



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 3a

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Memorandum

TO: Legislation Committee

DATE: January 11, 2013

FR: Executive Director

W. I. 1131

RE: FY 2013-14 State Budget Proposal

Overview

For the first time in many years, the Governor's budget does not forecast a multibillion dollar deficit, but instead includes a \$1 billion reserve along with General Fund expenditures of \$98 billion, a 5 percent increase over the current year. With respect to transportation, the budget proposes a number of noteworthy changes, including:

- Creation of an Active Transportation Program focused on bicycle and pedestrian projects by consolidating five existing programs funded by state and federal funds.
- Legal changes to make vehicle weight fees directly fund the debt service of transportation bonds in order to reduce the cost of borrowing. Under current law the revenue from vehicle weight fees reimburses the General Fund.
- A \$1.5 million reduction and cut of 20 positions from the Department of Transportation's (Caltrans) Local Assistance program
- An increase of \$8.4 million to Caltrans' Planning department, including additional staff to conduct project initiation documents (PIDs).
- Extending the diversion of \$67 million in State Highway Account revenues that are not constitutionally restricted to the General Fund on a permanent basis.

Budget Forecasts State Transit Assistance to Drop Slightly

The budget forecasts the State Transit Assistance (STA) program — which is funded on a formula basis from the sales tax on diesel fuel — to receive \$392 million in FY 2013-14, down 5 percent from \$416 million forecast for the current fiscal year. For the Bay Area, this translates to approximately \$140 million, down from \$148 million in FY 2012-13, as shown in the attachment. Note that the STA revenue estimates for FY 2012-13 are also \$4 million below the \$420 million that was assumed in the enacted FY 2012-13 budget, resulting in a minor reduction in STA funding in the current year as well.

Administration Proposes New, Consolidated “Active Transportation Program”

Perhaps the most significant structural change in the budget is a new consolidated \$134 million Active Transportation Program. While many details of the proposal are still unknown, the program will include funding from the existing state Safe Routes to Schools program, the state Environmental Enhancement and Mitigation Program, the state Bicycle Transportation program and the new federal Transportation Alternatives Program, established by MAP 21. The budget summary notes that this

new program seeks to streamline the process of funding bicycle and pedestrian projects and fund high priority projects that reduce greenhouse gas emissions, consistent with the objectives of SB 375 (2008).

Permanently Dedicate Vehicle Weight Fees to Debt Service

The budget proposes to make a permanent shift in the way transportation bond debt service is paid so that vehicle weight fees are used as a direct payment mechanism, thereby lowering the cost of debt service. While this makes good fiscal sense from the standpoint of the state saving on borrowing costs, it raises significant questions about transportation's claim on vehicle weight fees — which raised over \$900 million in FY 2012-13 — over the long-term.

Transportation Noted as a “Top Priority” for Use of Cap and Trade Funds

The budget forecasts cap and trade revenues to total \$200 million in FY 2012-13 and \$400 million in FY 2013-14. While legislation enacted last year (AB 1532) requires the Department of Finance to conduct several stakeholder outreach meetings prior to submitting a three-year expenditure plan for cap and trade revenue as part of the May Revise of the state budget, the Governor's budget summary gives a hint at the Administration's priorities, noting that transportation contributes 38 percent of the state's total greenhouse gas emissions and “transportation should be a top priority (including mass transit, high speed rail, electrification of heavy duty and light duty vehicles, sustainable communities, and electrification and energy projects that complement high speed rail).” This is good news indeed.

High Speed Rail Authority

Given the \$8 billion appropriation in the 2012 budget, the Governor's FY 2013-14 budget does not recommend further appropriation at this time. In terms of expenditures, it forecasts \$3.1 billion in capital expenditures related to acquiring right of way access and real property related to construction of the initial operating segment in the Central Valley, which is noted to begin construction in summer 2013. With respect to the “bookend” investments, the budget summary notes that specific projects and lead agencies are still being evaluated and will be completed by the end of FY 2012-13.

Proposition 1B Bond Funding

The budget continues significant expenditures from Proposition 1B (2006), including the following key programs below:

| Program | Proposed FY 2013-14 Expenditures |
|---|---|
| Public Transportation Modernization Improvement & Service Enhancement Account (PTMISEA) | \$581 million |
| Trade Corridor Improvement Fund | \$893 million |
| State Local Partnership Program | \$250 million |
| Corridor Mobility Improvement Account | \$214 million |

Staff will continue to delve into the details of the budget and keep you apprised of any key action items affecting Bay Area transportation funding.



Steve Heminger

State Transit Assistance Funding for S.F. Bay Area Operators
Revenue-Based Funds
Governor's FY 2013-14 Budget

| Apportionment Jurisdictions | FY 2012-13 Estimate | FY 2013-14 Forecast | Difference |
|---|----------------------------|----------------------------|------------------------|
| AC Transit | \$ 9,931,098 | \$ 9,376,121 | \$ (554,977) |
| ACE | \$ 347,323 | \$ 327,914 | \$ (19,409) |
| Alameda CMA - Corresponding to ACE | \$ 148,199 | \$ 139,917 | \$ (8,282) |
| VTA - Corresponding to ACE | \$ 199,124 | \$ 187,996 | \$ (11,128) |
| BART | \$ 27,947,060 | \$ 26,385,302 | \$ (1,561,758) |
| Benicia | \$ 8,295 | \$ 7,831 | \$ (464) |
| Caltrain | \$ 5,356,854 | \$ 5,057,499 | \$ (299,356) |
| CCCTA | \$ 612,874 | \$ 578,625 | \$ (34,249) |
| Dixon | \$ 4,724 | \$ 4,460 | \$ (264) |
| ECCTA | \$ 271,436 | \$ 256,267 | \$ (15,169) |
| Fairfield | \$ 121,479 | \$ 114,690 | \$ (6,789) |
| GGBHTD | \$ 4,755,994 | \$ 4,490,216 | \$ (265,778) |
| Healdsburg | \$ 4,836 | \$ 4,565 | \$ (270) |
| LAVTA | \$ 244,163 | \$ 230,519 | \$ (13,645) |
| NCPTA | \$ 48,703 | \$ 45,981 | \$ (2,722) |
| Rio Vista | \$ 9,695 | \$ 9,154 | \$ (542) |
| SamTrans | \$ 5,132,507 | \$ 4,845,688 | \$ (286,818) |
| Santa Rosa | \$ 109,403 | \$ 103,289 | \$ (6,114) |
| SFMTA | \$ 39,452,331 | \$ 37,247,627 | \$ (2,204,704) |
| Sonoma County Transit | \$ 166,913 | \$ 157,585 | \$ (9,328) |
| Union City | \$ 46,803 | \$ 44,188 | \$ (2,615) |
| Vallejo | \$ 569,716 | \$ 537,879 | \$ (31,837) |
| VTA | \$ 13,133,272 | \$ 12,399,349 | \$ (733,923) |
| WestCAT | \$ 307,935 | \$ 290,727 | \$ (17,208) |
| Total STA Statewide | \$ 415,173,000 | \$ 391,972,000 | \$ (23,201,000) |
| Total STA Revenue-Based: MTC Region | \$ 108,583,412 | \$ 102,515,475 | \$ (6,067,937) |
| Total Population-Based Funds: MTC Region | \$ 39,940,785 | \$ 37,708,785 | \$ (2,232,000) |
| Grand Total MTC Region | \$ 148,524,198 | \$ 140,224,260 | \$ (8,299,937) |

State Transit Assistance Funding for S.F. Bay Area Operators
Population-Based Funds
Governor's FY 2013-14 Budget

| Apportionment Jurisdictions | FY 2012-13 Estimate | FY 2013-14 Forecast | Difference |
|--|----------------------|----------------------|-----------------------|
| Northern Counties/Small Operators | \$ 11,327,714 | \$ 10,694,691 | \$ (633,024) |
| Marin | \$ 1,201,048 | \$ 1,133,930 | \$ (67,118) |
| Napa | \$ 649,063 | \$ 612,791 | \$ (36,271) |
| Solano | \$ 1,954,696 | \$ 1,845,462 | \$ (109,234) |
| Sonoma | \$ 2,297,130 | \$ 2,168,760 | \$ (128,370) |
| CCCTA | \$ 2,276,834 | \$ 2,149,598 | \$ (127,236) |
| ECCTA | \$ 1,375,309 | \$ 1,298,453 | \$ (76,856) |
| LAVTA | \$ 940,907 | \$ 888,327 | \$ (52,580) |
| Union City | \$ 329,391 | \$ 310,984 | \$ (18,407) |
| WestCAT | \$ 303,337 | \$ 286,385 | \$ (16,951) |
| <i>*Vallejo - Included in Solano</i> | | | \$ - |
| Regional Paratransit | \$ 6,224,269 | \$ 5,876,440 | \$ (347,829) |
| Alameda | \$ 1,243,789 | \$ 1,174,283 | \$ (69,506) |
| Contra Costa | \$ 880,456 | \$ 831,254 | \$ (49,202) |
| Marin | \$ 169,881 | \$ 160,387 | \$ (9,493) |
| Napa | \$ 137,771 | \$ 130,072 | \$ (7,699) |
| San Francisco | \$ 986,846 | \$ 931,698 | \$ (55,148) |
| San Mateo | \$ 486,562 | \$ 459,372 | \$ (27,190) |
| Santa Clara | \$ 1,393,569 | \$ 1,315,693 | \$ (77,876) |
| Solano | \$ 380,454 | \$ 359,194 | \$ (21,261) |
| Sonoma | \$ 544,940 | \$ 514,488 | \$ (30,453) |
| Lifeline | \$ 11,661,329 | \$ 11,009,663 | \$ (651,667) |
| Alameda | \$ 2,645,140 | \$ 2,614,533 | \$ (30,607) |
| Contra Costa | \$ 1,493,929 | \$ 1,476,643 | \$ (17,286) |
| Marin | \$ 290,182 | \$ 286,824 | \$ (3,358) |
| Napa | \$ 244,328 | \$ 241,501 | \$ (2,827) |
| San Francisco | \$ 1,458,934 | \$ 1,442,052 | \$ (16,881) |
| San Mateo | \$ 844,055 | \$ 834,288 | \$ (9,767) |
| Santa Clara | \$ 2,641,958 | \$ 2,611,388 | \$ (30,570) |
| Solano | \$ 647,297 | \$ 639,807 | \$ (7,490) |
| Sonoma | \$ 872,724 | \$ 862,626 | \$ (10,098) |
| MTC Means-Based Discount Project | \$ 522,782 | \$ - | \$ (522,782) |
| MTC Regional Coordination Program | \$ 10,727,473 | \$ 10,127,992 | \$ (599,480) |
| BAY AREA POPULATION-BASED TOTAL | \$ 39,940,785 | \$ 37,708,785 | \$ (2,232,000) |