



County of Santa Cruz

0205

BOARD OF SUPERVISORS

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SECOND DISTRICT

MARDI WORMHOUDT
THIRD DISTRICT

TONY CAMPOS
FOURTH DISTRICT

JEFF ALMQUIST
FIFTH DISTRICT

AGENDA: 1/11/00

December 29, 1999

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

RE: REPORT TO BOARD FROM THE REGIONAL TASK FORCE
FOR ROAD RECONSTRUCTION FUNDING ALTERNATIVES

Members of the Board:

As you may recall, the Regional Task Force for Road Reconstruction Funding Alternatives was created by the Board in May of 1998 and was charged with developing a gas tax or other tax increase proposal to address the County's road repair, roadway drainage and resurfacing funding needs on the November, 2000, election ballot. At our meeting of November 9, 1999, in adopting various changes to the Santa Cruz County Code concerning Boards, Commissions and Committees, the Board determined that our Task Force was to become a committee and asked for our input on this proposal.

The Task Force, upon which I served as Chair, **was** composed of members appointed by each City Council, the Transit District, the Regional Transportation Commission, the Santa Cruz Business Council, the Santa Cruz Area Chamber of Commerce, and the California Service Station and Auto Repair Association, along with County staff from Public Works and the County Administrative Office. Over the past 17 months, our group met quarterly and researched a number of funding alternatives. In conjunction with the Regional Transportation Commission, the Task Force conducted a voter survey poll which confirmed that the majority of the County's likely voters would support a half cent sales tax increase for transportation improvements, but **not** an increase in the gas tax.

In the meantime, State Senator Phil Burton has authored a Constitutional Amendment (SCA 3) which is now held up in the Assembly that would address this very issue. SCA 3, if eventually adopted by two-thirds of the Legislature and approved by a simple majority of the State's voters on the November, 2000, ballot, would allow each County which adopted an accompanying County Transportation Expenditure Plan to impose a half-cent sales tax for transit and transportation improvements. It is estimated that if SCA 3 were to be approved, Santa Cruz County

would receive more than \$380 million over the 20 year life of the extra half-cent sales tax for its various agencies' proposed transportation system improvements. Both the California State Association of Counties (CSAC) and the League of Cities continue to support SCA 3 and expect that it will yet be adopted early this year. The Task Force feels this may be the only realistic opportunity for some time that the County will have to increase funding for its most critical transportation system and road reconstruction infrastructure needs.

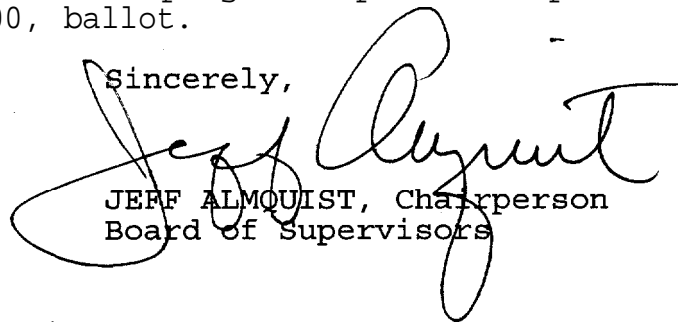
At its last meeting, on December 15, 1999, the Task Force voted to recommend that the Board dissolve our group. This would effectively transfer road reconstruction funding planning over to the Regional Transportation Commission, which could then be done in conjunction with the development of the County's transportation expenditure plan. In doing so, the Task Force would urge the Board to ask the Commission to direct its staff to continue to track the progress of SCA 3 and to work with its various member agencies on developing an expenditure plan should this opportunity present itself for the November, 2000, ballot.

We appreciate this chance to study these critical road infrastructure funding issues and to bring both the public and private sectors into this discussion. We would also hope that the business community continues to pursue these issues and to work with us on developing their own voter poll on this topic.

It is therefore recommended that the Board take the following actions:

1. Authorize the dissolution of the Regional Task Force for Road Reconstruction Funding Alternatives and ask that the Regional Transportation Commission assume such funding studies.
2. Request that the Regional Transportation Commission direct its staff to continue to track the progress of State Constitutional Amendment 3 and to work with its member agencies on developing an expenditure plan for the November, 2000, ballot.

Sincerely,



JEFF ALMQUIST, Chairperson
Board of Supervisors

JA:ted
Attachments

cc: Regional Transportation Commission
Task Force Members and Member Agencies



League of California Cities
1400 K Street, 4th Floor
Sacramento, CA 95814

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California State Association of Counties
1100 K Street, Suite 101
Sacramento, CA 95814

“LOSING IT” THE LOCAL STREET AND ROAD NETWORK

November 1999

NEEDS OF THE LOCAL STREET AND ROAD NETWORK

Cities and counties own and operate the state's local street and road network, which represents 79 percent of the state's road mileage where every trip begins and ends. The study just completed by the California Transportation Commission (CTC) required by SR 8 (Burton) identified \$24 billion in unfunded needs on the local system--**\$11 billion of which is for rehabilitation on the local street, road and bridge system. This figure does not include operation and maintenance nor safety improvements on the local system. The SR 8 Report also stated, that if nothing is done to address this need, the backlog is expected to increase by \$400 million annually.**

LOSING THE PUBLIC'S INVESTMENT IN THIS CRITICAL SYSTEM

California is truly losing its investment in the local street and road network. Rings, Yolo, Glenn and Humboldt Counties are literally reverting roads to gravel due to lack of funds for preservation. Many local jurisdictions are unable to keep up with the potholes and are falling short of even meeting 50 percent of their preservation needs. **If this trend continues, the public will be paying 4 to 5 times the costs of preserving this network due to slippage in maintenance schedules.**

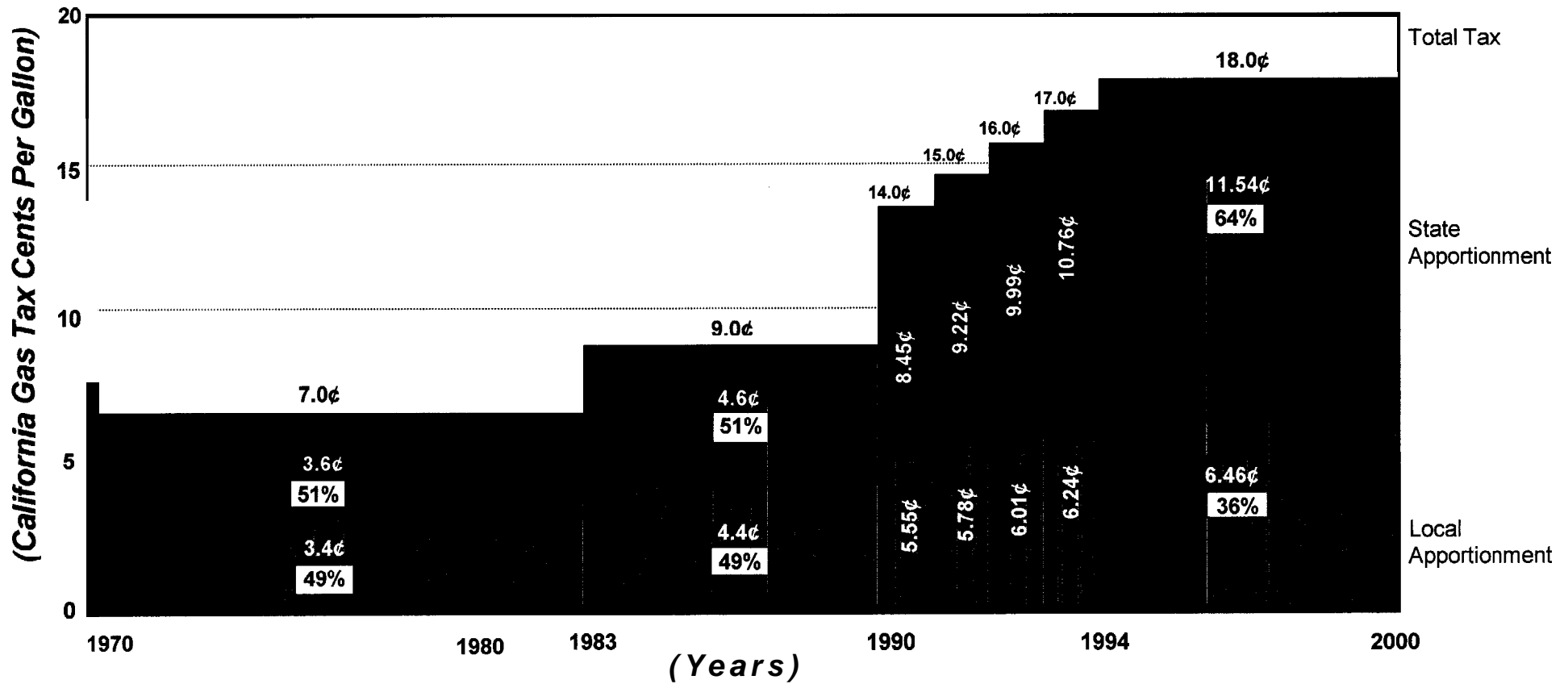
RESTORE EQUALITY IN DISTRIBUTION OF THE PUBLIC'S GAS TAX (CHART 1)

Beginning in 1970, the seven-cent gas tax was equitably distributed with 49 percent allocated to cities and counties and 51 percent allocated to the State. In 1983 the gas tax was increased two-cents totaling nine-cents per gallon and, again was equitably distributed with 49 percent allocated to cities and counties and 51 percent allocated to the State. In 1990 there was an additional nine-cent increase in the state gas tax. As a result cities and counties looked forward to prosperous times for the condition of their local street and road network. Unfortunately, rather than the traditional 5 1/49 split with the state, in 1990 cities and counties' share dropped significantly to a 77/23 percent split. Therefore, cities and counties only received 2.07 cents of the last 9 cent increase; this brings their total in the year 2000 to only 6.4 cents in comparison to the state's share of 11.6 cents of the total 18 cent gas tax. This has devastated the local street and road network which relies heavily on this source of revenue for maintenance and rehabilitation. **This inequity has resulted in nearly a \$3 billion loss to cities and counties--the lifeline for maintaining the local system.**

TRANSPORTATION DOLLARS FOR PRESERVATION--A “SMART” INVESTMENT (CHART 2)

While the State Highway Account (SHA) balance remains at nearly \$2 billion and significant increases (45.6 percent) in federal dollars under TEA 21 are awaiting expenditure for capital projects, cities and counties can put preservation dollars to work immediately. The second chart demonstrates the 10-year history of city and county revenues and expenditures for streets and roads. Local governments are spending all but 1-2 percent a year, representing a minimal carryover. **Gas tax monies directed to cities and counties will be put to work immediately and provide economic boosts to local communities and businesses throughout the state.**

Restore Equity in Distribution of the State Gas Tax

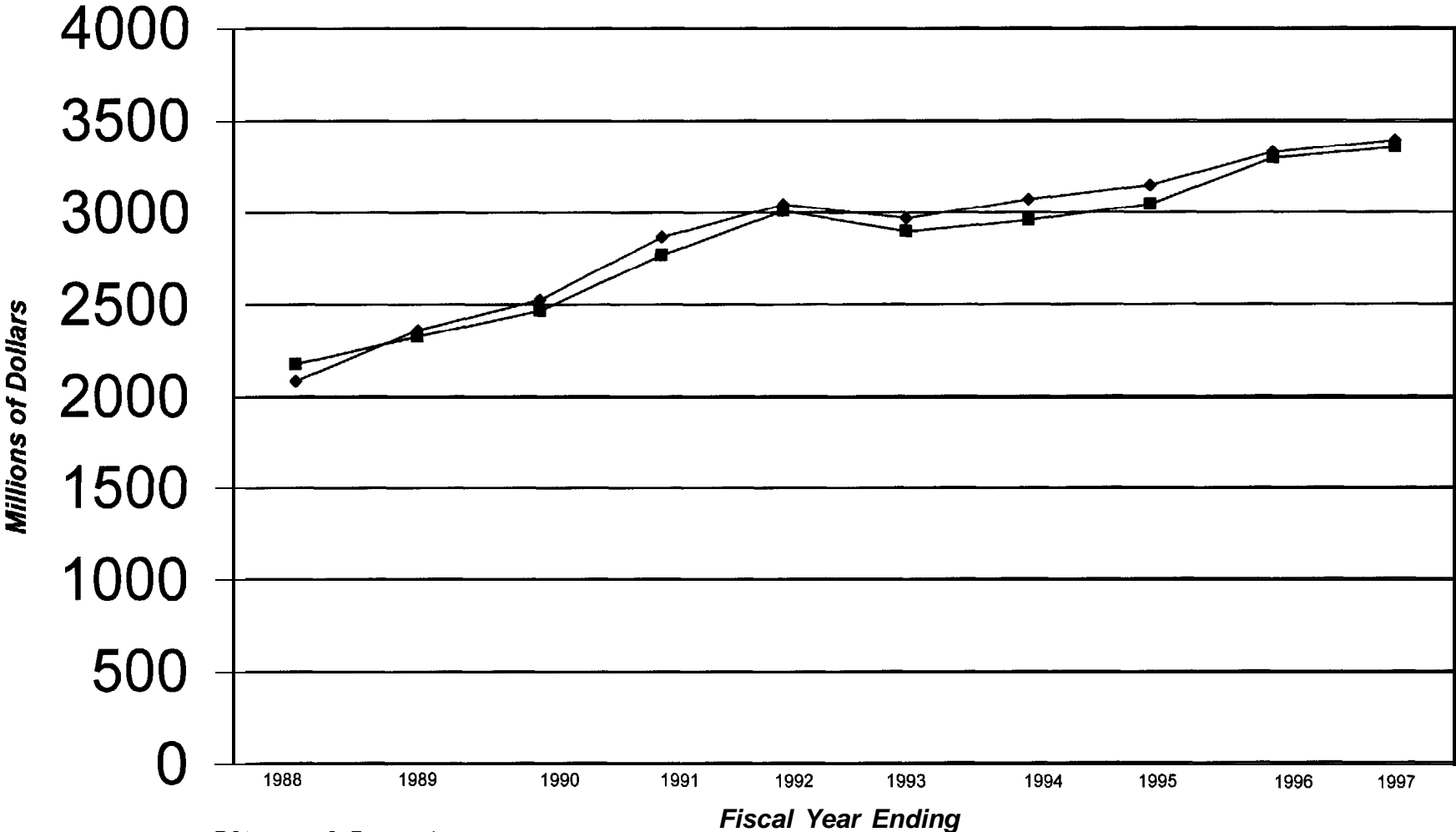


History of California Gas Tax Apportionments:

Mileage Inventory (1997)	
State Highways:	15,200
Local Highways:	134,600
County:	66,300
City:	68,300

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Transportation Dollars for Preservation - A "SMART" Investment



**City and County
Summary of Revenues, and Expenditures
for Streets and Roads*
10 Year History California**

◆ Monies Available
■ Expenditures

* Taken from Annual Reports of Financial Transactions Concerning Streets and Roads of Cities and Counties of California, State Controllers Office

**City and County Summary of
Revenues and Expenditures for Streets and Roads ***
10 Year History - California

Fiscal Year	Total Monies Made Available <i>(amounts in billions)</i>	Total Expenditures <i>(amounts in billions)</i>	Monies Not Expended <i>(amounts in millions)</i>	Percentage of Monies Not Expended
96-97	3.392	3.353	40	1%
95-96	3.327	3.296	31	1%
94 - 95	3.14%	3.047	100	3%
93-94	3.073	2.957	118	4%
92 - 93	2.971	2.896	74	2%
91-92	3.046	3.011	34	1%
90 - 91	2.867	2.769	98	3%
89 - 90	2.524	2.468	55	2%
88-89	2.362	2.327	34	1%
87-88	2.085	2.177	-93	-4%
TOTALS:	28.795	28.301	491	1.70%

* Taken from Annual Reports of Financial Transactions Concerning Streets and Roads of Cities and Counties of California, State Controllers Office

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THIRD DRAFT

11/17/99

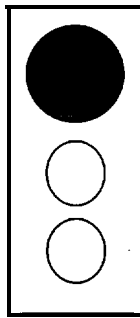
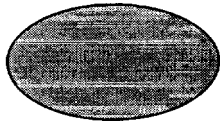
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League of
California Cities

California State Association
of Counties

CALIFORNIA AT THE CROSSROADS



YOUR LOCAL STREETS AND ROADS: CAN CALIFORNIA DRIVE INTO THE NEXT CENTURY WITHOUT THEM??

This pamphlet is a brief description of the importance of California's crumbling system of local streets and roads, and the critical need to focus on new funding to maintain and improve these facilities **NOW!**

LOCAL STREETS AND ROADS: HOW CALIFORNIA MOVES

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- FACT:** Whether you travel by bike, boat, plane, bus, truck, rail, or foot your family automobile(s), nearly 100% of all trips begin and end on a city street or county road in California. Quite simply, this is how Californian's get to work, school and recreation each day.
- FACT:** California cities and counties own and operate 79% of all road miles in the state. This includes 310,000 lane miles about 40% more than in 1970.
- FACT:** California will add approximately 32% to its population over the next 20 years. This increase will add about 160 billion vehicle miles traveled per year or an increase of approximately 52% on an already inadequate and aging road system.
- FACT:** The local road system averages about 25 years of age. Experts agree major rehabilitation (or reconstruction) is required after 25-30 years. Local government can now only afford rehabilitation after 50 years on average. The current backlog of unmet rehab needs is estimated to be \$11 billion. We don't need to guess what this means in future years.
- FACT:** Adequate and timely funding of local road maintenance can prevent the need for rehabilitation which costs 4 to 5 times the cost of maintenance. In other words, "pay me now or pay (a whole lot more) later."
- FACT:** Investment in local roads is critically important to our public transit system. Whether it is a regularly scheduled public transit or school bus, dial-a-ride van services for our senior and disabled citizens, or feeder buses to serve all forms of rail passenger service, the vast majority of public transit miles are logged on local streets and roads.
- FACT:** Most funding for new local streets and roads is paid for by new residents and new businesses locating in newly constructed buildings through special "fees". California's relatively high "fees" assessed to new construction make our housing less affordable and make us less competitive for new economic development.
- FACT:** As California continues to grow and thousands of new road miles are added to the system each year, the burden of responsibility falls on local government to operate and maintain these additional facilities.
- FACT:** Heavy duty commercial trucks have increased on our local road systems at a very high rate as our economy has continued to grow. All of the revenue from truck rate fees assessed by the state to pay for road damage caused by heavy loads now goes exclusively to the State Highway Account. None of the truck weight fees are spent on local roads to deal with damage caused by heavy vehicles.
- FACT:** California taxpayers have invested almost \$100 billion in the local road system. It simply makes good business sense to maintain this asset with adequate funding and protect the public's investment in this critical component of the state's transportation system.

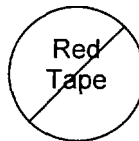
BOTTOM LINE

THE CRISIS

An \$11-billion backlog of pavement rehabilitation needs on the local road system was documented in the Senate Resolution 8 (Burton) needs study. An additional \$1.2 billion in bridge rehabilitation and replacement costs has been documented by Caltrans' most recent survey of the condition of bridges on the local road system. We would emphasize that none of this immense backlog is funded today. This backlog identified doesn't even include the needs of routine maintenance, safety and system expansion.

THE SOLUTION

A FIRST MEANINGFUL STEP IS TO DELIVER \$500 MILLION IN NEW MONEY EACH AND EVERY YEAR TO DEAL WITH THIS CRISIS. CALIFORNIA'S 474 CITIES AND 58 COUNTIES WILL NEED A MINIMUM OF \$500 MILLION PER YEAR TO STOP THE FURTHER DETERIORATION OF OUR LOCAL ROAD SYSTEM.



LET US DO THE JOB

These funds need to come directly to local government with minimal red tape from the state government. Flexibility will allow local elected officials and their technical engineering staff to tailor programs to match the vast diversity of local needs in California, while being responsive to citizens in the communities where they reside and work. Local roads in California must serve the public 24 hours a day through every extreme of weather, fire, earthquakes, floods, and snow storms. They serve the front line of our daily mobility requirements with every variation in rural, suburban, and urban travel conditions. We can't afford to let this system fail or our people and the economy fail in our everyday lives.

OUR COMMITMENT TO TAXPAYERS

While flexibility is a foundation for the success of a local road improvement program, cities and counties strongly support the following statewide standards, with appropriate enforcement teeth, to ensure that taxpayers receive full value from any new funding program:

IMPROVED MANAGEMENT

Development and implementation of a statewide pavement maintenance program that meets state-of-the-art engineering standards to monitor progress in keeping our local system from becoming a series of "potholes." A first obligation for new funding would be management systems to direct the use of new maintenance funds. This management tool would be required to allow every local and state government policy maker and citizen alike to receive a "report card" on how well their local road facilities were being maintained.

GUARANTEED USE ON ROADS

Establishment of a maintenance of effort requirement to protect the amount of current funding available for local road programs. This M.O.E. requirement would be periodically audited by the State Controller. This requirement will ensure that no local government could receive "new" funding and shift "old" funding into different programs, unrelated to local roads. The penalty for not meeting a local M.O.E. requirement would be loss of the new funds for three years with no appeal.

USE IT OR LOSE IT

Application of "Use it or lose it" provisions shall apply, whereby local governments who do not put their portion of new maintenance and rehabilitation funds to work over a three-year period would "turn back" those funds for allocation to other cities and counties who are getting the job done of reducing their maintenance backlog. These provision would be closely monitored by the state Auditor General as a part of the maintenance of effort enforcement program. Cities and counties have an excellent track record in putting funds for maintenance and rehabilitation to work as soon as they become available. In fact, over a ten year period beginning in 1988, local government has averaged no more than 1.7% non-expenditure of their annual revenues they receive directly. In other words, they were successful in putting 98.3% of these funds to work and deliver projects immediately.

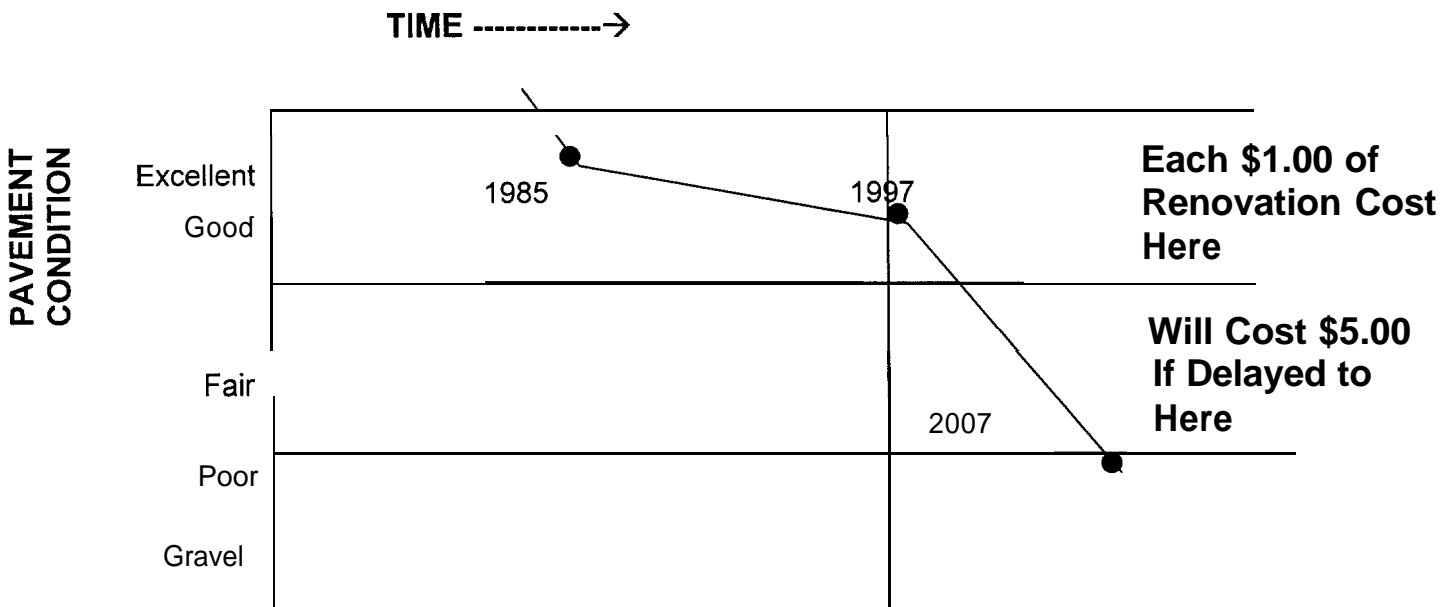
GUARANTEED ACCOUNTABILITY

Production of a biannual report to the Legislature and Governor to be developed by the Office of Legislative Analyst, with input from Caltrans, the League, CSAC and the Auditor General on the "state of the local road system." This report would summarize local pavement maintenance "report cards," chronicle local performance in expenditure of any new funding, specifically address unmet local road needs, and recommend changes in state policy and funding to maintain a viable local street and road system.

MORE FAST FACTS REGARDING THE STATUS OF LOCAL STREETS AND ROADS

- In the year of El Nino in 1998, cities and counties sustained nearly \$500 million in direct storm damage and millions more in long term undermining of local facilities, causing new pavement cracks and potholes. Based on existing state policy and Governor emergency proclamations, Caltrans went to work and immediately authorized \$291 million to repair the damage on the state system. Yet, local government received no new funding and suffered yet another setback as they delayed routine maintenance and needed new local facilities to deal with the storm related crisis.
- Five counties (Glenn, Kings, Humboldt, Tulare, and Yolo) have turned several hundred miles of roadway back to gravel due to a lack of maintenance funding.
- The following chart graphically illustrates what happens when road pavement is not maintained based on current engineering standards. The saying "pay me now or pay me later" directly applies as it costs 4 to 5 times more to rebuild a roadbed than it does to pay for routine maintenance over time.

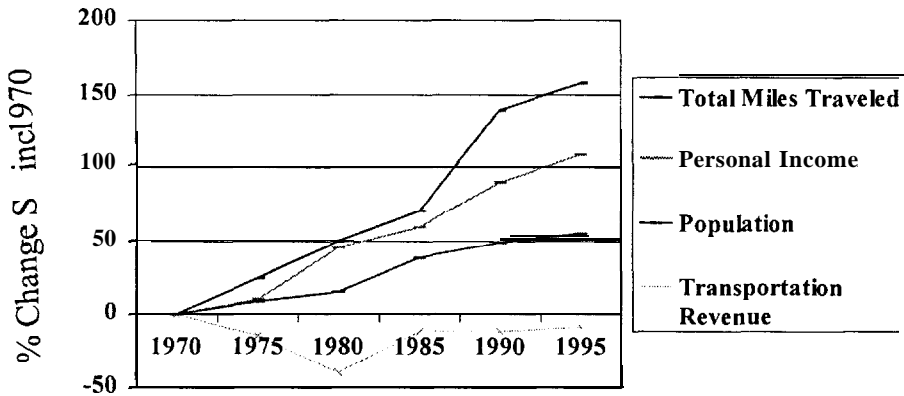
PAVEMENT LIFE / COST CURVE



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The following chart displays the fact that California's transportation revenue has not come even close to keeping up with the crushing traffic load on our road system over the last 30 years. Californians need to understand that we must invest additional dollars in the system to keep up with the needs of an increasing population, expanding economy, and rapidly aging road system

Traffic Congestion; can we afford these trends?



This publication was proudly created by the transportation-consulting firm of Smith & Kempton, with the assistance of California's local public works community serving 473 cities and 58 counties every single day of the year.

THE CASE FOR SCA 3

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← Distributed at County Supervisors Assn. (CSAC)
conference in Monterey (12/2/99) by
Senator Buttar's staff

WHAT'S THE PROBLEM?

- **California faces \$118 billion in unmet transportation needs.**
- **At the same time, local transportation sales taxes – which generate \$20 billion for transportation improvements – are expiring.**
- **Their continuation will require a higher voter approval standard (two-thirds) than was required for their original enactment (majority).**
- **Of the 34 attempts to impose transportation sales taxes, only two received two-thirds support.**
- **The two-thirds standard effectively eliminates this essential transportation funding source.**

How IMPORTANT IS THE DEDICATED SALES TAX TO CALIFORNIA'S TRANSPORTATION SYSTEM?

“The most important trend in transportation funding in the last decade has been the emergence of local sales taxes.”

- Californians for Better Transportation

“This revenue source has been instrumental in the financing of innumerable transportation system improvements.”

- California Business Roundtable

“Building a Legacy for the Next Generation”

“Failure to reauthorize these measures which generate more than \$1 billion per year means that the gap between demand and revenues will widen.”

- Legislative Analyst's Office

“Developing and Financing an Efficient Transportation System”

How DOES SCA 3 HELP?

SCA 3 is a statewide measure that would allow a county to reauthorize or impose a transportation sales tax if:

- 1. A *majority* of the state's voters approve SCA 3.**
- 2. The county adopts and its voters approve an expenditure plan for SCA 3 revenues. The plan must be approved by the county voters on or before the date SCA 3 appears on the state ballot.**

QUESTIONS AND ANSWERS

Questions	Answers
How much revenue would SCA 3 generate?	Between \$40 - \$60 billion, depending on economic growth.
Is the revenue dedicated to transportation improvements?	Yes. SCA 3 constitutionally dedicates \$40 - \$60 billion for voter-approved transportation projects.
Does SCA 3 raid the General Fund to pay for transportation improvements?	No. SCA 3 revenue has \$0 impact on the General Fund. Revenues are generated at the local level and are returned to locals to meet their transportation needs.
Are transportation sales taxes new?	No. Approximately 50% of the state's population now pays a transportation-related sales tax. For the majority of the state, SCA 3 simply extends an existing tax upon its expiration.
Does SCA 3 sunset?	Yes, it sunsets in 20 years.

ELIGIBLE TRANSPORTATION PROJECTS

SCA 3 revenues are the most flexible transportation funds available. They are not limited to capital outlay expenditures.

SCA 3 revenues can fund numerous types of projects including:

- 1. Expansion of state highways**
- 2. Expansion of public transit**
- 3. Expansion of local streets and roads**
- 4. Maintenance, rehabilitation and operations of state highways**
- 5. Maintenance, rehabilitation and operations of public transit**
- 6. Maintenance, rehabilitation and operations of local streets and roads**
- 7. Transportation enhancement activities**
- 8. Planning and research**
- 9. Bicycle and pedestrian facilities**
- 10. Other categories**

Local Revenues. Local Choice.

LET'S SET THE RECORD STRAIGHT ABOUT
PROPOSITIONS 13 AND 218

Misguided Claim: SCA 3 eliminates Propositions 13 and 218.

Fact: SCA 3 does not affect either Propositions 13 or 218. As a product of *bipartisan* cooperation in the Senate, SCA 3 is a statewide measure requiring a majority vote. Local sales tax measures still require a two-thirds vote. The California Taxpayers Association supports SCA 3.

WHO SUPPORTS SCA 3 (BURTON)?

California Taxpayers Association

California Chamber of Commerce

California Business Roundtable

California Building Industry Association

Orange County Business Council

Silicon Valley Manufacturers Group

Association of General Contractors of California

CSAC and League of Cities

California Operating Engineers

State Council of Laborers

Building Trades Council

75 Additional Organizations, Associations, and Local Governments

WHICH BILL BEST MEETS CALIFORNIA'S TRANSPORTATION NEEDS?

ISSUE	AB 521 (McClintock)	20/20 Vision Plan	SCA 3 (Burton)
Transportation Revenue Generated (20-year estimate)	\$20 Billion	Unclear	\$40-\$60 Billion
Are Revenues Dedicated to Transportation Improvements?	Statutorily. Could be diverted by an act of a future Legislature.	NO. Transportation needs will compete with all other infrastructure needs.	YES. Constitutionally dedicates \$40-\$60 billion to voter-approved transportation improvements. Could only be diverted by a future vote of the people.
Eligible Projects	1. Mixed-flow highway lanes. 2. Local street and road improvements.	Capital outlay only (no maintenance or operating expenditures).	Any of the following: 1. Expansion of state highways, local streets and roads, public transit. 2. Maintenance, rehabilitation, operations of state highways, local streets and roads, public transit. 3. Transportation enhancements activities. 4. Planning, design and research. 5. Bicycle and pedestrian facilities. 6. Other categories. LOCAL REVENUE. LOCAL CHOICE.
Impact on the General Fund.	\$20 billion	\$75 billions\$	0