




*July 6, 2017*

**To:** Regional Planning and Highways Committee  
**From:** Darrell Johnson, Chief Executive Officer   
**Subject:** Overview of SB 1 (Chapter 5, Statutes of 2017) – The Road Repair and Accountability Act of 2017

### **Overview**

SB 1 (Chapter 5, Statutes of 2017), the Road Repair and Accountability Act of 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, highways, transit operations and maintenance, capital investments, and active transportation. The general requirements of several competitive programs are presented for review.

### **Recommendation**

Receive and file as an information item.

### **Background**

SB 1 provides significant supplemental funding to many existing programs and creates several new funding programs (Attachment A). At its core, SB 1 is about maintaining existing state and local transportation infrastructure. In addition, SB 1 provides significant supplemental public transit funding to stem the declining trend in traditional transit funding. SB 1 will nearly double local street and roads funding for each city and the county, with an emphasis on projects that improve pavement condition, enhance safety, implement complete street elements, and upgrade traffic control devices. The estimated additional annual amount of up to \$118 million will significantly reduce Orange County's pavement rehabilitation backlog.

With respect to transit, SB 1 provides an additional \$18 million in new transit funding per year for Orange County. This doubles the amount of transit funding provided to Orange County when compared to existing State Transit Assistance funding. Lastly, SB 1 stabilized the State Transportation Improvement Program, and, in the short term, allows OCTA to avoid delays to two Interstate 5 projects and reduce exposure to \$50 million in cost escalation.

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The California Transportation Commission (CTC), the California State Transportation Agency (CalSTA) and the California Department of Transportation (Caltrans) are working on guideline development for many of the SB 1 programs. Milestones and funding amounts for each program are included in Attachment B. The programs are summarized in the table below:

Program	Guideline Development/Lead	Distribution Method
2017 Active Transportation Program (ATP)	CTC	Competitive
2019 ATP	CTC	Competitive
Local Partnership Program (LPP)	CTC	Competitive/Non-Competitive
Local Planning Grants	Caltrans	Competitive
Local Streets and Roads (LSR)	CTC	Non-Competitive
Solutions for Congested Corridors (SCC)	CTC	Competitive
State Highway Operation and Protection Program (SHOPP)	CTC	Non-Competitive
State Transit Assistance Capital (STA Capital)	CalSTA/Caltrans	Non-Competitive
State Transit Assistance Flexible (STA Flexible)	State Controllers	Non-Competitive
State Transportation Improvement Program	CTC	Non-Competitive
Trade Corridor Enhancement Program (TCEP)	CTC	Competitive
Transit and Intercity Rail Capital Program (TIRCP)	CalSTA	Competitive
Freeway Service Patrol (FSP)	Various	Non-Competitive
Advance Mitigation (Environmental)	Caltrans	To Be Determined

### **Discussion**

The Measure M2 (M2) Ordinance requires that every effort be made to maximize matching state and federal transportation dollars. Also, the Capital Programming Policies, last adopted by the Board of Directors (Board) in May 2017, enforces the M2 Ordinance directive that the first priority of all funding sources is to fulfill commitments to M2020 and/or Next 10 projects, specifically M2 projects, and to maintain existing Orange County Transportation Authority's (OCTA) assets in a state of good repair. SB 1 programs can support this goal, and this is even more important given the great recession of 2008 and the recent downturn in forecasted M2 revenues, and programs in SB 1 can support this goal.

SB1 includes four competitive programs administered by CTC for which OCTA or local Orange County agencies may compete:

- ATP
- LPP (50 percent competitive)
- SCC
- TCEP

Each of these programs has specific requirements that will require OCTA to be proactive and strategic in how it applies for funding. Attachment C provides information on each of the competitive programs. Attachment D provides information on the non-competitive CTC programs under SB 1.

The CTC will develop guidelines for these programs. The standard process for guideline development for each of these programs is the same, and includes:

- Workshops
- Draft Guidelines
- Proposed Final Guidelines
- Hearing at the CTC meeting
- Final Guidelines
- Issuance of the Call for Projects
- Submittal of Applications
- Review and Score Applications
- Award/Program Funds to the Highest Scoring Projects

Some of these programs may include a distribution of funds based on some variation of geographic distribution, but in order to be competitive, OCTA must prepare plans or documents that describe the projects with careful consideration of statewide goals, such as greenhouse gas emission reductions, vehicle miles traveled reduction, benefits or impacts to disadvantaged communities, fix-it-first, expansion of the economy and protection of the environment, performance criteria, transparency, and accountability.

The CTC approved guidelines for the ATP on June 28, 2017 and intends to program funds to existing cycle 3 projects that can advance, or projects that were not awarded but applied for funding under cycle 3. The Board assigned points to Cycle 3 ATP projects for the Southern California Association of Governments regional project selection on January 9, 2017. A list of projects that would be considered for funding under the CTC's proposed guidelines is provided in Attachment C.

In October 2017, the CTC is scheduled to approve guidelines for the LPP. In December 2017, the CTC will approve guidelines for the SCC, and in January 2018, they will approve guidelines for the TCEP.

Staff is currently working on a list of projects to be considered for funding under the SB 1 competitive programs. An initial list that depicts OCTA's potential state funding need for this initial funding cycle is provided in Attachment E. Staff will add or remove, and correctly categorize projects for funding based on information provided through the guideline development process. Staff will return to the Board for approval of project submittals for SB 1 funding opportunities over the next several months.

In addition to the competitive programs, staff is also monitoring the guideline development process for the LSR formula program in order to bring information back to local agencies. There are estimates that indicate this program will provide up to \$118 million annually to Orange County cities and the County. Due to the various taxes and fees being phased in, yearly allocations will be lower in the first few years. Attachment F provides a chart that shows the average amount of funding each city may receive yearly over the next 10 years based on estimates previously released by CalSTA and includes estimates from the California League of Cities on the amounts that cities may expect to receive in fiscal year (FY) 2017-18.

Additionally, the local agencies will be required to submit a project list of SB 1 funded projects that was included in each local agency's adopted budget. Cities with an average pavement condition index of below 80, are limited in how they may use the funds. Local agencies must also maintain their general fund expenditures or their maintenance of effort consistent with what they reported in the State Controller's Office reports for FY 2009-10, 2010-11 and 2011-12.

Finally, the STA Flexible and STA Capital programs which provide funds to transit operators through the same formula as State Transit Assistance will provide almost \$18 million to OCTA on an annual basis. OCTA will be required to submit an annual list of projects to Caltrans in order to receive these funds. This additional funding for transit has allowed OCTA to continue transit operations without the significant service cuts which were originally planned for the FY 2017-18 budget due to declining transit funding.

### ***Next Steps***

OCTA will participate in upcoming workshops and work with the CTC to draft guidelines. After guidelines are adopted, OCTA will incorporate projects into specific plans as required and work with the various local agencies to submit projects for applicable programs.

***Summary***

Information regarding the CTC Implementation Plan for SB 1 competitive funding programs is provided for Board review and consideration.

***Attachments***

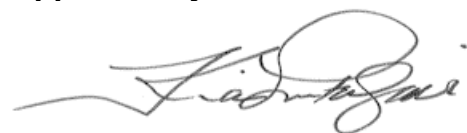
- A. SB 1 (Chapter 5, Statutes of 2017) Overview
- B. SB 1 (Chapter 5, Statutes of 2017) Application Development and Guidelines Schedule (Preliminary)
- C. SB 1 (Chapter 5, Statutes of 2017) – Competitive Programs
- D. SB 1 (Chapter 5, Statutes of 2017) – Non-Competitive Programs
- E. 2017 State Funding Needs Assessment – Orange County Transportation Authority Near Term Projects
- F. SB 1 (Beall, D-San Jose) City and County Revenue Estimates (Yearly Average Based on 10-Year Revenue Estimate)

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