

Memorandum

TO: BUILDING BETTER
TRANSPORTATION COMMITTEE

FROM: James R. Helmer
Betsy Shotwell

SUBJECT: VEHICLE REGISTRATION
SURCHARGE LEGISLATION

DATE: 02-24-05

Approved



Date

2/25/05

RECOMMENDATION

Recommend adoption of a resolution of support by the City Council for Senate Bill 680 (Simitian), which would authorize the institution of a Vehicle Registration Surcharge (VRS) in Santa Clara County.

BACKGROUND

At the February 7, 2005 meeting of the Building Better Transportation (BBT) Committee, Department of Transportation staff presented an overview of legislation proposed by Senator Joe Simitian (D-Palo Alto), which would, if enacted, collect a \$5.00 per vehicle surcharge for vehicles registered in Santa Clara County. On February 22, 2005 SB 680 was introduced.

Due to the decline in transportation funding and the continued uncertainty of state and federal funding, local agencies have begun to investigate new opportunities for funding transportation infrastructure. This measure, as introduced, is intended to assist local governments within Santa Clara County by addressing the ongoing shortfall in funding for local transportation infrastructure projects. Senator Simitian introduced and successfully passed a similar measure to provide transportation infrastructure funding for the County of San Mateo during the 2003-2004 legislative session.

With the leadership of the Silicon Valley Manufacturing Group (SVMG), the City of San José, in cooperation with the other fourteen cities in the county, the County of Santa Clara, and the Santa Clara Valley Transportation Authority (VTA), worked together to craft language for inclusion in the measure. As indicated at the February 7 BBT meeting, local agency support of the legislation is vital to its introduction and future passage. Each of the jurisdictions within the county will be requested to offer support by the end of March 2005. The Governor has indicated that he would be willing to sign the measure if it obtained legislative passage.

ANALYSIS

As discussed in the February BBT report, the proposed measure would authorize a \$5.00 Vehicle Registration Surcharge (VRS) for eight years. The bill would sunset at the end of that period. Current estimates project that the measure would generate roughly \$56 million during the life of the legislation.

The Department of Motor Vehicles (DMV) would collect the VRS and pass the funds through to VTA. As the Congestion Management Agency (CMA) for the County of Santa Clara, VTA would serve as the fund manager for the VRS and both receive and allocate the collected funds. The funds would be allocated based upon a framework agreed to by a Technical Advisory Committee (TAC), which met to discuss the potential legislation.

Benefits to the City from this measure would be significant. Transportation infrastructure needs continue to outpace available resources and the approximately \$3 million that San José would receive annually through this program could be used to fund a diverse number of projects. These projects include the following:

- Expressway improvements along Montague, Almaden, Capitol, San Tomas and Lawrence.
- Intelligent Transportation System (ITS) and signal operations improvements.
- Proactive signal timing and upgrades to existing signal systems.
- Traffic calming.
- Development of Traffic Incident Management Center (TIMC).

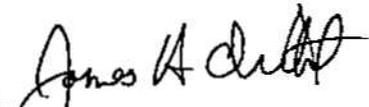
In response to questions raised at the BBT Committee, Attachment A outlines the outreach process and participation of local agencies that developed the expenditure language, as well as a description of the Technical Advisory Committee (TAC) that worked to identify the specific funding categories. On February 17, 2005, the TAC adopted an expenditure plan, which directs VTA to distribute the funds to specific categories, once the measure has been approved. Attachment B describes the recommended funding categories in detail.

Each jurisdiction will have the opportunity to recommend specific projects that meet the particular criteria of each funding category. In large part, the project lists will be derived from the Valley Transportation Plan (VTP) 2030.

In an effort to show the broadest support possible, Senator Simitian's office has requested that all local agencies adopt resolutions of support by March 30, 2005. To that end, DOT staff in cooperation with Intergovernmental Relations will be bringing this item to the Rules Committee on March 9, 2005.

COORDINATION

This item has been coordinated with the Office of Intergovernmental Relations, and the City Attorney's Office.

for 
JAMES R. HELMER
Director of Transportation


BETSY SHOTWELL
Director of Intergovernmental Relations

ATTACHMENT A

- December 2004, the Silicon Valley Manufacturing Group (SVMG) begins outreach for a proposed legislative measure to impose a five-dollar surcharge on vehicle registration fees in Santa Clara County to fund local transportation improvements.
- Senator Joe Simitian agrees to carry the measure if consensus on such a measure can be achieved amongst all Santa Clara County cities and the county.
- December 2004, SVMG begins to meet with members of the County Board of Supervisors, local Mayors and Vice-Mayors and various Councilmembers.
- Initial consent and direction is obtained from various policymakers and a Technical Advisory Committee (TAC) consisting of City and County Public Works and Transportation staff convenes to develop the structure of the measure.
- February 2005, the TAC adopts an expenditure plan for the proposed vehicle registration surcharge. The expenditure framework reflects a consensus of city and county staff discussions. Staff held a series of meetings, which resulted in this proposed expenditure framework. Attachment B outlines the staff recommendations.
- February 22, 2005 Senator Simitian introduces Senate Bill 680.
- Senator Simitian is seeking local agency support of the bill by March 30, 2005.
- April 2005, legislative policy committees begin to consider the bills.

ATTACHMENT B

Expenditure Framework for SB 680 (Simitian) Santa Clara County Traffic Relief Bill

This Traffic Relief bill will benefit commuters throughout Santa Clara County by funding a number of important transportation improvements in all 15 cities and towns and the county. The criteria used to select projects will include geographic equity, congestion relief, cost-effectiveness and identified county priority.

Revenue generated by a \$5 vehicle registration fee would be split in the following manner after DMV's administrative fee (estimated at approximately 1%) is deducted. Assuming the vehicle registration fee runs eight years and generates \$56 million, the funds would break down in the following manner:

- \$560,000 to DMV (approx. 1% of total revenues)
- \$4 million for Caltrain capacity improvements. These funds could be used for Santa Clara County's share of the cost of purchasing additional Baby Bullet train cars, or making station or parking improvements. All improvements must meet the nexus test and serve Santa Clara County.
- \$4 million for litter removal and landscape restoration (\$500,000 per year). This money can be used on highways or county expressways. Any unused funds would revert to the competitive pool (#2) described below.

The remaining \$47 million would be divided into thirds:

1. \$16 million (approximately) for Tier 1A county expressway improvements.
2. \$16 million for street & road operational and ITS improvements --competitive pool. These funds would be available to cities/towns and the county for use on priority operational projects including small scale congestion relief projects, matching grants for larger projects, and signal timing/coordination projects.
3. \$16 million—Direct subvention. These funds would be distributed to cities/towns/county on a pro rata basis based on vehicle registrations and be available for the same uses outlined in the above two categories.