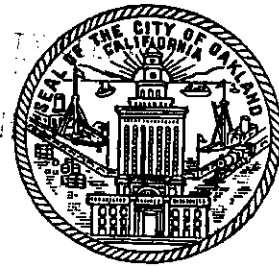


**CITY OF OAKLAND**  
**BILL ANALYSIS**

2006 AUG 22 PM



**Date:** August 21, 2006

**Bill Number:** Proposition 1B (previously SB 1266)

**Author:** Senator Don Perata

**DEPARTMENT INFORMATION**

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**Department:** Public Works Agency

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**RECOMMENDED POSITION: SUPPORT**

**Summary of the Bill:**

Proposition 1B, also known as the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, is a \$19.925 billion statewide transportation bond on the November 2006 ballot. Proceeds from this bond will fund a comprehensive transportation infrastructure package. Projects included in this package will improve traffic safety, reduce traffic congestion, repair local streets and roads, expand public transit and improve security, reduce air pollution, plus facilitate the movement of goods and services. See Attachment A for complete list of programs to be funded with this bond.

**Positive Factors for Oakland:**

Over a 10-year period, Oakland can expect an infusion of \$13.2 million for local street and road repair from the transportation infrastructure bond. Our public transit operators -- AC Transit and BART -- can expect \$106.9 million and \$245.8 million respectively. In addition, the Alameda County Congestion Management Agency will receive \$54.5 million in supplementary discretionary funding from the State Transportation Improvement Program (STIP) for projects in Alameda County. Projects in the Alameda Countywide Transportation Plan that Oakland sponsors will be eligible for these STIP funds including improvements on I-880 and major arterials to relieve traffic congestion, as well as development of Oakland's Transit Villages at BART stations.

In addition, the bond includes several statewide discretionary programs under which Oakland's projects might compete well. These include the 1) Corridor Mobility Improvement Program that will fund traffic congestion projects on highways such as I-880; 2) State-Local Partnership Program that will provide matching funds for locally funded projects; and 3) Traffic Light Synchronization Program to retime signals on arterials; 4) Local Bridge Seismic Retrofit Program; and 5) Grade Separation and Railroad Crossing Program.

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Rules & Legislation Comte.  
September 14, 2006

The Metropolitan Transportation Commission (MTC) predicts that the Bay Area will garner between \$2.2 and \$2.5 billion from the various discretionary competitive programs listed on Attachment A that fund public transit and port/goods movement projects. When combined with \$2 billion formula-driven allocations that will come to Bay region – for local street and road repair, for public transit, and new STIP allocations cited previously, MTC expects the bond could yield between \$4.2 and \$4.5 billion for Bay Area transportation improvements over the next decade. In other words, the Bay Area is well poised to receive 18 to 20 percent of the bond proceeds.

**Negative Factors for Oakland:**

The major drawback for Oakland is the relatively small amount of new funds earmarked for local street and road repair, plus the 10-year payout of these funds which averages only \$1.32 million per year. Oakland staff will investigate opportunities to accelerate the payout of local streets and roads funds to communities that face significant backlogs of deferred maintenance.

**PLEASE RATE THE EFFECT OF THIS MEASURE ON THE CITY OF OAKLAND:**

**Very Important** (priority for City lobbyist, city position necessary)

**Known support:** Association of Bay Area Governments, League of California Cities, Alameda County Congestion Management Agency, Metropolitan Transportation Commission, AC Transit, and BART.

**Known Opposition:** None known.

**Attach bill text and state/federal legislative committee analysis, if available.**

SB 1266 and the Legislative Analyst Office's analysis of Proposition 1B are attached.

Respectfully Submitted,



Raul Godinez, II P.E.  
Director, Public Works Agency

Approved for Forwarding to  
Rules & Legislation Committee



Office of City Administrator

Item: \_\_\_\_\_  
Rules & Legislation Comte.  
September 14, 2006

Program	Amount	Description
<b><u>Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (SB 1266; Perata)</u></b>		
<p>SB 1266 places a \$19.925 billion bond package on the November 2006 ballot. This bond act will appear on the ballot as Proposition 1B. The bond act contains the following funding programs, not listed here is the \$1 billion dedicated to the Highway 99 corridor.</p>		
<p><b>Corridor Mobility Improvement Account</b></p>	<p><b>\$4.5 billion</b></p>	<p>These funds would be used for <b>improvements on highly congested corridors</b> in California. The funds would be programmed separately from the STIP. <b>The funds are subject to the north-south split, but not county share allocations.</b> The Legislature must also approve the appropriation for these funds as part of the annual budget act. These funds will be allocated pursuant to the following steps:</p> <ol style="list-style-type: none"> <li><b>1. The CTC must adopt guidelines including regional programming targets by December 1, 2006.</b></li> <li>2. Caltrans must nominate projects by January 15, 2007.</li> <li><b>3. Regional transportation agencies or county transportation commissions must nominate projects by January 15, 2007.</b></li> <li>4. After reviewing the projects the <b>CTC must adopt an initial program of projects by March 1, 2007.</b> The CTC must update this list every two-years in conjunction with the STIP process.</li> </ol> <p>A project <b>must meet all of the following criteria</b> to be eligible for these funds:</p> <ul style="list-style-type: none"> <li>• Is a high priority project (1) nominated by both Caltrans and the regional transportation planning agency, or (2) with committed other state, federal, or local funds.</li> <li>• Can commence construction by December 31, 2012</li> <li>• Improves mobility in a high-congestion corridor, improves the connectivity of the state highway system, or improves the operation or safety of a highway.</li> <li>• Improves access to jobs, housing, markets and commerce.</li> </ul> <p><b>All projects submitted to the CTC must be included in a regional transportation plan.</b> In adopting this list of projects the CTC shall make a finding that the projects are geographically balanced and consistent with</p>

Program	Amount	Description
<p><b>California Ports Infrastructure, Security, and Air Quality Improvement Account</b></p>	<p><b>\$3.1 billion</b></p>	<p>the 40-60 north-south split requirement.</p> <p><b><u>\$2 billion for the Trade Corridors Improvement Fund:</u></b> These funds are subject to implementing legislation. <b>The CTC is required to allocate these funds to infrastructure improvements along federally designated “Trade Corridors of National Significance’ or along other corridors that have a high volume of freight movements, as determined by the CTC.</b> The CTC is to consult the State’s Goods Movement Action Plan, regional goods movement plans, regional transportation plans, and the statewide port master plan in determining eligible projects. <b>Eligible projects for these funds include, but are not limited to, all of the following:</b></p> <ul style="list-style-type: none"> <li>• Highway capacity and operational improvements to more efficiently accommodate the movement of freight</li> <li>• Freight rail system improvements to enhance the ability to move goods from seaports, land ports of entry, and airports to warehousing and distribution centers</li> <li>• Projects to enhance the capacity and efficiency of ports</li> <li>• Truck corridor improvements, including dedicated truck facilities or truck toll facilities</li> <li>• Border access improvements</li> <li>• Surface transportation improvements to facilitate the movement of goods to and from airports</li> </ul> <p>The CTC is to allocate these funds in a manner that (1) addresses the state’s most urgent needs, (2) balances the demands of ports throughout the state, (3) provides reasonable geographic balance among the state’s regions, and (4) places emphasis on projects that improve trade corridor mobility while reducing pollution. <b>Projects must have supplemental funding that is at least equal to the amount contributed by this fund.</b></p> <p><b><u>\$1 billion for air quality programs at ports:</u></b> These funds are subject to implementing legislation. The purpose of these funds is to supplement existing funding programs, such as the Carl Moyer Program, with the aim of reducing diesel emissions from freight movement activities.</p> <p><b>\$100 million for port security improvements:</b> These funds will be awarded</p>

Program	Amount	Description
		as grants for a wide range of security related purposes. This grant program will be administered by the Office of Emergency Services.
<b>STIP Augmentation</b>	<b>\$2 billion</b>	<b>These funds would be allocated by the CTC and distributed in the same manner as funds programmed in the STIP (see attached estimates by MTC).</b>
<b>Public Transportation Modernization, Improvement, and Service Enhancement Account</b>	<b>\$4 billion</b>	These funds are allocated by formula. <ul style="list-style-type: none"> <li>• \$400 million to Caltrans for intercity rail improvements.</li> <li>• \$3.6 billion to public transit operators for capital improvements, distributed pursuant to the State Transit Assistance formula (see attached estimates by MTC).</li> </ul>
<b>State-Local Partnership Fund</b>	<b>\$1 billion</b>	The details of this program will be enacted in subsequent legislation. SB 1266 specifies that the State-Local Partnership will be allocated by the CTC over a 5 year period, and it will require a dollar-for-dollar match of local funds. The intent of the program is to benefit those counties that have enacted a transportation sales tax.
<b>Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006</b>	<b>\$2 billion</b>	These funds will be split equally between cities and counties for local street and road projects. Eligible projects are those that reduce congestion, increase traffic safety, or rehabilitate and maintain local roads. The city share is distributed based on population, with each city receiving at least \$400,000. The county share is distributed based 75% on registered vehicles and 25% on county maintained road miles. See attached estimates by MTC.
<b>Transit System Safety, and Disaster Response Account</b>	<b>\$1 billion</b>	These funds will be made available subject to implementing legislation. However, this Account is intended to fund projects that increase the safety and security of public transit systems. In addition, these funds will be used for capital projects that enable transit operators, including waterborne operators, to move people and emergency personnel and equipment in the aftermath of a disaster.
<b>Local Bridge Seismic Retrofit Account</b>	<b>\$125 million</b>	These funds will be used by Caltrans to provide the 11.5% state match required to draw down federal Highway Bridge Replacement and Repair funds. These funds should be sufficient to complete the seismic

Program	Amount	Description
		retrofit work on local bridges, ramps, and overpasses.
<b>Highway-Railroad Crossing Safety Account</b>	<b>\$250 million</b>	<p><b>These funds will be used by Caltrans to complete high priority grade separation projects. This program will require a dollar-for-dollar match with non-state funds for each project.</b> However, these funds are exempt from current law that limits an agency from receiving state funds for a grade separation project to once every ten years.</p> <p>Of the funds deposited in this account, SB 1266 requires the CTC to consult and coordinate with the High-Speed Rail Authority in the allocation of \$100 million in grade separation projects funds.</p>
<b>Highway Safety, Rehabilitation, and Preservation Account</b>	<b>\$750 million</b>	<p><b>These funds will be allocated by the CTC to Caltrans for state highway operation and protection programs (SHOPP).</b></p> <p><b>\$250 million is earmarked for technology based transportation improvements on local streets and roads. SB 1266 directs Caltrans to develop a program for the distribution of these funds for traffic light synchronization projects and other intelligent transportation system projects.</b></p>
<b>School bus retrofitting and replacement</b>	<b>\$200 million</b>	These funds would be appropriated by the Legislature for school bus retrofit and replacement projects.

BILL NUMBER: SB 1266 CHAPTERED  
BILL TEXT

CHAPTER 25  
FILED WITH SECRETARY OF STATE MAY 16, 2006  
APPROVED BY GOVERNOR MAY 16, 2006  
PASSED THE SENATE MAY 5, 2006  
PASSED THE ASSEMBLY MAY 5, 2006  
AMENDED IN SENATE MAY 4, 2006  
AMENDED IN SENATE APRIL 20, 2006

INTRODUCED BY Senator Perata  
(Principal coauthor: Assembly Member Nunez)

FEBRUARY 9, 2006

An act to add Chapter 12.49 (commencing with Section 8879.20) to Division 1 of Title 2 of the Government Code, relating to transportation, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1266, Perata Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.

Existing law provides various funding sources for transportation and related purposes.

This bill, subject to voter approval at the November 7, 2006, statewide general election, would enact the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to authorize \$19.925 billion of state general obligation bonds for specified purposes, including high-priority transportation corridor improvements, State Route 99 corridor enhancements, trade infrastructure and port security projects, schoolbus retrofit and replacement purposes, state transportation improvement program augmentation, transit and passenger rail improvements, state-local partnership transportation projects, transit security projects, local bridge seismic retrofit projects, highway-railroad grade separation and crossing improvement projects, state highway safety and rehabilitation projects, and local street and road improvement, congestion relief, and traffic safety.

This bill would declare that it is to take effect immediately as an urgency statute.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 12.49 (commencing with Section 8879.20) is added to Division 1 of Title 2 of the Government Code, to read:

CHAPTER 12.49. The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006

Article 1. General Provisions

8879.20. (a) This chapter shall be known as the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.

(b) This chapter shall only become operative upon adoption by the voters at the November 7, 2006, statewide general election.

8879.22. As used in this chapter, the following terms have the following meanings:

(a) "Board" means any department receiving an allocation of bond proceeds pursuant to this chapter.

(b) "Committee" means the Highway Safety, Traffic Reduction, Air Quality, and Port Security Committee created pursuant to Section 8879.27.

(c) "Fund" means the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 created pursuant to Section 8879.23.

Article 2. Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 and Program

8879.23. The Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 is hereby created in the State Treasury. The Legislature intends that the proceeds of bonds deposited in the fund shall be used to fund the mobility, safety, and air quality improvements described in this article over the course of the next decade. The proceeds of bonds issued and sold pursuant to this chapter for the purposes specified in this chapter shall be allocated in the following manner:

(a) (1) Four billion five hundred million dollars (\$4,500,000,000) shall be deposited in the Corridor Mobility Improvement Account, which is hereby created in the fund. Funds in the account shall be available to the California Transportation Commission, upon appropriation in the annual Budget Bill by the Legislature, for allocation for performance improvements on highly congested travel corridors in California. Funds in the account shall be used for performance improvements on the state highway system, or major access routes to the state highway system on the local road system that relieve congestion by expanding capacity, enhancing operations, or otherwise improving travel times within these high-congestion travel corridors, as identified by the department and regional or local transportation agencies, pursuant to the process in paragraph (3) or (4), as applicable.

(2) The commission shall develop and adopt guidelines, by December 1, 2006, including regional programming targets, for the program funded by this subdivision, and shall allocate funds from the account to projects after reviewing project nominations submitted by the Department of Transportation and by regional transportation planning agencies or county transportation commissions or authorities pursuant to paragraph (4).

(3) Subject to the guidelines adopted pursuant to paragraph (2), the department shall nominate, by no later than January 15, 2007, projects for the allocation of funds from the account on a statewide basis. The department's nominations shall be geographically balanced and shall reflect the department's assessment of a program that best meets the policy objectives described in paragraph (1).

(4) Subject to the guidelines adopted pursuant to paragraph (2), a regional transportation planning agency or county transportation commission or authority responsible for preparing a regional transportation improvement plan under Section 14527 may nominate projects identified pursuant to paragraph (1) that best meet the policy objectives described in that paragraph for funding from the account. Projects nominated pursuant to this paragraph shall be



submitted to the commission for consideration for funding by no later than January 15, 2007.

(5) All nominations to the California Transportation Commission shall be accompanied by documentation regarding the quantitative and qualitative measures validating each project's consistency with the policy objectives described in paragraph (1). All projects nominated to the commission for funds from this account shall be included in a regional transportation plan.

(6) After review of the project nominations, and supporting documentation, the commission, by no later than March 1, 2007, shall adopt an initial program of projects to be funded from the account. This program may be updated every two years in conjunction with the biennial process for adoption of the state transportation improvement program pursuant to guidelines adopted by the commission. The inclusion of a project in the program shall be based on a demonstration that the project meets all of the following criteria:

(A) Is a high-priority project in the corridor as demonstrated by either of the following: (i) its inclusion in the list of nominated projects by both the department pursuant to paragraph (3) and the regional transportation planning agency or county transportation commission or authority, pursuant to paragraph (4); or (ii) if needed to fully fund the project, the identification and commitment of supplemental funding to the project from other state, local, or federal funds.

(B) Can commence construction or implementation no later than December 31, 2012.

(C) Improves mobility in a high-congestion corridor by improving travel times or reducing the number of daily vehicle hours of delay, improves the connectivity of the state highway system between rural, suburban, and urban areas, or improves the operation or safety of a highway or road segment.

(D) Improves access to jobs, housing, markets, and commerce.

(7) Where competing projects offer similar mobility improvements to a specific corridor, the commission shall consider additional benefits when determining which project shall be included in the program for funding. These benefits shall include, but are not limited to, the following:

(A) A finding that the project provides quantifiable air quality benefits.

(B) A finding that the project substantially increases the safety for travelers in the corridor.

(8) In adopting a program for funding pursuant to this subdivision, the commission shall make a finding that the program is (i) geographically balanced, consistent with the geographic split for funding described in Section 188 of the Streets and Highways Code; (ii) provides mobility improvements in highly traveled or highly congested corridors in all regions of California; and (iii) targets bond proceeds in a manner that provides the increment of funding necessary, when combined with other state, local or federal funds, to provide the mobility benefit in the earliest possible timeframe.

(9) The commission shall include in its annual report to the Legislature, required by Section 14535, a summary of its activities related to the administration of this program. The summary should, at a minimum, include a description and the location of the projects contained in the program, the amount of funds allocated to each project, the status of each project, and a description of the mobility improvements the program is achieving.

(b) One billion dollars (\$1,000,000,000) shall be made available, upon appropriation in the annual Budget Bill by the Legislature, to the department for improvements to State Route 99. Funds may be used

for safety, operational enhancements, rehabilitation, or capacity improvements necessary to improve the State Route 99 corridor traversing approximately 400 miles of the central valley of this state.

(c) Three billion one hundred million dollars (\$3,100,000,000) shall be deposited in the California Ports Infrastructure, Security, and Air Quality Improvement Account, which is hereby created in the fund. The money in the account shall be available, upon appropriation by the Legislature and subject to such conditions and criteria as the Legislature may provide by statute, as follows:

(1) (A) Two billion dollars (\$2,000,000,000) shall be transferred to the Trade Corridors Improvement Fund, which is hereby created. The money in this fund shall be available, upon appropriation in the annual Budget Bill by the Legislature and subject to such conditions and criteria as the Legislature may provide by statute, for allocation by the California Transportation Commission for infrastructure improvements along federally designated "Trade Corridors of National Significance" in this state or along other corridors within this state that have a high volume of freight movement, as determined by the commission. In determining projects eligible for funding, the commission shall consult the trade infrastructure and goods movement plan submitted to the commission by the Secretary of Business, Transportation and Housing and the Secretary for Environmental Protection. No moneys shall be allocated from this fund until the report is submitted to the commission for its consideration, provided the report is submitted no later than January 1, 2007. The commission shall also consult trade infrastructure and goods movement plans adopted by regional transportation planning agencies, adopted regional transportation plans required by state and federal law, and the statewide port master plan prepared by the California Marine and Intermodal Transportation System Advisory Council (Cal-MITSAC) pursuant to Section 1760 of the Harbors and Navigation Code, when determining eligible projects for funding. Eligible projects for these funds include, but are not limited to, all of the following:

(i) Highway capacity improvements and operational improvements to more efficiently accommodate the movement of freight, particularly for ingress and egress to and from the state's seaports, including navigable inland waterways used to transport freight between seaports, land ports of entry, and airports, and to relieve traffic congestion along major trade or goods movement corridors.

(ii) Freight rail system improvements to enhance the ability to move goods from seaports, land ports of entry, and airports to warehousing and distribution centers throughout California, including projects that separate rail lines from highway or local road traffic, improve freight rail mobility through mountainous regions, relocate rail switching yards, and other projects that improve the efficiency and capacity of the rail freight system.

(iii) Projects to enhance the capacity and efficiency of ports.

(iv) Truck corridor improvements, including dedicated truck facilities or truck toll facilities.

(v) Border access improvements that enhance goods movement between California and Mexico and that maximize the state's ability to access coordinated border infrastructure funds made available to the state by federal law.

(vi) Surface transportation improvements to facilitate the movement of goods to and from the state's airports.

(B) The commission shall allocate funds for trade infrastructure improvements from the account in a manner that (i) addresses the state's most urgent needs, (ii) balances the demands of various ports

(between large and small ports, as well as between seaports, airports, and land ports of entry), (iii) provides reasonable geographic balance between the state's regions, and (iv) places emphasis on projects that improve trade corridor mobility while reducing emissions of diesel particulate and other pollutant emissions. In addition, the commission shall also consider the following factors when allocating these funds:

(i) "Velocity," which means the speed by which large cargo would travel from the port through the distribution system.

(ii) "Throughput," which means the volume of cargo that would move from the port through the distribution system.

(iii) "Reliability," which means a reasonably consistent and predictable amount of time for cargo to travel from one point to another on any given day or at any given time in California.

(iv) "Congestion reduction," which means the reduction in recurrent daily hours of delay to be achieved.

(C) The commission shall allocate funds made available by this paragraph to projects that have identified and committed supplemental funding from appropriate local, federal or private sources. The commission shall determine the appropriate amount of supplemental funding each project should have to be eligible for moneys from this fund based on a project-by-project review and an assessment of the project's benefit to the state and the program. Except for border access improvements described in clause (v) of subparagraph (A), improvements funded with moneys from this fund shall have supplemental funding that is at least equal to the amount of the contribution from the fund. The commission may give priority for funding to projects with higher levels of committed supplemental funding.

(D) The commission shall include in its annual report to the Legislature, required by Section 14535, a summary of its activities related to the administration of this program. The summary should, at a minimum, include a description and the location of the projects contained in the program, the amount of funds allocated to each project, the status of each project, and a description of the mobility and air quality improvements the program is achieving.

(2) One billion dollars (\$1,000,000,000) shall be made available, upon appropriation by the Legislature and subject to such conditions and criteria contained in a statute enacted by the Legislature, to the State Air Resources Board for emission reductions, not otherwise required by law or regulation, from activities related to the movement of freight along California's trade corridors. Funds made available by this paragraph are intended to supplement existing funds used to finance strategies and public benefit projects that reduce emissions and improve air quality in trade corridors commencing at the state's airports, seaports, and land ports of entry.

(3) One hundred million dollars (\$100,000,000) shall be available, upon appropriation by the Legislature, to the Office of Emergency Services to be allocated, as grants, for port, harbor, and ferry terminal security improvements. Eligible applicants shall be publicly owned ports, harbors, and ferryboat and ferry terminal operators, which may submit applications for projects that include, but are not limited to, the following:

(A) Video surveillance equipment.

(B) Explosives detection technology, including, but not limited to, X-ray devices.

(C) Cargo scanners.

(D) Radiation monitors.

(E) Thermal protective equipment.

(F) Site identification instruments capable of providing a

fingerprint for a broad inventory of chemical agents.

(G) Other devices capable of detecting weapons of mass destruction using chemical, biological, or other similar substances.

(H) Other security equipment to assist in any of the following:

(i) Screening of incoming vessels, trucks, and incoming or outbound cargo.

(ii) Monitoring the physical perimeters of harbors, ports, and ferry terminals.

(iii) Providing or augmenting onsite emergency response capability.

(I) Overweight cargo detection equipment, including, but not limited to, intermodal crane scales and truck weight scales.

(J) Developing disaster preparedness or emergency response plans.

The Office of Emergency Services shall report to the Legislature on March 1 of each year on the manner in which the funds available pursuant to this paragraph were expended for that fiscal year.

(d) Two hundred million dollars (\$200,000,000) shall be available, upon appropriation by the Legislature, for schoolbus retrofit and replacement to reduce air pollution and to reduce children's exposure to diesel exhaust.

(e) Two billion dollars (\$2,000,000,000) shall be available for projects in the state transportation improvement program, to augment funds otherwise available for this purpose from other sources. The funds provided by this subdivision shall be deposited in the Transportation Facilities Account which is hereby created in the fund, and shall be available, upon appropriation by the Legislature, to the Department of Transportation, as allocated by the California Transportation Commission in the same manner as funds allocated for those projects under existing law.

(f) (1) Four billion dollars (\$4,000,000,000) shall be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account, which is hereby created in the fund. Funds in the account shall be made available, upon appropriation by the Legislature, to the Department of Transportation for intercity rail projects and to commuter or urban rail operators, bus operators, waterborne transit operators, and other transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation, or replacement.

(2) Of the funds made available in paragraph (1), four hundred million dollars (\$400,000,000) shall be available, upon appropriation by the Legislature, to the department for intercity rail improvements, of which one hundred twenty-five million dollars (\$125,000,000) shall be used for the procurement of additional intercity railcars and locomotives.

(3) Of the funds remaining after the allocations in paragraph (2), 50 percent shall be distributed to the Controller, for allocation to eligible agencies using the formula in Section 99314 of the Public Utilities Code, and 50 percent shall be distributed to the Controller, for allocation to eligible agencies using the formula in Section 99313 of the Public Utilities Code, subject to the provisions governing funds allocated under those sections.

(g) One billion dollars (\$1,000,000,000) shall be deposited in the State-Local Partnership Program Account, which is hereby created in the fund. The funds shall be available, upon appropriation by the Legislature and subject to such conditions and criteria as the Legislature may provide by statute, for allocation by the California Transportation Commission over a five-year period to eligible

transportation projects nominated by an applicant transportation agency. A dollar for dollar match of local funds shall be required for an applicant transportation agency to receive state funds under this program.

(h) One billion dollars (\$1,000,000,000) shall be deposited in the Transit System Safety, Security, and Disaster Response Account, which is hereby created in the fund. Funds in the account shall be made available, upon appropriation by the Legislature and subject to such conditions and criteria as the Legislature may provide by statute, for capital projects that provide increased protection against a security and safety threat, and for capital expenditures to increase the capacity of transit operators, including waterborne transit operators, to develop disaster response transportation systems that can move people, goods, and emergency personnel and equipment in the aftermath of a disaster impairing the mobility of goods, people, and equipment.

(i) One hundred twenty-five million dollars (\$125,000,000) shall be deposited in the Local Bridge Seismic Retrofit Account, which is hereby created in the fund. The funds in the account shall be used, upon appropriation by the Legislature, to provide the 11.5 percent required match for federal Highway Bridge Replacement and Repair funds available to the state for seismic work on local bridges, ramps, and overpasses, as identified by the Department of Transportation.

(j) (1) Two hundred fifty million dollars (\$250,000,000) shall be deposited in the Highway-Railroad Crossing Safety Account, which is hereby created in the fund. Funds in the account shall be available, upon appropriation by the Legislature, to the Department of Transportation for the completion of high-priority grade separation and railroad crossing safety improvements. Funds in the account shall be made available for allocation pursuant to the process established in Chapter 10 (commencing with Section 2450) of Division 3 of the Streets and Highways Code, except that a dollar for dollar match of nonstate funds shall be provided for each project, and the limitation on maximum project cost in subdivision (g) of Section 2454 of the Streets and Highways Code shall not be applicable to projects funded with these funds.

(2) Notwithstanding the funding allocation process described in paragraph (1), in consultation with the department and the Public Utilities Commission, the California Transportation Commission shall allocate one hundred million dollars (\$100,000,000) of the funds in the account to high-priority railroad crossing improvements, including grade separation projects, that are not part of the process established in Chapter 10 (commencing with Section 2450) of Division 3 of the Streets and Highways Code. The allocation of funds under this paragraph shall be made in consultation and coordination with the High-Speed Rail Authority created pursuant to Division 19.5 (commencing with Section 185000) of the Public Utilities Code.

(k) (1) Seven hundred fifty million dollars (\$750,000,000) shall be deposited in the Highway Safety, Rehabilitation, and Preservation Account, which is hereby created in the fund. Funds in the account shall be available, upon appropriation by the Legislature, to the Department of Transportation, as allocated by the California Transportation Commission, for the purposes of the state highway operation and protection program as described in Section 14526.5.

(2) The department shall develop a program for distribution of two hundred and fifty million dollars (\$250,000,000) from the funds identified in paragraph (1) to fund traffic light synchronization projects or other technology-based improvements to improve safety, operations and the effective capacity of local streets and roads.

(1) (1) Two billion dollars (\$2,000,000,000) shall be deposited in the Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006, which is hereby created in the fund. The proceeds of bonds deposited into that account shall be available, upon appropriation by the Legislature, for the purposes specified in this subdivision to the Controller for administration and allocation in the fiscal year in which the bonds are issued and sold, including any interest or other return earned on the investment of those moneys, in the following manner:

(A) Fifty percent to the counties, including a city and county, in accordance with the following formulas:

(i) Seventy-five percent of the funds payable under this subparagraph shall be apportioned among the counties in the proportion that the number of fee-paid and exempt vehicles that are registered in the county bears to the number of fee-paid and exempt vehicles registered in the state

(ii) Twenty-five percent of the funds payable under this subparagraph shall be apportioned among the counties in the proportion that the number of miles of maintained county roads in each county bears to the total number of miles of maintained county roads in the state. For the purposes of apportioning funds under this clause, any roads within the boundaries of a city and county that are not state highways shall be deemed to be county roads.

(B) Fifty percent to the cities, including a city and county, apportioned among the cities in the proportion that the total population of the city bears to the total population of all the cities in the state, provided, however, that the Controller shall allocate a minimum of four hundred thousand dollars (\$400,000) to each city, pursuant to this subparagraph.

(2) Funds received under this subdivision shall be deposited as follows in order to avoid the commingling of those funds with other local funds:

(A) In the case of a city, into the city account that is designated for the receipt of state funds allocated for local streets and roads.

(B) In the case of an eligible county, into the county road fund.

(C) In the case of a city and county, into a local account that is designated for the receipt of state funds allocated for local streets and roads.

(3) For the purpose of allocating funds under this subdivision to cities and a city and county, the Controller shall use the most recent population estimates prepared by the Demographic Research Unit of the Department of Finance. For a city that incorporated after January 1, 1998, that does not appear on the most recent population estimates prepared by the Demographic Research Unit, the Controller shall use the population determined for that city under Section 11005.3 of the Revenue and Taxation Code.

(4) Funds apportioned to a city, county, or city and county under this subdivision shall be used for improvements to transportation facilities that will assist in reducing local traffic congestion and further deterioration, improving traffic flows, or increasing traffic safety that may include, but not be limited to, street and highway pavement maintenance, rehabilitation, installation, construction and reconstruction of necessary associated facilities such as drainage and traffic control devices, or the maintenance, rehabilitation, installation, construction and reconstruction of facilities that expand ridership on transit systems, safety projects to reduce fatalities, or as a local match to obtain state or federal transportation funds for similar purposes.

(5) At the conclusion of each fiscal year during which a city or county expends the funds it has received under this subdivision, the Controller may verify the city's or county's compliance with paragraph (4). Any city or county that has not complied with paragraph (4) shall reimburse the state for the funds it received during that fiscal year. Any funds withheld or returned as a result of a failure to comply with paragraph (4) shall be reallocated to the other counties and cities whose expenditures are in compliance.

### Article 3. Fiscal Provisions

8879.25. Bonds in the total amount of nineteen billion nine hundred twenty-five million dollars (\$19,925,000,000), exclusive of refunding bonds, or so much thereof as is necessary, are hereby authorized to be issued and sold for carrying out the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5. All bonds herein authorized which have been duly sold and delivered as provided herein shall constitute valid and legally binding general obligations of the state, and the full faith and credit of the state is hereby pledged for the punctual payment of both principal and interest thereof.

8879.26. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4), except subdivision (a) of Section 16727 to the extent that subdivision is inconsistent with this chapter, and all of the other provisions of that law as amended from time to time apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

8879.27. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Committee is hereby created. For the purposes of this chapter, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, the Director of Finance, and the Secretary of the Business, Transportation and Housing Agency, or a designated representative of each of those officials. The Treasurer shall serve as the chairperson of the committee. A majority of the committee may act for the committee.

(b) The committee may adopt guidelines establishing requirements for administration of its financing programs to the extent necessary to protect the validity of, and tax exemption for, interest on the bonds. The guidelines shall not constitute rules, regulations, orders, or standards of general application.

(c) For the purposes of the State General Obligation Bond Law, any department receiving an allocation pursuant to this chapter is designated to be the "board."

8879.28. Upon request of the board stating that funds are needed for purposes of this chapter, the committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in Section 8879.23, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and are not required to be sold at any one time. Bonds may bear interest subject to federal income tax.

8879.29. There shall be collected annually, in the same manner and at the same time as other state revenue is collected, a sum of money in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, the bonds as provided herein, and all officers required by law to perform any duty in regard to the collections of state revenues shall collect that additional sum.

8879.30. Notwithstanding Section 13340, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum which is necessary to carry out Section 8879.32, appropriated without regard to fiscal years.

8879.31. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312, for purposes of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of this chapter, less any amount withdrawn pursuant to Section 8879.32. The board shall execute any documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated in accordance with this chapter.

8879.32. For the purpose of carrying out this chapter, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of any amount or amounts not to exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds which would otherwise be deposited in that fund.

8879.33. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law. Approval by the electors of this act shall constitute approval of any refunding bonds issued pursuant to the State General Obligation Bond Law.

8879.34. Notwithstanding any provisions in the State General Obligation Bond Law, the maximum maturity of any bonds authorized by this chapter shall not exceed 30 years from the date of each respective series. The maturity of each series shall be calculated from the date of each series.

8879.35. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

8879.36. Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this chapter that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4, the Treasurer may maintain a separate account for investment earnings, order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may



otherwise direct the use and investment of those proceeds so as to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

8879.37. All money derived from premium and accrued interest on bonds sold pursuant to this chapter shall be transferred to the General Fund as a credit to expenditures for bond interest.

SEC. 2. Section 1 of this act shall become operative upon the adoption by the voters of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, as set forth in Section 1 of this act.

SEC. 3. Notwithstanding Sections 13115 and 13117 of the Elections Code, the following measures shall be placed on the ballot for the November 7, 2006, statewide general election in the following order:

(a) Senate Constitutional Amendment No. 7 of the 2005-2006 Regular Session shall be placed first on the ballot and shall be designated as Proposition 1A.

(b) The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 shall be placed second on the ballot and shall be designated as Proposition 1B.

(c) The Housing and Emergency Shelter Trust Fund Act of 2006 shall be placed third on the ballot and shall be designated as Proposition 1C.

(d) The Kindergarten-University Public Education Facilities Bond Act of 2006 shall be placed fourth on the ballot and shall be designated as Proposition 1D.

(e) The Disaster Preparedness and Flood Prevention Bond Act of 2006 shall be placed fifth on the ballot and shall be designated as Proposition 1E.

SEC. 4. (a) Notwithstanding any other provision of law, all ballots of the November 7, 2006, statewide general election shall have printed thereon and in a square thereof, the words "Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006," and in the same square under those words, the following in 8-point type:

"This act makes safety improvements and repairs to state highways, upgrades freeways to reduce congestion, repairs local streets and roads, upgrades highways along major transportation corridors, improves seismic safety of local bridges, expands public transit, helps complete the state's network of car pool lanes, reduces air pollution, and improves anti-terrorism security at shipping ports by providing for a bond issue not to exceed nineteen billion nine hundred twenty-five million dollars (\$19,925,000,000)."

Opposite the square, there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against the act.

(b) Notwithstanding Sections 13247 and 13281 of the Elections Code, the language in subdivision (a) shall be the only language included in the ballot label for the condensed statement of the ballot title, and the Attorney General shall not supplement, subtract from, or revise that language, except that the Attorney General may include the financial impact summary prepared pursuant to Section 9087 of the Elections Code and Section 88003 of the Government Code. The ballot label is the condensed statement of the ballot title and the financial impact summary.

(c) Where the voting in the election is done by means of voting machines used pursuant to law in the manner that carries out the intent of this section, the use of the voting machines and the expression of the voters' choice by means thereof are in compliance with this section.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for the bond act in Section 1 of this act to be submitted to the voters at the November 7, 2006, statewide general election, it is necessary for this act to take effect immediately.

**Proposition 1B**  
**The Highway Safety, Traffic Reduction, Air Quality, and Port Security**  
**Bond Act of 2006**

**Background**

California spends about \$20 billion a year from a combination of state, federal, and local funds to maintain, operate, and improve its highways, streets and roads, passenger rail, and transit systems. These expenditures are primarily funded on a pay-as-you-go basis from taxes and user fees.

There are two primary state tax sources that fund state transportation programs. First, the state's 18 cent per gallon excise tax on gasoline and diesel fuel (generally referred to as the gas tax) generates about \$3.4 billion annually. Second, revenues from the state sales tax on gasoline and diesel fuel currently provide about \$2 billion a year. Additionally, the state imposes weight fees on commercial vehicles (trucks), which generate roughly \$900 million a year. Generally, these revenues must be used for specific transportation purposes, including improvements to highways, streets and roads, passenger rail, and transit systems. These funds may also be used to mitigate the environmental impacts of various transportation projects. Under specified conditions, these revenues may be loaned or used for nontransportation uses.

Since 1990, voters have approved roughly \$5 billion in state general obligation bonds to fund transportation. These bond proceeds have been dedicated primarily to passenger rail and transit improvements, as well as to retrofit highways and bridges for earthquake safety. As of June 2006, all but about \$355 million of the authorized bonds have been spent on projects.

In addition to state funds, California's transportation system receives federal and local money. The state receives about \$4.5 billion a year in federal gasoline and diesel fuel tax revenues for various transportation purposes. Collectively, local governments invest roughly \$9.5 billion annually into California's highways, streets and roads, passenger rail, and transit systems. This funding comes mainly from a mix of local sales and property taxes, as well as transit fares. Local governments have also issued bonds backed mainly by local sales tax revenues to fund transportation projects.

**Proposal**

This measure authorizes the state to sell about \$20 billion of general obligation bonds to fund transportation projects to relieve congestion, improve the movement of goods, improve air quality, and enhance the safety and security of the transportation system. (See "An Overview of State Bond Debt" for basic information on state general obligation bonds.)

Figure 1 summarizes the purposes for which the bond money would be used. The bond money would be available for expenditure by various state agencies and for grants to local agencies and transit operators upon appropriation by the Legislature:

- ***Congestion Reduction, Highway and Local Road Improvements***—\$11.3 billion—for capital improvements to reduce congestion and increase capacity on state highways, local roads, and public transit for grants available to locally funded transportation projects, as well as for projects to rehabilitate state highways and local roads.
- ***Public Transportation***—\$4 billion—to make capital improvements to local transit services and the state's intercity rail service. These improvements would include purchasing buses and rail cars, as well as making safety enhancements to existing transit facilities.
- ***Goods Movement and Air Quality***—\$3.2 billion—for projects to improve the movement of goods—through the ports, on the state highway and rail systems, and between California and Mexico—and for projects to improve air quality by reducing emissions related to goods movement and replacing or retrofitting school buses.
- ***Safety and Security***—\$1.5 billion—for projects to increase protection against a security threat or improve disaster response capabilities on transit systems; as well as for grants to improve the safety of rail crossings to seismically retrofit local bridges, ramps, and overpasses; and to improve security and disaster planning in publicly owned ports, harbors, and ferry terminals.

<b>Figure 1 Proposition 1B Uses of Bond Funds</b>	
	<b>Amounts (In Millions)</b>
<b>Congestion Reduction, Highway and Local Road Improvements</b>	<b>\$11,250</b>
Reduce congestion on state highways and major access routes	\$4,500
Increase highways, roads, and transit capacity	2,000
Improve local roads	2,000
Enhance State Route 99 capacity, safety, and operations	1,000
Provide grants for locally funded transportation projects	1,000
Rehabilitate and improve operation of state highways and local roads	750
<b>Public Transportation</b>	<b>\$4,000</b>
Improve local rail and transit services, including purchasing vehicles and right of way	\$3,600
Improve intercity rail, including purchasing railcars and locomotives	400
<b>Goods Movement and Air Quality</b>	<b>\$3,200</b>
Improve movement of goods on state highways and rail system, and in ports	\$2,000
Reduce emissions from goods movement activities	1,000
Retrofit and replace school buses	200
<b>Safety and Security</b>	<b>\$1,475</b>
Improve security and facilitate disaster response of transit systems	\$1,000
Provide grants to improve railroad crossing safety	250
Provide grants to seismically retrofit local bridges and overpasses	125
Provide grants to improve security and disaster planning in publicly owned ports, harbors, and ferry facilities	100
<b>Total</b>	<b>\$19,925</b>

### **Fiscal Effects**

**Bond Costs.** The costs of these bonds would depend on interest rates in effect at the time they are sold and the time period over which they are repaid. The state would likely make principal and interest payments from the state's General Fund over a period of about 30 years. If the bonds are sold at an average interest rate of 5 percent, the cost would be about \$38.9 billion to pay off both the principal (\$19.9 billion) and interest (\$19.0 billion). The average repayment for principal and interest would be about \$1.3 billion per year.

**Operational Costs.** The state and local governments that construct or improve transportation infrastructure with these bond funds (by, for example, building roads and bridges or purchasing buses or railcars) will incur unknown additional costs to operate and maintain them. A portion of these costs would be offset by revenues generated by the improvements, such as transit fares and tolls.

# OAKLAND CITY COUNCIL

OFFICE OF THE CITY CLERK  
RESOLUTION No. \_\_\_\_\_ C.M.S.



INTRODUCED BY COUNCIL MEMBER  
2006 AUG 29 PM 4:33

## RESOLUTION DECLARING THE CITY OF OAKLAND'S SUPPORT FOR PROPOSITION 1B (Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006)

**WHEREAS**, the State Legislature placed Proposition 1B (Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006) on the November 2006 statewide ballot; and

**WHEREAS**, Proposition 1B authorizes the state to sell \$19.925 billion of general obligation bonds to fund transportation projects to relive traffic congestion, improvement movement of goods, improve air quality, and enhance the safety and security of California's transportation system; and

**WHEREAS**, Proposition 1B bond money would be available for expenditure by various state agencies and for grants to local agencies and transit operators upon appropriation by the Legislature as follows:

- ***Congestion Reduction, Highway and Local Road Improvements***—\$11.3 billion—for capital improvements to reduce congestion and increase capacity on state highways, local roads, and public transit for grants available to locally funded transportation projects, as well as for projects to rehabilitate state highways and local roads.
- ***Public Transportation***—\$4 billion—to make capital improvements to local transit services and the state's intercity rail service. These improvements would include purchasing buses and rail cars, as well as making safety enhancements to existing transit facilities.
- ***Goods Movement and Air Quality***—\$3.2 billion—for projects to improve the movement of goods—through the ports, on the state highway and rail systems, and between California and Mexico—and for projects to improve air quality by reducing emissions related to goods movement and replacing or retrofitting school buses.
- ***Safety and Security***—\$1.5 billion—for projects to increase protection against a security threat or improve disaster response capabilities on transit systems; as well as for grants to improve the safety of rail crossings to seismically retrofit local bridges, ramps, and overpasses; and to improve security and disaster planning in publicly owned ports, harbors, and ferry terminals.

**WHEREAS**, the Oakland City Council previously endorsed SB 1266 by Senator Perata which enabled Proposition 1B to be placed on the November 2006 ballot; and

**WHEREAS**, the City of Oakland will receive \$13.2 million for local street and road repair from the bond proceeds over the next ten years; and

**WHEREAS**, the City of Oakland will be competing for a share of discretionary grants funds generated by the bond for improvements to reduce traffic congestion and improve safety on I-880, to secure state matching funds for locally-funded projects, to synchronize traffic signals on major arterials, to seismically retrofit local bridges, and to improve railroad crossings;

**NOW THEREFORE BE IT RESOLVED**, that the Oakland City Council hereby endorses Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, on the November 2006 state ballot and urges local voters to support the measure; and be it

**FURTHER RESOLVED**, that a copy of this resolution shall be sent to the Proposition 1B campaign to document the City's endorsement of the measure.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2006

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_  
LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California