



# Memorandum

**TO:** RULES COMMITTEE

**FROM:** James R. Helmer  
Betsy Shotwell

**SUBJECT:** SEE BELOW

**DATE:** 05-02-06

Approved

*Deana Palma*

Date

*5/2/06*

**SUBJECT: SB 1611 (SIMITIAN), REGARDING CONGESTION MANAGEMENT FEES.**

## RECOMMENDATION

Approve the recommendation to the City Council in support of SB 1611 (Simitian), Congestion Management Fees.

## OUTCOME

Approval of a support position by the Rules Committee and the City Council allows City staff to advocate for the passage of SB 1611 (Simitian), which would authorize a Congestion Management Agency (CMA) or a county board of supervisors in a county without a CMA to place a majority vote ballot measure before the voters to impose an annual motor vehicle registration fee of up to \$25 per vehicle for transportation-related projects and programs.

## BACKGROUND

Last year, Senator Joe Simitian introduced SB 680, which would have authorized the Santa Clara Valley Transportation Authority (VTA) to impose a \$5 surcharge on vehicle registrations for transportation projects. The funds from the vehicle license surcharge would have funded various transportation improvements throughout Santa Clara County. It was estimated that SB 680 would have generated \$56 million over the eight-year life of the program. The City of San José along with the other 14 cities and the County of Santa Clara supported the bill. The measure was passed by the legislature but was vetoed by Governor Schwarzenegger.

On February 24, 2006, Senator Simitian introduced SB 1611, a similar bill to SB 680, which would authorize a congestion management agency or where there is no congestion management agency, the board of supervisors, to place a majority vote ballot measure before the voters of a county to impose an annual motor vehicle registration fee of up to \$25 per vehicle for

transportation-related projects and programs. The bill passed the Senate Transportation & Housing Committee on April 25 and was referred to the Senate Appropriations Committee.

## ANALYSIS

Funding for transportation infrastructure improvements remains scarce and finding adequate funding sources to meet the increasing needs continues to remain a challenge. Efforts to meet the funding shortfalls included the passage of Proposition 42, in 2002; the passage of sales tax measures designed to fund transportation programs; and, the recent attempt in Sacramento to develop a statewide bond measure that would infuse much needed funding into transportation statewide. In Santa Clara County, several sales tax measures have been passed by voters that have assisted in the development and construction of a number of large transportation capital projects and have assisted local agencies with programs such as pavement maintenance.

Department of Transportation staff has continued to provide Council information regarding the status of transportation funding needs within the City. In 2005, Transportation staff reported to the Building Better Transportation (BBT) Committee the magnitude of the funding shortfall associated with improving, operating, and maintaining the transportation system. Projected annual operating and maintenance shortfalls range between \$18 million and \$25 million, depending upon the level of federal and state funding over the next five years. The one-time cost for major rehabilitation and capital improvements is estimated at \$370 million.

As a result of the ongoing funding needs, staff has been directed by Council to investigate new revenue sources for critical transportation-related projects and programs. SB 1611 would provide a critical new funding source for transportation-related improvements. SB 680, which would have allowed for a surcharge of \$5 per registered vehicle, estimated an infusion of \$56 million for transportation over the eight-year life of the measure. Basing revenue calculations for SB 1611 on the previous SB 680, it is possible that, if a measure was approved in Santa Clara County, could generate between \$7 million (\$5 per vehicle) up to \$35 million (\$25 per vehicle) for transportation improvements.

Revenues from SB 1611 could fund critical infrastructure such as:

- Local Streets and Roads Maintenance
- Bicycle and Pedestrian Improvements
- Roadway and Highway Projects
- Intelligent Transportation – Congestion Management Projects

SB 1611 would provide if passed, an additional revenue tool. In its analysis of the bill, Senate Transportation & Housing Committee staff expressed the concern that if SB 1611 passes it could blur the line between the approval process for fees and taxes. Currently, only the passage of certain types of taxes require a vote of the people, whereas fees and surcharges have not had the

same voter requirements and have been instituted by a formal action taken by the governing body implementing the fee. However, this bill sets in place a necessary financing tool that will fund vital projects such as pavement maintenance, roadway, and bicycle/pedestrian improvement projects of critical importance to San José.

**ALTERNATIVES**

The Rules Committee may choose not to take a position or oppose this measure.

**COORDINATION**

This item was coordinated with the Office of Intergovernmental Relations and the City Attorney's Office.

  
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For questions please contact KELLY DOYLE, ASSOCIATE TRANSPORTATION SPECIALIST at (408) 975-3240.