MEMO

DATE: January 5, 2006

TO: Community, Economic and Human Development Committee, Transportation and Communications Committee, Energy and Environment Committee

FROM: Government Affairs Staff

SUBJECT: S.B. 1024 (Perata) The Safe Facilities, Improved Mobility, Disaster Preparedness and Clean Air Bond Act of 2005

SUMMARY:
The Safe Facilities, Improved Mobility, Disaster Preparedness and Clean Air Bond Act of 2005 (S.B. 1024) was introduced by Senator Don Perata on February 22, 2005. The purpose of this measure is to provide bond revenue for infrastructure improvements throughout the state of California. During the legislative recess, Senators and their staff have been holding public hearings and working to form consensus groups throughout the state. We expect a lot of activity on this bill when the Legislature reconvenes on January 4, 2006. The following information briefly explains the current provisions of the bill. Please note that these provisions may change as the bill is reviewed and debated in the 2006 Legislative session.

BACKGROUND:

The Safe Facilities, Improved Mobility, Disaster Preparedness and Clean Air Bond Act of 2005 (SB 1024), would place before voters a general obligation bond to invest $10.275 billion in California's infrastructure. The funds would be allocated as follows:

$1.2 billion for flood protection in California. California levees provide protection for 500,000 people, 2 million acres of prime farmland, and 200,000 residential and commercial structures, with a combined value of $47 billion. Years of deferred maintenance have led experts to question the structural integrity of California's levees. SB 1024 provides $1 billion for the inspection and strengthening of California's 1,600 miles of project levees. An additional $200 million is provided to local flood control agencies to provide flood protection on local streams, rivers and creeks.

$2.3 billion to repay transportation loans to jumpstart transportation projects. The bond repayment would keep faith with California voters' desire to devote transportation taxes to transportation purposes, and would relieve the General Fund of an obligation otherwise due in FY 2008-09. The bond revenue would be used to jumpstart 141 high-priority projects that have been stalled in recent years for lack of funding. These are important congestion-reducing projects located in every urban region of the state. It would also provide money for transit, local streets, and the State Transportation Improvement Program (STIP).

$1.5 billion for regions to fund high priority projects. State Transportation Improvement Program (STIP) funds go to every county in the state (see chart B). A new STIP is adopted every two years and contains projects selected by the regions as their highest priority transportation projects. The last two STIP cycles have added no new projects to be constructed in California due to lack of available funds. The new 2006 STIP, again, is expected to be wholly deficient. The bond funds would allow regions and Caltrans, for the first time in four years, to add new, high-priority projects to the STIP.

$2.5 billion to relieve traffic and improve security and air quality at California ports. In 2003, $407 billion worth of U.S. trade went through California's sea, air and land ports. Forty percent of the nation's

imported goods travel through the ports of Los Angeles and Long Beach alone. Port operations in California employ 1 in 7 Californians, but present difficult issues such as truck congestion, diminished air quality, and security concerns. SB 1024 provides $2.5 billion to address these issues. Two billion would go to making highway, rail, or port infrastructure improvements in the state's most heavily congested trade areas. Four hundred million would go to the Carl Moyer Air Quality Fund to replace high polluting diesel engines on vehicles used in the operation of ports with cleaner technologies. One hundred million would go as grants to ports for security improvements.

$1 billion for an incremental approach to High Speed Rail. The bond would provide $200 million to five separate corridors in California to prepare for the possibility of developing a high speed rail system that would increase the efficient movement of goods through the state. The funds could be used for environmental work, right-of-way acquisition, and grade separations. In addition to high speed rail, these investments will improve passenger and freight rail flow in California. SB 1024 takes an incremental approach to high speed rail and proposes to repeal and replace the pending high speed rail bond.

$1.25 billion in funds to provide incentives for more infill and transit-oriented development in California. Soaring housing costs have forced working families to move far away from their jobs to afford a home. This leads to increased commute times, more air pollution, increased traffic, and less time for families to be together. While families are able to find more affordable housing at the outskirts, research shows their savings on housing are offset by their increased transportation costs. As a result, these families realize little overall savings. SB 1024 provides $275 million to promote projects that locate housing, retail and office centers within ¼ mile of transit stations. The bill would provide funds for infrastructure costs related to these types of projects and offer loans to developers siting affordable housing near transit stations. The remaining $975 million for infill and housing incentives would be used as follows:

- $425 million for infill incentive grants for capital outlay for infrastructure that includes water and sewer hook-ups, related transportation improvements, and the development or rehabilitation of urban parks.
- $200 million for grants from the Secretary of Resources for acquisition of wildlife habitat, open space and easements on agricultural land, as mitigation for the policies adopted in a region's growth plan.
- $200 million to rehabilitate multi-family housing in a designated infill area.
- $100 million for grants for local agencies to improve upfront planning necessary for urban infill development.
- $50 million to clean up vacant sites in urban areas so they can be made useful to accommodate future growth.

$425 million for Affordable Housing Incentive Program. This program will improve neighborhood streets and roads for local governments that meet their share of the regional housing need.

$100 million for the Environmental Enhancement and Mitigation Program. The program funds "green" transportation projects like landscaping near freeways, bike trails, greenbelts, etc.