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COMMISSION

TO: The Nevada County Transportation Commission
FROM: Daniel B. Landon, Executive Director 
SUBJECT: Executive Director's Report for the May 17, 2017 Meeting
DATE: May 9, 2017

TRANSPORTATION FUNDING - SENATE BILL 1

The Road Repair and Accountability Act of 2017, Senate Bill 1 (SB 1) provides the first significant, stable, and on-going increase in state transportation funding in more than two decades. The main components/features of SB 1 are:

- Raises the gas tax for the first time since 1994, will generate \$5.2 billion per year.
- 12-cent gasoline excise tax increase, effective November 2017.
- 20-cent diesel excise tax increase, effective November 2017.
- 4% diesel sales tax increase, effective November 2017.
- A "transportation improvement fee", similar to the vehicle registration fee that owners already pay to the DMV each year. Assessed at progressive rates ranging from \$25 to \$175 per year based on vehicle value, effective January 2018.
- \$100 per year zero emission vehicle fee, effective July 2020.

Estimated new revenues for cities and counties for the next 10 years:

- \$15 billion for local street and road maintenance (\$1.5 billion per year).
- \$7.5 billion for transit (\$750 million per year).
- \$2 billion for "local partnership program" (\$200 million per year).
- \$1 billion for active transportation program (\$100 million per year).
- \$825 million for State Transportation Improvement Program regional shares (\$82.5 million per year).
- \$250 million for local planning grants (\$25 million per year).

Estimated new revenues for the state for the next 10 years:

- \$19 billion for state highway/bridge maintenance and rehabilitation (\$1.9 billion per year).
- \$3 billion for high-priority freight corridors (\$300 million per year).
- \$2.5 billion for Congested Corridors Program (\$250 million per year).
- \$275 million for the Interregional Transportation Improvement Program (ITIP) (\$27.5 million per year).

The attached *SB 1 Program Matrix* displays the funding programs most likely to be applicable to Nevada County, their annual statewide amounts for FY 18/19, and the expected amounts available in Nevada County for FY 18/19. In providing this funding, the legislature has provided additional funding to a number of existing programs, and created new programs for the California Transportation Commission (CTC) to oversee as described below.

Local Streets and Roads - SB 1 provides an increase of \$1.5 billion annually, beginning in November 2017. SB 1 creates new responsibilities for the CTC relative to this funding, including development of guidelines, review of project lists submitted by cities and counties, reporting to the state controller, and receiving reports on completed projects.

Public Transit Funding - Effective November 1, 2017, SB 1 imposes a 4% increase on the diesel sales tax. The State Transit Assistance (STA) program will receive revenues from a 3.5% increase and the remaining funds will go to intercity rail and commuter rail purposes.

State Transportation Improvement Program (STIP) - SB 1 stabilizes funding for the STIP. The impact of the stabilization of STIP funding will be included in the 2018 STIP Fund Estimate and incorporated into the 2018 STIP.

State Highway Operation and Protection Program (SHOPP) – SB 1 provides an increase of approximately \$1.9 billion annually, beginning in November 2017, and requires additional CTC oversight of the SHOPP program, including project review and approval, and convening public hearings prior to adopting SHOPP.

Trade Corridor Enhancement Account - SB 1 creates a new \$300 million per year account, starting in November 2017, to fund corridor based freight projects nominated by local agencies and the state. It is anticipated that additional guidance regarding the implementation requirements of this program will be contained in the state budget bill or in a budget trailer bill.

Solutions for Congested Corridors Program - SB 1 created a new \$250 million per year program, beginning in FY 2017/18. The CTC will be responsible to develop guidelines, hold public hearings, review corridor plans, score project nominations, program projects, allocate funds, monitor program delivery, and report to the legislature.

Active Transportation Program (ATP) – The ATP was created in 2013 with the purpose of making California a national leader in active transportation (biking and walking). SB 1 provides an increase of \$100 million annually for the ATP. This represents an increase in the size of this on-going program by more than 80%. The ATP funding provided in SB 1 will begin in FY 2017/18. It is anticipated that the CTC will need to issue a call for projects for the ATP for projects covering SB 1 funding that will be available in FY 2017/18 and FY 2018/19.

SB1 Program Matrix - May 2017
(Amounts shown in millions)

Program	Annual Statewide Funding (FY 18/19)	Expected Nevada County Funding (FY 18/19)	Directing Agency	Distribution Basis (or "Competitive")	Revenue Source	Indexed to CPI	Effective Date(s)
Road Maintenance and Rehabilitation Account (RMRA)					12-cent/gallon gasoline excise tax	Y	1-Nov-17
					Transportation Improvement Fee (TIF) (vehicle registration charge)	Y	1-Jan-18
					\$100 per year zero-emission vehicle registration charge	Y	1-Jul-20
					20-cent per gallon diesel excise tax increase	Y	1-Nov-17
Local Streets and Roads (LSR)							
Annual LSR plus General Fund (GF) Loan Repayment	\$1,500	\$9.54	Locals	LSR formula (Streets & Highways Code (SHC) Section 2103 (a)(3)(C))	RMRA plus GF Loan Repayment*	Y	See RMRA "Effective Dates"
Nevada County	-	\$6.63					
Grass Valley	-	\$0.52					
Nevada City	-	\$0.13					
Truckee	-	\$2.26					
Public Transit Formula							
State Transit Assistance (STA)	\$750	\$1.00	Transit agencies/RTPAs	STA population and revenue based formulas (PUC Section 99313 and 99314)	3.5% diesel sales tax increase	N	1-Nov-17
Nevada County		\$0.84					
Truckee		\$0.16					
State Transportation Improvement Program (STIP)**							
Regional Transportation Improvement Program (RTIP)	\$82.5	\$0.22	Regional Transportation Planning Agencies (RTPAs)/California Transportation Commission (CTC)	STIP Formula	17.3 cent/gallon gas tax reset	Y	1-Jul-19
Interregional Transportation Improvement Program (ITIP)	\$27.5	TBD	Caltrans/CTC	STIP Formula	17.3 cent/gallon gas tax reset	Y	1-Jul-19
State Highway Maintenance and Rehabilitation							
Annual State Highway Maintenance and SHOPP	\$1,900	TBD	Caltrans	Not specified, but funds will be used by Caltrans for maintenance of the state highway system or for purposes of the State Highway Operation and Protection Program (SHOPP).	RMRA plus GF Loan Repayment*	Y	See RMRA "Effective Dates"
Other Programs							
Trade Corridors	\$300	TBD	Legislature	Competitive (earmarked)	20 cent per gallon diesel excise tax increase	Y	1-Nov-17
Solutions for Congested Corridors	\$250	TBD	CTC	Competitive. CTC, in consultation with Air Resources Board, shall adopt program guidelines. The CTC shall allocate no more than one-half of the funds available each year to projects nominated exclusively by Caltrans. Preference shall be given to corridor plans that demonstrate collaboration between Caltrans and local or regional partners.	TIF	N	FY 17/18
Active Transportation Program (ATP)	\$100	TBD	CTC	ATP distribution (SHC Section 2381)	RMRA	N	See RMRA "Effective Dates"

* GF loan repayment shall be complete no later than June 30, 2020. The repayments will be made in equal installments over three years.

3.5% of the 4% increase goes to STA, the remaining 0.5% goes to intercity rail.

** STIP funding estimate is based on SB 1 summary materials released by the Brown administration. NCTC forecasts suggest that Nevada County region could receive approximately \$1 million in the 2018 STIP and future STIP cycles.