



## California Counties

# General Principles on Infrastructure Investment and Strategic Growth

### INTRODUCTION

On behalf of California's 58 counties, the California State Association of Counties (CSAC) appreciates the Governor and legislative leadership for the significant attention and discussion being given to California's infrastructure needs. Counties recognize the need to accommodate an expected population growth in the State of California of approximately 600,000 new residents a year. Counties also share in the equally important objective of preserving the quality of life important to the citizens of California. To this end, county government finds itself in a unique position of responsibility and interest in the recent infrastructure debate.

County government shares with city government the critical role of exercising land use authority, while balancing important statewide and regional goals and interests, including: 1) providing a variety of public safety programs to California residents; 2) protecting agricultural lands; 3) protecting California's natural environment; 4) ensuring a clean and adequate water supply; 5) providing affordable housing; 6) preserving air quality; 7) providing safe and adequate transportation; and 8) developing, operating, and maintaining local infrastructure. This constitutionally granted authority to both city and county government requires local elected officials to constantly balance competing goals.

Counties also share a broader responsibility with the state in the role of providing many public services to Californians in the areas of health, social services, and criminal justice, among others. Counties administer these state-local programs to residents of both cities, towns, and unincorporated portions of the county. To counties, the state's predicted population growth means not only that California needs to construct approximately 220,000 housing units a year—the number analysts predict to be necessary to accommodate demand—but also that these new residents will require county services.

California's infrastructure needs cannot be accommodated by bonded indebtedness alone, but must include a comprehensive plan that includes other revenue options, including user fees, lowering the voting threshold to impose local sales taxes, and other new revenues and financing approaches. In transportation, for example, the current federal and state gas taxes relied upon to maintain the state and local systems are insufficient and provide little to no revenue to address traffic congestion, safety, and other critical needs. A comprehensive revenue plan that recognizes state and local system needs and focuses on strategic growth is essential to maintain the quality of life Californians have come to expect. Success in meeting California's infrastructure needs and achieving strategic growth outcomes will require collaboration at all levels of government.

California's geographic and economic diversity make it very difficult to rely upon a one-size-fits-all statewide approach to infrastructure investment and strategic growth. However, regional planning is making some important strides, particularly in the major urban areas of the state, in advancing a strategic approach to growth that targets infrastructure investments in an efficient manner while preserving critical agricultural and habitat lands. The following principles recognize these efforts and support this approach as a model for other areas of the state for a regional approach to grow strategically.

Thus, CSAC's interest in infrastructure investment reflects counties dual role as land use planners and decision makers and state and local service providers to the citizens of California. The following policy priorities are provided from that unique perspective.

## POLICY PRIORITIES

### Transportation

***Payback of Proposition 42 Loans and Stabilizing that Revenue Source.*** Proposition 42 funds, estimated at \$2.3 billion, were diverted from transportation in 2003-04 and 2004-05 and should be paid back (through a bond program or some other guaranteed manner). Further, CSAC supports a constitutional amendment to remove the ability to divert these funds from transportation in the future (referred to as the “permanent fix”).

***Support for the STIP Process.*** The majority of additional funding for transportation should utilize the primary and successful existing process for project selection instead of a new process that is limited to state highways. The STIP process assures each part of the state an equitable share of funds and allows for the selection of the best projects of any type, instead of only considering state highway projects.

***Critical Safety Programs.*** CSAC supports direct subventions to county government to target projects that will reduce fatalities on the non-urban road system. While the fatalities on the freeway system have been declining, the rural system has twice the fatality rate of the freeway system.

***Seismic Retrofit Match for Local Bridges.*** CSAC supports proceeds directed at seismically retrofitting local bridges that have already been identified as subject to failure due to seismic activity.

***Recognition of Special Programs.*** While the majority of new funds should be allocated through the STIP, some projects of statewide significance that may warrant funding outside of that process include: goods movement, border infrastructure, transportation security, and major state highway and rail projects, which are larger than could be accommodated with most counties’ share of STIP funds. Such projects should be decided with regional and local participation to ensure coordination and desired outcomes.

### Planning for Strategic Growth

***Priority Areas for Growth Need Incentives.*** The state should encourage new growth that supports compact development within cities, existing urban communities, and rural towns that have the largest potential for increasing densities and that efficiently utilize existing and new infrastructure investments and scarce resources, and strives towards achieving a jobs-housing balance. Consistent with regional planning efforts, cities and counties should receive incentives to support efficient development. The obligation to zone for housing must match with these regional plans and the fiscal incentives that follow.

***Protection of Critical Lands Need Recognition and Incentives.*** Future development should respect the need to protect agricultural lands, encourage the continued operation and expansion of agricultural businesses, and protect California’s natural environment. Counties that have adopted local programs or policies to protect agricultural lands, encourage the continued operation and expansion of agricultural businesses, protect natural resources, wildlife habitat, and open space, and direct growth within their cities are fulfilling an important role in the “smart growth” equation. These local decisions must be recognized and these counties will need sufficient revenues to support and accomplish these goals.

***Countywide Approach Needs Recognition and Incentives.*** Cities and counties should work together to accommodate the anticipated growth in California and ensure the most efficient use of our limited infrastructure and resources. A county and its cities should have the authority and be eligible for incentives to develop countywide plans consistent with any regional plans in place to support the goals mentioned above. This should be explored as an option on a voluntary basis for jurisdictions within a multi-county Council of Governments, as well as a guarantee for individual counties and their cities

where no Council of Governments exists. These countywide plans must be consistent with regional plans where they exist.

***Statewide Capital Improvement Plan.*** Counties support a comprehensive state capital integrated plan (CIP) with meaningful funding strategies to address California's significant future growth.

## **Housing**

***Inclusion of Housing Monies in Infrastructure Discussion and Beyond.*** The need for additional housing is well documented. CSAC supports funding for affordable housing consistent with existing Proposition 46 categories and formulas including:

- ***Multifamily Housing Program.*** Rental homes for lower-income households, including monies for preservation opportunity program.
- ***Emergency Housing Assistance Program.*** Emergency shelters for homeless families and individuals, including battered women, through grants to counties and non-profit organizations. Funds can be used for rehabilitation, renovation, expansion, site acquisition, and equipment.
- ***Supportive Housing with Services.*** Rental homes for persons who have a chronic disability and are homeless or at imminent risk of becoming homeless, through loans to local governments, non-profit developers, and for-profit developers for construction and rehabilitation.
- ***Farm Worker Housing.*** For-sale and rental homes for agricultural workers, through grants to local governments and nonprofit organizations for land, site development, construction, and rehabilitation.
- ***CalHome Program.*** Down payment assistance, home rehabilitation, "sweat equity" mortgage assistance programs, and technical assistance for self-help and shared housing through grants and loans. Funds may be used for site acquisition, development, and permanent financing for mutual housing/co-ops.
- ***CA Homebuyer Downpayment Assistance Program.*** Down payment assistance and/or closing costs for first-time homebuyers.
- ***Local Housing Trust Fund Program.*** Matching funds to city and/or county trust funds that dedicate public or private money to the development of affordable housing.

## **Flood Protection**

***Liability.*** CSAC opposes any shift of liability and financial responsibility from the state to local agencies as a condition of flood control system improvements and/or levee repairs.

***Land Use.*** While CSAC supports strengthening of flood protection policies in State General Plan law, updating building standards to reflect appropriate flood control prevention standards, and efforts to ensure that every local entity creates an emergency flood response management plan, we are opposed to any state preemption of local land use authority.

***Flood Control Subventions Program.*** CSAC supports full funding of the Department of Water Resources Flood Control Subventions Program. To keep the program viable, any proposed bond funding should be supplemented with annual appropriations from the General Fund. In addition, adequate funding should be appropriated to the division within DWR responsible for processing local flood control subvention claims.

**Assessment of the Flood Control System.** CSAC supports the development of an evaluation of the performance and deficiencies of project levees and other flood control facilities. Additionally, funding should be set aside for the development of a comprehensive flood control needs assessment for the remainder of the state.

**Local Cost Share.** CSAC supports changes to Proposition 218 that would exempt flood control and storm water assessments from existing voter threshold requirements (ACA 13, Harman).

## **Water Supply**

**Surface Water Storage.** CSAC supports the inclusion of funding in proposed bond measures for completion of surface water storage planning, feasibility studies and preliminary engineering design, among other things, and funds for the state cost share of construction of one or more of the surface storage projects being investigated under CALFED.

## **Hospital Infrastructure**

Counties support infrastructure bonds that will provide funds to county hospitals for seismic safety upgrades, including construction, replacement, renovation, and retrofit. Counties also support funding to strengthen state and local public health labs, improve efficiency for the network of state hospitals, emergency rooms and trauma centers and increase the number of critical public health care professionals.

## **Public Safety Infrastructure**

**Court facilities.** CSAC supports dedication of funds to construction and renovation of court facilities and favors maximum flexibility and access at the local level to permit seismic retrofits and other improvements that will facilitate the transfer of court facilities to the state.

**Local detention facilities.** To ease overcrowding, relieve court-ordered and self-imposed population caps currently in place in 32 counties statewide, and encourage innovative in-custody programming at the local level, CSAC supports bond funding for local detention facilities.

## **Local Funding Strategies**

**Reduce Voting Threshold.** CSAC supports reducing the threshold for local infrastructure funding placed before the voters from 2/3 majority to 55 percent to enable local government infrastructure investments and additional matching opportunities for state investments.

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