San Gabriel Valley Council of Governments

AGENDA AND NOTICE OF THE MEETING OF THE SPECIAL TRANSPORTATION COMMITTEE – MARCH 15, 2018 – 4:30 PM

Upper San Gabriel Valley Municipal Water District Office
(602 E. Huntington Drive, Suite B, Monrovia, California, 91016)

The Transportation Committee encourages public participation and invites you to share your views on agenda items.

MEETINGS: ***Regular Meetings of the Transportation Committee are held on the third Thursday of each month at 4:00 PM at the Upper San Gabriel Valley Municipal Water District Office (602 E. Huntington Drive, Suite B, Monrovia, California, 91016).*** The Transportation Committee agenda packet is available at the San Gabriel Valley Council of Government's (SGVCOG) Office, 1000 South Fremont Avenue, Suite 10210, Alhambra, CA, and on the website, www.sgvcog.org. Copies are available via email upon request (sgv@sgvcog.org). Documents distributed to a majority of the Committee after the posting will be available for review in the SGVCOG office and on the SGVCOG website. Your attendance at this public meeting may result in the recording of your voice.

CITIZEN PARTICIPATION: Your participation is welcomed and invited at all Transportation Committee meetings. Time is reserved at each regular meeting for those who wish to address the Committee. SGVCOG requests that persons addressing the Committee refrain from making personal, slanderous, profane, or disruptive remarks.

TO ADDRESS THE TRANSPORTATION COMMITTEE: At a regular meeting, the public may comment on any matter within the jurisdiction of the Committee during the public comment period and may also comment on any agenda item at the time it is discussed. At a special meeting, the public may only comment on items that are on the agenda. Members of the public wishing to speak are asked to complete a comment card or simply rise to be recognized when the Chair asks for public comments to speak. We ask that members of the public state their name for the record and keep their remarks brief. If several persons wish to address the Committee on a single item, the Chair may impose a time limit on individual remarks at the beginning of discussion. **The Transportation Committee may not discuss or vote on items not on the agenda.**

AGENDA ITEMS: The Agenda contains the regular order of business of the Transportation Committee. Items on the Agenda have generally been reviewed and investigated by the staff in advance of the meeting so that the Transportation Committee can be fully informed about a matter before making its decision.

CONSENT CALENDAR: Items listed on the Consent Calendar are considered to be routine and will be acted upon by one motion. There will be no separate discussion on these items unless a Committee member or citizen so requests. In this event, the item will be removed from the Consent Calendar and considered after the Consent Calendar. If you would like an item on the Consent Calendar discussed, simply tell Staff or a member of the Committee.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the SGVCOG office at (626) 457-1800. Notification 48 hours prior to the meeting will enable the SGVCOG to make reasonable arrangement to ensure accessibility to this meeting.

PRELIMINARY BUSINESS

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Public Comment *(If necessary, the Chair may place reasonable time limits on all comments)*
5. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting

CONSENT CALENDAR *(It is anticipated that the Transportation Committee may take action on the following matters)*

6. Transportation Meeting Minutes – 02/15/2018 -- Page 1
   Recommended Action: Approve Transportation Committee minutes.

PRESENTATIONS *(It is anticipated that the Transportation Committee may take action on the following matters)*

ACTION ITEMS *(It is anticipated that the Transportation Committee may take action on the following matters)*

7. California Proposition 69: ACA 5, Frazier. Motor vehicle fees and taxes: restriction on expenditures: appropriations limit -- Page 7
   Recommended Action: Recommend that the Governing Board support Proposition 69.

DISCUSSION ITEMS *(It is anticipated that the Transportation Committee may take action on the following matters)*

8. San Gabriel Valley Bike Share Expansion Update -- Page 39
   Recommended Action: Discuss and provide direction to staff.
9. Update on Measure M Subregional Fund Programming -- Page 41
   Recommended Action: For information and discussion.

METROPOLITAN TRANSPORTATION AUTHORITY (MTA) REPORT *(It is anticipated that the Transportation Committee may take action on the following matters)*

10. Oral Report
    Recommended Action: For information only.

UPDATE ITEMS

11. Metrolink Update
    Recommended Action: For information only.
12. Update on Active Transportation Planning Efforts
    Recommended Action: For information only.

EXECUTIVE DIRECTOR'S REPORT *(It is anticipated that the Transportation Committee may take action on the following matters)*

13. Oral Report
    Recommended Action: For information only.

COMMITTEE MEMBER ITEMS
ANNOUNCEMENTS
ADJOURN

SGVCOG Transportation Committee Unapproved Minutes
Date: February 15, 2018
Time: 4:00 PM
Location: Upper San Gabriel Valley Municipal Water District
602 E. Huntington Dr., Suite B, Monrovia, CA 91016

PRELIMINARY BUSINESS

1. Call to Order
The meeting was called to order at 4:15 p.m.

2. Pledge of Allegiance

3. Roll Call

Members Present		**Members Absent**
Alhambra	B. Messina	Claremont
Diamond Bar	D. Liu	Glendora
Duarte	J. Fasana	Temple City
El Monte	J. Velasco	
La Cañada Flintridge	T. Walker	
San Gabriel	J. Pu	
South El Monte	G. Olmos, J. Vasquez	
South Pasadena	D. Mahmud	
Walnut	M. Su	
LA County District 1	W. Rehman	
LA County District 5	D. Perry	

SGVCOG Staff
M. Creter
M. Christoffels
C. Cruz
P. Duyshart
S. Hernandez

4. Public Comment

No public comment.

5. Changes to Agenda Order: Identify emergency items arising after agenda posting and requiring action prior to next regular meeting

No changes to the agenda order.

CONSENT CALENDAR

6. Transportation Meeting Minutes: 01/18/2018
There was a motion to approve the consent calendar (M/S: T. Walker / B. Messina).
[MOTION PASSED]

AYES:	Alhambra, Diamond Bar, Duarte, El Monte, La Cañada Flintridge, South El Monte
NOES:	

ABSTAIN:	
ABSENT:	Alhambra, Claremont, Glendora, San Gabriel, South Pasadena, Temple City, Walnut, LA County District 1, LA County District 5

PRESENTATIONS

7. I-10 Express Lanes Project Update

R. Wolfe, the Executive Director of the SBCTA, opened this presentation by providing a brief introduction to, and background of, the SBCTA in general, and its I-10 Express Lanes Project. He then introduced P. Beauchamp, the SBCTA's Director of Project Delivery, who delivered the majority of the presentation.

Ms. Beauchamp explained how San Bernardino County has seen its population triple since about 1970. As a result, there is a high volume of congestion and freeway traffic throughout a plethora of San Bernardino County's traffic corridors; this especially applies to the I-10 Freeway, which is a highly frequented freeway by residents of San Bernardino County and neighboring counties. The SBCTA has been trying to find solutions which address the very high amount of congestion and slow-downs on the I-10 Freeway.

P. Beauchamp continued by saying how the SBCTA, after studies, reviews, and public outreach, reached the conclusion that an express lanes project on I-10 would bring traffic benefits to the corridor and to the whole San Bernardino County region. Thus, the SBCTA is commissioning the construction of a 33-mile Express Lanes project which will stretch along the I-10 from the LA County line at the west to the eastern edge of the City of Redlands at the east. Additionally, she mentioned how the first 10-mile segment, which will go from the LA County line to the I-15 interchange and connector, will be relatively easy to construct because there are no major rail or stream crossings along that stretch of the freeway.

One primary challenge for this overall project will be figuring out the transition of the Carpool Lane to Express Lanes at and around the LA County line, from Indian Hill Blvd. to Monte Vista Ave. The SBCTA and its partners must figure out how to make this transition as smooth and seamless as possible.

Also, there will be dynamic and tiered pricing throughout the Express Lanes system. Drivers will have a transponder which is switchable. There will be a discount rate for clean vehicles, and a low-income program, too.

As of now, the SBCTA has hired a project and construction firm to assist through this entire process and to provide design/build and procurement contracts.

Questions/Discussion: The following issues were discussed:

- One Committee member noted that he is a big fan of the Express Lanes system, and pointed out how commuters have shown over time that they are warmer to the idea of being charged tolls for special lanes on freeways.
- A Committee member pointed out how the SBCTA, and LA Metro, need to study more effective ways to integrate buses and other transit vehicles into the Express Lanes without disrupting traffic too much.
- Another Committee member asked if the San Bernardino County Express Lanes system can be fully integrated with the current system that LA County already uses on its Express Lanes.
- The issue of enforcement of the Express Lanes tolls also got brought up by multiple Committee members. It was also discussed how there can be privacy issues with checking the occupancy of vehicles.

ACTION ITEMS

8. ACE Program Project Development, Evaluation, and Approval Process

M. Creter and M. Christoffels presented on this item. They first mentioned how the goal is to bring a final draft review process to the Governing Board for official approval in May.

The reason why the SGVCOG needs to draft a new thorough project selection process is the Governing Board approved the new ACE Program to take on a wider array of capital construction projects besides just Alameda Corridor East projects. M. Creter went on to say that COG staff is looking for feedback, guidance, and direction on all aspects of the drafts of the project selection and approval processes.

M. Creter then went on to describe the proposed project selection process for Funded Projects. This overall process consists of five sub-processes: Threshold Criteria, Review, Negotiation, Programming, and Annual Updates. For the Threshold Criteria Process, project sponsors will submit Letters of Interest (LOI) to the SGVCOG/ACE. The LOI will be relatively simple to fill out, and should not be overly time-intensive, because the COG wants to devise an easy project submission process for cities, to encourage more participation. This submission process will not be as intensive as a Metro call for projects scenario. The LOI will include sections regarding Project Description, Project Benefits, and a Statement of Need, among other sections. The Statement of Need will be weighted heavily, as the COG wants to assist cities which have resource limitations. Once the COG/ACE's call for projects is complete, the Governing Board will provide direction to staff regarding which projects are to proceed to the Review Phase, and this requires a majority vote of 19 agencies to proceed.

M. Creter proceeded to discuss the next step in the process, which is the Review Process. During this process, a Project Manager will provide a recommendation to the COG/ACE Chief Engineer regarding which projects are most viable and ready. These selected projects will then move on to the Negotiation Phase, which is Step 3 in the overarching process. As part of the Negotiation Phase, a Project Manager will prepare a draft master agreement for a selected project, the Chief Engineer and Project Manager will meet with the City Manager or other sponsoring agency contacts to review the proposed agreement, and the project sponsor provides a letter of commitment to the COG; this letter will indicate interest in having the COG manage the project. Moreover, the 4th step in the project selection and evaluation process is the Programming Stage, in which the Project Managers and Chief Engineer create a 5-year workplan of projects which make it past the Negotiation Phase, the COG Executive Director presents this workplan to the Governing Board for approval, and each individual agency-to-agency project agreement would also be submitted separately for approval by the Governing Board, too. Then, the final step in the process is the Annual Updates Process, which consists of the Governing Board reviewing the 5-year workplan every Spring.

M. Creter then went on to discuss the project review and approval process for Unfunded Projects. The five sub-processes for the Unfunded Projects Process are the same as they are for the Funded Project Process, but there are key structural differences. The steps during the Threshold Criteria and LOI sub-process are the same as for Funded Projects. For the Review Process, a Project Manager and the Director of Community and Government Relations reviews the LOI and schedules a meeting with the sponsoring agency, and then the former two individuals provide a recommendation to the Executive Director regarding whether or not the project should proceed to Negotiation. During the Negotiation Phase, a project manager will draft an MOU instead of a contract. Moreover, the COG will charge an annual flat fee to sponsoring agencies for the COG's services: the annual flat fee will be $5,000 or $10,000, depending on the project type. The Programming Stage for Unfunded Projects is the same as it is for Funded Projects. The Annual Updates Requirement is similar, too; however, if a project is successfully awarded funding, then the project sponsor may choose to submit the project for COG implementation.

M. Christoffels mentioned how if the COG and ACE get a lot of LOIs, then the COG would have to address issues with staff capacity. He reminded Committee members that one of the main purposes of the COG's role here is to play an advocacy role in securing funding and resources for cities' processes.

Questions/Discussion: The following issues were discussed:

- One Committee member asked if the Governing Board had already agreed to establish the Government Relations position. Christoffels and Creter both pointed out that ACE already has a Director of Government Relations, and that Paul Hubler currently occupies this decision.
- A second Committee member asked how funding will be allocated. Both Christoffels and Creter replied that the COG is not awarding funding for projects as part of this process; the COG is providing a mechanism to sponsor projects and move projects forward and closer to either completion for funding projects or to shovel ready for unfunded projects. The COG will also be able to help cities identify funding, too.
- M. Creter also remarked how this capital project approval process is a completely separate process from the actual programming of Metro Measure M MSP 5-Year Subregional Program Plan funding.
- Another Committee member said that staff has created a well-conceived and thorough draft proposal.
- Additionally, a member asked about the principles of the framework of this process, and asked about the structures for processes like this one from other Southern California COGs.
- Also, a Committee member asked how SB 1 funding may or may not affect this project evaluation process.

There was a motion to move this item as presented to the SGVCOG Executive Committee for further review, discussion, and deliberation. (M/S: B. Messina / J. Velasco)

[MOTION PASSED]

AYES:	Alhambra, Diamond Bar, Duarte, El Monte, La Cañada Flintridge, San Gabriel, South El Monte, South Pasadena, Walnut, LA County District 1, LA County District 5
NOES:	
ABSTAIN:	
ABSENT:	Claremont, Glendora, Temple City

DISCUSSION ITEMS

METROPOLITAN TRANSPORTATION AUTHORITY (MTA) REPORT

9. Oral Report

The Chair, J. Fasana, provided the MTA Report.

- Metro is celebrating 25 years as an agency. There was a press conference earlier today about that.
- Metro is currently studying how to allocate funding to multiple jurisdictions across LA County.

UPDATE ITEMS

10. Metrolink Update

W. Rehman of Supervisor Hilda Solis's Office reported that County Supervisors made a motion to have the Dodger Stadium Express Metrolink Train. County Staff has now been tasked with figuring out how far into San Bernardino County this train should go.

Additionally, a Metrolink Staff also let Committee members know that Metrolink recently sent a notice to the City of San Gabriel that a test train will be going through their city in the early morning hours. Additionally, she announced that Metrolink will be holding a special event in April, and quickly briefed the Committee on Southern California Optimized Rail Expansion, known as SCORE.

J. Fasana also announced that the Claremont Metrolink Station will be preserved.

11. Update on Active Transportation Planning Efforts
M. Creter presented on this item. First, she reminded the Committee about the COG's CicLAvia event on April 22. Second, she let the Committee know about two great transportation grant opportunities: the Caltrans Sustainable Communities grant, and the Urban Greening Program. The SGVCOG is currently working on applications for both of these grants to assist cities in obtaining active transportation project money.

EXECUTIVE DIRECTOR'S REPORT

12. Oral Report

There was no report on this item.

COMMITTEE MEMBER ITEMS

No Committee member items.

ANNOUNCEMENTS

Lisa Levy Bush of the Foothill Gold Line Extension Construction Authority announced that a couple of key milestones pertaining to the Glendora to Montclair Phase 2B project were recently completed: 17 groups submitted statements of qualifications, and the Authority also sent out RFP and procurement documents, too.

ADJOURN

The meeting was adjourned at 5:17 p.m.

DATE: March 15, 2018

TO: San Gabriel Valley Council of Governments Transportation Committee

FROM: Marisa Creter, Interim Executive Director

RE: **Assembly Constitutional Amendment (ACA) No. 5 (Frazier)**

RECOMMENDED ACTION

Recommend that the Governing Board adopt a resolution to support ACA 5 (Frazier).

BACKGROUND

In early April 2017, the California Legislature passed SB 1 (Beall), and on April 28, 2017, Governor Jerry Brown signed SB 1 into law. SB 1 is a major transportation funding bill which increased taxes on gasoline and diesel fuel, increased vehicle registration fees, and established a new Road Improvement Fee. These new SB 1 transportation taxes and fees will raise $5 billion in revenue annually when all taxes and fees are implemented, and over ten years, these fee increases will generate approximately $52.4 billion in revenue. The taxes and fees which are levied as a result of SB 1 also adjust for inflation every year. SB 1 affects transportation taxes and fees in the following manners:

a) Increases the excise tax on gasoline by $0.12 per gallon (11/1/17)
b) Increases the excise tax on diesel fuel by $0.20 per gallon (11/1/17)
c) Increases the sales tax on diesel fuels by an additional 4% increment (11/1/17)
d) Establishes a new yearly Transportation Improvement Fee (TIF), based on the market value of the vehicle (1/1/18)
e) Establishes the Road Improvement Fee, which is $100 per vehicle for Zero-Emission Vehicles (2020)

Additionally, the State Legislature included provisions in SB 1 which dedicate all of the SB 1 revenues to transportation expenditures. However, while the California State Constitution mandates that revenues from the gasoline excise tax, diesel excise tax, and the Road Improvement/Zero-Emission Vehicle Fee must be restricted to transportation expenditures, the State Constitution does not require revenues from the Transportation Improvement Fee or the Diesel Sales Tax to be spent for transportation purposes. This means that, in the future, the Legislature would be able to change the current law to allow the California Government to spend some of the revenues from these SB 1 taxes and fees on non-transportation purposes.

Moreover, the California Constitution requires that the state government keeps its annual spending at or below a certain level. However, the State Constitution does exempt most spending from gasoline and diesel excise tax revenues and capital projects from counting toward this spending cap. The way the pertinent clauses of the Constitution are written and structured, about one-tenth of the spending from SB 1 revenues counts toward this mandated limit.

Assembly Constitutional Amendment (ACA) No. 5, which was drafted by Asm. Frazier, and was chaptered by the California Secretary of State just before SB 1 was signed into law, addresses these issues. It amends the California State Constitution by requiring that all SB 1 revenues from enacted fuel taxes and vehicle fees be spent on transportation purposes only; this includes revenues generated from the Transportation Improvement Fee and the increase in the Diesel Sales Tax. Also, ACA 5 exempts spending from all revenues raised from SB 1 from counting toward state and local spending limits.

SUPPORT AND OPPOSITION

Currently, there is no known formal public support or opposition for this legislation.

NEXT STEPS

ACA 5 will appear on the California ballot as a legislatively referred constitutional amendment on June 5, 2018 as Proposition 69. It is being recommended that the Transportation Committee recommend that the Governing Board formally support ACA 5 (Frazier) and Proposition 69. If approved, this item will be presented to the Governing Board for adoption in April 2018.

Prepared by: _____
Peter Duyshart
Project Assistant

Approved by: _____
Marisa Creter
Interim Executive Director

ATTACHMENTS

Assembly Constitutional Amendment No. 5

RESOLUTION CHAPTER 30

Assembly Constitutional Amendment No. 5—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 1 of Article XIX A thereof, by adding Section 15 to Article XIII B thereof, and by adding Article XIX D thereto, relating to transportation.

[Filed with Secretary of State April 17, 2017.]

legislative counsel's digest

ACA 5, Frazier. Motor vehicle fees and taxes: restriction on expenditures: appropriations limit.

(1) Article XIX of the California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes, and restricts the expenditure of revenues from fees and taxes imposed by the state upon vehicles or their use or operation to state administration and enforcement of laws regulating the use, operation, or registration of vehicles used upon the public streets and highways, as well as to street and highway and certain mass transit purposes. These restrictions do not apply to revenues from taxes or fees imposed under the Sales and Use Tax Law or the Vehicle License Fee Law.

This measure would add Article XIX D to the California Constitution to require revenues derived from vehicle fees imposed under a specified chapter of the Vehicle License Fee Law to be used solely for transportation purposes, as defined. The measure would prohibit these revenues from being used for the payment of principal and interest on state transportation general obligation bonds that were authorized by the voters on or before November 8, 2016. The measure would prohibit the revenues from being used for the payment of principal and interest on state transportation general obligation bonds issued after that date unless the bond act submitted to the voters expressly authorizes that use. The measure would also prohibit the Legislature from borrowing these revenues, except as specified, or using them for purposes other than transportation purposes.

(2) Article XIII B of the California Constitution prohibits the total annual appropriations subject to limitation of the state and each local government from exceeding the appropriations limit of the entity of the government for the prior year, as adjusted.

This measure would exclude appropriations of certain revenues associated with the Road Repair and Accountability Act of 2017 from the appropriations subject to constitutional limitation.

(3) Article XIX A of the California Constitution requires the deposit of a specified portion of the sales and use tax on diesel fuel in the Public Transportation Account in the State Transportation Fund, and restricts the expenditure of those revenues to certain transportation planning and mass transportation purposes. Article XIX A prohibits the Legislature from borrowing these revenues and from using these revenues other than as specifically permitted by Article XIX A.

This measure would restrict additional portions of the sales and use tax on diesel fuel to expenditure on certain transportation planning and mass transportation purposes and require those revenues to be deposited in the Public Transportation Account. The measure would prohibit the Legislature from temporarily or permanently diverting or appropriating these additional revenues for other than certain transportation planning and mass transportation purposes, or from borrowing, except as specified, these additional revenues.

WHEREAS, Transportation revenues raised by the Road Repair and Accountability Act of 2017 should be constitutionally protected for transportation purpose; and

WHEREAS, By so doing, Californians are assured revenues raised by that act are spent to repair streets and bridges, address years of deferred maintenance on highways and local roads, improve mobility and public transit, and invest in needed transportation infrastructure to benefit all Californians; now, therefore, be it

Resolved by the Assembly, the Senate concurring, That the Legislature of the State of California at its 2017–18 commencing on the fifth day of December 2016, two-thirds of the membership of each house concurring, hereby proposes to the people of the State of California, that the Constitution of the State be amended as follows:

First—That Section 15 is added to Article XIII B thereof, to read:

SEC. 15. "Appropriations subject to limitation" of each entity of government shall not include appropriations of revenues from the Road Maintenance and Rehabilitation Account created by the Road Repair and Accountability Act of 2017, or any other revenues deposited into any other funds pursuant to the act. No adjustment in the appropriations limit of any entity of government shall be required pursuant to Section 3 as a result of revenues being deposited in or appropriated from the Road Maintenance and Rehabilitation Account created by the Road Repair and Accountability Act of 2017 or any other account pursuant to the act.

Second—That Section 1 of Article XIX A thereof is amended to read:

SECTION 1. (a) The Legislature shall not borrow revenues from the Public Transportation Account, or any successor account, and shall not use these revenues for purposes, or in ways, other than those specifically permitted by this article.

(b) The Public Transportation Account in the State Transportation Fund, or any successor account, is a trust fund. The Legislature may not change the status of the Public Transportation Account as a trust fund. Funds in the

Public Transportation Account may not be loaned or otherwise transferred to the General Fund or any other fund or account in the State Treasury.

(c) All revenues specified in paragraphs (1) through (3), inclusive, of subdivision (a) of Section 7102 of the Revenue and Taxation Code, as that section read on June 1, 2001, shall be deposited no less than quarterly into the Public Transportation Account (Section 99310 of the Public Utilities Code), or its successor. The Legislature may not take any action which temporarily or permanently diverts or appropriates these revenues for purposes other than those described in subdivision (d), or delays, defers, suspends, or otherwise interrupts the quarterly deposit of these funds into the Public Transportation Account.

(d) Funds in the Public Transportation Account may only be used for transportation planning and mass transportation purposes. The revenues described in subdivision (c) are hereby continuously appropriated to the Controller without regard to fiscal years for allocation as follows:

(1) Fifty percent pursuant to subdivisions (a) through (f), inclusive, of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(2) Twenty-five percent pursuant to subdivision (b) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Twenty-five percent pursuant to subdivision (c) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009.

(e) For purposes of paragraph (1) of subdivision (d), "transportation planning" means only the purposes described in subdivisions (c) through (f), inclusive, of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(f) For purposes of this article, "mass transportation," "public transit," and "mass transit" have the same meaning as "public transportation." "Public transportation" means:

(1) (A) Surface transportation service provided to the general public, complementary paratransit service provided to persons with disabilities as required by 42 U.S.C. 12143, or similar transportation provided to people with disabilities or the elderly; (B) operated by bus, rail, ferry, or other conveyance on a fixed route, demand response, or otherwise regularly available basis; (C) generally for which a fare is charged; and (D) provided by any transit district, included transit district, municipal operator, included municipal operator, eligible municipal operator, or transit development board, as those terms were defined in Article 1 of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code on January 1, 2009, a joint powers authority formed to provide mass transportation services, an agency described in subdivision (f) of Section 15975 of the Government Code, as that section read on January 1, 2009, any recipient of funds under Sections 99260, 99260.7, 99275, or subdivision (c) of Section 99400 of the Public Utilities Code, as those sections read on January 1, 2009, or a consolidated agency as defined in Section 132353.1 of the Public Utilities Code, as that section read on January 1, 2009.

(2) Surface transportation service provided by the Department of Transportation pursuant to subdivision (a) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Public transit capital improvement projects, including those identified in subdivision (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(g) All revenues specified in Sections 6051.8 and 6201.8 of the Revenue and Taxation Code, as those sections read on January 1, 2018, shall be deposited no less than quarterly into the Public Transportation Account, or its successor. Except as provided in Sections 16310 and 16381 of the Government Code, as those sections read on January 1, 2018, the Legislature may not take any action that temporarily or permanently diverts or appropriates these revenues for purposes other than those described in subdivision (d), or delays, defers, suspends, or otherwise interrupts the quarterly deposit of these revenues into the Public Transportation Account.

Third—That Article XIX D is added thereto, to read:

ARTICLE XIX D
VEHICLE LICENSE FEE REVENUES FOR TRANSPORTATION PURPOSES

SECTION 1. (a) Notwithstanding Section 8 of Article XIX, revenues derived from vehicle fees imposed under the Vehicle License Fee Law pursuant to Chapter 6 (commencing with Section 11050) of Part 5 of Division 2 of the Revenue and Taxation Code, or its successor, over and above the costs of collection and any refunds authorized by law, shall be used solely for transportation purposes, as defined by Section 11050 of the Revenue and Taxation Code, as that section read upon enactment of the Road Repair and Accountability Act of 2017.

(b) The revenues described in subdivision (a) shall not be used for the payment of principal and interest on state transportation general obligation bonds that were authorized by the voters on or before November 8, 2016, nor shall those revenues be used for payment of principal and interest on state transportation general obligation bond acts approved by the voters after that date, unless the bond act expressly authorizes that use.

(c) Except as provided in Sections 16310 and 16381 of the Government Code, as those sections read on January 1, 2018, the Legislature shall not borrow the revenues described in subdivision (a), and shall not use these revenues for purposes, or in ways, other than as authorized in subdivisions (a) or (b).

O

Proposition 69

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.

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.

As such, the Legislature could choose in the future to use these two revenue sources for purposes other than transportation.

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.

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THIRD READING

Bill No: ACA 5
Author: Frazier (D) and Newman (D), et al.
Amended: 4/4/17 in Assembly
Vote: 27

ASSEMBLY FLOOR: Not available

SUBJECT: Motor vehicle fees and taxes: restriction on expenditures: appropriations limit

SOURCE: Author

DIGEST: This constitutional amendment proposes to amend the California Constitution to prohibit the Legislature from borrowing revenues from fees and taxes imposed on vehicles or their use or operation, and from using those revenues other than as specifically permitted in the Constitution.

ANALYSIS:

Existing law, pursuant to the California Constitution:

1) Restricts the use of fuel excise tax revenues (from vehicles used on public streets and highways) and vehicle registration fee revenues to transportation purposes.

2) Restricts the Legislature from borrowing revenues from the Highway Users Tax Account.

3) Restricts fuel excise tax revenues to development and construction of roads and highways, unless a majority of voters in an election throughout a county or counties approves the use of the revenues for fixed-guideway mass transit.

4) Allows the Legislature to pledge fuel excise tax revenues for payment of bonds to fund voter-approved fixed-guideway mass transit projects.

5) Allows the Legislature to use up to 25% of the state's share of fuel excise tax revenues for payment of state-issued, voter-approved bonds for transportation purposes issued after November 2010.

6) Allows a city or county to use up to 25% of its share of fuel excise tax revenues for payment of locally issued, voter-approved bonds for transportation purposes.

7) Specifies that the restrictions on fuel excise tax and vehicle registration fee revenues do not apply to revenues derived from sales taxes or vehicle license fees.

8) Establishes the Public Transportation Account (PTA) as a trust fund and provides that revenues in the fund may only be used for specified transportation planning and mass transportation purposes. Further specifies that the Legislature is prohibited from borrowing revenues from the PTA, loaning or transferring them to the General Fund, or using the revenues for any purposes not specifically authorized.

9) Imposes an appropriation limit on the state and most local governments which limits the amount of spending to a base level, adjusted annually for inflation and population growth. State appropriations from the proceeds of taxes must be made within the state appropriation limit (SAL) or Gann limit. If state appropriations subject to those restrictions exceed the SAL, any revenue in excess of the SAL over two consecutive years must be appropriated for purposes exempt from the SAL (such as debt service), or used for a combination of Proposition 98 education spending and taxpayer rebates.

This constitutional amendment:

1) Requires diesel fuel sales tax revenues to be deposited into the PTA and prohibits the Legislature from diverting or appropriating those funds for purposes other than transportation planning and mass transportation.

2) Requires revenues derived from a proposed Transportation Improvement Fee to be used solely for transportation purposes, prohibits those revenues from being used to pay for previously authorized transportation bond debt service, and prohibits the Legislature from borrowing or using those revenues for unauthorized purposes.

3) Exempts appropriations of revenues generated as part of the proposed Road Repair and Accountability Act of 2017 (SB 1, Beall) from counting towards the state appropriation limit (Gann Limit).

4) Requires the provisions specified in this measure are subject to voter approval in the 2018.

Comments

1) *Purpose.* According to the authors, "ACA 5 will ensure that future revenues passed by the Legislature to pay for road and highway maintenance will be spent exclusively on vitally needed repairs and not on other legislative priorities.

   "According to the American Society of Civil Engineers, 68% of California's roads are considered to be in 'poor' or 'mediocre' condition. Not only does poor road quality affect individual users, it also impacts the efficient movement of goods throughout the state, which directly impacts job growth and the competitiveness of California's ports and goods movement industries. With freight movement predicted to increase significantly, Californians will see increased deterioration of their roads due to the heavier vehicle use. Because preventative maintenance costs 10 to 12 times less than pavement and road rehabilitation, California is at an opportune moment to make needed repairs and avoid facing even higher maintenance costs down the road.

   "In order to fund needed repairs to the states roads and highways, the Legislature is considering a number of options that would provide increased funding for transportation projects but provide no oversight or protection on how funds would be spent. Without the protections in SCA 2, revenues that are raised to pay for the repair and maintenance of the state's roads and highways could be used for non-transportation related purposes. Not only would this fail to fix our roads and highways, it would also defy the intent of the Legislature and violate the public trust of our constituents."

2) *Current restrictions.* Most transportation revenues, including gasoline and diesel excise taxes and vehicle registration fees, are constitutionally protected from being borrowed or used for purposes other than transportation. This protection does not apply to vehicle license fees and fuel excise taxes for usage outside of public roads. Additionally, since 2011, weight fees have been used to pay down transportation-related general obligation bonds.

3) *The need for new funding.* The deterioration of California's state and local streets and roads has been widely documented. For example, at the January 2017 California Transportation Commission (CTC) hearing, a local streets and roads needs assessment presented to the CTC found that the statewide average pavement condition index, which rates the condition of the surface of a road

network, to be 65. This score indicates that statewide, roads on average are in "fair/at risk" condition and are becoming worn down to the point where rehabilitation, rather than routine maintenance, may be needed to prevent rapid deterioration. The needs assessment further found that in order to *maintain local roads* at their *existing* condition would require an additional $3.5 billion annually. Overall, according to the "Fix Our Roads" Coalition, total deferred maintenance shortfalls total approximately $78 billion, while the shortfall is estimated at $59 billion for the deferred maintenance backlog at the state level.

4) *A response to the need*. Introduced in the current legislative session, SB 1 (Beall) serves the consensus transportation funding package between the Senate, Assembly, and Governor. Serving as the legislative vehicle, SB 1 proposes to increase a number of transportation-related taxes and fees to raise roughly $5.2 billion in new transportation revenues annually and makes annual inflation adjustments. SB 1 proposes the funding to be used towards deferred maintenance on the state highways and local streets and roads, improve the state's trade corridors, and transit. SB 1 further contains a number of additional transportation-related reforms including creating a Transportation Inspector General subject to Senate confirmation within the newly created Caltrans Office of Audits and Investigations, granting CTC additional oversight over the SHOPP projects, including staffing support, and developing an Advance Mitigation Program. ACA 5 serves as the companion measure to provide constitutional protections for the revenues generated under SB 1.

Related/Prior Legislation

ACA 5 is an identical measure to SCA 2 (Newman, 2017) which was heard in the Transportation and Housing Committee, the Elections and Constitutional Amendments Committee, and the Appropriations Committee of the Senate. SCA 2 is currently on the Senate Floor awaiting a final Senate vote; however as part of the consensus transportation funding package, ACA 5 will serve as the companion measure to SB 1.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee analysis of SCA 2:

- One-time General Fund costs in the range of $414,000 to $552,000 to the Secretary of State, likely in 2017-18, for printing and mailing costs to place the measure on the ballot in a statewide election. Actual costs may be higher or lower, depending on the length of required elements and the overall size of the ballot.

- New constitutional protections that ensure diesel fuel sales tax revenues are deposited into the PTA and not subject to diversion or appropriation for purposes other than transportation planning and mass transportation would apply to approximately $500 million in annual revenues.

- New constitutional protections that require revenues from the proposed Transportation Improvement Fee be used solely for specified transportation purposes, and not for existing bond debt service, would apply to an estimated $1.5 billion to $1.6 billion in new annual revenues, if SB 1 is enacted.

- Exempts appropriations of approximately $2 billion in new annual revenues generated by SB 1 from counting towards the Gann Limit. Absent this provision, state spending could be constrained in future years, to the extent appropriations of SB 1 revenues result in state appropriations exceeding the Gann Limit for two consecutive years in the future.

SUPPORT: (Verified 4/6/17)

None received

OPPOSITION: (Verified 4/6/17)

None received

Prepared by: Manny Leon / T. & H. /
4/6/17 18:16:49

****** END ******

(**Without Reference to File**)

SENATE THIRD READING
SB 1 (Beall)
As Amended April 3, 2017
2/3 vote. Urgency

SENATE VOTE: 27-11

SUMMARY: Increases several taxes and fees to raise the equivalent of roughly $52.4 billion over ten years in new transportation revenues and makes adjustments for inflation every year; directs the funding to be used towards deferred maintenance on the state highways and local streets and roads, and to improve the state's trade corridors, transit, and active transportation facilities. Specifically, **this bill**:

1) Increases a number of taxes and fees for transportation purposes:

   a) Increases the excise tax on gasoline by $0.12 per gallon, starting November 1, 2017.

   b) Increases the excise tax on diesel fuel by $0.20 per gallon, starting November 1, 2017.

   c) Increases the sales tax on diesel fuels by an additional 4% increment, starting November 1, 2017.

   d) Creates a new annual Transportation Improvement Fee (TIF), starting January 1, 2018, based on the market value of the vehicle with the fee range described below:

      i) $25 per year for vehicles with a market value of $0- $4,999;

      ii) $50 per year for vehicles with a market value of $5,000 - $24,999;

      iii) $100 per year for vehicles with a market value of $25,000 - $34,999;

      iv) $150 per year for vehicles with a market value of $35,000 - $59,999; and,

      v) $175 per year for vehicles with a market value of $60,000 and higher

   e) Creates the Road Improvement Fee of $100 per vehicles for Zero-Emission Vehicles (ZEV)s, as defined, starting in 2020 for model year 2020 and later.

2) Eliminates, starting July 1, 2019, the annual adjustment required by the "Gas Tax Swap," of 2010, and instead imposes a more stable tax by re-establishing the Price Based Excise tax (PBET) at its original rate of $0.173 per gallon. Requires revenues generated from the PBET adjustment to be allocated under the existing statutory framework with 44% for the State Transportation Improvement Program (STIP), 44% for cities and counties for local streets and roads, and 12% for the State Highway Operations and Protection Program (SHOPP).

3) Requires that the tax rates and fees specified in this bill, other than the diesel sales tax, are adjusted annually based on the California Consumer Price Index (CPI).

4) Provides for the repayment of outstanding transportation loans from the General Fund totalling $706 million.

5) Creates the Road Maintenance and Rehabilitation Program. Funds raised by the gasoline excise tax, a portion of the diesel excise tax increase ($0.10), and TIF, and ZEV fees are deposited into the Road Maintenance and Rehabilitation Account (RMRA), which is created within the State Transportation Fund. The RMRA funds shall be spent on basic road maintenance and rehabilitation, critical safety projects, and several other transportation programs.

6) Requires 50% of the diesel excise tax increase ($0.10), estimated at $300 million, to be annually deposited into the Trade Corridor Enhancement Account (TCEA) to fund corridor-based freight projects nominated by the state and local agencies.

7) Allocates an estimated $750 million annually for public transportation capital projects and operating expenses. These funds are derived from a portion of the diesel sales tax increase (3.5%) and an annual appropriation of $350 million from the TIF. The increase in the diesel sales tax will fund local transit operators through the exisitng State Transit Assistance Program (STA), with funding allocated by existing formulas, and also provide funding for commuter and intercity passenger rail service. Allocates $350 million from the TIF to the Transit Intercity Rail Capital Program (TIRCP) for transit capital projects.

8) Requires the outstanding loans made to the General Fund from various transportation special funds, a total of $706 million, be repaid over three years. The funds will be allocated as follows: $236 million for the TIRCP, up to $20 million for planning, $225 million for SHOPP, and $225 million for local agencies.

9) Requires certain programs to be funded annually from the newly created RMRA. Specifically, $200 million is set aside for local entities that have passed local sales and use taxes and/or developer fees for transportation purposes; $100 million for the active transportation program for bicycle and pedestrian projects; $400 million for bridge and culvert repair; $25 million for freeway service patrols, $25 million for local and regional SB 375 planning; and $7 million for university transportation research. Additionally, $5 million per year for five years ($25 million total), is set aside for the California Workforce Development Board to assist local agencies to implement policies to promote preapprenticeship training programs.

10) Requires the remainder of funds in the RMRA to be split 50/50 between state and local governments. The state share will be allocated for road maintenance and SHOPP projects. Local funding is allocated pursuant to existing statutory formulas, where 50% goes to cities based on population and 50% goes to counties based on a combination of the number of registered vehicles and the miles of county roads. In order to receive these funds, a city and county must maintain its historic commitment to funding street and highway purposes by annually expending not less than the average of its expenditures over a specified three-year period (i.e. maintenance of effort requirement). The California Transportation Commission (CTC) shall annually evaluate each agency receiving funds to ensure that the funds are spent appropriately.

11) Creates the Congested Corridors Program, to be implemented by the CTC, and allocates $250 million annually from the TIF for projects that provide congestion relief within the

state's most heavily used transportation corridors. Eligible projects can be nominated by both the state and regional transportation agencies, however, only up to half of the annual appropriation may be allocated for state-only nominated projects.

12) Directs the California Department of Transportation (Caltrans) to generate up to $100 million in department efficiencies. The revenue generated through the efficiencies will be allocated to the RMRA.

13) Requires revenue raised by the new gasoline excise tax that are attributable to agriculture equipment use be spent on agriculture programs. Also requires revenue raised by the new gasoline excise tax attributable to Off-Highway Vehicle (OHV) uses or boating uses be spent on state parks, OHV, and boating programs.

14) Creates a Transportation Inspector General, subject to Senate confirmation, within the newly created Caltrans Office of Audits and Investigations.

15) Requires additional CTC oversight of the development and management of the SHOPP program, including allocating staffing support and project review and approval. CTC will also conduct public hearings on the SHOPP.

16) Creates and funds an Advance Mitigation Program, administered by Caltrans, to protect natural resources through project mitigation and to accelerate project deilvery.

17) Creates a "useful life" period where truckers subject to future, undefined regulations can get a return on their investment before being asked to replace or modify the vehicle. Thus, if the California Air Resources Board adopts future in-use regulations, trucks will not be required to turnover until they have reached 13 years from the model year the engine and emission control systems are first certified or until they reach 800,000 vehicle miles traveled; however, no longer than 18 years from the model year the engine and emission control systems are first certified for use.

18) Prohibits the Department of Motor Vehicles (DMV), starting in 2020, from registering or renewing the registration of specified medium and heavy duty diesel trucks unless the truck owner can demonstrate full compliance with applicable emission requirements.

EXISTING LAW:

1) Levies a variety of taxes and fees on gasoline, diesel fuel, and motor vehicles including, but not limited to, a per gallon gasoline excise tax, an excise and sales tax on diesel fuel, and an annual vehicle registration fee. These taxes and fees are currently levied at the following rates:

   a) Gasoline excise tax: $0.278 per gallon

   b) Diesel excise tax: $0.16 per gallon

   c) Diesel sales tax: 6.5%

   d) Vehicle registration fee: $53 per vehicle annually

2) Directs the revenue generated through these taxes and fees to be used for various transportation programs and to fund the DMV and California Highway Patrol (CHP). In general, the gasoline and diesel excise taxes are spent on state and local road maintenance and construction through the SHOPP and state maintenance program and to city and county governments through specific formula-based subvention. Vehicle registration fees are used to fund DMV and CHP operations. The diesel sales tax provides funding for local transit operators, which is distributed by specific formulas.

3) Establishes the "Gas Tax Swap," approved by the Legislature in 2011 (AB 105 [Committee on Budget], Chapter 6, Statues of 2011), which replaced the existing state portion of the sales tax on gasoline with a per gallon excise tax referred to as the PBET. The Gas Tax Swap requires the State Board of Equalization to annually adjust the excise tax to match revenue that would have been generated by the former sales tax. Revenues generated from the PBET are first used to backfill the State Highway Account for the transfers of weight fees for transportation debt service and are then distributed as follows:

   a) 44% STIP;

   b) 44% cities and counties for local streets and roads; and,

   c) 12% SHOPP

4) Establishes the TIRCP program, a grant program designed to fund certain capital and operational projects for transit and passenger rail providers. TIRCP is currently funded by the state's cap and trade program authorized by AB 32 (Núñez), Chapter 488, Statutes of 2006.

5) Requires Caltrans to develop an asset management plan for the SHOPP, with approval by the CTC, to prioritize the state highway assets for funding purposes.

FISCAL EFFECT: According to the Senate Appropriations Committee, this bill is expected to generate an amount equivalent to $52.4 billion in transportation revenues over a ten-year period, approximately $26.6 billion of which would be dedicated for local expenditures and $25.8 billion for state purposes. Overall revenues are estimated at $2.78 billion in 2017-18, $4.55 billion in 2018-19, and $4.88 billion in 2019-20. Revenues are generally expected to increase annually thereafter, once all revenue sources are fully implemented and specified adjustments are made each year by the CPI, eventually reaching approximately $6.5 billion by 2026-27.

COMMENTS: California has not increased the gas tax in 23 years. Since then, California's population has grown by eight million, with millions more cars and trucks on our roads. Californians also drive more than 350 billion miles a year – more than any other state – yet road and transit investments have not kept pace with this growth.

The deterioration of California's state and local streets and roads and state highway system has been widely documented. Specifically, the state highways system is facing $59 billion deferred maintenance backlog for road maintenance and repairs. The total shortfall for local streets and roads maintenance is approximately $7.3 billion annually.

Each California driver spends approximately $700 per year in extra vehicle repairs caused by rough roads. With the winter storms this year already costing over $800 million in emergency work on state highways alone, this number is sure to grow.

State highways and local streets and roads are not the only areas in need of additional funding for basic maintenance and upkeep. Transit operators are similarly experiencing their own respective funding shortfalls, estimated to be $72 billion over the next ten years.

According to the author, this bill is a consensus bill between the Senate, Assembly, and the Governor that solves a crisis that threatens our deteriorating streets and highways. This bill will provide additional resources for the state to repair the infrastructure under its jurisdiction and it also distributes billions of dollars at the local level for road maintenance. Furthermore, this bill provides additional funding for trade corridor improvements, transit, and active transportation facilities.

In addition to new funding, this bill contains a number of policy reforms to ensure accountability and transparency of state and local programs funded by the bill. Specifically, this bill creates the Independent Office of Audits and Investigations within Caltrans to ensure the department and external entities are expending state and federal resources efficiently and effectively. The new Inspector General would be appointed by the Governor and confirmed by the Senate and would report annually to the Legislature. This bill also increases oversight of Caltrans and the state highway program by directing CTC to review and approve scope, cost, and schedule of all SHOPP projects, including capital outlay support. Caltrans would have to come back to the CTC for project scope changes or budget overruns. CTC reviews projects and discusses issues in regular public hearings for transparency and accountability.

This bill also includes new 10-year performance targets for the state highway program, including requiring not less than 98% of pavement on the state highway system be in good or fair condition; not less than 90% level of service achieved for maintenance of potholes, spalls, and cracks; not less than 90% of culverts in good or fair condition; not less than 90% of the transportation management system units in good condition; and to fix not less than an additional 500 bridges.

Local governments are also subjected to new reporting and oversight by CTC for the new funding revenue, including submitting yearly project lists and maintaining their current level of local general fund contributions to their roads systems. Additionally, the state's transit operators are required to report to the State Controller for new funding provided for "State of Good Repair" projects.

Analysis Prepared by: Melissa White / TRANS. / (916) 319-2093 FN: 0000097

LAO

Overview of the 2017 Transportation Funding Package

MAC TAYLOR • LEGISLATIVE ANALYST • JUNE 2017

Summary

In April 2017, the Legislature enacted Chapter 5 (SB 1, Beall), also known as the Road Repair and Accountability Act. The administration estimates this legislation will increase state revenues for California's transportation system by an average of $5.2 billion annually over the next decade. In this report, we (1) provide a brief background on the state's transportation system, (2) describe the major features of the transportation funding package contained in the legislation, and (3) discuss issues for the Legislature to consider moving forward. (Though California's transportation system also is supported by federal and local funds, this report focuses only on state funding given the purview of SB 1.)

CALIFORNIA'S TRANSPORTATION SYSTEM

The state's transportation system helps to move people and goods around and through the state. State funding primarily supports three segments:

- ***State Highways.*** The state's highway system includes about 50,000 lane-miles of pavement, 13,000 bridges, and 205,000 culverts (pipes that allow naturally occurring water to flow beneath a roadway). The California Department of Transportation (Caltrans) is responsible for maintaining and rehabilitating the highway system.

- ***Local Streets and Roads.*** The state has over 300,000 paved lane-miles of local streets and roads, including nearly 12,000 bridges. California's 58 counties and 482 cities own and maintain these streets and roads. They also operate and maintain other aspects of their local street and road systems, such as traffic signals and storm drains.

- ***Transit Operations.*** There are 200 transit agencies in California that primarily operate bus, light rail, and subway systems. These transit systems are generally owned and operated by local governments, such as local transit authorities.

As we discuss below, SB 1 increases state funding for these transportation segments from various state transportation taxes and fees, including gasoline excise taxes, diesel excise and sales taxes, and vehicle taxes and fees.

MAJOR FEATURES OF THE 2017 TRANSPORTATION FUNDING PACKAGE

This section consists of three parts. First, we describe the funding package's revenues. Second, we describe its spending provisions. Lastly, we discuss accountability and other measures contained in the legislation.

Increases State Transportation Revenues

Figure 1 shows the tax and fee rate increases established by SB 1. The legislation increases both gasoline and diesel taxes, while also creating new vehicle taxes and fees to fund transportation. Figure 2 shows the share of revenues from each tax and fee increase. (Because the tax and fee rate increases are phased in over the next several years, the associated revenue increases cited here and throughout the remainder of this report reflect the administration's estimated annual average increase over the next decade.) As shown, the gasoline excise tax increases and the new Transportation Improvement Fee are the two largest revenue sources. Altogether, the administration projects ongoing revenues to increase by $5.2 billion annually. Currently, state funding for transportation from these and other revenue sources (such as truck weight fees and cap and trade auction revenues) total about $7.5 billion annually. Below, we provide more detail on each revenue increase.

State Fuel Taxes

Gasoline Taxes ($2.5 Billion). The state currently has two excise taxes on each gallon of gasoline: a base tax and a variable "swap" tax. (We note that there is also a federal excise tax of 18.4 cents per gallon.)

- ***Base Excise Tax ($2.2 Billion).*** This tax is set in state law at 18 cents per gallon. Starting November 1, 2017, the transportation funding package adds a 12 cent per gallon base excise tax—bringing total base excise taxes to 30 cents per gallon. It also adjusts the rates for inflation starting in 2020. These changes are expected to raise $2.2 billion annually.

- ***Swap Excise Tax ($300 Million).*** Currently, this tax is set annually by the Board of Equalization (BOE), which considers both gasoline price and quantity sold in an effort to mimic a sales tax on gasoline (which the swap tax replaced in 2010). The

Figure 1

Tax and Fee Rate Increases

	Current Rates	New Rates[a]	Effective Date
Fuel taxes[b]			
Gasoline			
Base excise	18 cents	30 cents	November 1, 2017
Swap excise[c]	9.8 cents	17.3 cents	July 1, 2019
Diesel			
Excise[c]	16 cents	36 cents	November 1, 2017
Swap sales	1.75 percent	5.75 percent	November 1, 2017
Vehicle taxes and fees[d]			
Transportation Improvement Fee	—	$25 to $175	January 1, 2018
ZEV registration fee	—	$100	July 1, 2020

[a] Adjusted for inflation starting July 1, 2020 for the gasoline and diesel excise taxes, January 1, 2020 for the Transportation Improvement Fee, and January 1, 2021 for the ZEV registration fee. The diesel sales taxes are not adjusted for inflation.
[b] Excise taxes are per gallon.
[c] Current rate set annually by the state Board of Equalization. The funding package converts the variable rate to a fixed rate.
[d] Per vehicle per year.
ZEV = zero-emission vehicle.

current swap rate is 9.8 cents per gallon but will increase to 11.7 cents on July 1, 2017. Starting July 1, 2019, the funding package eliminates the swap tax and replaces it with a fixed excise tax of 17.3 cents per gallon—the rate in effect when the swap was created in 2010. It also adjusts the rate for inflation starting in 2020. These changes are expected to raise $300 million annually. (This estimate reflects the administration's assumption that the swap tax increases to 16.9 cents just prior to the funding package fixing the rate at 17.3 cents.)

Diesel Taxes ($1.1 Billion). The state currently collects revenue from excise and sales taxes on diesel fuel. (We note that there is also a federal excise tax of 24.4 cents per gallon.)

- ***Excise Tax ($700 Million).*** Currently, this tax has a variable rate set annually by BOE. The board adjusts the rate to ensure the combined revenues from this tax and a diesel sales tax enacted in the 2010 tax swap (discussed below) are neutral compared to diesel excise tax revenues prior to the swap. The current rate is 16 cents per gallon. Starting November 1, 2017, SB 1 increases this tax by 20 cents per gallon to 36 cents per gallon and makes the rate fixed. It also adjusts the rate for inflation starting in 2020. These changes are expected to raise $700 million annually. (This estimate reflects an assumption by the administration that the rate would have decreased to 14 cents starting July 1, 2018.)
- ***Swap Sales Tax ($350 Million).*** The state also has a sales tax specific to diesel (enacted as part of the gasoline tax swap) set at 1.75 percent. The funding package increases this rate to 5.75 percent. This is expected to increase associated revenues by $350 million annually. (In addition, state and local sales taxes on tangible goods that together average 8.5 percent statewide also apply to diesel, with revenue from a rate of 4.75 percent funding transportation. Senate Bill 1 makes no changes to this tax.)

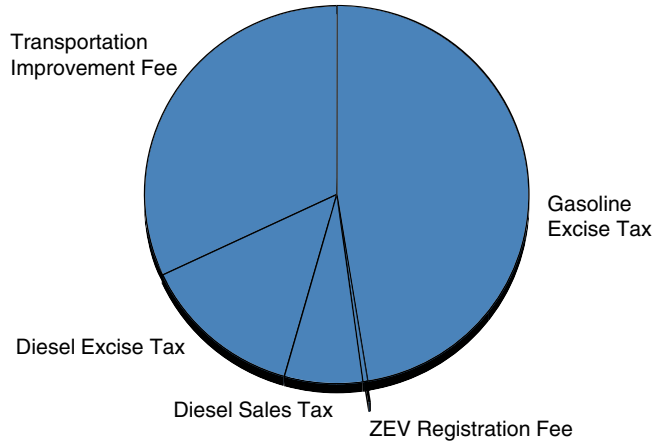
Vehicle Taxes and Fees

Transportation Improvement Fee ($1.7 Billion). The funding package creates a new vehicle charge—called a Transportation Improvement Fee—specifically to fund transportation. Vehicle owners are to pay the fee annually at the same time they pay their vehicle registration fee. Figure 3 (see next page) shows the rate schedule for the new fee. The fee is expected to generate $1.7 billion annually.

Figure 2

Transportation Revenue Increases

Total: $5.2 Billion [a]



[a] Reflects average annual increase over the next ten years.
ZEV = zero-emission vehicle.

Figure 3

Transportation Improvement Fee Schedule

Value of Vehicle[a]	Annual Fee
$0 to $4,999	$25
$5,000 to $24,999	50
$25,000 to $34,999	100
$35,000 to $59,999	150
$60,000 and higher	175

[a] Based on depreciated value of vehicle. Values not adjusted for inflation in the future.

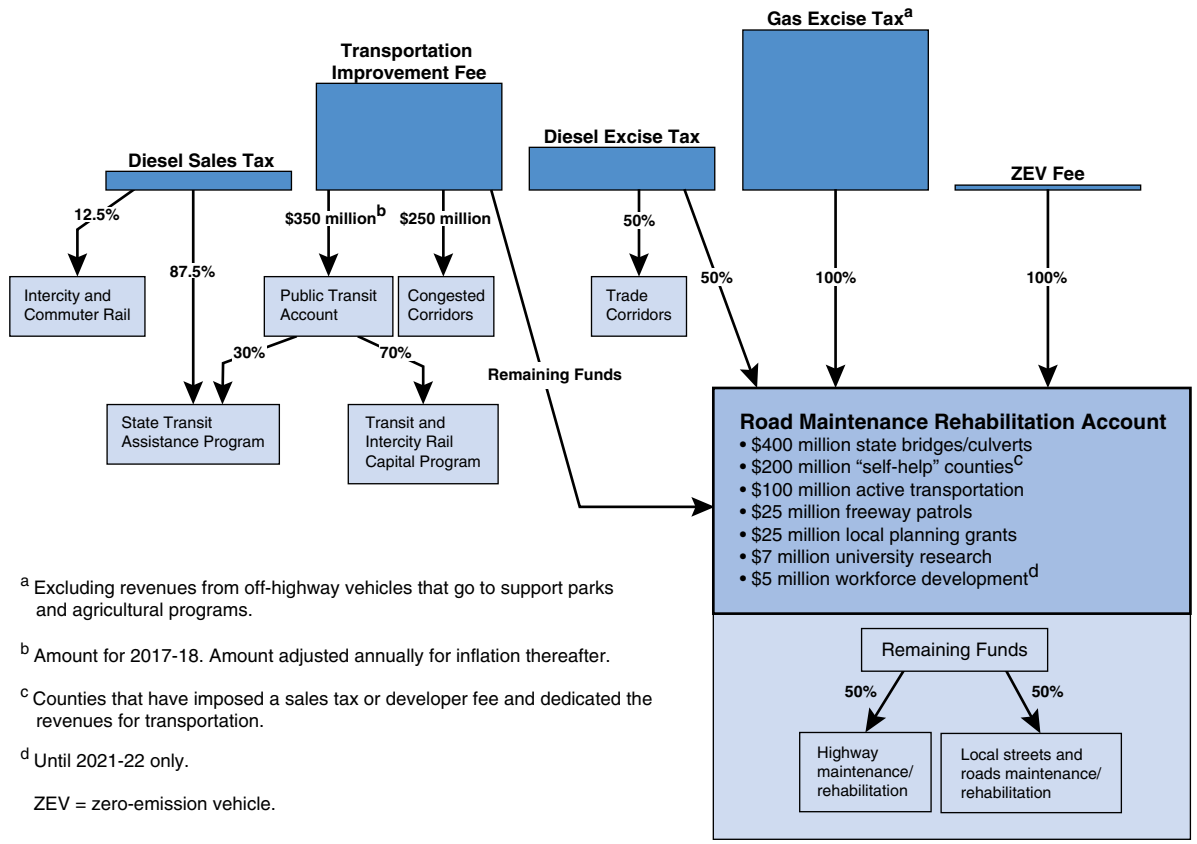
Zero-Emission Vehicle Registration Fee ($19 Million). Senate Bill 1 creates a new $100 registration fee for zero-emission vehicles only. Called a Road Improvement Fee, it is expected to generate $19 million annually. (The reason for this fee is because drivers of zero-emission vehicles do not pay fuel taxes like other drivers.)

Increases State Transportation Spending

As shown in Figure 4, SB 1 creates a series of formulas to distribute the revenues from the new taxes and fees to different transportation programs and purposes. In most cases, the formulas split the revenues based on percentages, but in some cases the legislation sets aside fixed dollar amounts for certain programs. (Revenues from the inflation adjustments imposed by SB1 on existing taxes are distributed according to existing statutory formulas.) Figure 5 shows how much ends up being spent by each type of program. As shown, the largest spending increases are for state highways and local streets and roads. Below, we describe the specific transportation programs that receive the new revenues. (Additionally, as we discuss in the box on page 6, a proposed constitutional

Figure 4

Formulas for Distributing New Transportation Revenues



[a] Excluding revenues from off-highway vehicles that go to support parks and agricultural programs.

[b] Amount for 2017-18. Amount adjusted annually for inflation thereafter.

[c] Counties that have imposed a sales tax or developer fee and dedicated the revenues for transportation.

[d] Until 2021-22 only.

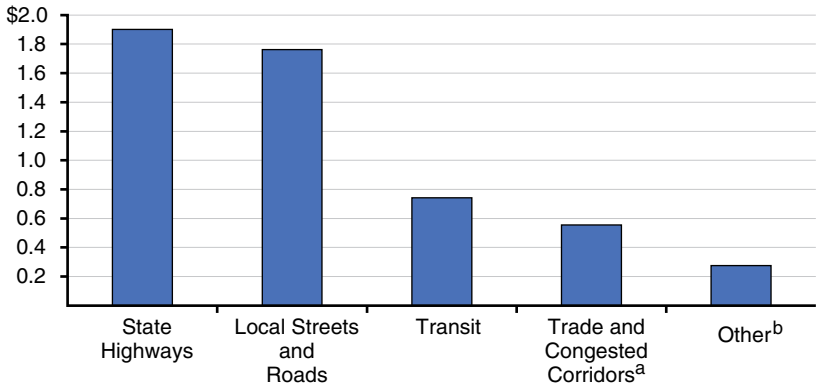
ZEV = zero-emission vehicle.

amendment would add to existing restrictions on the use of transportation revenues.)

Figure 5

Transportation Spending Increases

(In Billions)



[a] Programs can involve a combination of state highway, local street and road, and transit projects.

[b] Includes active transportation program (for pedestrian walkways and bicycle paths), local transportation planning grants, freeway service patrols, university transportation research, workforce development programs, agricultural and parks programs, and administration.

State Highway Programs

The funding package includes $1.9 billion annually specifically for state highways. This includes funding for:

- ***Maintenance and Rehabilitation ($1.8 Billion).*** Caltrans' Highway Maintenance Program performs minor maintenance (such as roadside landscaping) and major maintenance (such as laying a thin overlay of pavement) on highways that are in good or fair condition, while its State Highway Operations and Protection Program (SHOPP) delivers capital projects to rehabilitate or reconstruct highways when they reach the end of their useful life. The administration estimates that the funding package will increase ongoing revenues for highway maintenance and rehabilitation by $1.8 billion annually, including $400 million specifically for bridges and culverts. The funding package does not designate revenues between the two programs, leaving it up to the annual budget act. (Additionally, the legislation makes a $225 million loan repayment from the General Fund to the SHOPP.)

- ***Capacity Expansion ($33 Million).*** The State Transportation Improvement Program (STIP) is the state's program for improving transportation systems, generally by increasing their capacity. The administration estimates the funding package will increase revenues for state STIP projects by $33 million annually. (As discussed further below, STIP also funds local road improvements.)

Local Streets and Roads Programs

The funding package includes about $1.8 billion annually specifically for local streets and roads. This includes funding for:

- ***Maintenance and Rehabilitation ($1.7 Billion).*** The funding package increases revenues for local road maintenance and rehabilitation by $1.5 billion annually, and it distributes this funding to local jurisdictions according to existing statutory formulas based on factors such as population and number of registered vehicles. The package also sets aside an additional $200 million annually for road maintenance and rehabilitation for counties that have enacted developer fees or voter-approved taxes dedicated specifically to transportation.

The California Transportation Commission (CTC) is to determine how to allocate the funds. (Additionally, the legislation makes a $225 million loan repayment from the General Fund to the local streets and roads program.)

- ***Capacity Expansion ($100 Million).*** The administration estimates the local share of the funding package's revenues for STIP will total about $100 million annually. (These funds primarily support streets and roads but in some cases could be used for transit projects as well.)

Transit Programs

The funding package includes about $750 million annually for three transit programs:

- ***State Transit Assistance Program ($430 Million).*** This program distributes funding to transit operators based on a formula. The funds can be used for either operational support or to fund capital projects based on local priorities. The administration estimates the funding package will increase state revenues for this program by about $430 million annually.

Proposed Constitutional Amendment Related to Funding Package

Currently, the State Constitution places restrictions on the use and borrowing of certain state transportation revenues. A companion measure to the transportation funding package, Chapter 30 of 2017 (ACA 5, Frazier), proposes to amend the State Constitution to place similar restrictions on transportation revenues not covered by existing constitutional provisions. Additionally, the measure adds to existing exemptions on certain transportation spending from counting toward a constitutional spending limit. The measure will go before the voters in June 2018. Below, we summarize its provisions.

Spending Restrictions. ACA 5 requires that revenues from the Transportation Improvement Fee established in the transportation funding package only be spent on specified transportation purposes. These purposes are researching, planning, constructing, improving, maintaining, and operating public streets and highways and transit systems. ACA 5 also prohibits the state from using Transportation Improvement Fee revenues to pay for debt service on state transportation general obligation bonds authorized on or before November 8, 2016. Additionally, ACA 5 requires that revenues from the diesel sales swap tax be restricted to transportation planning and mass transportation purposes. (Currently, such revenues could be used for any general purpose.)

Borrowing Restrictions. ACA 5 restricts the Legislature from borrowing Transportation Improvement Fee and diesel sales swap tax revenues, except in limited circumstances when the General Fund is exhausted.

Spending Limit Exemptions. The State Constitution currently includes spending limits—technically, appropriations limits—on the state and most local governments, known as "Gann limits." The Constitution exempts certain appropriations from these limits, including appropriations from a portion of gas excise tax revenues and appropriations for capital outlay (including transportation capital outlay). ACA 5 adds to these exemptions by excluding all appropriations from revenues raised by the transportation funding package.

- ***Transit and Intercity Rail Capital Program ($270 Million).*** This is a competitive grant program that awards funding to transit and rail capital projects, including intercity, commuter, and urban rail projects, as well as projects for bus and ferry transit systems. The program requires projects to meet certain criteria, such as reducing greenhouse gas emissions. The administration estimates the funding package will increase state revenues for this program by about $270 million annually. (Additionally, the legislation makes a $256 million loan repayment from the General Fund to this program, with up to $20 million of this repayment amount available for local and regional agencies to plan for climate changes.)

- ***Commuter Rail and Intercity Rail ($44 Million).*** Senate Bill 1 creates a new stream of revenues for commuter and intercity rail operations and capital improvements. The legislation splits funding equally between commuter rail and intercity rail. The California Transportation Agency is to develop guidelines to allocate funding among eligible rail agencies. The administration expects the funding package to provide $44 million annually for both commuter and intercity rail combined.

Trade and Congested Corridor Programs

The funding package includes a total of about $560 million annually for two new programs to improve trade corridors and congested corridors. These programs, which can support state highways, local streets and roads, or transit, include:

- ***Trade Corridor Enhancements Program ($310 Million).*** Under this program, Caltrans and local agencies can apply for funds for corridor-based freight projects. (Proposition 1B of 2006 created a similar program.) The administration estimates this program will receive about $310 million annually.

- ***Solutions for Congested Corridors Program ($250 Million).*** This is another new program created by SB 1. Under the program, Caltrans and local agencies can apply to the CTC to fund projects that address transportation, environmental, and community access improvements within highly congested travel corridors. The legislation sets aside $250 million annually for the program.

Other Programs

The funding package includes about $270 million annually for various other programs, including:

- ***Active Transportation Program ($100 Million).*** This program funds bicycling and pedestrian improvement projects. Funds in the program are allocated through competitive grants with half of the funds distributed to projects selected by the state, 40 percent distributed to projects selected by large urban regions, and 10 percent for projects selected by rural and small urban regions. The funding package increases funding for this program by $100 million annually.

- ***Freeway Service Patrols ($25 Million).*** Caltrans, the California Highway Patrol, and local agencies jointly operate freeway service patrols that remove disabled vehicles from state freeways in order to mitigate traffic congestion. Senate Bill 1 increases funding for this program by $25 million annually.

- ***Local and Regional Planning ($25 Million).*** The funding package provides $25 million annually for a new program of local planning grants. These grants are to encourage local and regional planning that further state goals.

- ***University Transportation Research ($7 Million).*** Four University of California campuses currently have transportation research centers. The funding package provides $5 million altogether annually for these centers. Additionally, the legislation appropriates $2 million annually to the California State University to conduct similar research activity.

- ***Workforce Development ($5 Million).*** The funding package appropriates $5 million annually from 2017-18 through 2021-22 to the California Workforce Development Board to assist local agencies in promoting pre-apprenticeship training programs. These training programs are to focus on delivering certain projects funded by SB 1.

- ***Parks and Agricultural Programs ($108 Million).*** The funding package sets aside the increased base gasoline excise tax revenues from off-highway vehicles and boats for the California Department of Parks and Recreation for general purposes. The administration expects these revenues to total $82 million annually. In addition, the legislation sets aside the increased base gasoline excise tax revenues from agricultural vehicles—estimated at $26 million annually—for the California Department of Food and Agriculture.

Includes Accountability and Other Provisions

The transportation funding package includes several other provisions beyond raising and spending new revenues. Most of these provisions concern oversight of the new funding as well as certain aspects of Caltrans' operations. Below, we summarize each provision.

Sets Preliminary Performance Outcomes for Caltrans. Senate Bill 1 states legislative intent for Caltrans to achieve five outcomes by the end of 2027. Caltrans is to report annually to the CTC on its progress in meeting the outcomes. The commission is to evaluate Caltrans's progress toward the outcomes and include any findings in its annual report to the Legislature. The five outcomes are:

- At least 98 percent of state highway pavement in good or fair condition.

- At least 90 percent level of service for maintenance of potholes, spalls, and cracks.

- At least 90 percent of culverts in good or fair condition.

- At least 90 percent of transportation management system units in good condition.

- At least an additional 500 bridges fixed.

Expects Caltrans to Operate More Efficiently. Senate Bill 1 requires Caltrans to implement unspecified efficiency measures with the goal of generating at least $100 million annually in savings to redirect toward maintaining and rehabilitating state highways. Caltrans is to report on these savings to the CTC.

Creates New Independent Office of Audits and Investigations for Caltrans. This new office is responsible for ensuring Caltrans and its contractors (including local agencies) spend funding efficiently, economically, and in compliance with state and federal requirements. The office is to report its findings annually to the

Governor and the Legislature. The Governor is to appoint an Inspector General to oversee the office, subject to Senate confirmation, for a six-year term.

Modifies Approval Process for Caltrans' Biannual Proposal of Rehabilitation Projects. Currently, the CTC reviews and approves Caltrans' proposed plan for rehabilitation projects every other year. The funding package alters the current approval process in a few ways, such as by requiring (1) CTC to allocate funds for capital outlay support for each project phase and (2) Caltrans to receive the commission's approval for changes to a programmed project or increases in capital or support costs (above a certain threshold).

Establishes Requirements for Local Governments to Receive Funding. To be eligible to receive SB 1 funding for streets and roads maintenance and rehabilitation, the legislation requires cities and counties to spend at least as much on transportation from their unrestricted funds as they spent from 2009-10 through 2011-12, on average. The State Controller's Office is authorized to perform audits to ensure compliance. Additionally, cities and counties must submit to the CTC a list of proposed projects approved by the city council or county board of supervisors.

Other Provisions. Other major provisions in the legislation (1) create an Advance Mitigation Program at Caltrans to protect natural resources and accelerate project delivery, (2) require Caltrans to create a plan to increase contracts awarded to certain groups (such as small businesses), (3) require Caltrans to incorporate the "complete streets" design concept into its highway design manual, (4) require the Department of Motor Vehicles to confirm certain trucks are in compliance with state air pollution standards as a condition of registration starting in 2020, and (5) prohibit state and local regulations requiring a truck to meet stricter air pollution standards for up to 18 years after it is first certified for use.

ISSUES FOR LEGISLATIVE CONSIDERATION

While SB 1 included specific funding allocations to individual programs, it left some implementation details up to future legislative and administration actions. On May 11, 2017, the Governor released his May Revision budget proposal for 2017-18, which addresses some implementation issues. We discuss these issues below. Additionally, we discuss at the end overarching issues for the Legislature to consider regarding oversight and accountability.

Allocating State Highway Funding. As previously indicated, one area where the legislation does not explicitly allocate funding is between state highway maintenance and rehabilitation programs. In his May Revision, the Governor allocates slightly more funding from the new revenues to highway maintenance as compared to rehabilitation. As maintenance projects can help prevent more costly rehabilitation projects in the future, the Legislature could consider allocating more funding to maintenance to achieve long-term savings.

Establishing Program Guidelines. Most of the programs funded through SB 1 already are in existence. The legislation, however, creates a few new programs, such as one for commuter and intercity rail and another for trade corridors. CTC and the California State Transportation Agency are tasked with developing guidelines for the new programs. Nonetheless, the Legislature could consider specifying in statute certain program requirements. In his May Revision, for example, the Governor proposes trailer bill language for the

trade corridor program that establishes various program requirements, such as for 60 percent of funds to support projects nominated by local and regional agencies and 40 percent for projects nominated by Caltrans.

Increasing Efficiency at Caltrans. As described earlier, SB 1 includes several measures to increase efficiency at Caltrans, such as by creating a new Inspector General to find ways to improve the department's operations and by setting an expectation for Caltrans to achieve efficiency savings. As part of his May Revision, the Governor proposed an initial staffing plan for the Inspector General's office but certain key questions remain unanswered, such as how the Inspector General would select audits and investigations to perform. Additionally, the administration did not present a plan for Caltrans to operate more efficiently and achieve the expected $100 million in savings (though its spending plan documents reflect the savings). One way our office in the past has recommended having Caltrans operate more efficiently is by reducing its capital outlay support staff relative to the volume of capital projects the department delivers. The Governor's May Revision takes a step in this direction by reducing capital outlay support staff, but it also leaves open the possibility for staffing augmentations in 2017-18 after the enactment of the budget.

Ensuring Oversight and Accountability. Though SB 1 establishes various long-term performance outcome measures for highway conditions, the legislation does not include specific mechanisms for holding the administration accountable for achieving these outcomes nor does it set interim benchmarks against which to measure the administration's progress in the near term. To improve its oversight of the new funding, we encourage the Legislature to begin now considering how to hold the administration accountable in the near term. For instance, the Legislature could establish in state law interim outcome measures against which to measure the administration's progress in achieving the longer-term outcomes contained in SB 1. It also could consider consequences should the administration not achieve these interim outcome measures. For instance, the Legislature could consider reprioritizing funding across programs (such as from rehabilitation to maintenance) or enacting organizational or governance changes to state transportation agencies to improve their effectiveness (such as by further strengthening the authority of CTC to oversee Caltrans' rehabilitation projects by authorizing the commission to approve or reject individual projects, rather than an entire program of projects).

LAO Publications

This brief was prepared by Paul Golaszewski and reviewed by Anthony Simbol. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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REPORT

DATE: March 15, 2018

TO: San Gabriel Valley Council of Governments Transportation Committee

FROM: Marisa Creter, Interim Executive Director

RE: San Gabriel Valley Bike Share Expansion Update

RECOMMENDED ACTION

Discuss and provide direction to SGVCOG Staff.

BACKGROUND

In August 2017, the California Transportation Commission (CTC) awarded the SGVCOG a $4.554 million GGRF Grant to expand Bike Share throughout the San Gabriel Valley. This grant will fund 840 bikes in 15 participating cities.

The CTC requires that the SGVCOG submit a draft allocation package by April 2018.

COG staff will be providing an update on Bike Share planning and potential options for cities at the March Transportation Committee meeting.

Prepared by: _____
Peter Duyshart
Project Assistant

Approved by: _____
Marisa Creter
Interim Executive Director

DATE: March 15, 2018

TO: San Gabriel Valley Council of Governments Transportation Committee

FROM: Marisa Creter, Interim Executive Director

RE: Update on Measure M Subregional Fund Programming

RECCOMENDED ACTION

For information only.

BACKGROUND

In June, the Metro Board of Directors adopted the Measure M guidelines, establishing a process by which subregional funds under Measure M will be programmed by the subregional entities, including the SGVCOG, through the development of five-year subregional fund programming plans. In accordance with these guidelines, five-year project specific programming plans, or MSP 5-Year Plans, will have to be submitted to the Metro Board of Directors for adoption, which will subsequently guide the flow of funding to various specific projects that fall within each program. Based on the projected initial five-year cash flow for each subregional fund in the San Gabriel Valley subregion and recommendations by the SGVCOG Governing Board, the funds that would be available for programming are as follows:

Program	Sub-region	Funding Dates	FY 2017 FY 2018	FY 2018 FY 2019	FY 2019 FY 2020	FY 2020 FY 2021	FY 2021 FY 2022	5-Year Total	40-Year Fund Total	5-Year Percentage of Total
Active Transportation Prog. (Including Greenway Proj.)	sg	FY 2018-57	$ 2.40	$ 3.00	$ 3.00	$ 3.10	$ 3.20	$ 14.70	$ 231.00	6.36%
Bus System Improvement Program	sg	FY 2018-57	$ 0.50	$ -	$ -	$ -	$ -	$ 0.50	$ 55.00	0.91%
First/Last Mile and Complete Streets	sg	FY 2018-57	$ 2.00	$ 2.00	$ 4.00	$ 4.60	$ 4.80	$ 17.40	$ 198.00	8.79%
Highway Demand Based Prog. (HOV Ext. & Connect.)	sg	FY 2018-57	$ -	$ -	$ -	$ -	$ -	$ -	$ 231.00	0.00%
Goods Movement (Improvements & RR Xing Elim.)	sg	FY 2048-57						$ -	$ 33.00	0.00%
Highway Efficiency Program	sg	FY 2048-57	$ 2.30	$ 2.40	$ 0.50			$ 5.20	$ 534.00	0.97%
ITS-Technology Program (Advanced Signal Tech.)	sg	FY 2048-57						$ -	$ 66.00	0.00%
San Gabriel Valley MY Subregion Total								$ 37.80	$ 1,348.00	2.80%
Gold Line Foothill Extension to Claremont	sg	FY 2019-25			?	?	?		$ 1,019.00	
SR-71 Gap	sg	FY 2022-26							$ 248.00	
SR-57/60	sg	FY 2025-31							$ 205.00	
Gold Line Eastside Extension	sg	FY 2029-35							$ 543.00	
I-605/10 Interchange	sg	FY 2043-47							$ 126.00	
SR-60/605 Interchange	sg	FY 2043-47							$ 130.00	
Major Projects San Gabriel Valley Total									$ 2,271.00	
Overall Total									$ 3,619.00	

Table 1.
Adopted Measure M Multi-Year Subregional Program 5-Year Allocation ($ in millions)

Now that SGVCOG Staff has approved and finalized monetary allocations for each of the sub-programs of the MSP 5-Year Plan to work with, COG staff can draft a list of selected projects to be constructed based on the amount of money that is available for each sub-program. Below are

the steps for this process; these steps were also presented to the Transportation Committee in January 2018 when COG staff presented the Committee with the proposed Measure M Subregional Funds Public Outreach and Participation Plan, which was adopted by the Governing Board in February 2018.

1. Staff is in the initial stages of developing a preliminary proposed project list for each sub-fund based on cash flow and results for the adopted Mobility Matrix.
2. This list will be distributed to COG member agencies and other stakeholders and posted on the COG's website for comment. Staff will attempt to make personal contact with known stakeholders and offer briefings if desired.
3. The proposed project list, as well as any comments received, will be agendized for the Public Works and Planning TACs in April 2018 for discussion and public input.
4. Recommendations from the TACs will be forwarded to the COG's Transportation Committee and agendized for the May 2018 meeting for discussion and public input.
5. Final recommendations from the COG's Transportation Committee will be forwarded to the COG's Governing Board for final approval in June 2018.
6. Upon approval of the MSP 5-Year Plan by the Metro Board and subsequent execution of funding MOU's with each individual project implementing agency, further outreach regarding the design, environmental clearance and construction of those projects will be handled individually by the implementing agency in accordance with funding guidelines and local policies.

Mark Christoffels, the Chief Engineer of the SGVCOG and the ACE Program, will provide an update to the Transportation Committee with more specifics about how COG staff is going to develop the proposed project list for the MSP 5-Year Programming Plan.

Prepared by: _____
Peter Duyshart
Project Assistant

Approved by: _____
Marisa Creter
Interim Executive Director