

TO: Transportation Policy Workshop

FROM: Kim Shultz, Senior Transportation Planner

RE: 2004 Legislative Status Report

RECOMMENDATION

Staff recommends that the Regional Transportation Commission accept a status report on Federal and State Transportation budgetary issues and other special legislative items.

BACKGROUND

In February the Commission adopted a legislative agenda to guide its support and opposition of state and federal legislative or administrative actions. At that time, the Commission also directed staff to provide status reports on impacts to local transportation projects resulting from measures to address the state budget.

DISCUSSION

As anticipated at the beginning of the year, the 2004 Legislative Agenda at the federal and state level is dominated by funding issues including the proposed reauthorization of the federal surface transportation act and resolving the state's budget crisis. While there have been proposals floated to increase the revenue side of the budget, to date those propositions have not gained significant popular support given the current price of gasoline and election year campaigns. Though it is too early to determine what the impacts may be to local transportation projects, following is a status report on federal and state budgetary items, and other special items staff is following at the state level.

Federal Transportation Budget

In late May, a stalemate was broken between Democrats and Republicans allowing the House-Senate conference committee to begin negotiations on a federal transportation reauthorization bill. The Transportation Efficiency Act for the 21 Century (TEA – 21) expired in October 2003 and has been extended twice. The current continuing resolution expires on June 30th and conventional wisdom indicates if a funding agreement can be reached by late June-early July, then there is a chance a bill could be enacted this year. In the event agreement cannot be reached, another extension at the current funding levels is likely, lasting at least through the November election, if not into 2005. The principal issue heading into conference committee negotiations is the size of the transportation bill. The President has consistently stated he will veto both the House (\$284 billion) and the Senate (\$318 billion) measures in their current form. The administration's proposal to Congress in February stood at \$256 billion, and purportedly the President will not agree on a bill larger than \$275 billion.

For the first time since taking office, the President has threatened to use his veto power, over the size of the transportation bill.

Of local importance, the House version of the TEA-21 reauthorization bill includes \$3.76 million for the Highway 1 project. Both the House and Senate bills contain language promoted by the SCMTD and other agencies throughout the nation to provide funding within the Federal Transit Administration's formula program for smaller urbanized areas. There is general agreement to increase federal Planning (PL) funds to the Metropolitan Planning Organizations (MPOs) throughout the nation to enhance long range, multi-modal planning and development of transportation performance measures. The Association of Monterey Bay Governments (AMBAG) serves as our region's MPO and any additional PL funds would first go to AMBAG with a portion coming to the SCCRTC.

The RTC's Washington assistant has prepared a current assessment ([Attachment 1](#)) as of the writing of this report. Staff will provide an update of any new developments at the TPW meeting.

State Transportation Budget

The Governor's May Budget Revision was a marked improvement in the transportation arena over the earlier proposal offered in January. This improvement is attributed to encouraging signs in the economy resulting in an increase in projected income tax collections and taxable sales, and a strategic decision to stimulate the economy through road construction projects. On the operational side, the May Budget Revision proposes to restore \$1.9 billion and 462 positions to Caltrans's FY 2004-05 budget over the proposal offered in January.

On the capital side of the budget, the Governor has proposed to use a one-time tribal gaming revenue in the amount of \$383 million of which \$183 million would be directed to the State Highway Account or State Transportation Improvement Program (STIP), and an additional \$163 million to the Traffic Congestion Relief Program, as soon as 2005. The proposed allocation to the STIP, restores funding levels back to levels staff and CTC were working on in December 2004. Without this allocation, the funding outlook would be far bleaker.

While Santa Cruz County is not a great beneficiary of a partial restoration of the TCRF program, these actions significantly reduce the statewide backlog of high profile unfunded projects otherwise anticipated to grow dramatically this year. Unfortunately, the May Revision does not include any near term funding for local streets and roads rehabilitation for cities and counties otherwise provided through the Proposition 42 program. Statewide this represents a loss of over \$180 million for FY 2004-05 on top of the \$188 million loss sustained in FY 2003-04, based on figures provided by California State Association of Counties (CSAC).

[Attachment 2](#), prepared by California Council of Governments (CALCOG) presents an overview of the Governor's May Revision Budget proposal. The revised budget proposal also provides guidance in the event additional funds become available through the passage of the federal transportation act. Of the \$300 million in additional budgetary authority, \$250 million is dedicated to Capital Outlay to increase the delivery of transportation projects statewide, and additional funding and positions dedicated to the Traffic Operations Division to expand the Freeway Service Patrol, among other activities.

Special Items

Design-Build Authority

Senator McPherson's bill (SB 1793) passed out of the Senate on March 26th and will be heard by the Assembly Transportation Committee on Monday, June 14th. Staff will continue to work with our State legislators and RTC's Sacramento assistant to support this measure through the Assembly. .

In the meantime, a bill introduced by Senator Jack Scott (D-Pasadena) to extend the design-build authority vested in transit districts an additional two years has also passed over to the Assembly. The legislative analysis of this bill (Attachment 3) notes there has been little use of the transit design-build authority to date with the exception of the State Route (SR) 22 project in Orange County. The SR-22 project, sponsored by the Orange County Transportation Authority, received only two bids for the design-build contract and both of those bids were significantly higher than expected.

Regional Investment in Transportation Facilities

The California Council of Governments (CALCOG) is circulating a proposition (Attachment 4) to allow public agencies to organize for the purpose of developing and constructing dedicated user paid transportation improvements for passengers and freight. This proposal is particularly attractive in the major metropolitan areas where the majority of the state's 30% population growth is expected in the next 20 years, resulting in a projected 55 % growth statewide in vehicle miles traveled (VMT).

The proposition broadens the authority in the Joint Exercise of Powers Act to provide for the formation of a Regional Authority for Investment in Transportation (RAITs) to create public-private partnerships in responding to mobility challenges. This proposal recognizes that funding for transportation improvements is limited due to escalating infrastructure investment needs and budget constraints at the federal, state and local levels of government. A particular target for this program is dedicated toll truck-ways and rail corridors in Southern California and the San Francisco Bay Area.

Hybrid Vehicles in Car-Pool Lanes

Assemblywomen Fran Pavley (D- Agoura Hills) has introduced measures that would allow single-occupant hybrid electric vehicles that achieve at least 45 miles per gallon to use HOV lanes until January 1, 2008. Federal law already allows Inherently Low Emission Vehicles (ILEV) to use HOV lanes, however, none of the hybrid vehicles have qualified as ILEVs.

The California Air resources Board estimates there will be approximately 110,000 low-polluting hybrid electric vehicles available in the state through the 2007 model year. Only half of those, 55,000 vehicles, are expected to meet the 45 mpg standard. Statewide, this number is not expected to cause unusual disruption to HOV lane operations. The measure is currently in the Senate and has received strong bipartisan support to date.

High-Speed Rail Bond Act

Support has diminished for proceeding with the \$9.95 billion bond measure on the November 2004 ballot. Meanwhile, the California High-Speed Rail Authority, the agency overseeing project

planning, is \$720,000 short of the amount needed to complete the environmental impact report, and the State Department of Finance is refusing to increase the budget.

The Governor is backing legislation that would delay vote on the bonds until 2008, saying other transportation project have higher priority. Delaying the vote to 2008 would force project sponsors to update environmental studies and may affect current decisions relative to potential routes and station locations.

Safe Routes to School

Companion bills have been introduced in the Assembly, AB 775 (Parra), and Senate, SB 1087 (Soto), to extend the Safe Routes to School (SR2S) program three years, until January 1, 2008. Established in October 2001, the SR2S program has funded 273 projects from over 1500 applications received through four funding cycles. In the first year of the program, applications totaling \$130 million were received for the \$20 million available.

The SR2S program is financed through a partial redirection of federal transportation funds intended for the Hazard Elimination/Safety Program authorized to improve highway safety and reduce traffic congestion. To date the SR2S program has received widespread support in recognition that pedestrian accidents are a leading cause of fatal injuries among 5-to-12 year olds, and growing dependency on travel to school by car, due in part to unsafe walking and biking routes, and phasing out of school bus programs..

SUMMARY

Legislative deadlines are growing near for resolution of federal and state transportation funding issues. A conference committee is now working to resolve budget gaps in the reauthorization of the TEA-21 before mid-July. The Governor's May Budget Revision has improved the state transportation budget and reduced the growing backlog of unfunded projects, but offers no great relief to Santa Cruz County's transportation funding picture.

Attachments:

1. Federal Legislative Status Report, Carolyn Chaney & Associates, June 2004
2. Overview of the State Budget – May Revise, California Council of Governments, May 2004
3. SB 1130 (Scott), Senate Transportation Committee Bill Analysis, June 2004
4. Regional Authorities for Investment in Transportation (RAITs) Proposal, California Council of Governments, May 2004

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