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August 19, 2015

Governor Jerry Brown  
Senate President pro Tempore Kevin de León  
Assembly Speaker Toni G. Atkins  
Senate Minority Leader Bob Huff  
Assembly Minority Leader Kristin Olsen

**Re: Coalition Framework to Increase Funding for Transportation in Special Session**

Dear Governor Brown and California Legislative Leaders:

Our organizations representing local government, business, labor and transportation advocates believe it is imperative that a legislative solution be reached during the special session that results in a robust and meaningful dent in California's transportation funding shortfall. It is a critical issue that cannot wait to be addressed. Our roads continue to deteriorate as inadequate funding to deal with deficiencies creates safety hazards, costs motorists money and leaves Californians stuck in gridlock.

Our broad coalition has come together in support of the following priorities and funding sources which we believe should be the basis for legislation addressing this critical issue for California. We urge you to support these priorities as you debate policies and funding sources for California's streets and roads.

**1. Make a significant investment in transportation infrastructure.**

If we are to make a meaningful dent that demonstrates tangible benefits to taxpayers and drivers, any package should seek to raise at least \$6 billion annually and should remain in place for at least 10 years or until an alternative method of funding our transportation system is agreed upon.

**2. Focus on maintaining and rehabilitating the current system.**

Repairing California's streets and highways involves much more than fixing potholes. It requires major road pavement overlays, fixing unsafe bridges, providing safe access for bicyclists and pedestrians, replacing storm water culverts, as well as operational improvements that necessitate, among other things, the construction of auxiliary lanes to relieve traffic congestion choke points and fixing design deficiencies that have created unsafe merging and other traffic hazards. Efforts to supply funding for transit in addition to funding for roads should also focus on fixing the system first.

**3. Invest a portion of diesel tax and/or cap & trade revenue to high-priority goods movement projects.**

While the focus of a transportation funding package should be on maintaining and rehabilitating the existing system, California has a critical need to upgrade the goods movement infrastructure that is essential to our economic well-being. Establishing a framework to make appropriate investments in major goods movement arteries can lay the groundwork for greater investments in the future that will also improve air quality and reduce greenhouse gas emissions.

**4. Raise revenues across a broad range of options.**

Research by the California Alliance for Jobs and Transportation California shows that voters strongly support increased funding for transportation improvements. They are much more open to a package that spreads potential tax or fee increases across a broad range of options rather than just one source. Additionally, any package should move California toward an all-users pay structure in which everyone who benefits from the system contributes to maintaining it - from traditional gasoline-fueled vehicles, to hybrids, alternative fuel and or electric vehicles, to commercial vehicles. Our coalition supports:

- Reasonable increases in:
  - Gasoline and diesel excise taxes.
  - Vehicle registration and vehicle license fees.
- Dedicating a portion of the cap and trade revenue paid by motorists at the pump to transportation projects that reduce greenhouse emissions.
- Ensuring existing transportation revenues are invested in transportation-related purposes (i.e. truck weight fees and fuel taxes for off-road vehicles that are currently being diverted into the general fund).
- User charge for electric and other non-fossil fuel powered vehicles that currently do not contribute to road upkeep.

**5. Equal split between state and local projects.**

We support sharing revenue for roadway maintenance equally (50/50) between the state and cities and counties. Funding to local governments should be provided directly (no intermediaries) to accelerate projects and ensure maximum accountability.

**6. Strong accountability requirements to protect the taxpayers' investment.**

Voters and taxpayers must be assured that all transportation revenues are spent responsibly. Authorizing legislation should:

- Constitutionally protect transportation revenues for transportation infrastructure only. Time and again (Prop 42, 2002; Prop 1A, 2006; Prop 22, 2010), voters have overwhelmingly supported dedicating and constitutionally protecting transportation dollars for those purposes. We strongly support protections that prohibit using transportation dollars for other purposes.

- Repay existing transportation loans and end ongoing diversions of transportation revenues, including approximately \$850 million in loans to the general fund and the annual loss of approximately \$140 million in off-highway vehicle fuel taxes.
- Establish performance and accountability criteria to ensure efficient and effective use of all funding. All tax dollars should be spent properly, and recipients of new revenues should be held accountable to the taxpayers, whether at the state or local level. Counties and cities should adopt project lists at public hearings and report annually to the State Controller's Office regarding all transportation revenues and expenditures. Local governments should also commit to ensuring any new revenues supplement revenues currently invested in transportation projects. Both Caltrans and local governments can demonstrate and publicize the benefits associated with new transportation investments.
- Caltrans reform and oversight. To increase Caltrans effectiveness, provide stronger oversight by the state transportation commission of the programs funded by new revenues and establish an Inspector General office to provide accountability. Reduce Caltrans administrative budgets through efficiency reviews with all savings to be spent on road improvements.
- Expedite project delivery. More should be done to streamline project delivery, including but not limited to:
  - Establishing timelines for actions required by state agencies and eliminating other permit delays.
  - Increased implementation of alternative delivery systems that encourage more investment from the private sector.
  - Reforms to speed project completion.

#### **7. Provide Consistent Annual Funding Levels.**

Under current statute, the annual gas tax adjustment by the Board of Equalization is creating extreme fluctuations in funding levels -- a \$900 million drop in this budget year alone. A transportation funding package should contain legislation that will create more consistent revenue projections and allow Caltrans and transportation agencies the certainty they need for longer term planning. While this change would not provide any new revenue to transportation, it would provide greater certainty for planning and project delivery purposes.

We believe these priorities represent a solution to begin to address our transportation funding shortfalls, resulting in real projects at both the state and local level. We look forward to working with you over the coming weeks as a transportation package is finalized.

Sincerely,



Jason T. Baker  
President, Cities Association of Santa Clara County  
Vice Mayor, City of Campbell

Cc: Assembly Member Luis A. Alejo  
Assembly Member Nora Campos  
Assembly Member Rich Gordon  
Assembly Member Evan Low  
Assembly Member Mark Stone  
Assembly Member Kansen Chu  
Senator Jim Beall  
Senator Jerry Hill  
Senator Bill Monning  
Senator Bob Wieckowski