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February 22, 2017

The Honorable Bob Wieckowski
Chair, Senate Environmental Quality Committee
California State Capitol, Room 2205
Sacramento, CA 95814
FAX: (916) 322-3519

RE: SB 1 (Beall). Transportation Funding. *(as amended January 26, 2017)*
Notice of Support

Dear Senator Beall:

The City of Morgan Hill is pleased to support your SB 1, which represents a comprehensive transportation proposal inclusive of sensible reforms, modest increases to existing revenue sources, and robust infrastructure investment. The proposal presents an opportunity for the new legislature to advance a comprehensive framework to address the overwhelming backlog of repair and deferred maintenance as well as other transportation needs in the early part of 2017.

It would be an understatement to say the time to act is now to address the \$73 billion unmet funding need for local streets and roads and \$72 billion backlog to the State's Highway System. For local streets and roads alone, the funding need grows by an additional \$20 billion in just ten years. With the expressed commitment of Legislative Leadership and this Administration to getting this done in the early parts of 2017, we urge this legislature's immediate attention to this proposal.

When fully phased in, SB 1 would generate an additional \$6 billion annually to provide desperately needed funding for the state and local transportation network. To repair and maintain existing transportation infrastructure, the proposal would generate up to \$2.4 billion and \$2.2 billion annually for the state's highway system and local streets and roads, respectively. The bill also provides nearly \$600 million for freight and the state's trade corridors, over a half billion for transit and intercity rail, and up to \$150 million to support active transportation programs throughout the state.

The proposal takes the approach of raising revenue over a variety of sources, such as a 12 cent increase to the gas tax to restore some of its purchasing power phased in over three years, ending the Board of Equalization's "true up" process on the price based excise tax on gas, a \$38 increase to the vehicle registration fee, a \$100 vehicle registration fee on zero emission vehicles, a 20 cent increase to the diesel excise tax, \$300 million from existing cap and trade funds, and returning \$500 million in vehicle weight fees phased in over five years.

In addition to raising revenue, the proposal includes a series of reforms to improve efficiency, transparency, and accountability, such as restoring independence to the California Transportation Commission, creating the Office of the Transportation Inspection General with audit and investigation authority over the state's transportation spending, and establishing local reporting requirements on local transportation spending. To streamline roadwork, the bill permanently extends and expands on the limited exemptions to California's Environmental Quality Act (CEQA) for repair, maintenance, and minor alteration projects on existing roadways to cities and counties with populations greater than 100,000. The proposal also creates an advanced mitigation program which authorizes the Natural Resources Agency to establish state and regional transportation mitigation plans and mitigation banks to allow transportation projects to fulfill their environmental requirements in advance.

Morgan Hill currently faces a street maintenance backlog approaching \$25M and in four short years it will exceed \$40 million. This problem becomes worse as we estimate that our annual shortfall is \$4.6M just to keep our street inventory

from falling below the recognized sustainable Pavement Condition Index (PCI) value of 70. This problem is exacerbated with the record rainfall of January and February 2017 literally degrading pavement conditions with every storm that comes through. The vast majority of our residential roadways have seen little or no maintenance due to the scarcity of resources.

Overall, this proposal provides a comprehensive transportation reform and funding package that picks up where we left off at the end of the special session, while giving this legislature an opportunity for early action. While the legislature has had success in recent years in balancing the state budget, we can no longer afford to ignore our most basic repair and maintenance needs if we wish to avoid systematic failure of the state's entire transportation infrastructure. There may be no better way to put Californians back to work and stimulate our economy than making the roads we and our children rely on everyday safe again.

For these reasons, the City of Morgan Hill **Supports** SB 1 (Beall).

Sincerely,



Steve Tate
Mayor



Steve Rymer
City Manager

cc: Assemblymember Anna Caballero [fax: 916-319-2130]
Senator Bill Monning [fax: 916-651-4917]
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