

SB1 Program Matrix | May 2017

Program	Annual Statewide Funding (FY 2018–19)	Expected Bay Area Funding (FY 2018–19)	Directing Agency	Distribution Basis (or "Competitive")	Revenue Source	Indexed to CPI	Effective Date(s)
Road Maintenance and Rehabilitation Account (RMRA)					12-cent/gallon gasoline excise tax	Y	1-Nov-17
					Transportation Improvement Fee (TIF) (vehicle registration charge)	Y	1-Jan-18
					\$100/year zero-emission vehicle registration charge	Y	1-Jul-20
					20-cent/gallon diesel excise tax increase	Y	1-Nov-17
Local Streets and Roads (LSR)							
Annual LSR	\$1,100	\$218	locals/CTC (jurisdictions must submit a project list to CTC)	LSR formula (SHC Section 2103 (a)(3)(C))	RMRA	Y	See RMRA "Effective Dates."
One-Time Infusion	\$75	\$14	locals	LSR formula (SHC Section 2103 (a)(3)(C))	General Fund (GF) loan repayment		See *
State Highway Maintenance and Rehabilitation							
Annual State Highway Maintenance and SHOPP	\$1,100	TBD	Caltrans	Not specified, but funds will be used by Caltrans for maintenance of the state highway system or for purposes of the state highway operation and protection program.	RMRA	Y	See RMRA "Effective Dates."
One-Time Infusion	\$75	TBD	Caltrans	SHOPP	GF loan repayment	N	See *
Caltrans Bridge and Culvert	\$400	TBD	Caltrans	Not specified, but funds will be used by Caltrans for state highway bridge and culvert maintenance.	RMRA takedown	N	See RMRA "Effective Dates."
Advance Mitigation	\$30	TBD	Caltrans	n/a	Caltrans set aside	N	FY 2017–18
STIP**							
RTIP	\$77	\$13	Caltrans	STIP formula	17.3 cent/gallon gas tax reset	Y	1-Jul-19
ITIP	\$26	TBD	Caltrans	Caltrans	17.3 cent/gallon gas tax reset	Y	1-Jul-19
Public Transit Formula							
STA	\$250	\$94	Transit Agencies/RTPAs	STA population- and revenue-based formulas (PUC Section 99313 and 99314)	3.5 percent diesel sales tax increase	N	1-Nov-17
STA Revenue-Based		\$70					
STA Population-Based		\$24					
STA Capital	\$105	\$39	Caltrans (prior to receiving an apportionment, a recipient transit agency must submit a detailed list of proposed projects to Caltrans, after which the department shall certify the transit agency's eligibility to the Controller)	STA population- and revenue-based formulas (PUC Section 99313 and 99314)	TIF takedown	Y	FY 2017–18
STA Revenue-Based		\$29					
STA Population-Based		\$10					
Transit and Intercity Rail							
Annual TIRCP	\$245	TBD	CalSTA	Competitive	TIF takedown	Y	FY 2017–18
One-Time Infusion	\$79	TBD	CalSTA	Competitive	GF loan repayment	N	See *
Intercity and Commuter Rail							
State-Supported Intercity Rail	\$19	TBD	CalSTA	Each of the state's three intercity rail corridors will receive a minimum of 25 percent of these funds. CalSTA will adopt guidelines to govern the administration of the funds.	0.5 percent diesel sales tax	N	1-Nov-17
Commuter Rail	\$19	\$11.3	CalSTA	Each of the state's five commuter rail corridors shall receive 20 percent of the funds through FY 2019–20. Commencing on July 1, 2020, the funds will be allocated based on guidelines and a distribution formula adopted by CalSTA.	0.5 percent diesel sales tax	N	1-Nov-17
Other Programs							
Trade Corridors	\$280	TBD	Legislature	Competitive (earmarked)	20-cent/gallon diesel excise tax increase	Y	1-Nov-17
Solutions for Congested Corridors	\$250	TBD	CTC	Competitive. CTC, in consultation with ARB, shall adopt program guidelines. The commission shall allocate no more than one-half of the funds available each year to projects nominated exclusively by the department. Preference shall be given to corridor plans that demonstrate collaboration between the department and local or regional partners.	TIF takedown	N	FY 2017–18
S/L Partnership for Self-Help	\$200	TBD	CTC	CTC, in consultation with Caltrans, transportation planning agencies, county transportation commissions, and other local agencies, shall develop guidelines on the allocation of funds no later than January 1, 2018.	RMRA takedown	N	See RMRA "Effective Dates."
Active Transportation Program (ATP)	\$100	TBD	CTC	ATP distribution (SHC Section 2381)	RMRA takedown	N	See RMRA "Effective Dates."
Freeway Service Patrol (FSP)	\$25	\$5.7	SAFE agencies/CHP/Caltrans	Not specified. Funding will potentially flow through existing FSP formula, which was used to estimate the "Expected Bay Area Annual Amount."	RMRA takedown	N	See RMRA "Effective Dates."
Local Planning Grants	\$25	TBD	Caltrans	Competitive. Caltrans to develop guidelines in consultation with ARB, OPR, and HCD.	RMRA takedown	N	See RMRA "Effective Dates."
Resiliency Planning Grant (One-Time)	\$6.6	TBD	Caltrans (not specified, but funds are transferred to the Public Transportation Account)	Not specified	GF loan repayment	N	See *
Workforce Development Local Assistance	\$5	TBD	California Workforce Development Board	Not specified	RMRA takedown	N	See RMRA "Effective Dates."
Transportation Research	\$7	TBD	UC and CSU with legislative oversight	\$5 million/year to the University of California and \$2 million/year to the California State University	RMRA takedown	N	See RMRA "Effective Dates."

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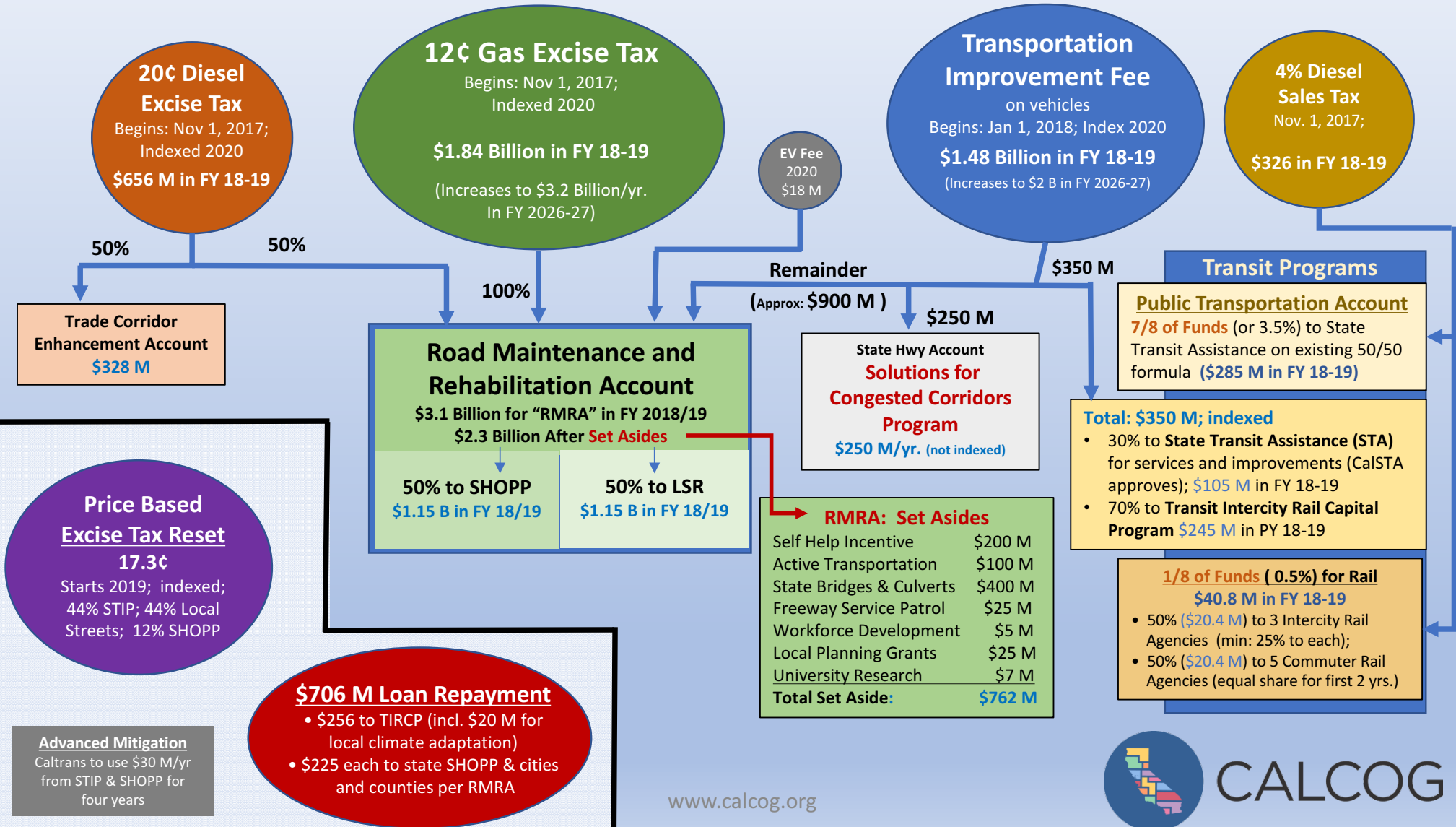
* **GF loan repayment** shall be complete no later than June 30, 2020. The repayments will be made in equal installments over three years.

** STIP funding estimate is based on SB1 summary materials released by the Brown administration. MTC forecasts suggest the Bay Area could receive over \$200 million in 2018 STIP and future STIP cycles.

For more information, please contact Theresa Romell (TRomell@mtc.ca.gov) or Bill Bacon (wbacon@mtc.ca.gov)

SB 1: TRANSPORTATION ACCOUNT FLOWS

FY 18-19 is selected because it is the first full year when most of the new revenues are fully implemented. Figures are from from Senate Appropriations Committee Analysis



Memorandum

Tab 15

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 17, 2017

Reference No.: 4.6 - *Replacement Item*
Action

From: SUSAN BRANSEN
Executive Director

Prepared By: Mitchell Weiss
Deputy Director

Subject: **IMPLEMENTATION PLAN FOR SENATE BILL 1**

ISSUE:

The Road Repair and Accountability Act of 2017 (Senate Bill [SB] 1, Chapter 5, Statutes of 2017) provides the first significant, stable, and on-going increase in state transportation funding in more than two decades. In providing this funding, the Legislature has provided additional funding to and increased the California Transportation Commission's (Commission) role in a number of existing programs, and created new programs for the Commission to oversee as described below. Should the Commission approve staff's recommended plan to implement SB 1?

RECOMMENDATION:

Commission staff recommend that the Commission implement SB 1 consistent with the approach described in Attachment A (Implementation Plan for Senate Bill 1). The timelines are intended to be a guide. Staff will update these timelines during the guidelines development process. The development of guidelines will include workshops open to State and Federal Agencies, Tribal Governments, Regional and Local Agencies, as well as organizations representing environmental, social equity, land-use and business perspectives, and interested stakeholders. Updated timelines will be included in the program guidelines ultimately brought forward for Commission adoption.

BACKGROUND:

As stated in the Legislature's findings and declarations of SB 1, "this act presents a balance of new revenues and reasonable reforms to ensure efficiency, accountability, and performance from each dollar invested to improve California's transportation system." SB 1 further states a comprehensive, reasonable transportation funding package will ensure transportation needs are addressed, fairly distribute the economic impact of increased funding, and direct increased revenue to the state's highest transportation needs.

SB 1 creates the Road Maintenance and Rehabilitation Account and the Road Maintenance and Rehabilitation Program. Programs funded by this account include the Local Partnership Program, the Active Transportation Program, the State Highway Operation and Protection Program (SHOPP), and Local Streets and Roads apportionments. SB 1 states that "it is the intent of the Legislature that the Department of Transportation and local governments are held accountable for the efficient investment of public funds to maintain the public highways, streets, and roads, and are accountable to the people through performance goals that are tracked and reported."

SB 1 also includes the following guidance relative to the Road Maintenance and Rehabilitation Program (SHOPP and Local Streets and Roads apportionments funded from the Road Maintenance and Rehabilitation Account):

- To the extent possible and cost effective, and where feasible, the department and cities and counties shall use advanced technologies and material recycling techniques that reduce the cost of maintaining and rehabilitating the streets and highways, and that exhibit reduced levels of greenhouse gas emissions through material choice and construction method.
- To the extent possible and cost effective, and where feasible, the department and cities and counties shall use advanced technologies and communications systems in transportation infrastructure that recognize and accommodate advanced automotive technologies that may include, but are not necessarily limited to, charging or fueling opportunities for zero-emission vehicles, and provision of infrastructure-to-vehicle communications for transitional or full autonomous vehicle systems.
- To the extent deemed cost effective, and where feasible, in the context of both the project scope and the risk level for the asset due to global climate change, the department and cities and counties shall include features in the projects funded by the program to better adapt the asset to withstand the negative effects of climate change and make the asset more resilient to impacts such as fires, floods, and sea level rise.
- To the extent beneficial, cost effective, and practicable in the context of facility type, right-of-way, project scope, and quality of nearby alternative facilities, and where feasible, the department and cities and counties shall incorporate complete street elements into projects funded by the program, including, but not limited to, elements that improve the quality of bicycle and pedestrian facilities and that improve safety for all users of transportation facilities.

SB 1 also creates two new registration fees, the Transportation Improvement Fee imposed on all motor vehicles, and the Road Improvement Fee imposed on zero-emission motor vehicles. Revenues from the Road Improvement Fee will be deposited in the Road Maintenance and Rehabilitation Account. Revenues from Transportation Improvement Fee will be deposited in the Public Transportation Account to fund the Transit and Intercity Capital Program and the State Transit Assistance Program, in the State Highway Account to fund the Solutions for Congested Corridors Program, and in the Road Maintenance and Rehabilitation Account.

Recognizing the emphasis SB 1 places on accountability, staff intends to incorporate measures in the guidelines for the individual programs to promote efficiency, accountability, and performance from each dollar invested.

SB 1 does not provide resources for the Commission to implement these new programs and expanded responsibilities. Staff does not anticipate receiving funding to hire staff to implement SB 1 until the enactment of the 2017-18 budget (approximately June 30, 2017). Until funding is provided and staff can be hired, the Commission will absorb this additional workload with existing staff.

Attachments:

- Attachment A: Implementation Plan for Senate Bill 1

**CALIFORNIA TRANSPORTATION COMMISSION
IMPLEMENTATION PLAN FOR SENATE BILL 1**

OVERVIEW:

The Road Repair and Accountability Act of 2017, SB 1, provides the first significant, stable, and on-going increase in state transportation funding in more than two decades. In providing this funding, the Legislature has provided additional funding to and increased the Commission's role in a number of existing programs, and created new programs for the Commission to oversee as described below.

As stated in the Legislature's findings and declarations of SB 1, "this act presents a balance of new revenues and reasonable reforms to ensure efficiency, accountability, and performance from each dollar invested to improve California's transportation system." SB 1 further states a comprehensive, reasonable transportation funding package will ensure transportation needs are addressed, fairly distribute the economic impact of increased funding, and direct increased revenue to the state's highest transportation needs.

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- To the extent possible and cost effective, and where feasible, the department and cities and counties shall use advanced technologies and communications systems in transportation infrastructure that recognize and accommodate advanced automotive technologies that may include, but are not necessarily limited to, charging or fueling opportunities for zero-emission vehicles, and provision of infrastructure-to-vehicle communications for transitional or full autonomous vehicle systems.
- To the extent deemed cost effective, and where feasible, in the context of both the project scope and the risk level for the asset due to global climate change, the department and cities and counties shall include features in the projects funded by the program to better adapt the asset to withstand the negative effects of climate change and make the asset more resilient to impacts such as fires, floods, and sea level rise.
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Recognizing the emphasis SB 1 places on accountability, staff intends to incorporate measures in the guidelines for the individual programs to promote efficiency, accountability, and performance from each dollar invested.

The timelines below are intended to be a guide. Staff will update these timelines during the guidelines development process. The development of guidelines will include workshops open to State and Federal Agencies, Tribal Governments, Regional and Local Agencies, as well as organizations representing environmental, social equity, land-use and business perspectives, and interested stakeholders. Updated timelines will be included in the program guidelines ultimately brought forward for Commission adoption.

RECOMMENDED IMPLEMENTATION BY PROGRAM:

Active Transportation Program – SB 1 provides an increase of \$100 million annually for the Active Transportation Program. This represents an increase in the size of this on-going program by more than 80%. The Active Transportation Program funding provided in SB 1 will begin in 2017-18. Projects have been select for the current Active Transportation Program through 2020-21. Pursuant to statute, the 2019 Active Transportation Program will cover the period 2019-20 through 2022-23 and must be adopted by April 1, 2019 (Streets and Highways Code Section 2384). Therefore, the Commission will need a call for projects, a 2018 Active Transportation Program, for projects covering SB 1 funding available in 2017-18 and 2018-19. Therefore, staff recommends making this funding available to already programmed projects that can be delivered earlier than currently programmed or for projects that applied for funding in the 2017 Active Transportation Program but that were not selected for funding.

Staff recommends the following timeline for implementing the 2018 Active Transportation Program:

- Workshops to develop guidelines – June 2017
- Adoption of guidelines – June 28-29, 2017
- Applications due – August 2017
- Program adoption, statewide and small urban & rural components – October 18-19, 2017
- Program adoption, large Metropolitan Planning Organization component – December 6-7, 2017

Local Partnership Program – SB 1 creates this new \$200 million per year program. Guidelines for this program must be adopted on or before January 1, 2018. SB 1 provides relatively little guidance for this program. The bill states:

- Funding from this program is “for counties that have sought and received voter approval of taxes or that have imposed fees, including uniform developer fees.”
- “Eligible projects... include but are not limited to, sound walls for a freeway that was built prior to 1987 without sound walls and with or without high occupancy vehicle lanes if the completion of the sound walls has been deferred to lack of available funding for at least twenty years and a noise barrier scope summary report has been completed within the last twenty years.”
- Funds are appropriated “for allocation to each eligible county and city in the county for road maintenance and rehabilitation purposes.”

SB 1 states that “the guidelines shall be the complete and full statement of the policy, standards, and criteria that the commission intends to use to determine how these funds will be allocated.” As noted above, the bill contains relatively little guidance on the implementation of this program. In order to develop a timeline to implement this program, the Commission must answer a key policy question: should this be a competitive program, a formula program, or a combination of the two?

Proposition 1B of 2006 included the similarly named “State-Local Partnership Program.” In 2008, the Legislature enacted implementing legislation (AB 268) to add Article 11 (commencing with Section 8879.66) to Chapter 12.491 of Division 1 of Title 2 of the Government Code. Article 11 defined the purpose and intent of the program, the eligibility of applicants, projects, and matching funds, and provided that 95% of program funds would be distributed by formula to match voter-approved transportation taxes and fees and that the remaining 5% would be available for a competitive grant application program to match uniform developer fees. Staff would note that the Legislature, in drafting SB 1, did not make reference to the Proposition 1B State-Local Partnership Program.

In its 2013 Annual Report to the Legislature, the Commission recommended greater use of competitive programs. The Commission recommended that “the Governor and the Legislature reevaluate existing formula funding programs and limit their use in favor of competitive programs that focus on funding transportation projects with the greatest overall benefits, while at the same time adequately preserving our existing transportation assets” and, specifically referencing the State-Local Partnership Program and other Proposition 1B programs that were subject to formulaic distribution, recommended that “future initiatives include more emphasis on performance-based project selection and implementation processes as opposed to formula-based programming or other non-competitive project selection processes”.

Therefore, to recognize the benefits of a competitive program while still providing incentives to counties to enact taxes and fees to fund transportation needs, staff recommends implementing the Local Partnership Program as a 75% competitive program, 25% formula program.

Staff recommends the following timeline for implementing the Local Partnership Program:

- Workshops to develop guidelines – June through September 2017
- Presentation of draft guidelines – August 16-17, 2017
- Adoption of guidelines – October 18-19, 2017

- Applications due – March 2018
- Adopt Program – June 2018

Local Streets and Roads – SB 1 provides an increase of \$1.5 billion annually, beginning in November 2017. Prior to SB 1, the Commission had no role in the Local Streets and Roads apportionment program. SB 1 creates new responsibilities for the Commission relative to this funding, including development of guidelines, review of project lists submitted by cities and counties, reporting to the State Controller, and receiving reports on completed projects.

Staff recommends the following timeline for development of guidelines for the Local Streets and Roads Program:

- Workshops to develop guidelines – June and July 2017
- Presentation of draft guidelines – August 16-17, 2017
- Adoption of guidelines – October 18-19, 2017

Solutions for Congested Corridors Program – SB 1 creates this new \$250 million per year program beginning 2017-18. Commission responsibilities include developing guidelines, holding public hearings, reviewing corridor plans, scoring project nominations, programming projects, allocating funds to projects, monitoring program delivery, and reporting to the Legislature.

Staff recommends the following timeline for implementing the Solutions for Congested Corridors Program:

- Workshops to develop guidelines – June through October 2017
- Presentation of draft guidelines – October 18-19, 2017
- Adoption of guidelines – December 6-7, 2017
- Applications due – May 2018
- Program adoption – August 2018

State Highway Operation and Protection Program (SHOPP) – SB 1 provides an increase of approximately \$1.9 billion annually, beginning in November 2017, along with a significant expansion of the Commission’s oversight responsibilities. SB 1 requires additional Commission oversight of the development and management of the SHOPP, including allocating support staff, project review and approval, and convening public hearings prior to adopting the SHOPP. The Commission is also responsible for monitoring Caltrans’ performance and progress toward accomplishing the specific goals set out in SB 1 and other targets or performance measures adopted by the Commission. Key requirements applicable to the Commission’s implementation of SB 1 SHOPP related requirements include the following:

- Receive annual reports from Caltrans relative to the expenditures made with Road Maintenance and Rehabilitation Account including the progress made and achievement of the 2027 performance goals specified in SB 1.
- Evaluate annually Caltrans’ effectiveness in reducing deferred maintenance and improving road conditions as demonstrated by progress made in achieving the 2027 performance goals.
- Include any findings in its annual report to the Legislature.
- May make recommendations for improvement and withhold future project allocations if the Commission determines that funds were not appropriately spent.

- Receive annual reports from Caltrans on savings from the implementation of efficiency measures to invest in maintenance and rehabilitation of the state highway system.
- Review the proposed SHOPP relative to its overall adequacy, consistency with the asset management plan, level of annual funding to implement the SHOPP, and impact of SHOPP expenditures on the STIP.
- Hold hearings in the North and South prior to adopting the SHOPP.
- Allocate Caltrans' capital outlay support resources by project phase to provide public transparency for Caltrans budget estimates.
- Develop SHOPP guidelines in consultation with Caltrans.
- Establish a threshold for requiring supplemental project allocations to ensure efficiency but not to unnecessarily delay projects.
- Adopt targets for the Asset Management Plan including targets to measure the degree to which progress was made towards achieving the overall 2027 targets.

Staff recommends the following timeline for development of interim SHOPP guidelines:

- Presentation of Draft Interim Guidelines – May 17, 2017
- Adoption of Interim Guidelines – June 28-29, 2017

State Transportation Improvement Program (STIP) – SB 1 stabilizes funding for the STIP. The impact of the stabilization of STIP funding will be included in the 2018 STIP Fund Estimate and incorporated in the 2018 STIP.

Staff recommends the following timeline for the 2018 STIP:

- Approval of fund estimate assumptions – May 17, 2017
- Presentation of draft guidelines and draft fund estimate – June 28, 2017
- Adoption of guidelines and fund estimate – August 16-17, 2017
- Submittal of draft Interregional Transportation Improvement Program – October 15, 2017
- Interregional Transportation Improvement Program Hearings – November 2017
- Submittal of Regional Transportation Improvement Programs and the final Interregional Transportation Improvement Programs – December 15, 2017
- STIP Hearings – January-February 2018
- Program adoption – March 2018

Trade Corridor Enhancement Account – SB 1 creates this new \$300 million per year account to fund corridor based freight projects nominated by local agencies and the state. Trailer bill language was recently released to incorporate this funding and federal freight funding into a single program. Because these changes would significantly impact the guidelines for the California Freight Investment Program (CFIP) that are being presented under a separate agenda item, staff will withdraw the CFIP guidelines and initiate additional workshops to revise the guidelines before bringing them to the Commission for approval. The revised timeline for the California Freight Investment Program is:

- Workshops to develop guidelines – June through November 2017
- Presentation of draft guidelines – December 6-7, 2017
- Adoption of guidelines – January 2018
- Applications due – February 2018
- Program adoption – May 2018

Traffic Congestion Relief Program (TCRP) - SB 1 states “as of June 30, 2017, projects in section 14556.4 for the Traffic Congestion Relief Program shall be deemed complete and final, and funding levels shall be based on actual amounts requested by the designated lead applicant pursuant to section 14556.12.” Between 2001 and 2006, numerous statutes were enacted to borrow or delay the revenue that funded this program. SB 1 directs the repayments due of all outstanding loans that were made from the Traffic Congestion Relief Program Fund to the General Fund and directs the repayments that would have funded TCRP projects to other programs. Therefore, the only funding available to fund TCRP projects is approximately \$90 million of savings attributable to specific projects. Staff’s proposed plan to close-out the TCRP is included under a separate agenda item.