SANTA CLARA
Valley Transportation Authority

MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

FROM: Kurt Evans
Government Affairs Manager

DATE: September 27, 2006

SUBJECT: Transportation Infrastructure Bond Implementation

During the September 20 meeting of the Transit Planning and Operations Committee, Board Member David Cortese inquired about which programs would be funded through the transportation infrastructure bonds and how much money Santa Clara County could expect to receive.

SB 1266 (Perata), which was approved by the California State Legislature and signed into law by Governor Arnold Schwarzenegger earlier this year, authorizes the state, upon approval by the voters, to sell $19.925 billion in general obligation bonds to fund the following transportation purposes:

- *Congestion Reduction, Highway Improvements, Local Roads*: Capital improvements to reduce congestion and increase capacity on state highways and local roadways.

- *Public Transportation*: Capital improvements to local/regional public transit services and to the state's intercity rail system.

- *Goods Movement*: Projects to improve the movement of goods through California's ports, along the state highway and rail systems, and between California and Mexico.

- *Air Quality*: Projects to improve air quality by reducing emissions related to goods movement, and by replacing or retrofitting school buses.

- *Safety and Security*: Projects to increase protection against a security threat or improve disaster response capabilities on public transit systems; grants to improve the safety of railroad/highway grade crossings; seismic retrofit work on local bridges, ramps and overpasses; and projects to improve security and disaster planning at publicly owned ports, harbors and ferry terminals.

In total, 13 different program categories would receive funding under SB 1266. These categories represent a combination of existing programs that are severely underfunded, such as the State Transportation Improvement Program (STIP), and the State Highway Operation and Protection Program (SHOPP), and several new programs to address some of California's key emerging transportation needs—for example, goods movement, corridor mobility and public transit security.

Under SB 1266, the method for distributing bond revenues to individual program categories varies. In some cases, such as the STIP, the funding would be allocated to projects in accordance with the process in existing law. In other cases, such as a re-invigorated State-Local Partnership Program and Transit Security, SB 1266 is silent on the question of distribution and, instead, requires the Legislature to pass a subsequent bill to define the process for allocating the funds. Finally, some programs, such as Corridor Mobility and Trade Corridors, would be competitive in nature. In these cases, projects would be nominated and submitted to an implementing agency (for the most part, the California Transportation Commission), which would then be responsible for selecting the actual projects to receive funding based on guidelines and a set of performance criteria.

SB 1266 appears as Proposition 1B on the November 2006 general election ballot and requires a majority vote in order to take effect.

The attachment to this memorandum provides a detailed overview of the various program categories under SB 1266 and where opportunities might exist for VTA to obtain funding for key transportation projects within Santa Clara County.

Attachment

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SENATE BILL 1266 (PERATA):
HIGHWAY SAFETY, TRAFFIC REDUCTION, AIR QUALITY, AND PORT SECURITY BOND ACT OF 2006

PROGRAM	TOTAL	ELIGIBLE USES AND ALLOCATION PROCESS	VTA ACTIONS
Corridor Mobility Improvement Account	$4.5 billion	Upon appropriation in the annual budget by the Legislature, provides that funds would be made available to the California Transportation Commission (CTC) for performance improvements on the state highway system, or on major local roadway access routes to the state highway system, focusing on highly congested travel corridors. Specifies that projects funded through this account should relieve congestion by expanding capacity, enhancing operations or otherwise improving travel times. Requires the CTC to develop and adopt guidelines by December 1, 2006, with regional programming targets, and to allocate funds from the account to projects after reviewing project nominations submitted by Caltrans, and by regional and local agencies. Requires Caltrans, and regional and local agencies to submit their candidate projects to the CTC by January 15, 2007. Requires the CTC to adopt an initial program of projects no later than March 1, 2007,which must be consistent with the existing north-south split formula. Allows the CTC to update the program of projects every two years, in conjunction with the adoption of the State Transportation Improvement Program (STIP). Requires projects included in the program to be able to commence construction or implementation no later than December 31, 2012.	**VTA may nominate projects for funding under this account, provided the projects involve highly congested highway corridors.**

PROGRAM	TOTAL	ELIGIBLE USES AND ALLOCATION PROCESS	VTA ACTIONS
State Route 99	$1 billion	Upon appropriation in the annual budget by the Legislature, provides that funds would be made available to Caltrans for safety, operational enhancements, rehabilitation, or capacity improvements necessary to improve the State Route 99 Corridor in the Central Valley.	None.
California Ports Infrastructure, Security, and Air Quality Improvement Account	$3.1 billion	Upon appropriation in the annual budget by the Legislature, provides that $2 billion would be made available to the California Transportation Commission (CTC) for infrastructure improvements along federally-designated "Trade Corridors of National Significance" and along other corridors with a high volume of freight movement. Requires the CTC to consult the state's Trade Infrastructure and Goods Movement Plan, the Statewide Port Master Plan, and goods movement and regional transportation plans adopted by regional transportation planning agencies (RTPAs) to determine eligible projects for funding. Specifies that funding may be used for: (a) highway capacity and operational improvements to more efficiently accommodate the movement of freight; (b) freight rail system improvements; (c) port efficiency and capacity improvements; (d) truck corridor improvements; (e) border access improvements that enhance the movement of goods between California and Mexico; and (f) surface transportation improvements to facilitate the movement of goods to and from airports. In most cases, requires projects to have, at a minimum, a dollar-for-dollar match in order to receive state funding. Authorizes the Legislature to enact a statute to determine the conditions and criteria for the allocation of these funds.	**VTA may nominate projects for funding under this account, provided the projects involve corridors with a high volume of freight movement.**

PROGRAM	TOTAL	ELIGIBLE USES AND ALLOCATION PROCESS	VTA ACTIONS
California Ports Infrastructure, Security, and Air Quality Improvement Account (Continued)		Upon appropriation by the Legislature, provides that $1 billion would be made available to the California Air Resources Board (CARB) for emissions reductions not otherwise required by law or regulation from activities related to the movement of freight along California's trade corridors. Authorizes the Legislature to enact a statute to determine the conditions and criteria for the allocation of these funds. Upon appropriation by the Legislature, provides that $100 million would be made available to the Office of Emergency Services to be allocated as grants to eligible recipients for port, harbor and ferry terminal security improvements.	None. None.
Air Quality: School Bus Diesel Retrofit	$200 million	Upon appropriation by the Legislature, provides that $200 million would be made available for school bus retrofit and replacement to reduce air pollution and to reduce children's exposure to diesel exhaust.	None.
State Transportation Improvement Program (STIP)	$2 billion	Upon appropriation by the Legislature, provides that funds would available for projects in the STIP in order to augment funds otherwise available for this purpose from other sources. Funds would be allocated according to the existing process, under which 75 percent of available funding is allocated to regional transportation planning agencies (RTPAs) for their Regional Transportation Improvement Programs (RTIPs) and 25 percent to the state for the Interregional Transportation Improvement Program (ITIP).	**VTA will be able to program projects consistent with its STIP county share, which, according to MTC, is estimated to be $63.8 million.**

PROGRAM	TOTAL	ELIGIBLE USES AND ALLOCATION PROCESS	VTA ACTIONS
Public Transportation Modernization, Improvement, and Service Enhancement Account	$4 billion	Upon appropriation by the Legislature, provides that $3.6 billion would be made available to public transit operators according to the existing State Transit Assistance Program (STA) formula, which is based on population (50 percent) and transit revenues (50 percent). Specifies that the funds may be used for the following types of public transit capital improvements: (a) rehabilitation, safety or modernization improvements; (b) capital service enhancements or expansions; (c) new capital projects; (d) bus rapid transit improvements; and (e) rolling stock procurement, rehabilitation or replacement.	**VTA will be able to program projects consistent with its formula share, which, according to MTC, is estimated to be $144.2 million.**
		Upon appropriation by the Legislature, provides that $400 million would be made available to Caltrans for intercity rail improvements. Requires Caltrans to use $125 million of this amount to procure additional intercity railcars and locomotives.	None.
State-Local Partnership Program Account	$1 billion	Upon appropriation by the Legislature, provides that funds would be allocated by the California Transportation Commission (CTC) over a five-year period to eligible transportation projects nominated by an applicant transportation agency. Requires a dollar-for-dollar match of local funds in order for an applicant to receive state funds under this program. Authorizes the Legislature to enact a statute to determine the conditions and criteria for the allocation of these funds.	**The allocation method is uncertain at this time, pending the enactment of subsequent legislation. It is likely that VTA will have an opportunity to submit projects for funding under this account, given that we are a "self-help county."**

PROGRAM	TOTAL	ELIGIBLE USES AND ALLOCATION PROCESS	VTA ACTIONS
Transit System Safety, Security, and Disaster Response Account	$1 billion	Upon appropriation by the Legislature, provides that funds would be made available to public transit operators for: (a) capital projects that increase protection against a security and safety threat; and (b) capital expenditures to increase the capacity of public transit operators to develop disaster response transportation systems that can move people and goods, as well as emergency personnel and equipment, in the aftermath of a disaster. Authorizes the Legislature to enact a statute to determine the conditions and criteria for the allocation of these funds.	**The allocation method is uncertain at this time, pending the enactment of subsequent legislation. It is likely that VTA will have an opportunity to program projects for funding under this account.**
Local Bridge Seismic Retrofit Account	$125 million	Upon appropriation by the Legislature, provides that funds would be used for the 11.5 percent required match for federal Highway Bridge Replacement and Repair funds available to the state for seismic work on local bridges, ramps and overpasses, as identified by Caltrans.	None.
Highway-Railroad Crossing Safety Account	$250 million	Upon appropriation by the Legislature, provides that funds would be made available to Caltrans for the completion of high-priority grade separation and railroad crossing safety improvements. Provides that $150 million would be allocated to projects on the existing priority list established by the California Public Utilities Commission (CPUC) pursuant to the Streets and Highways Code (commencing with Section 2450), except that: (a) a dollar-for-dollar match of non-state funds would be required for each project; and (b) the limitation on maximum project costs in existing law would not be applicable. Requires the California Transportation Commission (CTC) to allocate the remaining $100 million to high-priority railroad crossing improvements, including grade separation projects, that are not on the CPUC's list. In this regard, requires the CTC to consult with the CPUC and Caltrans. Also requires the CTC to consult and coordinate with the California High-Speed Rail Authority.	**VTA could seek to obtain funding for Caltrain grade separation projects either through the CPUC priority list process or through the CTC's competitive process.**

PROGRAM	TOTAL	ELIGIBLE USES AND ALLOCATION PROCESS	VTA ACTIONS
Highway Safety, Rehabilitation, and Preservation Account	$750 million	Upon appropriation by the Legislature, provides that $500 million would be made available to Caltrans, as allocated by the California Transportation Commission (CTC), for rehabilitation, safety and seismic retrofit projects on the state highway system under the State Highway Operation and Protection Program (SHOPP). Requires Caltrans to develop a program for the distribution of the remaining $250 million to fund traffic light synchronization projects or other technology-based improvements to enhance the safety, operations and effective capacity of local streets and roads.	**Although Caltrans will determine the projects, VTA could make recommendations to District 4.** **VTA could seek funding through this program, provided the project is on the local roadway network.**
Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006	$2 billion	Upon appropriation by the Legislature, provides that funds would be allocated in the fiscal year in which the bonds are issued and sold to cities and counties according to the existing Proposition 42 local streets and roads formula. Specifically, $1 billion would be allocated to cities based on population, and $1 billion to counties based on vehicle registrations (75 percent) and maintained county road miles (25 percent). Requires the funds to be used for improvements to transportation facilities that will assist in reducing local traffic congestion, improving traffic flow and increasing traffic safety. Provides that the types of projects to be funded may include: (a) street and highway pavement maintenance, rehabilitation, installation, construction, and reconstruction of necessary associated facilities, such as drainage and traffic control devices; and (b) maintenance, rehabilitation, installation, construction, and reconstruction of facilities that expand ridership on transit systems; (c) safety projects to reduce fatalities; and (d) local match to obtain state and federal transportation funds for similar purposes.	None. Funds will be allocated by formula directly to the cities and the county. According to MTC, the total amount of funding that would be allocated to local jurisdictions in Santa Clara County is $91.7 million.