



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 6

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Memorandum

TO: Legislation Committee

DATE: January 11, 2008

FR: Executive Director

RE: Proposed FY 2008-09 State Budget

Governor Transportation Budget Mostly Avoids Large Reductions

Yesterday morning, the Governor released his proposed FY 2008-09 state budget proposal. Following current law, and not without some pain, the proposed budget provides generally good news for transportation. While the budget fully funds Proposition 42 and provides repayment of outstanding Proposition 42 loans — for a grand total of \$1.5 billion — it also proposes shifting \$455 million in “spillover” funding from the Public Transportation Account (PTA) to offset bond and other repayment expenses that are traditionally covered by the General Fund.

The above action on the “spillover” funding is consistent with language contained in last year’s budget trailer bills. The ramification of this fund shift is to reduce funding available for intercity rail and transit capital improvements in the State Transportation Improvement Program (STIP) and it reduces funding available for the State Transit Assistance (STA) program — the only statewide monies available for transit operating expenses.

STA Funding More than Doubles from Current Year

Following current law that reflects both a change in how Proposition 42 funds are allocated and guidance from last year’s budget, STA funding will increase by \$427 million over last year’s \$316 level to \$743 million (a 135 percent increase). Specific Bay Area numbers are included in the table in Attachment A.

Proposition 42 Fully Funded

Table 1 on the following page indicates the funding level for the various Proposition 42 programs. FY 2007-08 was the last year of allocations to the Traffic Congestion Relief Program (TCRP) and the last year that cities and counties had to forego funding for local streets and roads. The end of the TCRP will mean much greater funding levels for transit, local streets and roads and the STIP.

Table 1
Proposition 42 & Loan Repayments: Statewide Amounts (\$ millions)

Program	Proposition 42	Proposition 42 Loan Repayment	Total
Traffic Congestion Relief Program (TCRP)	0	82.5	82.5
Local Streets and Roads*	594	N/A	594
State Transportation Improvement Program (STIP)*	594	N/A	594
Public Transportation Account	297	.5	297.5
Total Proposition 42 Revenues	1,485	83 *	1,568

*General Fund loans repaid from Spillover funds

Funding Provided for Bond Programs

With regard to Proposition 1B implementation the news is generally good. A total of \$4.7 billion is budgeted, as shown in Table 3 below:

Table 2

Proposition 1B Bond Program (\$ millions)	2007-08 Actual	2008-09 Proposal
Corridor Mobility Improvement Account	608	1,547
Public Transportation Modernization	600	350
State Transportation Improvement Account	727	1,186
Trade Corridors	0	500
State Local Partnership	0	200
State Highway Operation and Protection Program	403	216
Rail Grade Separations/Local Seismic	123	86
State Highway 99	14	108
Intercity Rail	188	73
Local Streets and Roads	950	0
School Bus Retrofit	193	.4
Air Quality	250	250
Transit Security	101	101
Port Security	41	85
Total	\$4,198	\$4,702.4

In addition to Proposition 1B, the budget proposes to appropriate \$717 million for Proposition 1C, the housing bond. This includes \$200 million proposed for the regional Planning and Infill Incentive Program and \$95 million for the new Transit-Oriented Development Incentive Program administered by the Department of Housing and Community Development.

Proposed Funding Delay for Local Streets and Roads

One bit of bad news was the proposal to postpone until September 2008 the monthly transfer of gas tax receipts used to repair local streets and roads. This action would allow the state to meet its cash flow needs at the expense of local government.

High-Speed Rail

The budget proposes to provide \$1.2 million to the California High Speed Rail Authority for its operations expenses, same as last year. However, last year the California High Speed Rail Authority received \$15.5 million for capital improvements and this year's budget reduced that to zero.

Next Steps

Typically, budget subcommittee hearings covering transportation begin in late March to early April, followed by the Governor's May Revise. Given the overall negative tone of the state budget and the significant cuts proposed therein, it is likely that transportation funding will be considered to help address budget shortfalls at some point during the upcoming year.

Thus, we will need to remain vigilant in protecting transportation funding in the extremely difficult budget environment facing Sacramento this session.



Steve Heminger

Comparison of Proposed FY 2008-09 STA Funding

	STA DISTRIBUTION			FY 08-09 Change From FY 07-08
	FY2006-07 ¹	FY2007-08 ²	FY2008-09 ²	% Change
	<i>Base, Prop. 42, Spillover</i>	<i>Base, Prop. 42</i>	<i>Base, Prop. 42, Spillover</i>	135%
STATE TOTAL STA REVENUE	623,715,500	315,832,003	742,944,000	427,111,997
MTC TOTAL STA REVENUE				
MTC Revenue Share	159,750,922	81,255,886	191,141,405	109,885,519
MTC Population Share	59,786,560	30,262,096	71,186,715	40,924,619
STA REVENUE BASED FUNDS	FY2006-07	FY2007-08	FY2008-09	\$ Change
Alameda Congestion Management Agency <i>Corresponding to Altamont Commuter Express</i>	263,444	152,833	359,515	206,682
Santa Clara Valley Transportation Authority <i>Corresponding to Altamont Commuter Express</i>	368,826	213,965	503,319	289,353
City Of Union City	69,955	35,933	84,527	48,594
Livermore-Amador Valley Transit Authority	273,234	139,585	328,351	188,766
Central Contra Costa Transit Authority	888,756	438,696	1,031,961	593,265
Eastern Contra Costa Transit Authority	432,901	160,298	377,075	216,777
Western Contra Costa Transit Authority	379,328	217,456	511,530	294,074
Napa County Transportation Agency	74,481	37,689	88,657	50,968
Golden Gate Bridge Highway & Transit District	6,156,478	2,988,549	7,030,081	4,041,532
Peninsula Corridor Joint Powers Board	7,235,621	3,599,220	8,466,587	4,867,367
San Mateo County Transit District	7,718,259	4,376,540	10,295,106	5,918,566
Santa Clara Valley Transportation Authority	21,370,199	13,212,092	31,079,321	17,867,229
City Of Benicia	20,190	11,140	26,206	15,066
City Of Dixon	7,707	3,586	8,435	4,849
City Of Fairfield	146,022	60,775	142,963	82,188
City Of Vallejo	957,924	543,778	1,279,151	735,372
County Of Sonoma	199,216	133,946	315,085	181,140
City Of Healdsburg	2,049	969	2,280	1,311
City Of Santa Rosa	165,577	101,608	239,017	137,408
SUBTOTAL	46,730,168	26,428,657	62,169,166	35,740,509
Alameda-Contra Costa Transit District	15,088,271	7,778,693	18,298,125	10,519,432
BART District	43,027,001	20,429,859	48,057,959	27,628,099
City of San Francisco (SF Muni)	54,905,482	26,618,676	62,616,155	35,997,479
SUBTOTAL	113,020,754	54,827,229	128,972,239	74,145,010
TOTAL	159,750,922	81,255,886	191,141,405	109,885,519

1.) Shares are based on FY 05/06 Final State Controller Factors

2.) Shares are based on FY 06/07 Final State Controller Factors