

REPORT TO SHASTA COUNTY RTPA

SUBJECT	MEETING DATE	ITEM NUMBER
Conceptual Position on "Rescue Transportation" Proposal	12-14-04	8

RECOMMENDATION

It is recommended that the Agency consider providing comments on a transportation proposal currently being developed by the Self-Help Counties Coalition.

SUMMARY

The Self-Help Counties Coalition is attempting to address certain deficiencies in the transportation funding and approval mechanism. The attached position paper outlines the key points of their proposal.

DISCUSSION

Over the last three years the State has diverted over \$5.5 billion in transportation revenues to help offset the State's General Fund deficits. These diversions have caused transportation improvements to be delayed and in some cases cancelled due to lack of available funding. To address this situation the Self-Help Counties Coalition is in the process of developing a proposal to address some of the perceived deficiencies in the current system. The attached position paper lays out the key points in their proposal to date. It is planned to be placed on the November 2006 ballot as an initiative.

The identified impacts of this proposed legislation to Shasta County are difficult to determine with specificity at this time. However, if the \$5.5 billion had not been transferred to the General Fund, Shasta County would have received an additional \$25-40 million in STIP funding. In addition, the three cities and the County would have received approximately \$1.5 million each year that Prop 42 has been suspended.

This proposal, as it is currently written, would make it more difficult for the Legislature to suspend Prop 42. It has been widely felt within the transportation community that trust with the voters must be restored by restoring the integrity of Prop 42, and directing the funding as it was intended by the voters of California. At this time it is difficult to identify how institutional changes in project delivery enhancements would have direct impact within Shasta County.

One of the key aspects, and probably the most controversial aspect of this proposal, is that it would vest in the California Transportation Commission (CTC) the authority to make adjustments to the current gas tax. Currently this is a function reserved for the Legislature. This language will likely be dropped from the final proposal.

ALTERNATIVES

The Agency could choose to not endorse this concept at this time, or it could choose to delay its endorsement until this initiative reaches the ballot or the Agency could take no action. It is appropriate to point out that historically this Agency has not taken positions on voter initiatives.

OTHER AGENCY INVOLVEMENT

This is a proposal that has been drafted by the Self-Help Counties Coalition, which represents those counties within the State that have implemented a sales tax for transportation.

FINANCING

This specific action would have no impact on the Agency finances, however, if the voter initiative were to pass in its current writing, it could mean up to \$5 to \$10 million annually to Shasta County for transportation purposes.



Daniel J. Koyacich, Executive Officer

DJK/jac

Attachment: Memorandum from Self-Help Coalition



CONTRA COSTA TRANSPORTATION AUTHORITY

COMMISSIONERS:	<i>Amy Worth, Chair</i>	<i>Janet Abelson, Vice-Chair</i>	<i>Charles Abrams</i>	<i>Maria Alegria</i>	<i>Donald P. Freitas</i>
	<i>John Gioia</i>	<i>Federal Glover</i>	<i>Brad Nix</i>	<i>Karen Stepper</i>	<i>Kris Valstad</i>

MEMORANDUM

TO: Self-Help Coalition Members and Interested Parties
FROM: Bob McCleary, Executive Director on behalf of the Self-Help Counties Coalition
DATE: November 8, 2004
RE: "Rescue Transportation" Proposal

As requested at the October 2004 Self-Help Coalition meeting, this memorandum provides a synopsis of the Rescue Transportation proposal for consideration as a constitutional amendment on the November 2006 statewide ballot, specifically: (1) the problems it is trying to solve; and (2) a summary of its principal components, broken down into four categories. At this juncture, the Coalition is seeking the comments and conceptual position of public transportation agencies and the comments and advice of the private sector relative to each of the categories and their components, as detailed below.

Fundamental Transportation Problems Rescue Transportation Seeks to Address

Preservation of California's transportation system and the expansions necessary to accommodate growth in population, employment and economic and social activity are essential to California's long-term economic viability and prosperity. To do otherwise would reduce the mobility of its inhabitants and visitors. The twin goals of preservation and expansion are threatened by a confluence of factors:

- ❖ **Diversion of Transportation Revenues.** Over \$5.5 billion in transportation revenues have been diverted to help offset the State's General Fund deficits over the past 3 years. This has resulted in a dramatic reduction of funding, which first virtually eliminated new projects and operational enhancements, and subsequently has shrunk funding for rehabilitation and safety to ¼ or less of the levels warranted. The long-term impact on California's mobility and economy will be significant if a correction is not found.
- ❖ **Project Delivery Takes a Long Time and Involves Cumbersome Processes.** Major new capital projects can take at least 3 to 5 years to obtain environmental certification, and sometimes longer. Often sequential environmental approval, design, right of way acquisition, and construction processes can stretch completion of significant projects over a time period of ten or more years. Tools that are commonly used elsewhere in the United States to expedite delivery are not fully available in California.
- ❖ **The State's Institutional Framework Creates Inefficiencies and Promotes Delay.** Currently, Caltrans is subject to annual legislative budgeting, and its budget and staffing plans are subject to the review of the Department of Finance. Some of its contracts and purchasing are subject to the statutory authority of the Department of General Services, and its personnel practices are subject to regulation by the State Personnel Board and Department of Personnel Administration. This framework makes Caltrans' administration more complex and expensive, and adds time and costs to delivery of projects. Caltrans could benefit dramatically by streamlining the institutional framework that it works within, and providing some of the benefits and autonomy enjoyed by the Self-Help Counties. Caltrans is also no longer competitive in its compensation, resulting in an exodus of high-quality staff to local agencies and the private sector.

- ❖ **Growth in Travel Demand Exceeds Our Ability to Sustain Reasonable Mobility.** It is a well-acknowledged fact that growth in vehicle miles traveled in California has far outpaced growth in transportation revenues. Freeways, highways and arterials have grown more crowded, and the state highway system, as well as local streets and roads, are in need of significant repairs and rehabilitation. Demand for transit, and rehabilitation needs, are growing at the same time as the principal source of transit revenues – sales taxes – have experienced a “down” cycle in the economy. The traditional source of revenues for the state highway system and local streets and roads – the gasoline excise tax on a per gallon basis – has only been raised on two occasions in the past 23 years, and in aggregate has grown at a much slower rate than travel demand.

Rescue Transportation Components

To address key elements of the problems cited above, Rescue Transportation can be sub-divided into four major components as follows:

- ❖ **Firewall for Transportation Funds.** This element, which would constitutionally protect transportation funds from diversion and thereby provide more certainty and predictability, is the most critical component. It would bar loans or diversions of transportation revenues by the State, for example to the General Fund. It is somewhat similar to the recently passed Proposition 1A.
- ❖ **Institutional Changes.** The institutional framework within which Caltrans must work is fraught with inefficiencies. A range of improvements is possible here. The proposal suggests removing Caltrans from legislative budgeting and placing it under the direction of the California Transportation Commission (CTC), which would serve as a board of directors and provide a model more similar to the Self-Help Counties. Oversight and authority of the Departments of Finance, General Services, and Personnel Administration would be eliminated, as would that of the State Personnel Board. Caltrans would be shifted to a biennial (every two years) budget that would be synchronized with the adoption of the biennial State Transportation Improvement Program (STIP). While provisions of the civil service system and PERS membership are envisioned to be retained, salaries would be set based on market conditions, probably including geographic differentials, in order to retain high quality staff throughout the Department. The CTC would appoint the Caltrans Director and Chief Legal Counsel, to provide a high level of professionalism and continuity across changes in Administration.
- ❖ **Project Delivery Enhancements.** Caltrans, and local agencies, would be provided with a broader range of delivery and related mechanisms, including design-build authority, the ability to pay for bids and proposals when appropriate, toll road authority, assured contracting out authority for a broad range of services, and other mechanisms.
- **Transportation Financing: Biennial Report and Revenue Adjustments.** Potentially the most controversial provision of the proposal would require the CTC to conduct biennial reviews, in the years between STIP and budget adoption, regarding the adequacy of transportation revenues to preserve the existing system and provide necessary expansion. The report would address the state highway and intercity rail system, preservation and critical expansion of the local streets and roads system, and the capital needs to sustain and expand local transit systems. If the CTC determines that adjustments are warranted, it would have the authority to adjust transportation tax and fee rates once every two years, within constraints. The adjustment would take effect within 90 days unless the Legislature enacted a bill, by $\frac{3}{4}$ vote of each house and the bill received the signature of the Governor, that voided all or part of the rate adjustments.

The Coalition looks forward to receiving the comments and conceptual position of public transportation agencies, and the comments and advice of the private sector, relative to each of the above categories and their components. We would appreciate your input by January 10, 2005, so that we can decide on the next steps to take towards implementation of some or all of the components of Rescue Transportation. Your comments can be sent to me at the address below, or emailed to me at rmccleary-7@ccta.net.