

**Infrastructure Bond Guide
Proposition 1B
\$19.925 Billion Transportation Bond**

What is Proposition 1B?

Prop. 1B is the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (SB 1266: Chapter 25, Statutes of 2006).

How much money is contained in Prop. 1B?

Prop. 1B contains \$19.925 billion in fourteen different accounts. There is \$17.25 billion for transportation, \$1.2 billion for air quality, and \$1.475 billion for security and disaster preparedness.

What are the different accounts?

Transportation

Corridor Mobility Improvement Account	\$4.5 billion
Public Transportation Modernization, Improvement, & Service Enhancement	\$4 billion
Trade Corridors Improvement Fund	\$2 billion
State Transportation Improvement Program	\$2 billion
Local Streets and Roads	\$2 billion
State Route 99	\$1 billion
State-Local Partnership Program	\$1 billion
State Highway Safety, Rehabilitation, & Preservation Account	\$750 million

Air Quality

Port-Related Projects for Air Quality Emissions Reductions	\$1 billion
School Bus Retrofit & Replacement	\$200 million

Safety, Security, and Disaster Preparedness

Transit System Safety, Security, & Disaster Response Account	\$1 billion
Highway-Railroad Crossing Safety Account	\$250 million
Local Bridge Seismic Retrofit Account	\$125 million
Port, Harbor, & Ferry Terminal Security	\$100 million

(Those accounts bolded represent new programs according to the Legislative Analyst Office.)

What is the timing, process and eligibility for accessing each account?

Transportation

Corridor Mobility Improvement Account (CMIA): \$4.5 billion to fund improvements to the state highway system, or major access routes to the state highway system on the local road system that relieves congestion by expanding capacity, enhancing operations, or otherwise improves travel times within high-congestion travel corridors. This is also available to improve connectivity of the state highway system between rural, suburban, and urban areas, or improve the operation or safety of a highway or segment.

Timing: Funds in the account shall be made available to the California Transportation Commission (CTC), upon appropriation in the annual Budget Bill by the Legislature.

Process: SB 1266 does not require further legislative action. The CTC developed guidelines pursuant to the bill. Further, the California Department of Transportation (Caltrans) and Regional Transportation Planning Agencies (RTPAs) nominated projects, which were due January 15, 2007.

The CTC adopted the program of projects on February 28, 2007. Currently, Caltrans, RTPAs, and the CTC are developing project agreements and Corridor System Management Plans.

Eligibility: Projects were nominated by Caltrans and RTPAs based on the CTC Guidelines with a focus on improving congestion and mobility on the state system. *This account has been fully programmed with 55 projects selected by the CTC and scheduled for construction. For a list of selected projects please see attachment one.*

Public Transportation Modernization, Improvement, & Service Enhancement Account: \$4 billion for capital improvements or expansion projects and fleet expansion to enhance public transit, intercity and commuter rail, and waterborne transit.

Timing: Funds in this account shall be made available to Caltrans, upon appropriation by the Legislature.

Process: Of the \$4 billion in the account, \$400 million shall be made available to Caltrans for intercity rail improvements. Of the \$400 million for intercity rail, \$125 million must be used to procure additional railcars and locomotives. *Caltrans submitted a consensus program of projects to be delivered as part of the State Transportation Improvement Program (STIP) to the CTC. The CTC is scheduled to adopt this list at the June 2007 meeting.*

Of the remaining \$3.6 billion, fifty percent of the funds shall be distributed to the controller for allocation to eligible agencies (RTPAs and County Transportation Commissions, and the San Diego Metropolitan Transit Development Board) using the formula in Section 99314 of the Public Utilities Code (an amount corresponding to each of the member agencies of the Altamont Commuter Express Authority and the Southern California Regional Rail Authority. The amount of funds allocated shall be based on the ratio of the total revenue of all the operators and the member agencies of the Altamont Commuter Express Authority and the Southern California Regional Rail Authority in the area under their respective jurisdictions during the prior fiscal year to the total revenue of all the operators in the state and the member agencies of the Altamont Commuter Express Authority and the member agencies of the Southern California Regional Rail Authority during the prior fiscal year), and the other fifty percent shall also be distributed to the controller for allocation to eligible agencies (RTPAs, County Transportation Commissions, and the San Diego Metropolitan Transit Development Board) using the Public Utilities Code Section 99313 formula (the ratio of the population of the area under its jurisdiction to the total population of the state).

Eligibility: Eligible agencies (RTPAs, County Transportation Commissions, and the San Diego Metropolitan Transit Development Board) as defined in current statute.

Trade Corridors Improvement Fund: \$2 billion to fund infrastructure improvements along federally designated "Trade Corridors of National Significance". Improvements should more efficiently accommodate the movement of freight and relieve traffic congestion along major trade or goods movement corridors.

Timing: Funds in the account shall be made available to the CTC, upon appropriation in the annual Budget Bill by the Legislature.

Process: Subject to further conditions and criteria that the Legislature may provide in statute. No monies are to be allocated until the Business, Transportation, & Housing Agency (BT&H) and the Environmental Protection Agency (EPA) submit a plan on trade infrastructure and goods movement to the CTC. *The plan was submitted in January 2007. The TCIF program adoption is scheduled for the March 2008 meeting of the CTC.*

Eligibility: In determining which projects are eligible for funding, the CTC shall consult with the trade infrastructure and goods movement plan as well as other trade infrastructure and goods movement plans adopted by RTPAs, adopted Regional Transportation Plans (RTPs), and the California Marine and Intermodal Transportation System Advisory Council. Projects must have committed supplemental funding from federal, local, or private sources. The CTC can give priority to projects with higher levels of supplemental funding.

State Transportation Improvement Program (STIP): \$2 billion for projects based on existing STIP formula. The STIP is a multi-year capital improvement program of transportation projects on and off the State Highway System, funded with revenues from the State Highway Account and other funding sources.

Timing: Funds in the account shall be made available to Caltrans, upon appropriation by the Legislature.

Process: CTC allocates the funds in the same manner as the current STIP program. *The CTC adopted guidelines for this program on December 13, 2006. The CTC is scheduled to adopt the STIP augmentation during their June 7, 2007 meeting.*

Eligibility: RTPAs and Caltrans nominate STIP projects and the CTC selects final STIP projects lists. STIP augmentation monies are to fund projects already programmed.

Local Streets and Roads: \$2 billion to fund improvements to local transportation facilities that will repair and rehabilitate local streets and roads, reduce local traffic congestion, improve traffic flow, or increase traffic safety.

Timing: Funds in the account shall be made available to the Controller, upon appropriation by the Legislature.

Process: The controller shall allocate fifty percent to the counties based on the following formula: 75% based on registered vehicles and 25% based on maintained miles. The other fifty percent shall be allocated to the cities based on the following formula: per capita with a \$400,000 minimum to each city.

Eligibility: Based on formula as codified in statute. Each city and county will receive a formula based share. CSAC continues to work on providing accountability and project readiness criteria to gain support of the Legislature and the Administration to get these funds appropriated. *SB 286 (Dutton & Lowenthal) will serve as the vehicle in response to the request for further accountability for these funds.*

State Highway Route 99: \$1 billion for safety, operational enhancements, rehabilitation, or capacity improvements necessary to improve the State Route 99.

Timing: Funds in the account shall be made available to Caltrans, upon appropriation in the annual Budget Bill by the Legislature.

Process: SB 1266 does not require further legislative criteria. CTC has adopted guidelines for the program. Guidelines state that the program will be administered, "in a manner consistent with the administration of the CMIA program. This includes the schedule, the adoption of the initial program, program amendments, project allocation, and project delivery among others." *The CTC approved the program of projects (14 in total) at their March 15, 2007 meeting. Caltrans, RTPAs, and CTC are currently developing project agreements.*

Eligibility: Caltrans and San Joaquin and Sacramento Valley RTPAs will consult with each other in the development of the SR 99 Bond Program. Consultation will include discussion of projects that may or are likely to be included in the program. *For a list of selected projects please see attachment two.*

State-Local Partnership Program: \$1 billion to fund various transportation projects statewide.

Timing: Funds in this account shall be made available to the CTC over a five-year period, upon appropriation by the Legislature.

Process: Not defined in current statute. Subject to further conditions and criteria that the Legislature will provide in statute. *There are three primary bills to follow in this regard: AB 1351 (Levine), SB 748 (Corbett), and SB 872 (Ackerman).*

Eligibility: A dollar for dollar match of local funds will be required for an applicant transportation agency to receive funds under this program. It is expected that the Legislature will define the program framework including eligible projects, eligible local matching funds, match ratio, etc. in future legislation *as explained above.*

Highway Safety, Rehabilitation, and Preservation Account: \$750 million to augment the State Highway Operation and Protection Program (SHOPP) for highway safety, rehabilitation, and pavement preservation projects, including \$250 million for traffic light synchronization projects or other technology-based improvements to improve safety operations and the capacity of local streets and roads.

Timing: Funds shall be made available to Caltrans, upon appropriation by the Legislature, and shall be allocated by the CTC. *Caltrans has proposed \$400 million of the SHOPP funds for pavement rehabilitation projects and \$100 million for Transportation Management System (TMS) projects. Draft guidelines are under development for the \$250 million for Traffic Light Synchronization projects. The CTC is scheduled to adopt the guidelines at the June or July meeting with the program being adopted at the September meeting.*

Process: Caltrans selects projects for these funds subject to allocation by the CTC.

Eligibility: Caltrans selects projects consistent with the SHOPP.

Air Quality

Port-Related Projects for Air Quality Emissions Reductions: \$1 billion to fund projects that reduce emissions and improve air quality in trade corridors commencing at the state's airports, seaports, and land ports of entry.

Timing: Funds in the account shall be made available to the Air Resources Board (ARB), upon appropriated by the Legislature.

Process: Subject to further conditions and criteria that the Legislature may provide in statute. *Draft 2007-2008 proposal is under development.*

Eligibility: Not defined in current statute, but subject to Legislative action administered by ARB.

School Bus Retrofit and Replacement: \$200 million to fund school bus retrofit and replacement to reduce air pollution and to reduce children's exposure to diesel exhaust.

Timing: Funds in the account shall be made available upon appropriation by the Legislature.

Process: Not defined in current statute. *Funds are meant to augment the existing ARB school bus retrofit program.*

Eligibility: Not defined in current statute.

Safety, Security, and Disaster Preparedness

Transit System Safety, Security, and Disaster Response Account: \$1 billion for capital projects that provide increased protection against a security and safety threat, and for capital expenditures to increase the capacity of transit operators to develop disaster response transportation systems that can move people, goods, and emergency personnel and equipment after a disaster.

Timing: Funds in this account shall be made available upon appropriation by the Legislature.

Process: Not defined in current statute. Subject to further conditions and criteria that the Legislature may provide in statute.

Eligibility: Not defined in current statute.

Highway-Railroad Crossing Safety Account: \$250 million for high-priority grade separation and railroad crossing safety improvements.

Timing: Funds in this account shall be made available to Caltrans, upon appropriation by the Legislature.

Process: Allocation of \$150 million of the total funds shall be subject to a list, in order of priority, provided by the Public Utilities Commission (PUC). The California Transportation Commission shall make allocations for projects contained in the latest priority list. Allocation of the remaining \$100 million shall be made in consultation with the High-Speed Rail Authority. *The PUC is scheduled to adopt the new grade separation list in June 2007. The CTC is tentatively scheduled to allocate a preliminary program of projects in July 2007.*

Eligibility: For the \$150 million allocated pursuant to the PUC process a project within a city, county, or separation-of-grade district must be on the PUC priority list to be eligible for funding from

this program. To be eligible for the remaining funds, SB 1266 does not define eligibility requirements nor is it defined in Public Utilities Code Section 185000.

Local Bridge Seismic Retrofit Account: \$125 million to be used as 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 over passes, already identified by Caltrans.

Timing: Funds in this account shall be made available upon appropriation by the Legislature.

Process: *Caltrans has draft guidelines (not yet finalized), which were submitted to the CTC as an informational item only during the April 2007 hearing. Caltrans has requested an annual lump sum allocation from CTC upon appropriation by the Legislature.*

Eligibility: Priority for these funds will be given to bridges already identified in the Local Seismic Safety Retrofit Program (LSSRP). There are 491 local bridges contained in the LSSRP that are in need of retrofitting. This list of eligible bridges can be obtained from Caltrans or CSAC staff.

Port, Harbor, and Ferry Terminal Security: \$100 million to be allocated as grants for port, harbor, and ferry terminal security improvements.

Timing: Funds in the account shall be made available to the Office of Emergency Services (OES), upon appropriation by the Legislature.

Process: SB 1266 does not require further legislative criteria. Other than stating that the funds shall be allocated as grants, statute does not define further the process for allocation.

Eligibility: Grant applicants need to be publicly owned ports, harbors, and ferryboat and ferry terminal operators.

Do counties have direct access to any of the accounts?

The \$2 billion Local Streets and Roads Account will be available by formula with the 58 counties receiving \$1 billion. We are working to get this money appropriated by the Legislature, which may require additional accountability and project readiness criteria *with SB 286 (Dutton & Lowenthal) to serve as the legislative vehicle.*

The \$2 billion STIP Account will be available by formula to the countywide level, but project selection is subject to RTPAs or County Transportation Commissions and subject to CTC allocation.

The \$125 million Local Bridge Seismic Retrofit Account is available only to those jurisdictions that already have one of the 491 eligible bridge projects that were previously identified as subject to catastrophic failure due to seismic activity.

As noted, many of the other accounts are new and thus subject to legislative or administrative action. The \$4.5 billion CMIA is *another* account of interest to *specific* counties, *as the CTC has already selected the 55 projects for funding.*

Virtually every account will require legislative appropriation, which will be decided in the State budget.