Road Fund – Maintenance and Operations White Paper

1. **Executive Summary**

El Dorado County (County) has a "Road Fund" that it utilized to deposit and expend funding for road related activities. These road related activities include at least portions of the following; maintenance and operations, Capital Improvement Program (CIP) project costs, bridge work, engineering, and right-of way related activities. The focus of this report is on maintenance and operations related activities as funding for these services has become limited in recent years. Generally maintenance and operations activities include; filling potholes, repaving roadways, overlaying roadways, crack sealing, brush clearing, ditching activities, storm drain and culvert cleaning, bridge maintenance, and the roadside vegetation control (herbicide) program.

As mentioned, funding for road maintenance and operations related activities at the local government level has been declining statewide in California for several years. The main reason for this reduction in funding is due to declining gasoline tax ("Gas Tax") revenue from the State, which according to State projections will continue to decline without legislative action. Gas Tax is allocated by the State to local governments and is utilized generally for road maintenance and operations activities. The Gas Tax makes up a large portion of the County's "Road Fund" revenue utilized for road maintenance and operations activities. Gas Tax revenue continues to decline as the price of gasoline ("Gas") has decreased, more fuel efficient vehicles utilize less Gas, and State legislative inaction to make adjustments to rectify this statewide issue. Further, motor vehicle users are utilizing the roadway system at a higher rate which expedites roadway degradation and need for rehabilitation work to maintain existing conditions.

Due to declining road maintenance revenues, the County has sought and achieved efficiencies to help "bridge the gap" to sustain roadway maintenance and operations activities. When available, supplemental funding from non-road sources has been used to supplement the maintenance program, as jurisdictions wait for State action on a sustainable solution for on-going dedicated funding. However these two methods alone will not be sufficient to achieve long term sustainable funding to maintain the County's roadway system into the future. Therefore, this white paper has been prepared to identify the current status of road maintenance and operations funding, options going forward to address both short-term and sustainable long-term solutions, current State level action/proposals, and recommendations for action going forward.

2. Fiscal Year 2016-17 Recommendation:

In order to address this shortfall in road maintenance and operations funding for FY 2016-17, at the June 13, 2016 meeting the Board directed the Chief Administrative Office to include supplemental funding for such activities as available funding becomes evident. This direction was given within the context of waiting until the "books" closed for FY 2015-16 and seeing how the year-end General Fund – Fund Balance figures come in.

While the General Fund has historically been utilized to provide some level of supplemental funding to the Road Fund for certain years, there are inherent issues with doing so as a standard practice as identified below. After analyzing potential funding sources to address the Board direction to provide supplemental funding for road maintenance and operations related activities, staff is confident in recommending transferring $2 million from the Missouri Flat Master Circulation & Funding Plan (MC&FP) funds for FY 2016-17. This amount, as noted further below, represents a "safe" figure that allows enough Fund Balance to remain in the MC&FP accounts for both known and potential upcoming expenses in these funds following the recommended transfer.

Further, after discussions with the Community Development Agency (CDA) Director, the $2 million figure likely represents more funding than can be expended in FY 2016-17 for the aforementioned road activities (given workload, timing constraints, the passing construction season, etc.). If the full $2 million is not expended for FY 2016-17, staff recommends rolling such unexpended funding into the FY 2017-18 budget for the same activities unless long-term sustainable funding is identified for such purposes at the State or local level. While CDA made a recommended budget request of $3 million in supplemental General Fund monies for FY 2016-17, the recommended lower amount should outpace the ability to expend such funding.

3. Short Term Options for FY 2016-17

The immediate or "short-term" options to help supplement the Road Fund for maintenance and operations related activities for FY 2016-17 are limited; however the identified options have inherent concerns as acknowledged below. The FY 2016-17 short-term recommendation is to utilize $2 million in MC&FP funding; however a few other one-time transfer options exist as identified below.

i. Missouri Flat Master Circulation & Funding Plan (MC&FP) – The MC&FP program was created to fund transportation related existing deficiency related improvements within the Missouri Flat corridor area. This program has been successful in providing a mechanism to address some transportation related deficiencies; however the program has essentially been utilized for the purpose it was created, and therefore is not needed going forward. There is available funding in the respective MC&FP accounts that could be transferred to the Road Fund to meet the immediate direction of the Board for FY 2016-17. It should be noted that the funding source for MC&FP is County discretionary tax revenue (sales and property). Staff from the CDA – Administration and Finance Division has estimated that once the MC&FP program terminates there will be $1 million in additional discretionary funding annually received by the County.

Concerns: This action would have little downside when compared to the alternative options identified below. Further, this one-time recommendation may help with the Maintenance of Effort (MOE) concern addressed below.

ii. General Fund – The Board has previously utilized General Fund funding to supplement the Road Fund for road maintenance and operations related activities. This practice has been recently utilized to expedite delivery of road maintenance related activities, enhance the County roadways PCI (see below in Section 5.), and provide funding to do so given the decline in State Gas Tax revenues for such purposes. There are two main concerns associated with utilizing General Fund monies to subsidize road maintenance and operations related activities.

Concerns: The primary concern with allocating General Fund monies to Road Fund activities revolves around the significant competing interests surrounding this discretionary revenue source. The County relies on the General Fund to pay for a significant portion of County operations, with many competing interests that are not programmed into the budget each year due to revenue constraints. Given the limited nature of this potential funding source, the County simply does not have "additional" General Fund monies that can be programmed to backfill the shortfall in Gas Tax revenue received from the State, without impacting other County wide and Strategic Plan priorities.

Additionally, if the County had significant available General Fund monies to utilize to supplement the Road Fund, doing so could inadvertently tie up this funding into the foreseeable future. In the past the State has taken actions related to mandating a MOE in providing supplemental funding for road maintenance and operations related activities. One such example of an MOE requirement tied to a piece of legislation from the State is Proposition 42 approved by the voters in March of 2002. Proposition 42 required cities and counties to maintain average levels of supplemental funding provided from their respective general funds from the previous three fiscal years for several years going forward. The result of this mandated MOE put major strains on certain cities and counties that supplemented their road maintenance and operations activities at a high level for specified years. This case holds true for the City of Santa Rosa and County of Fresno, who found themselves in the position of not having enough discretionary funding to cover the MOE requirements and sought legislative relief from the requirement. Ultimately, by supplementing road maintenance and operations activities with discretionary and scarce general fund monies the County runs the risk of an MOE issue into the foreseeable future.

Alternative Option: Allocate up to $2 million in General Fund monies for FY 2016-17 road maintenance and operations activities. This option could include additional other identified funding as well, dependent on the level of funding the Board desires to allocate for FY 2016-17 but will result in service level reductions, reductions to capital reserves or reductions in contingency funding. As mentioned above, this option has inherent issues and is not being recommended.

Further, by allocating MC&FP funding, versus General Fund funding, the Board will be in a better financial position to meet the Board adopted Budget Policies (adopted May 19, 2015). These policies relate to: placing a minimum of 3% of adjusted General Fund appropriations into Contingency (Policy 7 "General Fund Contingency"); a goal of transferring sufficient funding for General Fund Reserves equivalent to approximately 5% of adjusted General Fund (Policy 8 "General Reserves"); and transferring 2-4% of the total replacement value of public facilities to capital reserves to properly maintain such facilities, totaling a minimum of $5 million/year (Policy 9 "Capital Reserves").

iii. Sacramento Metropolitan Utility District (SMUD) - The County receives annual payments from SMUD to help mitigate for impacts associated with activities tied to SMUD's Upper American River Project (UARP). SMUD received a license renewal from the Federal Energy Regulation Commission (FERC) for the UARP in 2014 that is set to expire on June 30, 2064. In short, the UARP consists of 11 reservoirs and 8 powerhouses which are all located within the County's jurisdictional boundaries. The mitigation payments the County receives, as part of a cooperative agreement (Agreement) between the County and SMUD (amongst other parties) amount to a net of $700 thousand annually for the duration of the FERC license (with a Consumer Price Index inflator applied each year to such payments).

The use of SMUD funding has been interpreted by some to be restricted solely to capital improvements to Ice House Road and other similar projects within the immediate vicinity of Ice House Road. However Section 4.4 of the Agreement titled "Use of Payment Funds" includes language that is entirely open to the County's discretion for utilization of the funds ("...or any other interest within the jurisdiction of, the County."). As such, the entirety of the funds received under the Agreement is expendable under the County's discretion.

Concerns: There have been competing interests for SMUD funding as there has not been a consistent approach to allocating such funds in the County's budget. Without a clear and consistent approach, there is the opportunity for numerous interests to attempt to utilize such funding, which is often the case.

As noted above, there are parties that believe the application of the Agreement funds is limited in nature. While the language above reiterates the point that this is not the case, political sensitivities should be noted if a recommendation is to appropriate a significant portion of these funds. Given that SMUD vehicles frequent the County maintained roadway system as a whole, which inherently causes roadway degradation, utilizing SMUD funds for road maintenance and operations activities countywide is appropriate.

Alternative Option: Allocate up to $500 thousand in SMUD monies for FY 2016-17 road maintenance and operations activities. This alternative funding figure represents the ceiling for recommended use of this funding stream to allow for other projects to move forward that have or may rely on such funding. Typically, these other projects include grant matches for Ice House Road repaving, Rubicon trail equipment purchases, and Sheriff Patrol activities on the Rubicon Trail. This option could include additional other identified funding as well, dependent on the level of funding the Board desires to allocate for FY 2016-17. As mentioned above, this option has inherent issues and is not being recommended.

4. Long Term Sustainable Options

The County has been aware of the declining Gas Tax revenue for several years and the correlation between this decline and less revenue available for road maintenance and operations related activities. Fortunately, the Road Fund has had a Fund Balance figure available from previous years where revenues outpaced expenditures in a given year. Below are several options for providing long-term sustainable enhanced funding for either road maintenance and operations related activities, or other County operations.

I. Sales Tax Measure – Given the statewide problem of declining Gas Tax and no remedies yet provided by the State, numerous local jurisdictions have proceeded with local sales tax increase ballot measures subject to voter approval. These measures can be either general in nature (i.e. not for a specified purpose) or tied to a specific purpose (i.e. roads). If the measure is general in nature, then only a simple majority vote of the voters is required (50% plus 1). If the measure is dedicated to a specific purpose, then a 2/3 supermajority voter approval is required. This distinction is very important in determining which type of sales tax increase measure a jurisdiction may wish to pursue.

As noted in Exhibit A, several local jurisdictions in California brought forward ballot measures for the June 7, 2016 election seeking voter approval to increase sales tax rates from 0.125% to 1%, depending on the jurisdiction. Of the 13 measures noted, only 6 passed, of which one was specific in nature (City of Isleton for Fire Protection Services). The only measure tied specifically to transportation came from San Benito County and that measure failed (59.77% voted yes, which was less than the 66.67% supermajority required for a specific measure). This example illustrates how much more difficult it is to get a specific versus general sales tax increase measure approved.

Further, Sacramento County, Placer County, and the City of Placerville are moving forward with a ballot measures for the November 2016 election requiring a 2/3 supermajority vote. Staff will closely monitor the results of these measures in an effort to help frame future discussions, should the Board choose to pursue a local sales tax increase measure. It should be noted that there are 19 “self-help” counties in California that already have local sales tax measures in place, including Sacramento.

For FY 2016-17, the County has budgeted for just over $11 million in sales tax revenue. This amount is derived from the County’s share of the 7.5% per dollar total share of sales tax charged during most sales transactions in the County. If the County were to proceed with a local sales tax measure of 0.125% or 0.5%, if all other variables are held constant, the County could assume an increase in sales tax from the unincorporated area of the County of $1.5 million and $6.0 million, respectively.

Concern: First, asking the voters to approve an increase in taxes can be very challenging. However given the state inaction to resolve this statewide issue, a local sales tax increase measure may be the best action to secure adequate funding for sustainable road maintenance and operations related activities. Additionally, by taking action the County would be at least in part insulated from budgetary changes made at the state level (local control of funds).
Second, road maintenance and operations activities are joined by other priorities competing for scarce resources. As mentioned, the Board has adopted budget policies to help ensure adequate funding is available for a host of best practices. The County's Strategic Plan includes numerous future undertakings that are currently not funded or do not have dedicated funding sources. A sales tax measure increase should be considered in concert with other potential competing interests beyond road maintenance and operations funding. The County has several potential financial needs that could be addressed through a local sales tax ballot measure subject to voter approval (such as the public safety facility). In maintaining consistency with the Board Policy #2 "Maximize the Board's Discretion", if the Board were to move forward with a sales tax increase ballot measure it should be general in nature. Additional consideration should be given to a general sales tax measure increase as this discretionary General Fund revenue would be considered for MOE purposes as previously mentioned.

The current proposed state legislation that has gained bipartisan and subcommittee support (see below) also has reference for a companion bill that would reduce the 2/3 supermajority vote for transportation related sales tax ballot measures down to a 55% majority. By waiting until this potential bill gains approval, the County may position itself better to pass such a special sales tax measure if this proves to be a desirable route to proceed.

II. Increase Solid Waste Franchise Fee % - Solid Waste Franchise Fees (Franchise Fees) are received by the County from solid waste haulers for the provision of operating their respective franchises exclusively within specified areas of the County's jurisdiction. The County receives 5% of gross revenues received by each franchisee, which is included on solid waste bills paid by customers. The funds received by the County by way of Franchise Fees are discretionary in nature and not subject to spending limitations.

The County currently receives roughly $830 thousand per year in Franchise Fees, which increases slightly as both development occurs (more customers) and hauler rate increases occur through a consumer price index formula (small increases in gross revenues subject to Franchise Fees). This 5% Franchise Fee figure is lower than the standard in many jurisdictions and could be raised to 7-10%. If Franchise Fees are increased to the referenced 7% or 10%, this could represent an increase in County discretionary revenue of $332 thousand and $830 thousand, respectively (assuming all other variables are held constant).

Concern: Asking rate payers to pay more for the same service is generally a difficult task. If this is an area the Board would like to further explore, staff will compile information relative to what surrounding jurisdictions currently charge for solid waste services, their respective Franchise Fee percentages, how the County currently and may compare given a potential increase, and other pertinent information. After this analysis is completed, the Board should have adequate information to make a fully informed decision on moving forward with this option.

III. Increase TOT % Transient Occupancy Tax (TOT) is received by the County as an additional charge levied on top of hotel/motel stays of less than 30 days. This revenue equates to 10% of the amount charged per night stay at hotels/motels, and equates to $3.1 million in revenue for FY 2015-16. The County's General Plan Policy 10.1.6.4 directs the majority of these revenues as identified below.

> *"The majority of transient occupancy tax (TOT) generated revenue shall be directed toward the promotion of tourism, entertainment, business, and leisure travel in El Dorado County"*

Therefore, if an increase in TOT is contemplated it should be noted that the majority of such an incremental increase in revenues would not be available for road maintenance and operations related activities. For instance, if the voters approved a ballot measure to increase the TOT from 10% to 12%, the County could assume an increase in this revenue source of $620 thousand per year (holding all other variables constant). However the "majority" of this revenue would be diverted as mentioned above. For the past three years, the County has allocated 10% of the total TOT collected to the Treasurer-Tax Collector and 5% of that same total to Veterans services. These allocations are at the discretion of the Board and could be re-evaluated at any time.

Concern: The County previously moved forward with two separate efforts to increase the TOT, with both measures having failed. Subsequently in March of 2004 voters approved "Measure H" which increased the TOT from 8% to 10%. Given the failure of the previous two attempts to raise the TOT percentage and the significant effort to get Measure H passed, it will likely be difficult to move forward with an increase.

IV. Tribe Agreement Funding - The County receives $2.6 million annually from the Shingle Springs Band of Miwok Indians as identified in a Memorandum of Understanding (MOU) between the parties. The payments associated with the MOU are for "qualified public improvements" within an "Area of Use Map" as attached to the MOU. The referenced map generally encompasses the immediate area surrounding the Red Hawk Casino and Rancheria owned by the Shingle Springs Band of Miwok Indians. The County has historically utilized this funding for roadway improvements and CIP projects within the map area.

An option would be to move forward with removing the "Area of Use Map" to allow the County the discretion to utilize this funding Countywide. By removing this restriction on applying such funding, the County would be following their adopted Budget policy to maintain flexibility in regard to discretionary funding (Policy 2 "Maximize the Board's Discretion").

Concern: There are community members that believe this funding should only be utilized within the map area as this portion of the County is impacted the most from the Red Hawk Casino. If the Board directs staff to move forward in removing the "Area of Use Map", there may be some local pressure to maintain this map.

V. Other – There are assuredly other methods for raising revenues to assist with providing long-term sustainable funding for road maintenance and operations related activities. One such example is a utility user tax. These taxes can be included on top of standard charges for gas, electric, and cable television services. If desired, the Board can direct staff to compile a complete list of available revenue generating options for Board consideration.

5. Road Fund Trend

The two largest dedicated revenue streams that are utilized for roadway maintenance and operations purposes in the Road Fund are the Gas Tax and local Road District Tax funds. The Road District Tax is a small percentage of the property tax revenue the County receives and this funding has been steadily increasing as property values continue to recover following the Great Recession of the late 2000's. These two funding streams have accounted for an average of $14.1 million per year from FY 2011-12 through FY 2016-17 projections (equivalent to an average of 78% of road maintenance and operations available funding during this time frame). The Gas Tax alone has accounted for a total of $48.6 million over that same period, with an average annual allocation of $8.1M. The actual FY 2015-16 and FY 2016-17 projected allocation falls short of this average by $1.0 million and $1.6 million, respectively. The State is projecting this downward trend to continue into the future, absent State legislative action (as discussed below).

Road Maintenance and Operations Funding*

	FY16/17**	FY15/16	FY14/15	FY13/14	FY12/13	FY11/12
Gas Tax	$ 6,533,295	$ 7,080,321	$ 8,349,245	$ 10,098,571	$ 7,440,570	$ 9,101,004
Road District Tax	$ 5,800,079	$ 6,142,170	$ 5,314,124	$ 4,500,000	$ 9,494,297	$ 4,810,318
Other	$ 2,061,870	$ 2,894,912	$ 1,859,452	$ 2,445,644	$ 2,665,324	$ 2,541,374
General Fund	$ -	***	$ -	$ 2,040,837	$ 500,000	$ 491,324
LT Tribe	$ 2,500,000	$ 250,000	$ 1,284,742	$ -	$ -	$ -
MC&FP	$ 2,000,000	$ -	$ -	$ -	$ -	$ -
Total	**18,895,244**	**16,367,403**	**16,807,563**	**19,085,052**	**20,100,191**	**16,944,020**

*Figures provided by the Community Development Agency – Administration and Finance Division

**Recommended Budget Figures Including Additional Contribution at Board's Request

***The Board re-allocated $500 thousand in General Fund money in FY 15/16 that is accounted for in the CIP for overlay activities

Fortunately, following a large use of Fund Balance during FY 2010-11 to help sustain operations following the Great Recession of the late 2000's, the County built up a fairly substantial Fund Balance (where revenues outpaced expenditures for a given FY). This Fund Balance has been utilized as a revenue source since FY 2014-15 to mitigate the reduction in Gas Tax revenue, accounting for a total use of $15.9M through projections for FY 2016-17 (see chart below). End of year Fund Balance figures stood at a recent high of $19.8M at the end of FY 2013-14, to a projected low of $3.9M at the end of the current FY 2016-17. While using Fund Balance is appropriate to help expedite project delivery and mitigate for short term reductions in revenue, the current use of Fund Balance is unsustainable. This unsustainable practice needs to be remedied to ensure solvency of the Road Fund into the future, while continuing to maintain the County's most expensive and utilized infrastructure system.

Road Fund - Fund Balance (including CIP)*

	FY16/17	FY15/16	FY14/15	FY13/14	FY12/13	FY11/12
Beginning Fund Balance	$ 8,073,913	$15,343,662	$19,844,127	$15,157,847	$10,714,758	$ 9,781,053
Ending Fund Balance	$ 3,944,205	$ 8,073,913	$15,343,662	$19,844,127	$15,157,847	$ 10,714,758
Change of Fund Balance	$(4,129,708)	$ (7,269,749)	$ (4,500,465)	$ 4,686,280	$ 4,443,088	$ 933,705

*Figures provided by the Community Development Agency – Administration and Finance Division

Pavement Condition Index - As noted in the chart below, the County's roadways Pavement Condition Index ("PCI", a measure of the condition of the roadway with 100 being the best rating and 0 being the worst rating), has been steadily increasing. This increase is a positive indicator of the condition of the County's roadway, and has shown a commitment from the County to maintaining its roadway infrastructure system as a whole.

PCI by Year	
2009	53
2011	57
2012	61
2013	60
2014	63
2015	63
2016	64

6. Current State Actions

There have been numerous proposed State legislative "fixes" for rapidly declining Gas Tax revenue over the past several years that the legislature has yet to pass. The likely reason that these pieces of legislature did not get approved is due to not gathered bi-partisan support and/or support from both respective sub-committees crafting such legislation (State Assembly and Senate sub-committees).

While these legislative packages have not turned favorable in addressing this statewide issue, recently there has been positive movement in developing and taking action on a funding package. This package, known as the Frazier – Beall Transportation Funding Package, includes $7.4 billion in annual funding to repair and maintain state and local roads, improve trade corridors, and support public transit and active transportation. Attached to this memo is a breakdown of this funding package, including a total overview, where the proposed funding will go, reforms and accountability, streamlining project delivery, new annual funding sources, and keeping promises and protecting revenues (Exhibit B).

This funding package represents a singular measure by Senator Jim Beall and Assembly Member Jim Frazier that brings together key provisions of SB X1 1 (Beall) and AB 1591 (Frazier). This proposal is actively being worked on through August but if necessary, given that this is a special legislative session the item can be worked on until November 30th (with a rules change).

According to our California State Association of Counties (CSAC) representatives for transportation related issues, it appears that under each of the previously proposed independent Bills and Governor's budget proposal El Dorado County would receive additional funding approximates as identified below (see attached Exhibit C for a breakdown of each proposal). It should be noted that the joint bill has yet to be analyzed for the projected funding that would come to the County; however by comparing the local allocation of each independent bill with the joint bill, it is likely the County would receive somewhere in the neighborhood of $11 million annually.

- SBX 1-1 — $8.687 million dollars annually
- AB 1591 — $10.059 million dollars annually
- Governor's budget proposal — $4.572 million dollars annually

7. Direction Sought

Staff is seeking direction as identified below related to short term and long term sustainable actions.

Short Term "Stop Gap" for FY 2016-17 – Should the Board desire to allocate supplemental funding during the current FY, direct the Chief Administrative Office to utilize $2 million in MC&FP funding for FY 2016-17 road maintenance and operations related activities. Additional options for this immediate desire could revolve around a combination of funding sources as identified above.

Long Term Sustainable Action – In order to meet the long term funding needs regarding road maintenance and operations related activities, staff is seeking direction on the follow:

i. State Legislation – Continue to have staff monitor state legislative action regarding long-term sustainable solutions. Work closely with the County's CSAC representatives on this matter, and bring forward resolutions for support of such proposals for Board consideration.

ii. Supplemental Funding – Direct staff to further analyze and bring forward options for Board consideration to implement supplemental funding packages as identified above (or options not identified in this report).

iii. Right Sizing – Direct the Chief Administrative Office to further analyze and make recommendations and/or implement operational efficiencies within the Transportation Division of the Community Development Agency. While sustainable funding is being sought, it is advisable to look at "right sizing" operations to help guard against funding uncertainties. Additionally, this exercise will help ensure that most appropriate dollars are being spent on maintenance and operations related duties (e.g. reducing overhead costs, etc.).

Exhibit A

June 2016 Ballot Measures

Ballot Measure:	County:	Outcome:	Amount:	Length:	Purpose:	Election date
Measure B: San Jose Sales Tax Measure	Santa Clara	✔	0.25% increase	15 years	General	June 7, 2016
Measure C: Marysville Sales Tax Increase	Yuba	✔	1% increase	10 years	General	June 7, 2016
Measure K: Kings County Public Safety Sales Tax	Kings	✖	0.25%	Never	Public Safety	June 7, 2016
Measure H: Solano County Sales Tax Increase	Solano	✖	0.5 percent	5 years	General	June 7, 2016
Measure P: Compton Sales Tax	Los Angeles	✔	1%	Never	General	June 7, 2016
Measure A: Long Beach Sales Tax	Los Angeles	✔	1%	6 years	General	June 7, 2016
Measure S: Siskiyou County Sales Tax for New Jail	Siskiyou	✖	0.50%	Approx. 15-20 years	Jail construction loan	June 7, 2016
Measure M: Pittsburg Sales Tax Extention	Contra Costa	✔	0.5 % extension	17 years	General	June 7, 2016
Measure P: San Benito County Transportation Sales Tax	San Benito	✖	0.5%	30 years	Transportation	June 7, 2016
Measure B: Isleton Sales Tax	Sacramento	✔	0.5%	5 years	Fire protection services	June 7, 2016

Exhibit A

Ballot Measure:	County:	Outcome:	Amount:	Length:	Purpose:	Election date
Measure Y: Napa County Sales Tax	Napa	✗	0.25%	10 years	General	June 7, 2016
Measure E: Hemet Police and Fire Services Sales Tax	Riverside	✗	1%	10 years	Police and fire services	June 7, 2016
Measure F: Kern County Library Sales Tax	Kern	✗	0.125%	8 years	Library services	June 7, 2016

Source: Ballotopedia (https://ballotpedia.org/Sales_tax_in_California)

Exhibit B

Frazier – Beall Transportation Funding Package

- A $7.4 billion annual funding package to repair and maintain our state and local roads, improve our trade corridors, and support public transit and active transportation.
- A $706 million repayment of outstanding transportation loans for state and local roads.
- Eliminates the BOE "true up" that causes funding uncertainty and is responsible for drastic cuts to regional transportation projects.
- Indexes transportation taxes and fees to the California CPI to keep pace with inflation.
- Reforms and accountability for state and local governments to protect taxpayers.
- Streamlines transportation project delivery to help complete projects quicker and cheaper.
- Protects transportation revenue from being diverted for non-transportation purposes. *
- Helps local governments raise revenue at home to meet the needs of their communities.*

New Annual Funding

- **State** -- $2.9 billion annually for maintenance and rehabilitation of the state highway system.
- **Locals** -- $2.5 billion annually for maintenance and rehabilitation of local streets and roads.
- **Regions** -- $534 million annually to help restore the cuts to the State Transportation Improvement Program (STIP).
- **Transit** -- $516 million annually for transit capital projects and operations.
- **Freight** -- $900 million annually for goods movement.
- **Active Transportation** -- $80 million annually, with up to $150 million possible through Caltrans efficiencies, for bicycle and pedestrian projects.
- Constitutional Amendment to help locals raise funding at home by lowering the voter threshold for transportation tax measures to 55 percent.*

Reforms and Accountability

- Restores the independence of the California Transportation Commission (CTC).
- Creates the Office of Transportation Inspector General to oversee all state spending on transportation.
- Increases CTC oversight and approval of the State Highway Operations and Protection (SHOPP) program.
- Requires local governments to report streets and roads projects to the CTC and continue their own funding commitments to the local system.

Streamlining Project Delivery

- Permanently extends existing CEQA exemption for improvements in the existing roadway.
- Permanently extends existing federal NEPA delegation for Caltrans.
- Creates an Advance Mitigation program for transportation projects to help plan ahead for needed environmental mitigation.

New Annual Funding Sources

- Gasoline Excise Tax -- $2.5 billion (17 cents per gallon increase)
- End the BOE "true up" -- $1.1 billion
- Diesel Excise Tax -- $900 million (30 cents per gallon increase)
- Vehicle Registration Fee -- $1.3 billion ($38 per year increase)
- Zero Emission Vehicle Registration Fee -- $16 million ($165 per year starting in 2nd year)
- Truck Weight Fees -- $1 billion (Return to transportation over five years)
- Diesel Sales Tax -- $216 million (3.5% increase)
- Cap and Trade -- $300 million (from unallocated C&T funds)
- Miscellaneous transportation revenues -- $149 million

Keeping Promises and Protecting Revenues

- One-time repayment of outstanding loans from transportation programs over two years. ($706 million)
- Return of truck weight fees to transportation projects over five years. ($1 billion)
- Constitutional amendment to ensure new funding cannot be diverted for non-transportation uses.

**These provisions will be in companion bills.*

Exhibit C

Preliminary Comparison of Three Transportation Funding and Reform Proposals as of May 5, 2016

	SBX1 1 (Beall) as of April 21, 2016	AB 1591 (Frazier) as of Jan. 6, 2016	Governor's Proposal from Sept. 6, 2015
Funding			
Gas Excise Tax Increase	12 cents ($2b)	22.5 cents ($3.5b)	None
Price-Based Excise Tax Adjustment Reset	17.3 cents ($900m)	17.3 cents ($900m)	18 cents ($900m)[1]
- *CPI adjustment applied to entire excise tax*	*Every 3 years; and fuel economy*	*Every 3 years*	*Every year*
Diesel Excise Tax Increase	22 cents ($600m)	30 cents ($800m)	11 cents ($300m)
- *CPI adjustment applied to entire excise tax*	*Every 3 years*	*Every 3 years*	*Every year*
Diesel Sales Tax Increase	3.5% ($300m)	None	None
Vehicle Registration Fee Increase	$35 ($1b)	$38 ($1b)	None
Road Access Fee/Highway User Fee	$35 ($1b)	None	$65 ($2b)
ZEV-specific Fee	$100 ($25m)	$165 ($35m)	None
- *Total Vehicle Fee Increase*	*$70 ($170 for ZEVs)*	*$38 ($203 for ZEVs)*	*$65*
Non-Highway Vehicle Gas Tax Diversion Restored	$100m	-	-
Greenhouse Gas Reduction Fund (Cap & Trade)	TIRCP[2] from 10% to 20% ($200m)	TIRCP from 10% to 20% ($200m)	TIRCP - $400m
	LCTOP[3] from 5% to 10% ($100m)	TCIF – 20% ($400m)	Complete Streets - $100m
	Active Transportation - $100m		
Weight Fees	Partially returned immediately, plan for full return adopted by 2021-22	Returned immediately[4]	None
General Fund Loan Repayments	Over 3 yrs, to RMRA[5]	Over 2 yrs, directly to locals[6]	By 6/30/19, to various accts[7]
Caltrans Efficiencies	Up to 30% ($500m)	None	$100m
Estimated Total Annual Funding Increase[8]	**~ $7 billion**	**~ $7 billion**	**~ $3.7 billion**
Estimated Annual Funding for Local Streets and Roads[9]	**~$1.9 billion**	**~$2.2 billion**	**~$1.0 billion**

[1] The Governor's proposal doesn't reset the price-based excise tax until the 2017-18 fiscal year.
[2] Transit and Intercity Rail Capital Program, a competitive grant program administered by the Transportation Agency.
[3] Low Carbon Transit Operations Program
[4] The weight fees would not be transferred from the State Highway Account and instead be available for traditional uses including SHOPP, STIP, and local roads through existing formulas. Therefore they are not included in the Estimated Total Annual Funding Increase, but would result in roughly $1 billion more funding.
[5] The Road Maintenance and Rehabilitation Account, created in SB 1x1.
[6] Through Streets and Highways Code Section 2103 formula. Funds allocated with assumption that local agencies have project "shelf" that can accommodate new funding.
[7] $132 million highway maintenance, $265 million for TIRCP, $334 million for trade corridors, $148 million for Traffic Congestion Relief Program.
[8] Roughly estimated, annualized over ten years. Figures may not add up due to rounding.
[9] Excludes one-time cap and trade revenues for complete streets projects.

Exhibit C

	SBX1 1 (Beall) as of April 21, 2016	AB 1591 (Frazier) as of Jan. 6, 2016	Governor's Proposal from Sept. 6, 2015
Expenditures			
Gas Excise Tax Increase	RMRA	RMRA	-
Diesel Excise Tax Increase	10 cents to RMRA 12 cents to TCIF	All to TCIF	RMRA
CPI Adjustment Revenues	To the respective programs	To the respective programs	RMRA
Vehicle Fee Increases	RMRA	RMRA	RMRA
Greenhouse Gas Reduction Fund (Cap & Trade)	$200m to rail and transit capital; $100m transit ops.	$200m to rail and transit $400m to TCIF	$400m to rail and transit $100m to complete streets
General Fund Loan Repayments	RMRA	Cities and Counties	Various accounts
Total Annual Expenditures on:			
Road Rehab and Maintenance	$5.6 billion	$5.8 billion	$2.9 billion
Freight Mobility	$500 million	$1.2 billion	$200 million
Rail and Transit or Complete Streets	$550 million	$200 million	$500 million
General Fund Debt Service Payment Offset	$350 million	-	-
Accountability and Reforms			
Reporting	Both Caltrans and local governments would report to the CA Transportation Commission Commission on the efficacy of expenditures from the RMRA	-	Both Caltrans and the locals report to the Commission on the efficacy of expenditures from the RMRA
Local Maintenance of Effort Requirements	Included	Included	Included
Commission Allocation of SHOPP Support Costs	Requires by Feb 2017	Requires by Feb 2017	-
COS State Staff vs. Contract Staff	-	-	80%/20% by Jul 2020
CM/GC Project Delivery	-	-	Expands authority for Caltrans from 6 to 12 projects
Public Private Partnerships Project Delivery	-	-	Extends sunset from 2017 to 2027
CEQA Exemption	Exempts projects in existing right of way in certain circumstances	-	Exempts projects in existing rights of way in certain circumstances
NEPA Delegation	Eliminates Sunset	-	Eliminates the sunset
Regional Advance Mitigation Program	Included	-	Included
Transportation Inspector General	Included	-	-