MEMO

DATE: September 2, 2004

TO: The Transportation and Communications Committee (TCC)

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SUBJECT: State and Federal Legislative Update

SUMMARY:

With the State Legislature set to adjourn on August 31st, the last days of the legislative session may be focused on a bill introduced by Senator John Burton (D-San Francisco) to appropriate funds to defray the costs of the Bay Bridge overrun, which could be as high as $5.1 billion. A bridge bill is likely to reawaken the issue of the North-South funding disparity. Also in the Legislature, the Regional Investment in Goods Movement, Highways and Transit Act of 2004 may be conferenced with bills related to design build. At the federal level, the efforts to reauthorize TEA-21 continue, but with delays that may extend into 2005.

BACKGROUND:

State Legislative Update

Bay Bridge Cost Overrun

Following the enactment of the budget on July 31st, the Legislature returned to committee business, attempting to finalize work by the August 13th deadline for fiscal committees to hear bills. As committee deliberations restarted, the issue of Bay Bridge cost overruns surfaced, with Caltrans postponing several times the release of a report detailing the extent of the overrun.

At the time of this writing, the Bay Bridge is expected to cost $5 billion dollars, compared to preliminary estimates of $1.1 billion in 1997. In 2001, the design of the bridge was changed, with a $2.6 price tag. With the bridge only half-finished, the costs are believed to have risen to as much as $5.1 billion. High steel and concrete prices are blamed for the increase.

Options to finance the overrun are varied. They include raising tolls from $3 to $4; charging higher tolls at peak hours; refinancing bonds used to pay for construction; and imposing a regional tax on gasoline sales. Each option presents difficulties. Bay Area drivers only recently faced the toll increase from $2 to $3 on July 1; $4 may be too much, too soon.

Likewise, a regional gas tax would affect people who don't use the toll bridges, and congestion pricing--raising the tolls at peak traffic periods--would be new to the Bay Area. Transportation officials are also investigating whether refinancing bonds at lower interest rates could offset the

overruns. This involves borrowing against the anticipated revenue from future tolls by issuing bonds.

In Sacramento, it is believed that legislation may be introduced by Senator John Burton (D-San Francisco), who is termed-out of office this year, to appropriate state transportation dollars to cover some of the costs of the overrun. Time is short in the legislative session with adjournment on August 31st. However, if a bill were passed, it could amount to a massive transportation funding disparity between Northern California and Southern California.

The North-South split, as it is called, has existed since the 1920s, with Northern California receiving a disproportionate amount of transportation funding despite Southern California's ongoing need for adequate transportation resources. If Senator Burton introduces a bill, a unified Southern Californian response is likely, and SCAG is prepared to lead the effort to ensure the region is fairly represented in transportation appropriations.

RIGHT

On August 11th, SCAG participated in a conference call with CALCOG and the region's county transportation commissions to discuss RIGHT, the Regional Investment in Goods Movement, Highways and Transit Act of 2004. The CTCs have provided SCAG with excellent amendments for the bill, which have been incorporated fully. The bill remains, with SB 1210 (Torlakson) and SB 1793 (McPherson) relating to design build, ready to be conferenced together in the coming weeks into final form.

Federal Legislative Update

Reauthorization of TEA-21

The latest extension of the Transportation Equity Act of the 21st Century (TEA-21) will expire September 24th for highway programs and September 30th for transit. When Congress reconvenes on September 7th, absent any action in September, Congress may pass yet another short-term extension or may pass a longer-term extension, deferring action until the new Congress takes over next year.

SCAG continues to advocate for the region in conference committee via its Washington, D.C. representatives and as part of larger coalitions like the Southern California Consensus Program delegation, the Association of Metropolitan Planning Organizations (AMPO) and the National Association of Regional Councils (NARC).

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