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BILL ANALYSIS

SENATE TRANSPORTATION & HOUSING COMMITTEE
SENATOR MARK DESAULNIER, CHAIRMAN

Analysis by: Eric Thronson Hearing date: April 29, 2014

BILL NO: SB 990 AUTHOR: Vidak
VERSION: 4/21/14 FISCAL: FISCAL: yes URGENCY: YES

SUBJECT:

Transportation funds for disadvantaged small communities

DESCRIPTION:

This bill requires Regional Transportation Planning Agencies (RTPAs) to commit five percent of state capital funding to disadvantaged small communities, as defined.

ANALYSIS:

Existing law requires RTPAs to adopt, every odd-numbered year, a five-year Regional Transportation Improvement Program (RTIP), which contains all transportation projects funded with state and federal dollars in that region. These fiscally-constrained plans are derived from regional transportation planning efforts identifying long-term transportation needs based on forecasted population growth and various mobility options.

In order to efficiently deliver the state's near-term transportation priorities, the California Transportation Commission programs the expenditure of state and federal Commission programs the expenditure of state and federal transportation funds by project through the State Transportation Improvement Program (STIP) process. Existing law dedicates 75 percent of the funding in the STIP to projects identified in the regions' RTIPs, and the remaining 25 percent supports projects identified by the state in the Interregional Transportation Improvement Program (ITIP). Further, existing law provides each county in the state a formula share of STIP funds to be spent on projects in that county and included in each region. projects in that county and included in each region's RTIP.

This urgency bill requires each RTPA to program in its RTIP five percent of a county's share of STIP funds in areas designated as disadvantaged small communities. The bill defines a disadvantaged small community as a city or census-designated place with fewer than 25,000 residents and with a median household income less than 80 percent of the statewide median

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household income. Finally, this bill specifies that it does not apply to any RTPA without a city in its region larger than 25,000 residents, nor does the bill preclude a disadvantaged small community from applying for more STIP funding than it would receive under this bill.

This bill is an urgency measure.

COMMENTS:

- 1.Purpose . According to the author, transportation projects provide congestion and traffic relief to small communities, as well as much-needed jobs and economic development. Many small communities struggle to obtain proper transportation funding for projects that are needed in their towns, which in turn stunts their ability to grow and expand. The author contends that this bill resolves this problem by dedicating a portion of transportation funding to these small disadvantaged communities.
- 2. How does this bill pencil out ? This bill arbitrarily defines a disadvantaged small community as having fewer than 25,000 residents and with a median household income 80 percent of the statewide median. Further, the bill excludes the 21 counties in the state that have no towns with more than 25,000 residents. Analyzing the combination of these two elements of the bill produces some strange results.

One skewed outcome of the bill is that the vast majority of the small communities with fewer than 25,000 residents that also contain lower-than-average median household incomes are located in the counties to which this bill does not apply. located in the counties to which this bill does not apply. For example, 13 of Orange County's 41 communities are smaller than 25,000; however, only two of them qualify based on income requirements. In the nine-county Bay Area region, 156 of the 220 communities are small enough to qualify for this bill, but only 14 of these communities qualify based on median household income. This appears to be the case for nearly all the counties to which this bill applies. One of the cities in

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support because it is small and disadvantaged, Corning, will not benefit from this bill because Tehama County is excepted by the bill.

In addition, many of the 37 counties this bill affects have only one or two communities with populations larger than 25,000, such as El Dorado County, Humboldt County, Kings

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County, Madera County, and Shasta County. Given that the large population centers in these counties are far from dominating (for example, Humboldt County's one larger community is Eureka), it is likely that more than five percent of their county shares are spent in the counties' other small communities. One of the cities in support of this bill, Shasta Lake, falls into this category. This bill, therefore, does not appear to resolve any problem in these counties.

Finally, in the few counties where this bill could have any real effect, the solution may create more problems than it solves. For example, the two disadvantaged small communities in Orange County, Midway City and Laguna Woods, have a combined population of 24,677 (8,485 and 16,192 respectively). These two small communities comprise less than one percent of the county's population, and yet this bill commits to them five percent of the county's STIP funding. In Marin County, two of its 33 small communities qualify as disadvantaged small communities and represent only 1.1 percent of the county's population. In both cases, these lucky communities will receive a significantly disproportionate share of transportation funding at the cost of funding to other parts of the county. This distortion could lead to inefficient and unreasonable overall transportation infrastructure spending in the state.

Based only on the math in the examples above, it is suspect whether this bill resolves the identified problem and who it ultimately benefits. If the committee decides to revisit transportation funding formulas, it should give significant consideration to the potential outcomes of any changes and to factors that achieve the desired results.

3.Everyone benefits from good transportation networks and issue raised by this bill, and other attempts to create set-asides of transportation funding for particular localities or infrastructure types, is how these types of diversions from the overall funding pot can undermine a region's overall transportation network. When transportation decisions are considered regionwide and based on the most efficient and effective mobility solutions, everyone in that region benefits. Alternatively, when money is set aside for a particular need over the region's highest priorities, it can have significantly harmful effects. For example, imagine deciding that transportation funds should be exclusively spent on the maintenance of local streets, to the detriment of the

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highway systems and other mobility solutions throughout a particular region. Soon, the highways would deteriorate so badly that traffic would choose instead to use the local roads, increasing congestion across the region. Because traffic on the local roads would increase so significantly, more funding would have to be diverted to maintaining the roads. Freight would no longer flow through the region, having compounding effects on the region's economy. The reduced funding for public transit, combined with worse traffic on local roads affecting the efficiency of the transit systems, would lead to lower ridership and even worse congestion. It isn't hard to imagine how overall livability of the region would erode. This extreme example only illustrates the importance of thinking about a region's transportation network holistically, and remembering that it is often the case that without improvements in one part of the region, everyone suffers. This bill undermines this regional planning approach by dedicating a portion of transportation funds to particular communities, whether or not that is in the best interest of the region.

4.Rural counties' opposition . Of note is a letter of opposition from Rural County Representatives of California (RCRC), given that this bill is presumably intended to benefit the members of RCRC. According to their letter, California's rural county supervisors are concerned about earmarking limited regional transportation funds. RTPAs should have the ability to address disadvantaged populations' transportation needs within their jurisdictions through the existing planning process and based on local community needs. RCRC believes that current state and federal laws and regulations provide adequate protections for disadvantaged small communities to participate

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in the public planning and decision-making process. As an example, Title VI of the 1964 Civil Rights Act requires RTPAs to utilize an inclusive planning process that incorporates various public involvement strategies to address issues of equality. RCRC opposes this bill because it decreases the amount of funding RTPAs have available to address regional transportation priorities.

POSITIONS: (Communicated to the committee before noon on Wednesday, April 23, 2014.)

SUPPORT: City of California City City of Calimesa

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City of Corning City of McFarland City of Orange Cove City of Shafter City of Shasta Lake City of Tehachapi

OPPOSED: Orange County Transportation Authority Rural County Representatives of California