

City of Brisbane

Agenda Report

TO: Honorable Mayor and City Council

FROM: Randy Breault, Director of Public Works/City Engineer via City Manager

SUBJECT: Coalition to Protect Local Transportation Improvements

DATE: May 17, 2018

City Council Goals:

To promote transportation opportunities that maximize safety, reliability, enhance circulation and create options thereby reducing reliance on the use of the automobile. (#5)

To promote intergovernmental opportunities that enhances services and/or reduces cost of operations and services to city residents. (#10)

Purpose:

To consider joining a coalition that will protect recently enacted state measures that provide general fund revenue for our transportation network; this action is consistent with the city's value of being fiscally conservative because lacking these funds we would be either unable to fully maintain our roads, or be required to divert general fund resources from other current recipients to perform that work

Recommendation:

Authorize staff to join the city as a member of the Coalition to Protect Local Transportation Improvements.

Background:

SB 1 (Frazier) is legislation enacted in 2017 that increased annual state funding for transportation by increasing various taxes and fees on gasoline and diesel, and also on vehicle registrations. These increases were intended to be directed to transportation purposes, primarily maintenance of the existing system, but also providing funds for certain improvements, and investment in mass transit to alleviate congestion.

Proposition 69 is a constitutional amendment sponsored by Senator Frazier that will be before the voters on the summer ballot. The changes proposed to the constitution are that the Legislature will be required to spend the new diesel sales taxes and transportation

improvements fee created by SB 1 only on transportation purposes. This amendment simply places the same spending restrictions on new taxes and fees that are on existing taxes and fees collected for transportation improvements. This prohibits the Legislature from “loaning” or diverting the new fees.

Discussion:

The passage of SB 1 and the increased fuel taxes was an effort that extended over two decades. There is little disagreement that state, county, and city roads are deteriorating at a dangerous rate, and an infusion of additional maintenance cash is necessary. The more conservative party of the state takes the minority perspective that existing revenues could and should be redirected to pay for these costs. This one party also seems to be planning to energize voters around the issue of repealing SB 1 and opposing Prop 69 in an effort to get more conservative voters to vote, with an anticipated benefit of also gaining more seats in the state legislature.

The purpose of the Coalition to Protect Local Transportation Improvements is highlighted on the 2-page brochure. Additional information to present “Myths and Facts” and “SB 1’s Economic Impact” are also provided.

Fiscal Impact:

SB1 provides up to \$100,000 per year to the city’s General Fund for restricted use on the transportation network. Its repeal, if successful, would result in the loss of that money.


Prop 69 (ACA 5) will safeguard that portion of SB 1 funds received by the city from diversion by the Legislature.

Measure of Success

A defeat at the ballot box of the effort to repeal SB 1, and success at the ballot box for SB 69.

Attachments:

- Legislative Analyst’s Office’s analysis on Proposition 69 (ACA 5)
- “Support Safer Roads and Protect Local Transportation Improvements” brochure
- “Myths and Facts”
- SB 1’s Economic Impacts



Director of Public Works/City Engineer



City Manager

BALLOT PAGES

Initiative Fiscal Analyses (pre-ballot)

Proposition Analyses

Ballot Measures by Type: 1974 to Present

Ballot Bonds

Summary of General Obligation Bonds—Election Results 1986 to Present (Excel File)

Related LAO Publications

Propositions on the June 5, 2018 Ballot

Proposition 69

June 5, 2018

 PDF Version

ACA 5 (Resolution Chapter 30, Statutes of 2017), Frazier. Motor vehicle fees and taxes: restriction on expenditures: appropriations limit.

Yes/No Statement

A **YES** vote on this measure means: The Legislature will be required under the State Constitution to continue to spend revenues from recently enacted fuel taxes and vehicle fees on transportation purposes (such as repairing roads and improving transit).

A **NO** vote on this measure means: The Legislature in the future could change current law, allowing it to spend a portion of the revenues from recently enacted fuel taxes and vehicle fees on purposes other than transportation.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact

- No direct effect on the amount of state and local revenues or costs, as the measure does not change existing tax and fee rates.
- The measure could affect how some monies are spent by ensuring that revenues from recently enacted taxes and fees continue to be spent on transportation purposes.
- The measure would put the state a little further below its constitutional spending limit.

Ballot Label

Fiscal Impact: No direct effect on the amount of state and local revenues or costs but could affect how some monies are spent.

Background

Recent Transportation Funding Legislation

In April 2017, the state enacted legislation, Senate Bill 1 (SB 1), to increase annual state funding for transportation in California. Senate Bill 1 (1) increases revenues from various taxes and fees, and (2) dedicates the revenues to transportation purposes, including repairing state highways and local streets, and improving mass transit.

Taxes and Fees. Senate Bill 1 increased gasoline and diesel excise taxes, which are set on a per-gallon basis. It also increased diesel sales taxes, which are set based on price. For zero-emission vehicles (such as electric cars) model year 2020 and later, it increased vehicle registration fees by a fixed dollar amount. Additionally, SB 1 created a new transportation improvement fee, which vehicle owners pay based on the value of their vehicle. Most of the

taxes and fees already are in effect, with all taking effect by 2020.

Restrictions on Revenues. Senate Bill 1 will raise \$5 billion annually when all its taxes and fees are in effect. Figure 1 shows the annual revenues raised from each tax and fee, as well as whether existing provisions of the State Constitution restrict them for transportation purposes. Though the Legislature chose to dedicate all the SB 1 revenues to transportation, the State Constitution does not require this for the revenues from the transportation improvement fees and diesel sales taxes. As such, the Legislature could choose in the future to use these two revenue sources for purposes other than transportation.

Figure 1

Existing State Constitutional Restrictions on Recently Enacted Senate Bill 1 Revenues
(In Billions)

| Tax/Fee | Revenues ^a | Restricted for Transportation? |
|--------------------------------|-----------------------|--------------------------------|
| Gasoline Excise Tax | \$2.4 | Yes |
| Transportation Improvement Fee | 1.6 | No |
| Diesel Excise Tax | 0.7 | Yes |
| Diesel Sales Tax | 0.3 | No |
| Zero-Emission Vehicle Fee | — ^b | Yes |
| Total | \$5.0 | |

^a In 2020-21, when all taxes and fees are in effect. Excludes revenues from taxes on fuel used in off-highway vehicles (totaling \$0.1 billion). The existing State Constitution and Senate Bill 1 both allow these revenues to be spent on purposes besides transportation.

^b About \$18 million a year.

Spending Limits

The State Constitution requires the state and local governments to keep their annual spending at or below a certain level, based on a formula established by a voter proposition passed in 1979. The State Constitution exempts some spending from counting toward these limits, including spending from most gasoline and diesel excise tax revenues and spending on capital projects. Due to these exemptions, only a small portion (less than one-tenth) of spending from the new SB 1 revenues count toward the state limit. It is currently estimated that the state is several billion dollars below its limit.

Proposal

Restricts Revenues for Transportation. Proposition 69 amends the State Constitution to require that the Legislature spend revenues from the new diesel sales taxes and transportation improvement fees on transportation purposes. (This requirement also applies to existing diesel sales tax revenues—not just those imposed by SB 1.) Proposition 69 also prohibits the state from (1) loaning out these revenues (except for cash flow purposes), and (2) using transportation improvement fee revenues to repay state transportation bonds without voter approval. The only way to change these requirements would be for the voters to approve another constitutional amendment in the future.

Exempts Revenues From Spending Limits. Proposition 69 exempts spending from all the revenues raised from SB 1 from counting toward state and local spending limits.

Fiscal Effects

No Direct Fiscal Effect but Could Affect How Some Monies Are Spent. Proposition 69 would not directly affect the amount of state and local revenues or costs. (This is because it does not change the tax and fee rates established in SB 1.) The proposition could affect how some monies are spent in the future by requiring the Legislature to continue to spend revenues from diesel sales taxes and transportation improvement fees on transportation purposes, rather than other purposes. Additionally, the proposition puts the state a little further below its constitutional spending limit.



[California State Legislature](#) | [E-mail Notifications](#) | [Online Voter Registration](#) | [Privacy Policy](#) | [Accessibility](#)

Legislative Analyst's Office | The California Legislature's Nonpartisan Fiscal and Policy Advisor

925 L Street, Suite 1000 Sacramento, CA 95814 | (916) 445-4656






Support Safer Roads and Protect Local Transportation Improvements

Californians depend on a safe and reliable transportation network to support our quality of life and a strong economy. In April 2017, California passed Senate Bill 1 (SB 1) which provides more than \$5 billion annually to make road safety improvements, fill potholes, repair local streets, freeways, tunnels, bridges and overpasses and invest in public transportation in every California community. Road safety and transportation improvement projects are already underway across the state, but this long-awaited progress could come to a halt unless voters take action in 2018.

The Coalition to Protect Local Transportation Improvements has formed to support Proposition 69 which protects transportation funds from being diverted and to oppose the November 2018 measure that would repeal new transportation funds. Here's how you can help:

SUPPORT PROP 69:


June 2018 ballot measure prohibits the Legislature from diverting new transportation funds and ensures they can only be used for transportation projects.

-  Extends constitutional protections to the new revenues generated by SB 1 that aren't currently protected.
-  Guarantees transportation funds can only be used for transportation improvement purposes.
-  Will not raise taxes. Protects transportation taxes and fees we already pay.

OPPOSE REPEAL OF SB 1:

November 2018 ballot measure would repeal SB 1 and rob our communities of vital road safety and transportation improvement projects.

Certain politicians are currently collecting signatures to try to repeal the Road Repair and Accountability Act of 2017 (SB 1) and stop critical investments in future transportation improvement projects. Our broad coalition opposes this measure now because its passage would:

-  **Jeopardize public safety.** Cracked, potholed roads in poor condition pose a major safety threat to California drivers. Currently, 89% of counties have roads that are in poor or at-risk condition and 25% of our bridges show significant deterioration. This measure will cut funding currently dedicated to fixing roads and upgrading freeways, bridges, tunnels and overpasses to make them safer.



OPPOSE the November 2018 ballot measure that would repeal SB 1 and rob our communities of vital road safety and transportation improvement projects.

- ✗ Stop transportation improvement projects already underway in every community.** This measure would eliminate funds already flowing to every community to fix potholes, make safety improvements, ease traffic congestion, upgrade bridges, and improve public transportation. These funds are already being put to use and California cities and counties have already identified 4,000 local projects for funding in 2017-18 and into the future.
- ✗ Make traffic congestion worse.** Our freeways and major thoroughfares are among the most congested in the nation, and Californians spend too much time stuck in traffic away from family and work. This measure would stop projects that will reduce traffic congestion.
- ✗ Cost drivers and taxpayers more money in the long-run.** The average driver spends \$739 per year on front end alignments, body damage, shocks, tires and other repairs because of bad roads and bridges. Additionally, it costs eight times more to fix a road than to maintain it. By delaying or stopping projects, this measure will cost motorists more money in the long run.
- ✗ Hurt job creation and our economy.** Reliable transportation infrastructure is critical to get Californians to work, move goods and services to the market, and support our economy. This measure would eliminate more than 680,000 good-paying jobs and nearly \$183 billion in economic growth that will be created fixing our roads over the next decade.

Paid for by the Coalition to Protect Local Transportation Improvements, Yes on Prop. 69, sponsored by business, labor, local governments, transportation advocates and taxpayers

Committee Major Funding from

California Alliance for Jobs

League of California Cities

State Building and Construction Trades Council of California

California State Association of Counties

Funding details at www.fppc.ca.gov



MYTHS AND FACTS

MYTH:

Practically none of the SB 1 funds will be used to fix our roads.

FACT:

SB 1 invests more than \$5 billion annually directly for maintenance, repair, and safety improvements on state highways, local streets and roads, bridges, tunnels and overpasses. SB 1 also provides investments in mass transit to help relieve congestion. In total, SB 1 will provide:

\$1.5 billion for the State Highway Operations and Protection Program

\$1.5 billion for local streets and roads

\$400 million for bridge maintenance and repairs

\$300 million for goods movement and freight projects

\$250 million for congested corridors and relief management

\$200 million for the Local Partnership Program to match locally generated transportation funds
\$100 million for the Active Transportation Program to improve safety and expand access on streets, roads, and highways for bicyclists and pedestrians
\$750 million for mass transit

MYTH: SB 1 will cost California families upwards of \$700 a year.

FACT: The California Department of Finance calculated that the average cost to motorists is roughly \$10/month. Here's the math:

Registration: Nearly 50% of all registered vehicles in California are valued at less than \$5,000. Forty percent are valued at less than \$25,000. Thus, the average annual amount for vehicle registration is approximately \$48.

Fuel: California's 26 million licensed drivers consume 15.5 billion gallons per year. That is 577 gallons per driver, multiplied by 12 cents per gallon is \$69.24 each.

The annual average cost per driver is:

Vehicle Registration: \$47.85

Fuel: \$69.24

Total: \$117.09 per year OR \$9.76 per month

MYTH:

SB 1 funds go directly into the state's General Fund, meaning there's zero guarantee the money will be used to fund transportation improvement projects.

FACT:

No funds from SB 1 go into the General Fund. Revenues go directly into transportation accounts and are constitutionally protected.

Article XIX of the California Constitution already protects the gasoline excise tax and vehicle registration fees, and a portion of the sales tax on diesel, and dedicates them to transportation purposes. This accounts for about 60% of the revenues generated by SB 1. Prop 69, a constitutional ballot measure which will go before the voters in June 2018, extends these same constitutional protections to the remaining 40% of new revenues generated by SB 1. It's also important to remember, all gas tax moneys that were loaned in prior decades to the General Fund will have been repaid under SB 1.

MYTH:

There is no oversight.

FACT:

SB 1 strengthens the oversight and audit process by establishing an independent Inspector General who is appointed by the Governor to oversee projects and programs to ensure all SB 1 funds are spent as promised and to reduce bureaucracy, waste, and red tape. The Inspector General is also required to report annually to the state Legislature.

Furthermore, SB 1 has significant accountability and transparency provisions designed to ensure the public has full access to information on how their tax dollars are being invested. Cities and counties must publicly adopt and submit to the state a planned list of projects and year-end reporting that accounts for every single dollar of SB 1 revenue they receive. Bottom line: SB 1 includes provisions to streamline projects by cutting red tape to ensure transportation funds are spent efficiently and effectively.

MYTH:

None of the new funds can be used to build new roads.

SB 1 funds can and will be used to build new roads and increase capacity on our roads and highways.

SB 1 funds will be used to restore the State Transportation Improvement Program (STIP). The CTC previously cut and delayed \$1.5 billion in projects from STIP, including new capacity projects, which are now eligible to move forward.

There is \$200 million annually in SB 1 for self-help counties that can be used on new roads and capacity increasing projects.

SB 1 includes \$250 million annually for congested road and highway corridors and \$300 million for the trade corridor programs, which can both fund increased capacity.

Lastly, while cities and counties will primarily (initially) be using local funds on “fix it first” projects to repair roads in bad shape, local governments can use these funds for new roads and capacity enhancements, **especially once their road conditions are brought up into a state of good repair.**

MYTH:

California can dedicate existing General Fund revenues to fix transportation.

California has a combined need of over \$130 billion over the next 10 years just to bring the state highway and local street and road systems into a good and safe condition. If we were to use funds from the General Fund, we would need to pull \$130 billion from important areas like education, healthcare, public safety, and other programs that Californians rely upon.

SB 1 follows the user-pay model where everyone pays their fair share and all drivers pay a little more to fix the roads they drive on. It's a responsible, accountable way to fix our roads.

MYTH: SB 1 impacts on our economy are minimal.

SB 1 is a job creator. SB 1's \$5 billion annual investment will create or support 682,029 jobs over 10 years in California throughout all sectors of the economy. This is according to a February 2018 analysis of SB 1 by the American Road and Transportation Builders Association.

MYTH: California's working families and businesses cannot afford this tax increase.

California motorists currently pay \$739 per year, on average, in extra vehicle repair costs due to wear and tear because of the poor condition of our roads. With SB 1, CA drivers will save money by driving on improved roads and will need fewer vehicle repairs.

MYTH: SB 1 funds are being diverted to CSU and UC for research.

SB 1 directs \$7 million (one-tenth of one percent of total SB 1 revenues) to CSU and UC transportation research institutions for research directly related to improving transportation technology, practices, materials, and impacts to the environment.

MYTH:

According to polling, Californians oppose the gas tax increase. They will support a ballot measure to repeal SB 1.

Polls consistently show voters are fed up with California's bad roads and will support new revenues to get them fixed. If a repeal measure makes it on the November 2018 ballot, we are confident voters will want to preserve funding to provide safer roads and bridges, improve congestion, and fix potholes.

MYTH:

California Gov. Jerry Brown has proposed "diverting 30 percent of the funding" from the state's gas tax increase "to non-road related projects like building parks and lifeguards."

A percentage of the existing gas tax revenue related to fuel sales from boats, agricultural equipment, and other off-highway vehicles (quads, dirt bikes) has always gone toward supporting infrastructure related to these economic and recreational activities. The percent of gas tax revenues collected from these sources is two-percent (2%).

MYTH: Some of the funds raised by SB 1 will be used to repay outstanding loans from certain transportation funds.

All outstanding transportation loans are being repaid by the General Fund. In fact, the FY 2016-17 state budget already started to repay those loans. SB 1 requires all loans to be repaid by 2020.

MYTH: SB 1 dollars will be diverted to fund high-speed rail.

No funds raised from SB 1 will be used to fund high-speed rail. California's state-maintained transportation infrastructure will receive roughly half of SB 1 revenue: \$26 billion. The other half will go to local roads, transit agencies and an expansion of the state's growing network of pedestrian and

cycle routes. There is no remaining balance that could be used for the high-speed rail project. A full overview of how the funds are allocated [can be found here](#).

DOWNLOAD THE MYTHS AND FACTS PDF ▼

JOIN THE COALITION:

- Yes, I support Proposition 69
- Yes, I oppose the repeal of SB 1

First

Last

Non-Official Email

ZIP



YES ON PROP 69

NO ON REPEAL OF SB 1

MYTHS AND FACTS

CONTACT US



 **PRIVACY POLICY**

Paid for by the Coalition to Protect Local Transportation Improvements, Yes on Prop. 69, sponsored by business, labor, local governments, transportation advocates and taxpayers

Committee Major Funding from
California Alliance for Jobs
League of California Cities

State Building and Construction Trades Council of California
California State Association of Counties
Funding details at www.fppc.ca.gov



SB 1'S ECONOMIC IMPACT

The Economic Impact of Senate Bill 1 on California

Prepared by: the American Road & Transportation Builders Association (ARTBA)

February 2018

A study by the American Road & Transportation Builders Association (ARTBA) found that the ripple effect from passage of SB 1, the Road Repair and Accountability Act, will result in nearly **\$183 billion in economic activity and driver benefits throughout California.**

The study demonstrates how funds from SB 1 dedicated to improving California's highways and local streets, bridges, and transit systems provide broad economic benefits to every community in California and improve overall quality of life.

According to the study, SB 1:

Benefits California Drivers

- Total user benefits will average \$3.8 billion per year (\$38.2 billion in 10 years) in savings for California drivers, transit riders and businesses—an **annual savings of nearly \$300 per California household**.
- SB 1 will support the **repair, repaving and reconstruction of over 84,000 lane miles** on nearly 19,000 miles of roadway, including work on more than 18,300 lane miles of urban interstate, and 7,000 lane miles of rural interstate over 10 years to help ease traffic congestion.
- **Better roads mean safer roads**, adding up to \$584 million in additional safety benefits, including reduced costs from highway crashes, fatalities and property damage.
- **Operating costs for drivers will decrease by an average of \$818 million** per year, or \$8.2 billion over the next 10 years.
- Additional investment under SB 1 enables the **replacement of an additional 556 state and local bridges resulting in 387 fewer structurally deficient or functionally obsolete bridges** across the state.

Benefits California's Economy

- SB 1 will support an additional 68,203 jobs on average each year adding up to **682,029 jobs** over 10 years.
 - Those workers will earn a total of \$3.3 billion per year, resulting in **\$33 billion in additional earnings** over 10 years.
- **Sales and output** by businesses in all sectors will **increase by \$112 billion**.
- \$145 billion in additional output and earnings, which will contribute **\$58 billion to gross state product**.

“SB 1 is already making a profound difference in California, boosting our economy and also making our roads safer and less congested for motorists. Every driver in every city and county will benefit from road improvements and the economic benefits. Safer roads, less congestion, and improvements to our transportation network will make every Californian’s quality of life better.”

Roger Dickinson, executive director, Transportation California

“SB 1 is helping the California economy sustain its economic growth by supporting thousands of jobs and economic activity each year, something everyone should support. We knew SB 1’s impact would be significant and would benefit every sector of California’s economy, not just the construction industry. That’s why any efforts to repeal it are wrong-headed.”

Michael Quigley, executive director, California Alliance for Jobs

“SB 1’s ripple effects are wide ranging and we don’t want to throw cold water on these investments. SB 1 represents the state’s biggest investment in public transportation in more than 40 years, and will contribute to cleaner air and ease traffic congestion by getting more cars off the road. We will do everything possible to protect SB 1 and the benefits it brings to California.”

Josh Shaw, executive director of the California Transit Association

SB 1 provides more than \$5 billion annually to make road safety improvements, ease traffic congestion, fill potholes, repair local streets, freeways, tunnels, bridges and overpasses and invest in public transportation in every California community. It is supported by a broad-based coalition representing local government, business, labor, social justice advocates, community groups, public safety leaders, transportation advocates and taxpayers.

[DOWNLOAD FULL STUDY HERE](#)

JOIN THE COALITION:

Join as an Individual

[Join as an Organization / Company](#)

Join as an Elected Official

Yes, I support Proposition 69

Yes, I oppose the repeal of SB 1

First

Last

Non-Official Email

ZIP



YES ON PROP 69

NO ON REPEAL OF SB 1

MYTHS AND FACTS

CONTACT US



[PRIVACY POLICY](#)

Paid for by the Coalition to Protect Local Transportation Improvements, Yes
on Prop. 69, sponsored by business, labor, local governments, transportation
advocates and taxpayers

Committee Major Funding from

California Alliance for Jobs

League of California Cities

State Building and Construction Trades Council of California

California State Association of Counties

Funding details at www.fppc.ca.gov