



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 2b

Joseph P. Bort MetroCenter  
101 Eighth Street  
Oakland, CA 94607-4700  
TEL 510.817.5700  
TDD/TTY 510.817.5769  
FAX 510.817.5848  
E-MAIL info@mtc.ca.gov  
WEB www.mtc.ca.gov

*Memorandum*

TO: Legislation Committee

DATE: May 3, 2013

FR: Executive Director

W. I. 1131

RE: SB 142 (DeSaulnier)/SB 628 (Beall): Public Transit Benefit Assessment Districts/  
Infrastructure Financing: Transit Priority Projects

**Background**

SB 142 (DeSaulnier) and SB 628 (Beall) are related bills with the shared goal of providing local governments with new funding tools to finance improvements to areas near public transit stations and major public transit stops.

**Recommendation: Support**

**Discussion**

**SB 142 (DeSaulnier)**

This bill expands benefit assessment district authority that currently exists for Santa Clara Valley Transportation Authority (and cities and counties) to the governing board of any transit district, municipal operator, or other public agency operating or contracting for the operation of transit, commuter rail, or intercity rail services (an “operator”), allowing them —with the support of 2/3 of their governing board—to levy a special benefit assessment on real property to finance the acquisition, construction, development, joint development, operation, maintenance, or repair of one or more eligible transit projects. While state law enacted in 1968 authorized transit agencies statewide to create special benefit districts, constitutional changes contained in Propositions 13 of 1978 and 218 of 1996, made that authority unworkable. To date, VTA has yet to use their authority, but VTA staff reports that this is not due to any limitation in the authority itself, but rather a lack of opportunity.

Projects eligible for funding from a benefit assessment district must be consistent with the general or specific plans of the city or county where the special benefit district is located. SB 142 also authorizes the governing board of a transit operator to issue bonds, if approved by 2/3rds of the board. The bill provides a public hearing process allowing property owners an opportunity to be involved in the creation of the special district and to file a petition requesting that their property be excluded or that the rate be adjusted. In light of the significant funding shortfalls facing our region’s public transit systems, we recommend a support position on SB 142.

**SB 628 (Beall)**

This bill follows in the footsteps of a number of bills proposed in recent years, including SB 214 (Wolk, 2012) — which MTC supported — aiming to make it easier for local governments to

create infrastructure financing districts (IFDs) and issue bonds for certain public purposes by eliminating the voter approval requirement. Unfortunately, SB 214 was vetoed by the Governor last year on the grounds that it was “premature” as it “would likely cause cities to focus their efforts on using the new tools provided by the measure instead of winding down redevelopment.”

Cities and counties can create IFDs and issue bonds to pay for community scale public works, such as highways, transit, water systems and other public facilities. To repay the bonds, an IFD diverts property tax increment revenues from local governments — excluding schools — for 30 years. To form an IFD, a city or county must develop an infrastructure plan, send copies to every landowner, consult with other local governments, and hold a public hearing. Every local agency that will contribute property tax revenue to the IFD must approve the plan. Subsequent to local agency approval, the formation of the IFD must be approved by the voters.

Unlike SB 214, which added many new project eligibility categories, SB 628 takes a more focused approach. Specifically, SB 628 would eliminate the voter approval requirement to establish an IFD and issue bonds only for IFDs that are proposed to implement a transit priority project. As defined in state law, a transit priority project contains at least 50% residential use, provides a minimum net density of 20 dwelling units per acre, and is within a half-mile of a major transit stop or a high-quality transit corridor. Finally, SB 628 also broadens the scope of IFD eligible expenditures to include projects that are consistent with an approved sustainable communities strategy.

Governor Brown has indicated his support for finding additional funding tools to help local agencies pay for infrastructure improvements needed to help implement sustainable communities strategies. Accordingly, we recommend MTC support SB 628 to send a clear message to the Brown Administration that regional agencies support the efforts of cities and counties to acquire new tools for such purpose.

**Known Positions**

**SB 142 (DeSaulnier)**

**Support**

California Transit Association (CTA)  
Bay Area Rapid Transit District (BART)

**Oppose**

None on file

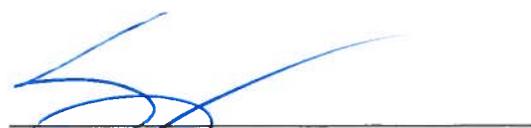
**SB 628 (Beall)**

**Support**

CTA  
BART  
Capitol Corridors JPA  
LeadingAge California

**Oppose**

California Association of Realtors  
Cal TAX  
Howard Jarvis Taxpayers Assoc.



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Steve Heminger