



July 13, 2017

TO: Board Members, Transportation Agency for Monterey County

FROM: Gus Khouri, Principal  
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**RE: STATE LEGISLATIVE UPDATE – JULY**

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With the enactment of SB 1 (Beall), Chapter 5, Statutes of 2017, also known as the Road Maintenance and Accountability Act, TAMC will have an opportunity to access much-needed funding to address our multimodal priorities. While the full effect of the revenues will not be realized until fiscal year (FY) 18-19 with the imposition of the transportation improvement fee (goes into effect January 1, 2018) and gas and diesel tax increases (November 1, 2017), the enacted FY 2017-18 budget includes estimates in this fiscal year.

#### **Potential Funding Opportunities**

The California Transportation Commission (CTC) and California State Transportation Agency (CalSTA) are in the process of establishing a schedule for workshops prior to adopting guidelines for various programs in SB 1. Below is snapshot of programs of interest to TAMC:

#### **Active Transportation Program**

SB 1 provides an increase of **\$100 million annually** for the Active Transportation Program (ATP). This represents an increase in the size of this on-going program by more than 80% (funding prior to SB 1 was \$125 million). The ATP funding provided in SB 1 will begin in FY 2017-18. Projects have been selected for the current Active Transportation Program through 2020-21. The CTC will have a call for projects that covers FY 17-18 and 18-19 for the new funding. This is the timeline for the 2018 ATP:

- 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

#### **State-Local Partnership Program (SLPP)**

SB 1 puts **\$200 million per year** into this program, first established in 2008. Guidelines for the SLPP must be adopted on or before January 1, 2018. Funding from this program is for counties that have received voter approval of taxes or that have imposed fees, including development impact fees (SB 1 excludes toll revenues from this program). Funds are appropriated “for allocation to each eligible county and city in the county for road

maintenance and rehabilitation purposes”, but the Governor’s budget trailer bill seeks to provide flexibility for other purposes.

In 2008, the legislature 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, with the remaining 5% available for competitive grants to match developer fees. Without any legislative direction this time around, the CTC will adopt a 50/50 split between competitive grants and formula-based shares. The CTC will reevaluate the 50/50 split in two years. It is uncertain how much revenue TAMC would receive from its formula share due to Measure X, given that there are now 24 self-help counties and many other counties with developer fees. The timeline for program adoption is as follows:

- 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. The FY 2017-18 budget allocates \$445.4 million to the program. Prior to SB 1, the CTC had no role in the Local Streets and Roads apportionment program. The CTC now has new responsibilities 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. The timeline for program adoption is as follows:

- Adoption of guidelines – October 18-19, 2017
- First funding expected to flow – November/December 2017

### **Solutions for Congested Corridors**

SB 1 creates this new **\$250 million per year** program beginning in FY 2017-18. CTC 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. The timeline for program adoption is as follows:

- Applications due – February 2018
- Program adoption – May 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 CTC’s oversight responsibilities. The FY 2017-18 budget allocates \$445.4 million to the program. SB 1 requires additional CTC 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 CTC 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 CTC. The adoption of guidelines occurred at the CTC’s June 28-29 meeting.

### **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. **The initial draft fund estimate shows an additional \$30.947 million for Monterey County.** The CTC has the following timeline for the 2018 STIP:

- 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. The FY 2017-18 budget allocates \$199.8 million to the program. Budget trailer bill language was recently released to incorporate this funding and federal freight funding into a single program. The timeline for program adoption is as follows :

- Applications due – February 2018
- Program adoption – May 2018

Meanwhile, California State Transportation Agency (CalSTA) is also developing guidelines for the rail and transit funding pots, which have both cap and trade funding as well as new funding from SB 1. For these programs, CalSTA is aiming to adopt final guidelines in September 2017.

### **Transit & Intercity Rail Program**

The FY 2017-18 budget allocates \$323 million to the program. The next program will cover 5 years of funding, estimated to be in the range of **\$1.5 billion to \$2 billion**. This is a competitive program to fund a small number of transformative projects that improve the statewide network and reduce greenhouse gas emissions. The primary evaluation criteria are emission reduction, ridership growth, achievement of integrated service, and safety benefit. The secondary evaluation criteria are co-benefits of broader sustainable community goals, disadvantaged community benefits, and geographic balance. Awards will be made in early spring 2018.

### **State Transit Assistance**

SB 1 directs approximately **\$105 million annually** for state-of-good-repair investments. The FY 2017-18 budget allocates \$280 million to the program. Revenue is allocated according to the STA formula based on population and transit agency revenue. Upon certification of project eligibility, funds will be allocated quarterly by the Controller, starting in early 2018.

### **Commuter Rail and Intercity Rail funding**

SB 1 directs a 0.5% portion of new diesel sales tax revenue for allocation: half to the 5 commuter rail providers and half to the 3 intercity rail corridors. The average annual total statewide annual allocation will be approximately **\$4.4 million**. Revenue is allocated to intercity rail corridors such that each existing corridor receives at least 25% of the intercity rail share. TAMC is working with CalSTA regarding the remaining 25% share that is expected to go to emerging corridors, such as the Salinas Rail Extension and Coast Passenger Rail. The FY 2017-18 budget allocates \$25 million to the program.

We will work with staff to help formulate a strategy to maximize TAMC's position in acquiring resources from the various programs.