

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: October 5, 2018

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso ^{KEY}
Chief Legislative Analyst

Council File No.: 18-0002-S122
Assignment No.: 18-10-0913

SUBJECT: Resolution (Blumenfield – Bonin – Buscaino – Krekorian – Price) to oppose Proposition 6 which would repeal SB 1, the Road Repair and Accountability Act of 2017.

CLA RECOMMENDATION: APPROVE the attached Resolution to include in the City's 2017-2018 State Legislative Program, OPPOSITION to Proposition 6 which would repeal SB 1, the Road Repair and Accountability Act of 2017.

SUMMARY

The Resolution (Blumenfield – Bonin – Buscaino – Krekorian – Price), introduced on September 18, 2018 states that in April 2017, Governor Brown signed Senate Bill 1 (SB 1), the Road Repair and Accountability Act, creating new revenues from both gasoline and diesel fuel sales and vehicle licenses. The California Constitution requires that the State utilize this revenue to increase its contribution to transportation funding and SB 1 guarantees funds to repair neighborhood streets and freeways and bridges across California, and directs funds to transit and congested trade and commute corridor improvements.

The Resolution further states that the California Secretary of State has certified Proposition 6 for the November 6, 2018 ballot. If approved by a majority of voters, Proposition 6 will eliminate the revenue created under SB 1, reducing funding for highway and road maintenance and repairs and transit programs. Proposition 6 would also restrict the State Legislature's ability to address these issues in the future through revenue enhancements.

If successful, Proposition 6 will eliminate a vital source of funding necessary to rehabilitate, repair, and maintain local streets and roads, make critical life-saving safety improvements, repair and replace aging bridges and culverts, reduce congestion and increase mobility options. The Resolution seeks opposition to Proposition 6.

BACKGROUND

On April 28, 2017, Governor Brown signed Senate Bill 1, the Road Repair and Accountability Act of 2017 (SB 1). SB 1 increased taxes on gasoline and diesel fuel, set fixed rates on a second gasoline excise tax and diesel excise tax, and increased vehicle registration fees. These increases will be phased in between January 1, 2018 and July 1, 2020. A recent analysis by the California

Legislative Analyst's Office states that at full implementation, SB 1 is expected to generate \$5.1 billion annually.

The California Constitution requires that the State utilize gas tax revenue for transportation projects and limits the Legislature's ability to divert these funds to other uses. SB 1 dedicates over \$3.3 billion annually to state highways, local streets and roads, and bridges. SB 1 also addresses a demand for targeted transportation investments by allocating annual funding to four competitive grant programs:

- \$300 million for the Trade Corridor Enhancement Program (TCEP)
- \$250 million for the Solutions for Congested Corridors Program
- \$200 million for the Local Partnership Program (formula and competitive grant)
- \$100 million for the Active Transportation Program

Through increased investment statewide, SB 1 will reduce maintenance backlogs, reduce traffic congestion, provide Californians with access to additional mobility options, and improve bicyclist and pedestrian safety. Counties and cities began receiving SB 1 funds in January 2018 and have identified more than 6,500 projects eligible for such funding.

Proposition 6 is a ballot initiative which has been certified by the California Secretary of State for the November 2018 General Election. If approved, Proposition 6 will repeal SB 1 and will amend the California Constitution to require statewide voter approval to "impose, increase or extend any tax . . . on the sale, storage, use or consumption of motor vehicle gasoline or diesel fuel, or on the privilege of a resident of California to operate on the public highways a vehicle, or trailer coach."

In September 2018, the Public Policy Institute of California surveyed 964 likely voters on Proposition 6. Of those individual surveyed, 52 percent opposed Proposition 6, 39 percent supported Proposition 6 and 8 percent were undecided. A broad coalition, the "Coalition to Protect Transportation Improvements," has formed in opposition to Proposition 6. The coalition consists of a diverse range of groups including infrastructure and transportation groups, public safety organizations, public health advocates, cities, counties, local transportation agencies, the California Chamber of Commerce, and business and labor organizations. In August 2018, the Los Angeles County Board of Supervisors voted to formally oppose Proposition 6.

The City's 2018-19 Adopted Budget projects that the City will receive roughly \$67M in SB 1 funds. Anticipated SB 1 receipts account for nearly 40 percent of the City's gas tax funded efforts toward street reconstruction, maintenance, and safety improvements in the 2018-19 Adopted Budget. The Adopted Budget allocates SB 1 funding to the Complete Street Program, concrete street work, acceleration of access requests received through the City's Sidewalk Repair Program, and various capital improvement projects. It is anticipated that if Proposition 6 is successfully, at least half of the projected revenues will not be available.

The Department of Transportation (LADOT) reports that for fiscal year 2018-19, 40 percent of the City's Transit and Intercity Rail Capital Program (TIRCP) competitive grant funding will be provided by SB 1 funds. SB 1 also provides the City with additional State Transit Assistance operations funding and State of Good Repair funding which will be utilized to purchase battery-

electric paratransit buses. In total LADOT expects to receive approximately \$15 million in SB 1 funding for those three transit programs in the current fiscal year. LADOT also indicates that eliminating SB 1 funding may also reduce the City's Active Transportation Program (ATP) funding. On average, LADOT receives roughly 10 percent of the available state funding earmarked for the ATP.

In September, Los Angeles County Metropolitan Transportation Authority (Metro) staff reported that Metro's Short Range Financial Forecast anticipates \$4.9 billion in grant receipts from SB 1 over the next decade. Staff reported that if SB 1 is repealed, Metro's delivery of 10 to 12 major capital projects may be delayed by 3 to 5 years.

In response to efforts to repeal SB 1, the American Society of Civil Engineers (ASCE) released its 2018 Report Card for California's Infrastructure on October 3. The ASCE did so in an effort to inform voters in advance of the General Election. The scorecard rated the State's infrastructure as follows: bridges and transit were given a C- (mediocre, requires attention) and roads were given a D (poor, at risk). SB 1 provides funding to address the needs identified in the ASCE's report card.

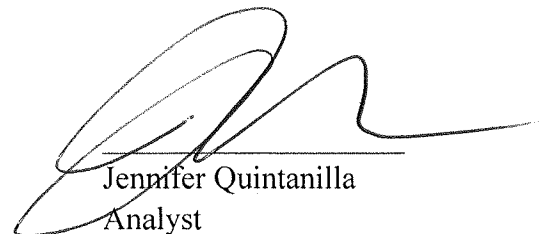
Further, a recent study released by the American Road & Transportation Builders Association concluded that over the next decade, SB 1 will generate over \$29.2 billion in increased economic activity across Los Angeles County, create 90,161 jobs, and support the repair, repaving, and reconstruction of over 84,000 lane miles, including work on over 18,300 lane miles of urban interstate.

CONCLUSION

If approved, Proposition 6 will endanger local and statewide efforts to improve failing infrastructure and enhance transit options. Thus, the Council should include opposition to Proposition 6 in the City's 2017-2018 State Legislative Program.

Departments Notified

Bureau of Engineering
Bureau of Street Services
Department of Transportation
City Administrative Officer



Jennifer Quintanilla
Analyst

Attachments: 1. Resolution

SMT MF PS JMQ

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, on April 28, 2017, Governor Brown signed SB 1, the Road Repair and Accountability Act, creating new revenues from both gasoline and diesel fuel sales and vehicle licenses; and

WHEREAS, these new revenues will be phased-in, generating an estimated \$5.1 billion annually upon full implementation in 2020; and

WHEREAS, the California Constitution requires that the State utilize this revenue to increase its contribution to transportation funding and SB 1 guarantees funds to repair neighborhood streets and freeways and bridges across California, and directs funds to transit and congested trade and commute corridor improvements; and

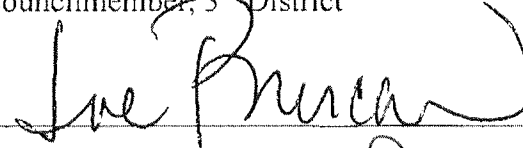
WHEREAS, a recent study by the American Road & Transportation Builders Association concluded that over the next decade, SB 1 will generate over \$29.2 billion in increased economic activity across Los Angeles County, create 90,161 jobs, and support the repair, repaving, and reconstruction of over 84,000 lane miles, including work on over 18,300 lane miles of urban interstate; and


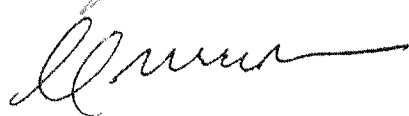
WHEREAS, the City of Los Angeles has submitted a list of over 40 projects to the California Transportation Commission, utilizing approximately \$67 million in SB 1 funds including a series of unique Complete Streets projects which will repair streets and install safety measures; and


WHEREAS, the California Secretary of State has certified Proposition 6 for the November 6, 2018 ballot which, if approved by a majority of voters, would eliminate the revenue created under SB 1, reduce funding for highway and road maintenance and repairs and transit programs, and restrict the State Legislature's ability to address these issues in the future through revenue enhancements;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2017-18 State Legislative Program **OPPOSITION** to Proposition 6 which would repeal SB 1, the Road Repair and Accountability Act of 2017, eliminating a vital source of funding necessary to rehabilitate, repair, and maintain local streets and roads, make critical life-saving safety improvements, repair and replace aging bridges and culverts, reduce congestion and increase mobility options.

PRESENTED BY: 
 BOB BLUMENFIELD
 Councilmember, 3rd District

SECONDED BY: 

 Paul Kuborian


SEP 19 2018
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