

SB 1 (Chapter 5, Statutes of 2017) Overview

SB 1 (Chapter 5, Statutes of 2017), the Road Repair and Accountability Act of 2017, which was signed by the Governor on April 28, 2017, will provide an estimated \$52.5 billion for transportation purposes over the next ten years, with investments targeted towards fix-it-first purposes on local streets and roads and highways, transit operations and maintenance, capital investments, and active transportation. There is no sunset on the revenue sources included in the bill, with many of the taxes and fees to be indexed for inflation to keep pace with rising costs.

The sources of revenues provided by SB 1 are as follows:

Beginning November 1, 2017

- 12 cent gas tax increase
- 20 cent diesel tax increase
- Four percent increase in the sales tax on diesel

Beginning January 1, 2018

- New transportation improvement fee ranging from \$25-\$175

Beginning July 1, 2019

- Resetting of the price-based excise tax to 17.3 cents

No later than June 30, 2020

- The complete repayment of \$706 million in transportation loans made to the general fund

Beginning July 1, 2020:

- \$100 road improvement fee for zero-emission vehicles starting for 2020 model cars and later

The revenues generated from the above funding tools will be used to provide supplemental funding to many existing programs and create several new funding programs, some of which the Orange County Transportation Authority (OCTA) will be a direct recipient. Overall the revenues are allocated 65 percent to maintain existing transportation infrastructure, 15 percent for public transit, 13 percent for congestion relief, 4 percent in incentives for local transportation funding initiatives, and 4 percent for sustainability measures. The statewide breakdown is as follows:

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Funding Program and Purpose	Projected Ten-year Funding
Local Street and Roads – Fix-it-First	\$15 billion
State Highway Maintenance and Rehabilitation – Fix-it-First	\$15 billion
State Highway Bridges and Culverts	\$4 billion
Public Transit Capital and Operations	\$7.5 billion
Trade Corridor improvements	\$3 billion
Congested Corridor Program	\$2.5 billion
State Transportation Improvement Program (STIP) (regional)	\$825 million
STIP (state)	\$275 million
State-Local Partnership Program	\$2 billion
Active Transportation Program	\$1 billion
Local Planning Grants	\$250 million
Freeway Service Patrol	\$250 million
Parks Funding for Agriculture, Off-Highway Vehicles and Boating	\$800 million
Public University Research	\$70 million
Workforce Development Program	\$50 million
TOTAL	\$52.5 billion

It is expected that SB 1 will provide increased formula funding as follows, over a ten-year period:

- A doubling of local street and roads funding for each city and the county, that is to be focused on projects such as rehabilitation and maintenance, grade separations, safety projects, complete street components, and traffic control devices. Cities that achieve a pavement condition index over 80 will have additional flexibility to use their funds for expanded purposes. Based on estimates provided by the California Department of Transportation (Caltrans) , over the next ten years, this translates into about \$535 million for Orange County roads, or about \$53.5 million per year, and about \$706.9 million for Orange County city roads, or about \$70 million per year. Because the various taxes and fees are to be phased in, the allocations will be lower in the first few years. The estimates from the California League of Cities, for example, forecasts that Orange County cities would receive approximately \$56 million in fiscal year 2018-19.
- Based on estimates provided by Caltrans, about \$741 million for the State Highway Operation and Protection Program (SHOPP) will be provided for Orange County, with the same eligibility parameters, guidelines, and reporting requirements as are provided for the local street and roads funding. This estimate is based on average past allocations to Orange County.

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- Based on funding estimates provided by the Department of Finance, over \$18 million in new transit funding per year for Orange County, with about \$13 million eligible for transit capital or operations purposes, and over \$5 million annually for capital purposes will be provided. This doubles the amount of transit funding provided to Orange County when compared to existing State Transit Assistance funding.
- The stabilizing of the STIP, which could allow OCTA to reprogram projects previously delayed or prevented from being programmed. Overall, it is expected that over the next ten years, SB 1 will add about \$53 million over previous estimates to the STIP, based on estimates provided by Caltrans.

In addition, OCTA plans to compete for the new programs including trade corridors, state-local partnership, and congested corridors. As guidelines are developed for each program, more detail will be available as to which local projects will be most competitive for each program.

Finally, SB 1 included several project accountability and efficiency reforms:

- The creation of a Senate-confirmed position of Inspector General within Caltrans, appointed by the Governor, to audit and investigate state and local projects to ensure expenditures are done in conformance with existing law.
- Increased California Transportation Commission oversight over Caltrans projects within the SHOPP, with additional performance measures.
- A constitutional measure contained in a companion bill protecting new fees from future diversion contained in SCA 5 (Frazier, D-Oakley).
- Caltrans must implement efficiency measures estimated to generate cost savings of \$100 million.
- The development of an advanced mitigation program for projects receiving state funding.