

Date of Hearing: July 13, 2017

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

SB 595 (Beall) – As Amended July 3, 2017

SENATE VOTE: 27-12

SUBJECT: Metropolitan Transportation Commission: toll bridge revenues

SUMMARY: Directs a third regional measure (RM3) to be placed on the ballot in the San Francisco Bay Area that, if approved by a majority of the voters, would increase tolls on the seven state-owned toll bridges by up to \$3. Specifically, **this bill:**

- 1) Makes legislative findings and declarations regarding the projected population growth in the San Francisco Bay Area and the impact of that growth on the region's already-congested infrastructure.
- 2) States that it is the intent of the Legislature to authorize or create a transportation inspector general to conduct audits and investigations of activities involving any toll revenue generated by RM3.
- 3) Directs the Bay Area Toll Authority (BATA) to fund projects and programs, by transferring funds to the Metropolitan Transportation Commission (MTC) or by bonding, that are to be collectively known as the RM3 expenditure plan.
- 4) Declares that these projects and programs have been determined to reduce congestion or make travel improvements in the toll bridge corridors.
- 5) Sets aside an unspecified percentage of the increased toll revenue for transit operating assistance and directs MTC, prior to allocating the funds, to adopt performance measures.
- 6) Sets forth required processes and procedures for developing the performance measures and related operating agreements and plans; grants MTC authority to redirect transit operating assistance funds for transit projects that fail to achieve established performance criteria.
- 7) Sets forth the process to be used by project sponsors to solicit RM3 funding from MTC.
- 8) Upon voter approval of RM3, directs BATA to include in its long-range plan all projects identified in the RM3 expenditure plan and to submit the updated plan to the transportation committees in the Legislature.
- 9) Also upon voter approval of RM3, authorizes BATA to phase in the toll increase over a period of time and to adjust the toll increase to inflation after the increase is completely phased in.
- 10) Grants BATA authority to issue toll bridge revenue bonds to finance the RM3 expenditure plan, under certain conditions.
- 11) Sets forth the parameters within which RM3 is to be put before the voters for approval, including the following:

- a) BATA is to identify the amount of the proposed toll rate increase, not to exceed \$3.
 - b) BATA cannot raise the toll rate until after voting results are reported from the nine counties in the Bay Area.
 - c) Increased revenue associated with RM3 must be used to meet prescribed funding obligations that will be set forth in the RM3 expenditure plan.
 - d) To the extent revenue is available beyond that needed to fulfill the obligations of the RM3 expenditure plan, authorizes BATA to use revenue for bridge rehabilitation and for projects and programs aimed at reducing congestion and improving travel options in bridge corridors.
 - e) Directs all nine counties in the Bay Area to call a special election on November 6, 2018, and to submit a specific ballot question before the voters asking them to decide if toll rates should be increased relative to RM3.
 - f) Authorizes BATA to increase toll rates if the measure is approved by a majority of all voters voting to affirm the measure.
 - g) If RM3 fails to obtain voter approval, authorizes BATA to resubmit the question to voters in a subsequent election.
 - h) Directs BATA to reimburse counties for the cost of submitting the measure to the voters.
- 12) Upon approval of RM3, directs BATA to establish an independent oversight committee to ensure RM3 toll revenues are expended consistent with the authority being granted; prescribes the membership of the oversight committee to include two representatives from each county within MTC's jurisdiction, appointed by the applicable county board of supervisors, each representative to serve a four-year term on the oversight committee.
- 13) If RM3 is approved, requires BATA to report annually to the Legislature on the status of RM3 projects and programs.
- 14) Prohibits BATA from changing toll rates, except as specifically authorized by the Legislature or as needed to meet bond obligations.
- 15) Makes other conforming changes to existing law to include references to RM3.

EXISTING LAW:

- 1) Identifies the following state-owned toll bridges within MTC's jurisdiction:
 - a) Antioch Bridge;
 - b) Benicia-Martinez Bridge;
 - c) Carquinez Bridges;
 - d) Richmond-San Rafael Bridge;

- e) Dumbarton Bridge;
 - f) San Mateo-Hayward Bridge; and,
 - g) San Francisco-Oakland Bay Bridge.
- 2) Establishes MTC as the transportation planning, coordinating, and financing agency for the nine-county San Francisco Bay Area.
- 3) Prescribes the membership of MTC, to include 19 members, as follows:
- a) Two members from the City and County of San Francisco, one member appointed by the mayor and one appointed by the Board of Supervisors.
 - b) Two members each from the Counties of Alameda, Contra Costa, San Mateo, and Santa Clara, one each appointed by the city selection committee for each county and one each appointed by the board of supervisors for each county.
 - c) One member each from the Counties of Marin, Napa, Solano, and Sonoma, appointed by the respective boards of supervisors.
 - d) One member each appointed by the Association of Bay Area Governments and the San Francisco Bay Conservation and Development Commission.
 - e) Non-voting members appointed by the Secretary, California State Transportation Agency, the United States Department of Transportation, and Department of Housing and Urban Development.
- 4) Creates BATA, within MTC, to administer toll revenues collected on the seven state-owned Bay Area toll bridges (except for revenues derived from the \$1 seismic toll surcharge). BATA is governed by the same board as MTC.
- 5) Authorizes BATA to increase toll rates to meet bond obligations; to provide funds for the planning, design, construction, operation, maintenance, repair, replacement, rehabilitation, and seismic retrofit of the state-owned toll bridges; and to provide funding to meet requirements of RM1 and RM2.

FISCAL EFFECT: Unknown

COMMENTS: San Francisco Bay Area voters have twice approved toll increases to date: RM1 in 1988 and RM2 in 2004. RM1, authorized by SB 45 (Lockyer), Chapter 406, Statutes of 1988, standardized tolls at \$1 on the seven state-owned toll bridges. (Previously, tolls were set at different rates on each bridge.) Revenue from RM1 was directed to fund a list of bridge and public transit improvements. RM2, authorized by SB 916 (Perata), Chapter 715, Statutes of 2003, imposed a \$1 toll increase to fund a regional traffic relief plan for highway, transit, bicycle, and pedestrian projects in the bridge corridors and to provide operating funds for key transit services. Both RM1 and RM2 toll charges are levied in perpetuity. In addition to RM1 and RM2, existing toll rates include surcharges to pay for costs associated with seismically retrofitting and/or replacing the bridges.

Under the existing tolling structure, motorists traveling over each of the seven state-owned Bay Area bridges typically pay \$5. (The Bay Bridge's tolling structure slightly varies due to congestion pricing where a motorist will pay between \$4 and \$6 depending on peak/non-peak travel times.) Below is a breakdown of how each dollar is used:

- 1) First dollar: bridge operations and maintenance, RM1 projects, transit capital and transit operations.
- 2) Second dollar: original toll bridge seismic retrofit program.
- 3) Third dollar: RM2 investments.
- 4) Fourth dollar: toll bridge seismic retrofit program.
- 5) Fifth dollar: addition of Antioch and Dumbarton bridges to toll bridge seismic retrofit program.

According to MTC, each \$1 toll brings in about \$125 million annually, which equates to a 25-year bonding capacity of about \$1.7 billion, depending on how much of the toll revenue is set aside for operations. Excluding tolls collected on the Golden Gate Bridge, the majority of Bay Area tolls (63%) are paid for by residents in the east bay counties of Alameda (31%), Contra Costa (18%), and Solano (14%). About 24% of the tolls are paid for by residents in the following west bay counties: San Francisco (10%), San Mateo (8%), and Santa Clara (2%). The remainder of the tolls is paid for by residents in Marin (4%), Napa (2%), and Sonoma (2%) and by visitors (9%).

The author introduced this bill to address the Bay Area's infamous traffic congestion problems. According to the author, "transportation infrastructure is key to supporting the San Francisco Bay Area's strong economy and maintaining California's leadership in high-tech and high-paying jobs. Traffic congestion on the region's freeways, overcrowding on BART, Caltrain, ferries and buses in the toll bridge corridors is eroding the Bay Area's quality of life, access to jobs, cultural and educational opportunities, and undermining job creation and retention. The traffic chokepoints are especially acute in the corridors of the seven state-owned toll bridges that are critical east-west and north-south arteries that bind the Bay Area together." Bay Area traffic congestion is some of the worst in the nation. For example, San Francisco and San Jose rank the second and fifth most-congested areas of the nation, apparently fueled largely by explosive population and job growth.

Earlier this year, the Legislature passed, and the Governor Brown signed, SB 1 (Beall), Chapter 5, Statutes of 2017, a \$5.2 billion annual transportation funding package. Although SB 1 includes some funds for transit improvements and trade corridor enhancement projects, the primary thrust of SB 1 is to address the billions of dollars in mounting rehabilitation and repair needs for California's state highway system and local streets and roads. As the author notes, while "SB 1 will address the state's *aging* pains, SB 595 will address the Bay Area's *growing* pains."

This bill would put to Bay Area voters on the November 2018 ballot the question of whether to raise tolls. Although increasing tolls as a means to address worsening congestion is supported by a broad spectrum of stakeholders, including business, labor, transportation, environmental, social

equity, and housing interests, this bill would ultimately leave to Bay Area voters themselves to decide whether tolls should be raised or not.

Committee concerns:

- 1) The lack of important details—for example, the expenditure plan—in this bill is problematic. The author intends to address this concern, in large part, by amending the bill in committee to include the following specific expenditure plan to guide the use of RM3 revenue:

OPERATING PROGRAM – All Corridors	RM Funding
Transbay Terminal	5
Ferries	35
Regional Express Bus	20
CAPITAL PROJECTS	
Regional Programs	
Bridge Rehabilitation [San Francisco-Oakland Bay Bridge (SFOBB) and Richmond-San Rafael deck replacement, San Mateo-Hayward and Dumbarton deck overlays, paint Carquinez, miscellaneous projects on Richmond-San Rafael, SFOBB and San Mateo Hayward]	Top priority of indexing
BART Expansion Cars (all BART-reliant counties)	500
Corridor Express Lanes (Eligible: Alameda/Contra Costa I-80, Alameda I-880, Alameda-Contra Costa I-680, San Francisco 101, San Mateo 101, SR 84, SR 92, Solano I-80 Express Lanes (Red Top Road to I-505) and express lanes in San Francisco and Santa Clara Counties)	300
Goods Movement and Mitigation (I-580 and I-880 in Alameda County, Port of Oakland, Freight Rail Improvements)	200
Bay Trail / Safe Routes to Transit (all bridges corridors eligible)	25
Ferries (New vessels to add frequency to existing routes and service expansions in the counties of Alameda, Contra Costa, San Mateo, San Francisco, and Solano)	275
Clipper 2.0 (upgrade the Bay Area's single transit fare payment technology)	100
BART to Silicon Valley, Phase 2	400
Capital Corridor Connection	100
Sonoma Marin Area Rail Transit Extension	30
Corridor-Specific Capital Projects	
Central (SFOBB)	
Caltrain Downtown Extension (Transbay Terminal, Phase 2)	200
Muni Expansion Vehicles	140
Core Capacity Transit Improvements serving the Bay Bridge corridor	140
AC Transit - Rapid Bus Improvements	50
South (San Mateo-Hayward, Dumbarton)	

Tri-Valley Transit Access Improvements	100
Eastridge to BART Regional Connector	130
San Jose Diridon Station	150
Dumbarton Rail/ACE/BART/Caltrain/Shinn Station	100
SR 92/101 Interchange	50
North (Richmond-San Rafael, Benicia-Martinez, Carquinez, Antioch)	
Contra Costa 680/4 Interchange Improvements and Transit Enhancements	150
Marin-Sonoma Narrows	125
Solano I-80/680/SR 12 Interchange Improvements	200
Solano Westbound I-80 Truck Scales	125
Solano Express Lanes Red Top Road to Fairfield	150
Highway 37 Corridor Access Improvements from Highway 101 to I-80 and Sea Level Rise Adaptation	150
San Rafael Transit Center / SMART	30
Marin 101/580 Interchange	135
North Bay Transit Improvements (Contra Costa, Marin, Napa, Solano Sonoma)	100
State Route 29 Improvements (South Napa County)	20
Antioch Ferry Terminal	25

- 2) Other provisions of the bill still need details. For example, the bill alludes to legislative intent to authorize or create a transportation inspector general to oversee RM3 but does not include any of the related details. It also leaves blank the provision that specifies a limit on the amount of RM3 funds that could be used for transit operating assistance.
- 3) Projects and programs in the proposed expenditure plan may or may not be directly tied to MTC's regional transportation plan (RTP) and sustainable community strategies (SCS).

State policy directs regions to develop RTPs to ensure the region's growth and transportation needs are addressed strategically and will achieve specific outcomes, particularly those related to air pollution and greenhouse gas emission reductions. Furthermore, as part of their RTP, regions (except in rural areas) are required to develop SCSs and to submit them to the Air Resources Board for a determination that the RTP/SCS will likely result in reducing greenhouse gas emissions to a specific target. Together, these comprehensive, strategic planning documents are developed with extensive public involvement and are intended to guide transportation investments and ensure the state's policy goals are met.

This bill sets forth a framework for investing billions of dollars of future toll revenues. Given the state's focus on, and resource commitments to, ensuring its overarching policy goals (for example, those related to climate change) are met, all projects and programs eventually identified in the RM3 expenditure plan should be consistent with MTC's RTP/SCS. This will ensure the bill does not inadvertently negate the region's efforts toward managing growth, ensuring mobility, and reducing emissions.

Previous legislation: SB 1 (Beall), Chapter 5, Statutes of 2017, raises roughly \$5.2 billion annually in transportation funding primarily through increases in gas taxes and vehicle registration fees. Expenditures are directed primarily to fixing degrading infrastructure assets.

AB 144 (Hancock), Chapter 71, Statutes of 2006, among other things, authorized an additional \$1 seismic retrofit surcharge on bridge tolls to address a \$3.6 billion shortfall in funding for the Toll Bridge Seismic Retrofit Program.

SB 916 (Perata), Chapter 715, Statutes of 2003, required seven Bay Area counties to conduct a special election for the approval of RM2, a \$1 toll increase for specific projects along the Bay Area bridge corridors.

SB 45 (Lockyer), Chapter 406, Statutes of 1988, allowed Bay Area voters to approve a \$1 toll on state-owned toll bridges in the MTC region.

REGISTERED SUPPORT / OPPOSITION:

Support

Alameda County Transportation Commission
 Alameda-Contra Costa Transit District
 Bay Area Council
 Capitol Corridor
 City of Alameda
 Contra Costa Transportation Authority
 East Bay Regional Park District
 Honorable Edwin M. Lee, Mayor, City of San Francisco
 Honorable Libby Schaaf, Mayor, City of Oakland
 Honorable Sam T. Liccardo, Mayor, City of San Jose
 Inlandboatmen's Union of the Pacific
 International Longshore and Warehouse Union
 International Organization of Masters, Mates & Pilots
 Internet Association
 Metropolitan Transportation Commission
 Napa Valley Transportation Authority
 Port of Oakland
 San Francisco Bay Area Rapid Transit Board of Directors
 San Francisco Bay Area Water Emergency Transportation Authority
 San Francisco County Transportation Authority
 San Francisco Water Emergency Transportation Authority
 San Mateo County Economic Development Association
 Silicon Valley Leadership Group
 Solano County Transit
 SPUR
 TechNet
 Transform
 Transportation Authority of Marin
 Transportation California

Support in Concept

City/County Association of Governments of San Mateo County
Peninsula Corridor Joint Powers Board
San Mateo County Board of Supervisors
San Mateo County Transit District

Opposition

None on file

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