

# REGIONAL TRANSIT ISSUE PAPER

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Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	09/10/18	Open	Action	09/04/18

Subject: Consideration of a Resolution Opposing Proposition 6 Which Would Repeal Senate Bill 1 (Chapter No. 5, Statutes of 2017) the Road Repair and Accountability Act of 2017

## ISSUE

Whether or not to oppose Proposition 6, Voter Approval for Future Gas and Vehicle Taxes and 2017 Tax Repeal Initiative.

## RECOMMENDED ACTION

Adopt Resolution No. 18-09-\_\_\_\_\_, Opposing Proposition 6, Which Would Repeal Senate Bill 1 (Chapter 5, Statutes of 2017), the Road Repair and Accountability Act of 2017.

## FISCAL IMPACT

None as a result of this action.

## DISCUSSION

In 2017, the State enacted Senate Bill 1 (SB 1) – Beall. SB1 raises new tax-based revenues for transportation, including public transit. It does so through an increase in the state gas and diesel tax paid at the pump, an increase in the state vehicle license fees, and other fees. SB 1 formula funds are distributed to public transit operators through the State Transit Assistance (STA) program.

SB 1 is the first piece of major state legislation to begin to restore the significant loss of state transit revenue support that occurred in 2010. In 2010, California enacted what is commonly called the Gas Tax Swap (swap). This swap eliminated the state sales tax on gas. Up to that point, it was the sales tax on gas that provided the bulk of funding for the STA program. SB 1 raises approximately \$5 billion annually for the State of California to fund transportation and state-of-good repair projects. In June 2018, the public overwhelmingly voted to support Prop 69, which requires that revenue from SB 1 only be used for transportation related purposes.

Based on budget projections from the State Controller's Office (SCO) and actual revenue receipts, SacRT can expect to receive at least \$6.6 Million in additional SB 1 formula funding per year and can also compete regionally and within the State for other SB 1 related discretionary funding.

In addition to funding at risk for SacRT, the County and Cities of the Capital region also have significant funding at risk, which is anticipated to be used for a range of transportation projects around the six-county region. SB 1 is projected to provide approximately \$620 million over 10 years for road maintenance, public transit, and priority regional transportation projects in Sacramento County. SB 1 also provides opportunities for Sacramento County to compete for

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Approved:

Presented:

Final 09/05/18

General Manager/CEO

VP, Communications & Partnerships

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additional funds to reduce highway congestion, build infrastructure to support commerce, and expand transit by using SB 1 funds to leverage or match other funding sources.

With the funding received from SB 1, last year SacRT was able to allocate \$5.5 million in SB 1 state-of-good repair funding to Capital Projects and resolve previously deferred projects such as CBS Vehicle Replacement, Farebox Replacement, Watt I-80 Elevator Replacement, Automatic Passenger Counters, and LRV Fleet Repair Improvement and Replacement. SacRT has also been awarded millions of dollars in competitive multi-year grant funding from the Transit and Intercity Capital Rail Program (TIRCP), Solutions for Congested Corridors, and Local Partnership Programs that will expand light rail service to Folsom with double tracking on the Gold line for 15-minute service, procure 20 new low floor light rail vehicles, advance low floor station conversions/platform improvements, and procure zero-emission electric buses for microtransit service.

The continued infusion of SB 1 funding would allow SacRT to maintain its present level of service (incorporated in the recently adopted FY19 budgets). Thus, SB 1 revenues are crucial to SacRT in terms of maintaining service levels over the next three years as we thoughtfully address the need for future financial stability.

Thirty-six (36) of SacRT's light rail vehicles are nearing or at the end of their life span and have been in use well in excess of the 30-year industry standard. In addition, 40 light rail vehicles are in need of a midlife overhaul. If Proposition 6 passes, thereby overturning SB 1, SacRT will be faced with the challenge of losing millions of dollars that are critically needed to resources required as the funding match to effectively compete for state and federal grants to purchase new replacement light rail vehicles.

Proposition 6 has qualified for the November 2018 ballot. Voters will be asked if they wish to vote to repeal the underlying taxes in SB 1. If passed, Proposition 6 will also amend the state constitution to require that any future increases in gas taxes or vehicle operating fees go before the voters for approval.

Staff recommends the SacRT Board adopt the attached resolution expressing opposition to Proposition 6 and stating that SB 1 revenue is vital to SacRT maintaining and sustaining existing levels of services.

RESOLUTION NO. 18-09-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

September 10, 2018

**OPPOSING PROPOSITION 6 WHICH WOULD REPEAL SENATE BILL 1 (CHAPTER 5, STATUTES OF 2017) THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017**

**WHEREAS**, according to a report from the California Transit Association, California's local public transportation agencies have faced a 10-year, \$72 billion shortfall when comparing available funding to the actual transit capital and operating needs for modernizing transit systems and expanding service; and

**WHEREAS**, in 2017, "The Road Repair and Accountability Act" (Senate Bill 1, Beall and Frazier), approved by the Legislature and signed by Governor Brown, will raise \$5 billion annually in long-term, dedicated funding to invest in public transportation, make road safety improvements, fill potholes and repair local streets, highways, bridges and overpasses, with the revenues split equally between state and local government projects; and

**WHEREAS**, Proposition 6, which will repeal the underlying taxes in SB 1, qualified for the November 2018 ballot; and

**WHEREAS**, Proposition 6 will also amend the State Constitution to require that any future increases in gas taxes or vehicle operating fees go before the voters for approval; and

**WHEREAS**, as a result of SB 1, the Sacramento Regional Transit District (SacRT) can expect to receive at least \$6.6 Million in additional State Transit Assistance ("STA") SB 1 operating funding per year; and SacRT can compete for millions of dollars for the Sacramento region in other multi-year SB 1-related discretionary funding; and

**WHEREAS**, SB 1 represents the largest state investment in public transportation in a generation, providing more than \$700 million per year in dedicated new funding for public transit, including funding to expand transit capital and operations; replace older transit vehicles with zero-emission vehicles; and invest in intercity rail and commuter rail; and

**WHEREAS**, SB 1 will improve air quality and the environment by investing in public transit, and active transportation helps get people out of cars; and

**WHEREAS**, SB 1 provides critically needed funding for SacRT; and

**WHEREAS**, Proposition 6, a ballot measure on the November 2018 ballot, would repeal the new transportation revenues provided by SB 1 and make it more difficult to increase funding for state and local transportation improvements in the future; and

**WHEREAS**, Proposition 6 robs our communities of vital public transit and transportation improvement funds, jeopardizing more than 450 public transportation projects currently underway throughout the state, threatening projects to expand urban light rail, commuter and intercity passenger rail lines and new bus services; and

**WHEREAS**, Proposition 6 will make air quality worse and harm the environment, by eliminating funds dedicated to expanding rail transit lines, buses and other public transportation services that directly reduce air pollution and carbon emissions that cause climate change, and, because Proposition 6 threatens projects identified by the Sacramento Regional Transit District and transit agencies throughout the state to expand service and fund electric bus programs, zero-emission buses and rail projects which help reduce emissions; and

**WHEREAS**, Proposition 6 could divert over \$100,000,000 in funds over the next 5 years including from the State Transit Assistance Program, the STA State of Good Repair Program, and the Transit and Intercity Rail Capital Program, and halt or slow down critical investments in future transportation improvement projects in our community; and

**WHEREAS**, SacRT requests that the Board adopt this Resolution, thereby expressing opposition to Proposition 6.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Sacramento Regional Transit District Board of Directors hereby declares that it opposes Proposition 6, the November measure to repeal new transit and transportation revenues.

THAT, the General Manager/CEO is directed to communicate this position to all relevant parties.

THAT, SacRT can be listed as a member of the coalition opposed to Proposition 6, a diverse coalition of local government, business, labor, transportation and other organizations throughout the state.

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PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary