

STAFF REPORT

DATE: January 24, 2017
TO: City Council
FROM: Council Subcommittee on Legislation (Will Arnold, Lucas Frerichs)
SUBJECT: Support Letter for AB 1 and SB 1 – Transportation Infrastructure Funding

Recommendation

Authorize the mayor to sign the attached letter (Attachment 1) on behalf of the City Council and direct staff to send letter to Senators Dodd and Beall and Assemblypersons Aguiar-Curry and Frazier.

Fiscal Impact

There is no fiscal impact to this action, however, if the bill(s) pass, Davis may receive transportation funding.

Council Goal(s)

Goal 1: Ensure fiscal resilience

Goal 6: Fund, maintain and improve infrastructure

Background and Analysis

A bill has been introduced in each the Senate and the Assembly to address the transportation backlog in local governments. AB 1 (Frazier) and SB 1 (Beall) are similar proposals that, if passed, would provide comprehensive and sensible transportation reforms, modest increases to existing revenue sources and meaningful infrastructure investments

AB 1 and SB 1 would raise revenue over a variety of sources:

- A 12 cent increase to the gas tax (SB 1 would ask to phase this increase in over 3 years);
- Ending the Board of Equalization's "true up" process on the unreliable price based excise tax on gas;
- A \$38 increase to the vehicle registration fee;
- A \$100 vehicle registration fee on zero emission vehicles;
- A 20 cent increase to the diesel excise tax;
- \$300 million from existing cap and trade funds; and
- \$500 million in vehicle weight fees phased in over five years.

Through these revenue sources, AB 1 and SB 1 would generate an additional \$6 billion annually to provide desperately needed funding for the state and local transportation network. In addition to raising revenue, the proposal includes a series of reforms to improve efficiency, transparency, and accountability. The Subcommittee recommends approving the attached letter and sending it to the Assembly and the Senate.

Attachments

1. Draft Letter

DRAFT LETTER

The CITY OF DAVIS is pleased to support SB 1 and AB 1, both of which represent comprehensive transportation proposals inclusive of sensible reforms, modest increases to existing revenue sources, and robust infrastructure investment. The proposals present an opportunity for the new legislature to advance a comprehensive framework to address the overwhelming backlog of repair and deferred maintenance as well as other transportation needs in the early part of 2017.

It would be an understatement to say the time to act is now to address the \$73 billion unmet funding need for local streets and roads and \$72 billion backlog to the State's Highway System. For local streets and roads alone, the funding need grows by an additional \$20 billion in just ten years. With the expressed commitment of Legislative Leadership and this Administration to getting this done in the early parts of 2017, we urge this legislature's immediate attention to this proposal as the vehicle to deliver this victory for California.

Although the City of Davis has allocated millions of General Fund dollars in the annual budget to address transportation infrastructure improvements, this area remains one of the City's largest unfunded priorities. The community's average pavement condition index currently sits at a 63; without adequate investment, that percentage will decline to unacceptable and unsafe levels. Addressing the current condition of certain roads and bike lanes now will save millions of dollars in the long run.

When fully phased in, SB 1 and AB 1 would generate an additional \$6 billion annually to provide desperately needed funding for the state and local transportation network. To repair and maintain existing transportation infrastructure, the proposals would generate up to \$2.4 billion and \$2.2 billion annually for the state's highway system and local streets and roads, respectively. The bills also provide nearly \$600 million for freight and the state's trade corridors, over a half billion for transit and intercity rail, and up to \$150 million to support active transportation programs throughout the state.

The proposals take the approach of raising revenue over a variety of sources, such as a 12 cent increase to the gas tax to restore some of its purchasing power phased in over three years, ending the Board of Equalization's "true up" process on the price based excise tax on gas, a \$38 increase to the vehicle registration fee, a \$100 vehicle registration fee on zero emission vehicles, a 20 cent increase to the diesel excise tax, \$300 million from existing cap and trade funds, and returning \$500 million in vehicle weight fees phased in over five years.

In addition to raising revenue, the proposals include a series of reforms to improve efficiency, transparency, and accountability, such as restoring independence to the California Transportation Commission, creating the Office of the Transportation Inspection General with audit and investigation authority over the state's transportation spending, and establishing local reporting requirements on local transportation spending. To streamline roadwork, the bills permanently extend and expand on the limited exemptions to California's Environmental Quality Act (CEQA) for repair, maintenance, and minor alteration projects on existing roadways to cities and counties with populations greater than 100,000 and state roadways. The proposals also create an advanced mitigation program that authorizes the Natural Resources Agency to establish state and regional transportation mitigation plans and mitigation banks to allow transportation projects to fulfill their environmental requirements in advance.

Overall, the proposals provide a comprehensive transportation reform and funding package that picks up where we left off at the end of the special session, while giving this legislature an opportunity for early action. While the legislature has had success in recent years in balancing the state budget, we can no longer afford to ignore our most basic repair and maintenance needs if we wish to avoid systematic failure of the state's entire transportation infrastructure. There may be no better way to put Californians back to work and stimulate our economy than making the roads we and our children rely on everyday safe again.

For these reasons, the CITY OF DAVIS Supports SB 1 (Beall) and AB 1 (Frazier).

Sincerely,

Robb Davis
Mayor