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CITY COUNCIL STAFF REPORT

Meeting: August 18, 2015

Subject

League of California Cities Resolution for Sustainable Funding for State and Local Infrastructure

Recommended Action

Adopt the Draft Resolution urging the state to provide new sustainable funding for state and local transportation infrastructure.

Description

Governor Edmund G. Brown, Jr. has called an extraordinary session to address the immense underfunding of California's transportation infrastructure. Cities and counties own and operate more than 81 percent of streets and roads in California, and from the moment we open our front door to drive to work, bike to school, or walk to the bus station, people are dependent upon a safe, reliable local transportation network.

The League of California Cities has participated in efforts with the California State Association of Counties and California's Regional Transportation Planning Agencies to study unmet funding needs for local roads and bridges, including sidewalks and other essential components. The resulting 2014 California Statewide Local Streets and Roads Needs Assessment, which provides critical analysis and information on the local transportation network's condition and funding needs, indicates that the condition of the local transportation network is deteriorating as predicted in the initial 2008 study. The results show that California's local streets and roads are on a path of significant decline. On a scale of zero (failed) to 100 (excellent), the statewide average pavement condition index (PCI) is 66, placing it in the "at risk" category where pavements will begin to deteriorate much more rapidly and require rehabilitation or rebuilding rather than more cost-effective preventative maintenance if funding is not increased; and

The Board of Directors of the League of California Cities strongly urges the Governor and Legislature to identify a sufficient and stable funding source for local street and road

and state highway maintenance and rehabilitation to ensure the safe and efficient mobility of the traveling public and the economic vitality of California.

The League strongly urges the Governor and Legislature to adopt the following priorities for funding California's streets and roads.

1. **Make a significant investment in transportation infrastructure.** 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 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. **Equal split between state and local projects.** We support sharing revenue for roadway maintenance equally (50/50) between the state and cities and counties, given the equally-pressing funding needs of both systems, as well as the longstanding historical precedent for collecting transportation user fees through a centralized system and sharing the revenues across the entire network through direct subventions. Ensuring that funding to local governments is provided directly, without intermediaries, will accelerate project delivery and ensure maximum accountability.
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, including fuel taxes, license fees, and registration fees, 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 new hybrids or electric vehicles, to commercial vehicles.

5. **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.
6. **Strong accountability requirements to protect the taxpayers' investment.** Voters and taxpayers must be assured that all transportation revenues are spent responsibly. Local governments are accustomed to employing transparent processes for selecting road maintenance projects aided by pavement management systems, as well as reporting on the expenditure of transportation funds through the State Controller's Local Streets and Roads Annual Report.
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.

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Attachments:

A – Draft Resolution