

**AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 5
ON TRANSPORTATION AND INFORMATION TECHNOLOGY**

Assemblymember Pedro Nava, Chair

**TUESDAY, MAY 23, 2006
ROOM 444 – 1:30 PM**

ITEMS TO BE HEARD

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ITEM 2660 CALTRANS**ISSUE 1: TRANSPORTATION LOAN REPAYMENTS**

The Governor's proposed budget includes the early repayment of \$920 million of the Proposition 42 funds that were suspended in 2004-05. In addition, the Spring Finance letter proposed shifting Tribal Bond funds from the current year to the budget year. The May Revision adds trailer bill language specifying the allocation of the proposed repayment.

COMMENTS:

The Governor's proposal for repayment of the Proposition 42 2004-05 suspension provides full repayment (including interest) to the STIP and local streets and roads, with the balance being allocated to the Transportation Congestion Relief Program (TCRP). The proposal does not include any funding for the Public Transportation Account.

At the time of the Governor's proposal, it was estimated that the payment to the STIP and local streets and roads would include the full principal amount of \$232 million and an interest amount of \$23 million for a total payment of \$255 million for each. This resulted in an estimate \$410 million for the TCRP. The amounts owed to the TCRP do not collect interest.

The LAO indicates that the Controller has updated the interest amounts owed, such that the STIP and local streets and roads would actually receive \$13 million in interest payments, for a total payment of \$245 million for each. Under the Governor's proposal this would result in a payment of about \$430 million.

The Governor's proposal does not include repaying the amount owed to the PTA, which is currently \$116 million in principal and \$6 million in interest.

Since the amount owed to the PTA will continue to collect interest, the subcommittee may wish to add the repayment of the PTA to the proposal, which would reduce the amount to the TCRP by \$122 million, as identified in the chart below.

\$920 2004-05 Proposition 42 Loan Repayment (in millions)			
	Gov's Proposal, Jan 10 est.	Gov's Proposal, with updated est.	Repayment of All Interest Debt
TCRP	\$410	\$430	\$308
Local streets and roads	\$255	\$245	\$245
STIP	\$255	\$245	\$245
PTA for STA	\$0	\$0	61
PTA for STIP	\$0	\$0	61
TOTALS	\$920	\$920	\$920

ISSUE 2: PTA SPILLOVER FUNDS

On May 17, 2006, Subcommittee #5 rejected the Governor's proposal to permanently shift Public Transportation Account (PTA) spillover revenues to reduce General Fund debt costs. The Subcommittee needs to consider how to allocate the additional PTA funds.

BACKGROUND:

As a result of the Subcommittee's action, the PTA is projected to receive an additional \$343 million in the budget year, \$652 million in 2007-08, and hundreds of millions per year over the next eight years more than what is projected in the Governor's May Revision. Generally speaking, spillover revenues are allocated the same as other PTA revenues, with 50 percent going to State Transit Assistance (STA) and 50 percent going to Caltrans – primarily for the STIP (restricted for transit capital only), but also to support intercity rail and other minor activities.

The existing projection for the 2006 STIP has about \$450 million in unprogrammed PTA revenues. And with the updated spillover projections, the unprogrammed balance would actually grow to over \$1.2 billion. As a result of the statutory formulas of the STIP, the unprogrammed balance would be for local transit agencies, while intercity rail continues to have unfunded capital needs. In addition, the Transportation Bond on the November ballot provides about \$4 billion for transit capital investment (\$400 of which is specified for intercity rail).

Meanwhile, local transit agencies would also receive an increase for operations from the increased spillover revenues. However, local transit agencies' budgets have been struggling for years and now must deal with the added pressure on the public transit system that has resulted from the high gas prices.

In addition, the additional PTA revenues provides the opportunity to make a one time investment in the Agricultural Industries Transportation Services program, in order to provide the start-up costs to expand the successful program currently run in the Kings County area to other agricultural areas throughout the state.

COMMENTS:**Subcommittee Proposal**

The subcommittee should consider approving the appropriate trailer bill and budget bill actions to accomplish the following:

- Provide \$20 million from spillover revenues in 2006-07 on a one-time basis for grants (to be matched dollar for dollar) to local transit agencies to begin the Agricultural Industries Transportation Services (AITS) Program.
- Provide 85 percent of the balance of spillover revenues in 2006-07 and of the entire amount for 2007-08 for State Transit Assistance. The remaining 15 percent would be provided to Caltrans for intercity rail capital improvements.

The following tables compare the proposal with both the current law and the Governor's May Revision proposal:

2006-07 Spillover (in millions)			
Category	Governor's Proposal	Current Law	Sub 5 Proposal
Spillover for STA	\$0	\$172	\$275
Spillover for STIP Transit Capital	\$0	\$172	\$0
Spillover for Intercity Rail Capital Improvements	\$0	\$0	\$48
Spillover for matching grants for AITS	\$0	\$0	\$20
Total Spillover for PTA	\$0	\$343	\$343

2007-08 Spillover (in millions)			
Category	Governor's Proposal	Current Law	Sub 5 Proposal
Spillover for STA	\$0	\$326	\$554
Spillover for STIP Transit Capital	\$0	\$326	\$0
Spillover for Intercity Rail Capital Improvements	\$0	\$0	\$98
Total Spillover for PTA	\$0	\$652	\$652

Two-Year Spillover Totals Comparison (in millions)		
Category	Vs. Gov's Proposal	Vs. Current Law
2-yr Sub 5 Spillover for STA	\$829	\$331
2-yr Sub 5 Spillover for STIP Transit Capital	\$0	-\$498
2-yr Sub 5 Spillover for Intercity Rail Capital Improvements	\$156	\$156
2-yr Sub 5 Spillover for matching grants for AITS	\$20	\$20
2-yr Sub 5 Total Spillover for PTA	\$995	\$0

As shown above, the proposal outlined above provides nearly \$1 billion more for public transit over the next two years than proposed in the Governor's May Revision, and allocates most of that amount to local public transit agencies; including \$331 million, more than what is required under current law.

PTA STIP for Transit Capital

While the proposal does not reduce funding for STIP transit capital from what the Governor proposes, it is significantly less than what is required under current law. The rationale for this is that the adopted 2006 STIP left approximately \$460 million in unprogrammed PTA.

With the updated spillover projections and other PTA projections, the unprogrammed amount would actually grow to well over \$700 million under the proposal outlined above.

In addition, the Transportation Bond on the November ballot will provide another \$3.6 billion for non-intercity rail transit capital improvements. The table below outlines the condition of PTA funds for the STIP.

Agricultural Industries Transportation Services Program

The AITS was started, in part, in response to the horrible traffic accidents involving agricultural workers and unsafe vehicles. Currently, AITS is operated in the Kings County Area by the Kings County Area Public Transit Agency (KCAPTA).

AITS involves a fleet of 15-seat passenger vans that are actually driven by agricultural workers. The drivers all have Class C licenses and receive no pay for their service. But they do receive the modest benefit of reliable transportation to and from work (and incidental other stops) for themselves.

The fees charged for the workers are reasonable and stable, which is generally not the case in the private Raiteros. The service is reliable; it gets workers to work on time. And most importantly, the vans are safe, comfortable, and ensured up to \$2 million.

The proposed \$20 million will be awarded to local transit agencies to implement the program throughout the state. Grant awards will require a dollar for dollar match from the local transit agencies, which can include their allocation of federal funds or other state funds. The funds would be available for awards over a five year period, and will primarily be used for the purchase of vans and other equipment. It is projected that new AITS programs will be entirely self-funded with the fee revenue from ridership beginning in their fourth year.

Counties ideal for AITS expansion are Monterey, Santa Barbara, San Benito, Kern, Fresno, Santa Cruz, Imperial, Riverside, Madera, Yolo, San Joaquin, and Sacramento.