2018-19, but a decrease of \$75 million from the January forecast. Since STA funding is highly dependent on retail diesel fuel prices these amounts will change based on actual price and consumption levels. In addition to regular STA funding, SB 1 provides a new State of Good Repair (SGR) funding program, distributed by the same formula as STA. Statewide, the SGR program is estimated to provide \$108 million in FY 2019-20, up \$3 million over FY 2018-19. Finally, the Low Carbon Transit Operations Program, which receives a portion of Cap and Trade funding, is also distributed via the STA formula and is forecast to receive \$113 million in FY 2019-20, though the most recent auctions suggest it is likely to be above that level.

We estimate the Bay Area would receive approximately \$256 million in regular STA funds, of which \$68 million would be for the population-based program and \$188 million for the revenue-based program, distributed directly to transit operators. Notably, this is a decline of \$28 million relative to our February STA Fund Estimate, but is still a \$10 million increase over the estimate for FY 2018-19. With regard to the SGR and LCTOP program, the Bay Area would receive approximately \$40 million and \$42 respectively. Details by operator for STA and the SGR Program are included in Attachment A. Detailed LCTOP estimates are not included since actual shares will depend on future Cap and Trade auctions.

Of note, the FY 2019-20 budget includes the final installment of the SB 1-mandated repayment of \$706 million in outstanding transportation loans, closing the books on nearly two decades of borrowing from transportation accounts to prevent cuts to other programs.

Local and Regional Housing Planning & Infrastructure Funding

The Administration released an updated version of the budget trailer bill providing funding for housing planning and housing-related infrastructure with the May Revise, but further revisions were being made to the bill language when this memo was finalized. The version released with the May Revise and approved by the Assembly and Senate budget subcommittees includes one-time funding of \$750 million several new grant programs to be administered by the Department of Housing and Community Development (HCD) as follows:

- \$250 million towards housing planning, including technical assistance/documents/process improvements, to accelerate housing production to be broken down into two equal components
 - \$125 million directly to jurisdictions based on 6-tier system
 - \$125 million to councils of government (COGs), specifically, ABAG for the Bay Area region in the same amount as provided to the total individual jurisdictions in the COG's jurisdiction. For the Bay Area, this amounts to \$25.6 million to ABAG and \$25.6 million to local jurisdictions directly. (See Attachment B for an estimate of funding to individual jurisdictions Bay Area cities and counties.)
- \$500 million for the Infill Infrastructure Grant Program administered by HCD, targeting infrastructure that supports higher-density affordable and mixed-income housing in infill locations.

Cap and Trade Funding: Low Carbon Transportation Prioritized


At the time this memo was finalized, it was unclear whether the Legislature would wrap up its Cap and Trade spending plan in the budget, or revisit it later this summer, as has been done in recent years. The May Revise proposes an additional \$251 million from Cap and Trade revenue, bringing the total to \$1.25 billion (not including continuously appropriated transportation and housing program funding) to support a variety of different programs. \$537 million is proposed to be reserved for low-carbon transportation programs, including 1) \$182 million to provide incentives for zero-emission trucks, transit buses, and freight equipment; (2) \$200 million for the California Clean Vehicle Rebate Project; and (3) \$65 million is proposed to help low-income Californians retire and replace old, highly polluting vehicles with newer, more efficient cars and trucks.

Staff will provide an update on any significant changes to the FY 2019-20 State Budget at your meeting.

Attachments:

Attachment A: STA revenue-based funding estimates

Attachment B: Estimates of local jurisdiction funding from budget trailer bill for housing planning


Therese W. McMillan

State Transit Assistance

State Transit Assistance Revenue-Based

	FY2018-19	FY2019-20	FY2019-20
	<u>May Revise</u>	Feb. 2019 Fund Estimate	<u>May Revise</u>
	Revenue	Revenue	Revenue
	Estimate	Estimate	Estimate
ACCMA - Corresponding to ACE	\$258,430	\$298,707	\$269,313
Caltrain	\$7,955,068	\$9,194,889	\$8,290,065
CCCTA	\$734,079	\$848,487	\$764,991
City of Dixon	\$6,715	\$7,762	\$6,998
ECCTA	\$343,633	\$397,189	\$358,104
City of Fairfield	\$222,785	\$257,507	\$232,167
GGBHTD	\$7,956,722	\$9,196,801	\$8,291,789
LAVTA	\$324,826	\$375,451	\$338,504
Marin Transit	\$1,346,539	\$1,556,401	\$1,403,243
NVTA	\$104,368	\$120,634	\$108,763
City of Petaluma	\$39,426	\$45,571	\$41,087
City of Rio Vista	\$2,212	\$2,557	\$2,305
SamTrans	\$7,805,762	\$9,022,314	\$8,134,472
SMART	\$1,632,242	\$1,886,632	\$1,700,978
City of Santa Rosa	\$161,842	\$187,065	\$168,657
Solano County Transit	\$349,467	\$403,932	\$364,183
Sonoma County Transit	\$217,425	\$251,311	\$226,581
City of Union City	\$105,114	\$121,496	\$109,540
Vacaville City Coach	\$25,345	\$29,296	\$26,413
VTA	\$28,461,236	\$32,897,007	\$29,659,773
VTA - Corresponding to ACE	\$199,634	\$230,748	\$208,041
WCCTA	\$456,794	\$527,986	\$476,030
WETA	\$1,917,991	\$2,216,916	\$1,998,760
SUBTOTAL	\$60,627,653	\$70,076,659	\$63,180,757
AC Transit	\$19,435,425	\$22,464,497	\$20,253,875
BART	\$38,065,478	\$43,998,101	\$39,668,462
SFMTA	\$62,345,218	\$72,061,913	\$64,970,651
SUBTOTAL	\$119,846,121	\$138,524,510	\$124,892,987
STA REVENUE-BASED GRAND TOTAL	\$180,473,774	\$208,601,170	\$188,073,744

State Transit Assistance Population-Based

	FY2018-19	FY2019-20	FY2019-20
	<u>May Revise</u>	Feb. 2019 Fund Estimate	<u>May Revise</u>
	Revenue	Revenue	Revenue
	Estimate	Estimate	Estimate
STA POPULATION-BASED (MTC Region)	\$65,247,759	\$75,416,824	\$67,995,421
TOTAL STA	\$245,721,533	\$284,017,994	\$256,069,165

State of Good Repair Program

SGR Program Revenue-Based

	FY2018-19	FY2019-20	FY2019-20
	<u>May Revise</u>	Feb. 2019 Fund Estimate	<u>May Revise</u>
	Revenue	Revenue	Revenue
	Estimate	Estimate	Estimate
ACCMA - Corresponding to ACE	\$40,599	\$41,614	\$41,614
Caltrain	\$1,249,724	\$1,280,968	\$1,280,968
CCCTA	\$115,322	\$118,205	\$118,205
City of Dixon	\$1,055	\$1,081	\$1,081
ECCTA	\$53,984	\$55,334	\$55,334
City of Fairfield	\$34,999	\$35,874	\$35,874
GGBHTD	\$1,249,984	\$1,281,234	\$1,281,234
LAVTA	\$51,029	\$52,305	\$52,305
Marin Transit	\$211,538	\$216,827	\$216,827
NVTA	\$16,396	\$16,806	\$16,806
City of Petaluma	\$6,194	\$6,349	\$6,349
City of Rio Vista	\$348	\$356	\$356
SamTrans	\$1,226,269	\$1,256,926	\$1,256,926
SMART	\$256,422	\$262,832	\$262,832
City of Santa Rosa	\$25,425	\$26,061	\$26,061
Solano County Transit	\$54,900	\$56,273	\$56,273
Sonoma County Transit	\$34,157	\$35,011	\$35,011
City of Union City	\$16,513	\$16,926	\$16,926
Vacaville City Coach	\$3,982	\$4,081	\$4,081
VTA	\$4,471,201	\$4,582,981	\$4,582,981
VTA - Corresponding to ACE	\$31,362	\$32,146	\$32,146
WCCTA	\$71,761	\$73,555	\$73,555
WETA	\$301,312	\$308,845	\$308,845
SUBTOTAL	\$9,524,477	\$9,762,589	\$9,762,589
AC Transit	\$3,053,265	\$3,129,596	\$3,129,596
BART	\$5,980,007	\$6,129,507	\$6,129,507
SFMTA	\$9,794,303	\$10,039,161	\$10,039,161
SUBTOTAL	\$18,827,575	\$19,298,265	\$19,298,265
SGR PROGRAM REVENUE-BASED GRAND TOTAL	\$28,352,052	\$29,060,854	\$29,060,854

SGR Program Population-Based

	FY2018-19	FY2019-20	FY2019-20
	<u>May Revise</u>	Feb. 2019 Fund Estimate	<u>May Revise</u>
	Revenue	Revenue	Revenue
	Estimate	Estimate	Estimate
SGR PROGRAM POPULATION-BASED (MTC Region)	\$10,250,287	\$10,506,544	\$10,506,544
TOTAL SGR PROGRAM	\$38,602,339	\$39,567,398	\$39,567,398

**MTC/ABAG Estimate of Funding for Housing Planning
for Bay Area Local Jurisdictions from Budget Trailer Bill**

County/City/Town	Population	Funding Tier Per Population	Eligible Funding Amount
<i>County of Alameda -</i>			
<i>Unincorporated</i>	149,536	\$500,000	\$500,000
City of Alameda	79,316	\$300,000	\$300,000
City of Albany	19,393	\$65,000	\$65,000
City of Berkeley	123,328	\$500,000	\$500,000
City of Dublin	64,577	\$300,000	\$300,000
City of Emeryville	11,885	\$65,000	\$65,000
City of Fremont	232,532	\$500,000	\$500,000
City of Hayward	159,433	\$500,000	\$500,000
City of Livermore	91,039	\$300,000	\$300,000
City of Newark	48,712	\$150,000	\$150,000
City of Oakland	432,897	\$750,000	\$750,000
City of Piedmont	11,420	\$65,000	\$65,000
City of Pleasanton	80,492	\$300,000	\$300,000
City of San Leandro	89,825	\$300,000	\$300,000
City of Union City	74,916	\$300,000	\$300,000
TOTAL			\$4,895,000
<i>County of Contra Costa -</i>			
<i>Unincorporated</i>	173,406	\$500,000	\$500,000
City of Antioch	113,901	\$500,000	\$500,000
City of Brentwood	63,662	\$300,000	\$300,000
City of Clayton	11,653	\$65,000	\$65,000
City of Concord	129,889	\$500,000	\$500,000
Town of Danville	45,270	\$150,000	\$150,000
City of El Cerrito	25,459	\$150,000	\$150,000
City of Hercules	26,224	\$150,000	\$150,000
City of Lafayette	26,327	\$150,000	\$150,000
City of Martinez	38,490	\$150,000	\$150,000
Town of Moraga	16,939	\$65,000	\$65,000
City of Oakley	41,759	\$150,000	\$150,000
City of Orinda	19,475	\$65,000	\$65,000
City of Pinole	19,498	\$65,000	\$65,000
City of Pittsburg	72,541	\$300,000	\$300,000
City of Pleasant Hill	35,055	\$150,000	\$150,000
City of Richmond	110,436	\$500,000	\$500,000
City of San Pablo	31,817	\$150,000	\$150,000
City of San Ramon	83,957	\$300,000	\$300,000
City of Walnut Creek	70,121	\$300,000	\$300,000
TOTAL			\$4,660,000

County of Marin -

<i>Unincorporated</i>	69,343	\$300,000	\$300,000
City of Belvedere	2,148	\$65,000	\$65,000
Town of Fairfax	7,721	\$65,000	\$65,000
City of Larkspur	12,578	\$65,000	\$65,000
City of Mill Valley	14,675	\$65,000	\$65,000
City of Novato	54,115	\$150,000	\$150,000
Town of Ross	2,526	\$65,000	\$65,000
Town of San Anselmo	12,902	\$65,000	\$65,000
City of San Rafael	60,046	\$300,000	\$300,000
City of Sausalito	7,416	\$65,000	\$65,000
Town of Tiburon	9,362	\$65,000	\$65,000
TOTAL			\$1,270,000

County of Napa -

<i>Unincorporated</i>	66,579	\$300,000	\$300,000
City of American Canyon	20,629	\$150,000	\$150,000
City of Calistoga	5,453	\$65,000	\$65,000
City of Napa	79,490	\$300,000	\$300,000
City of St. Helena	6,133	\$65,000	\$65,000
Town of Yountville	2,916	\$65,000	\$65,000
TOTAL			\$945,000

City and County of San

<i>Francisco</i>	883,869	\$1,500,000	\$1,500,000
TOTAL			\$1,500,000

County of San Mateo -

<i>Unincorporated</i>	66,027	\$300,000	\$300,000
Town of Atherton	7,070	\$65,000	\$65,000
City of Belmont	27,174	\$150,000	\$150,000
City of Brisbane	4,691	\$65,000	\$65,000
City of Burlingame	30,317	\$150,000	\$150,000
Town of Colma	1,512	\$65,000	\$65,000
City of Daly City	109,122	\$500,000	\$500,000
City of East Palo Alto	30,499	\$150,000	\$150,000
City of Foster City	33,693	\$150,000	\$150,000
City of Half Moon Bay	12,631	\$65,000	\$65,000
Town of Hillsborough	11,769	\$65,000	\$65,000
City of Menlo Park	35,790	\$150,000	\$150,000
City of Millbrae	23,154	\$150,000	\$150,000
City of Pacifica	38,674	\$150,000	\$150,000
Town of Portola Valley	4,659	\$65,000	\$65,000
City of Redwood City	85,319	\$300,000	\$300,000
City of San Bruno	45,257	\$150,000	\$150,000
City of San Carlos	29,864	\$150,000	\$150,000
City of San Mateo	104,570	\$500,000	\$500,000
City of South San Francisco	67,078	\$300,000	\$300,000
Town of Woodside	5,615	\$65,000	\$65,000
TOTAL			\$3,705,000

County of Santa Clara -

<i>Unincorporated</i>	88,368	\$300,000	\$300,000
City of Campbell	43,250	\$150,000	\$150,000
City of Cupertino	59,879	\$150,000	\$150,000
City of Gilroy	55,928	\$150,000	\$150,000
City of Los Altos	31,190	\$150,000	\$150,000
Town of Los Altos Hills	8,785	\$65,000	\$65,000
Town of Los Gatos	30,988	\$150,000	\$150,000
City of Milpitas	76,231	\$300,000	\$300,000
City of Monte Sereno	3,787	\$65,000	\$65,000
City of Morgan Hill	45,742	\$150,000	\$150,000
City of Mountain View	81,992	\$300,000	\$300,000
City of Palo Alto	69,397	\$300,000	\$300,000
City of San Jose	1,043,058	\$1,500,000	\$1,500,000
City of Santa Clara	128,717	\$500,000	\$500,000
City of Saratoga	31,407	\$150,000	\$150,000
City of Sunnyvale	155,567	\$500,000	\$500,000
TOTAL			\$4,880,000

County of Solano -

<i>Unincorporated</i>	19,580	\$65,000	\$65,000
City of Benicia	27,570	\$150,000	\$150,000
City of Dixon	19,794	\$65,000	\$65,000
City of Fairfield	117,149	\$500,000	\$500,000
City of Rio Vista	9,416	\$65,000	\$65,000
City of Suisun City	29,447	\$150,000	\$150,000
City of Vacaville	98,807	\$300,000	\$300,000
City of Vallejo	119,544	\$500,000	\$500,000
TOTAL			\$1,795,000

County of Sonoma -

<i>Unincorporated</i>	141,781	\$500,000	\$500,000
City of Cloverdale	9,257	\$65,000	\$65,000
City of Cotati	7,919	\$65,000	\$65,000
City of Healdsburg	12,501	\$65,000	\$65,000
City of Petaluma	62,247	\$300,000	\$300,000
City of Rohnert Park	43,339	\$150,000	\$150,000
City of Santa Rosa	175,625	\$500,000	\$500,000
City of Sebastopol	7,885	\$65,000	\$65,000
City of Sonoma	11,556	\$65,000	\$65,000
Town of Windsor	28,565	\$150,000	\$150,000
TOTAL			\$1,925,000

BAY AREA LOCAL JURISDICTION TOTAL

\$25,575,000

Funding Tiers

- \$1,500,000 to very large localities—populations over 750,000
- \$750,000 to large localities—populations between 300,000 and 749,999
- \$500,000 to medium to large localities—populations between 100,000 and 299,999
- \$300,000 to medium localities—populations between 60,000 and 99,999
- \$150,000 to small localities—populations between 20,000 and 59,999
- \$65,000 to very small localities—populations under 20,000
- **Bay Area total based on city + county populations: 25,575,0000**

Source: Department of Finance 2019 Population figures; Housing Bill and Production Grants Draft Trailer Bill Language
http://www.dof.ca.gov/Budget/Trailer_Bill_Language/documents/HousingPlanningandProductionGrants_001.pdf