

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: RN 11 23734
POSITION: Oppose

BILL NUMBER: SB 468
AUTHOR: C. Kehoe

BILL SUMMARY: Department of Transportation: State Highway Projects

This bill would establish a coordinated effort between the Department of Transportation (Caltrans), the San Diego Association of Governments (SANDAG), and the California Coastal Commission (Commission) in the development of a public works plan for the North Coast Corridor Project (NCCP) in San Diego County, and authorize SANDAG to conduct, administer, and operate a value pricing and transit development program in the Interstate 5 (I-5) corridor.

FISCAL SUMMARY

According to Caltrans, the combined cost of the highway and transit improvements in the 27-mile NCCP is estimated at \$6 billion to \$7 billion, including nearly \$3 billion in rail improvements. These projects will be funded from a variety of sources including federal subvention funds and the state and local share of State Transportation Improvement Program (STIP) funds, although the majority of the funding is expected to come from TransNet, a half-percent sales tax approved by county voters in 2004, which, according to Caltrans, generates about \$210 million annually countywide. The split between the regional and interregional shares of the STIP is unknown at this time.

This bill could result in a savings to Caltrans of up to \$2 million in State Highway Account resources by clarifying that Caltrans is not required to develop a new independent environmental document for the public works plan. Additionally, by clarifying the coastal review and permitting process, this bill could significantly expedite the development of the project, saving the state resources through reduced support costs and reduced construction inflation.

The Commission does not anticipate any additional costs associated with this bill since this bill does not require any reviews or approvals outside of its normal processes.

Potential revenues from SANDAG's operation of a value pricing program on I-5 are unknown at this time, but none would flow directly to the state. While any toll revenues remaining after direct expenses are generally used to maintain the highway or fund transit in the corridor, this bill would specify that all remaining revenue be used in the I-5 corridor exclusively for the improvement of transit service and high-occupancy vehicle facilities.

This bill could result in a reimbursable state mandate by imposing various requirements on SANDAG which could result in costs for San Diego County, the San Diego Regional Transit Commission, and the other member cities and transit districts, including a requirement to establish a safe routes to transit program and a requirement to work with Caltrans and the North County Transit District to develop a single transit improvement plan for the I-5 corridor. The costs of implementing the plans could be very large and limited only by what local choices are made.

Analyst/Principal (0751) M. Tollefson	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

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COMMENTS

The Department of Finance is opposed to this bill because it could create a reimbursable state mandate by imposing various requirements on SANDAG, such as establishing a safe routes to transit program, developing a transit improvement plan for the I-5 corridor, and requiring it to dedicate a portion of the TransNet Regional Conservation Fund for regional habitat acquisition, management, and monitoring activities necessary to implement habitat conservation plans after all necessary permits are obtained. To the extent that any mandate could be passed through to San Diego County, the San Diego Regional Transit Commission, and the other member cities and transit districts, this bill could result in reimbursable state mandated costs. Costs to implement the plans would likely be determined to be mandates, thus creating an open-ended ability for SANDAG to and its constituent agencies to demand State funds.

Additionally, by requiring the concurrent construction of highway, multimodal, and mitigation projects within each phase of the public works plan, this bill could limit Caltrans flexibility to program components of this project and could result in significant project delays should funding be available for highway improvements but lacking for the transit components that must be constructed concurrently, or vice versa.

ANALYSIS**A. Programmatic Analysis**

Current law defines a coastal zone as the area extending inland approximately 1,000 yards from the mean high-tide line of the sea. Pursuant to the California Coastal Act of 1976, a person planning to undertake any development in the coastal zone is required to obtain a coastal development permit from the California Coastal Commission (Commission) or local government enforcing a local coastal program.

Current law authorizes the San Diego Association of Governments (SANDAG) to conduct, administer, and operate a value pricing and transit development program on two designated corridors in San Diego County.

This bill would establish a coordinated effort between the Department of Transportation (Caltrans), SANDAG, and the Commission in the development of a public works plan for the North Coast Corridor Project (NCCP) in San Diego County, and authorize SANDAG to conduct, administer, and operate a value pricing and transit development program in the Interstate 5 (I-5) corridor. More specifically, this bill would:

- Provide that once the public works plan for the NCCP has been approved and certified by the Commission, subsequent review by the Commission for specific projects is limited to imposing conditions to ensure consistency of the project with the public works plan.
- Require the approved public works plan for the NCCP to include all the applicable elements to be carried out by Caltrans or SANDAG, including coastal access, highway, transit, multimodal transportation, community enhancement, and environmental restoration and mitigation.
- Require the public works plan to include a process for obtaining coastal development permits, identifying specific project elements, and establishing mitigation measures to be undertaken by Caltrans and SANDAG prior to construction of each phase.
- For all elements of the NCCP that are in the coastal zone, require Caltrans and SANDAG to collaborate with stakeholders to ensure that multimodal transportation options are evaluated and included in the public works plan, require SANDAG to establish a safe routes to transit program that integrates the adopted regional bike plan with transit services, require SANDAG to adopt an alternative no larger than an 8+4 Buffer Alternative (8+4 Buffer) for the I-5 corridor expansion, which refers to eight general purpose lanes plus four managed lanes using a buffer, require rail and highway bridges that cross coastal lagoons to be constructed concurrently and at the

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maximum length and width, and require concurrent construction of highway, multimodal, and mitigation projects within each phase of the public works plan.

- Require the Commission, Caltrans, and SANDAG to work cooperatively towards completing all design approvals, reviews, determinations, and permitting for the NCCP on an expedited basis.
- Specify that SANDAG has agreed to use TransNet funds to construct improvements to the Los-Angeles-San Diego-San Luis Obispo (LOSSAN) rail corridor.
- Require SANDAG to dedicate a portion of the TransNet Regional Conservation Fund for regional habitat acquisition, management, and monitoring activities necessary to implement habitat conservation plans after all necessary permits are obtained.
- Direct any excess revenue from a value pricing program in the I-5 corridor to be used in the I-5 corridor exclusively for the improvement of transit service and high-occupancy vehicle facilities.
- Direct SANDAG, the North County Transit District, and Caltrans to cooperatively develop a single transit improvement plan for the I-5 corridor.

Discussion: The NCCP is a 27-mile long series of projects within the coastal zone in San Diego County, which includes improvements to segments of I-5 and the portion of the LOSSAN rail corridor that operates between the City of Oceanside and the City of San Diego, and is expected to be completed over 40 years. Because of the size and scope of the project, as well as its location in the environmentally sensitive coastal zone, this project has been controversial and politically sensitive. Environmental interests have sought to limit the scope of the project, while transportation interests have sought to ensure key elements of the plan stay on track. This bill intends to present a plan that would be acceptable to all major stakeholders. The author's office indicates that this bill would coordinate efforts between, Caltrans, SANDAG, and the Commission, and ensure that Caltrans and SANDAG work together to identify, fund, and complete multimodal transit solutions in coordination with other highway improvements. A coordinated effort would help to advance this controversial project and reduce the risk of potential lawsuits that could slow the project.

According to the author's office, another key component of this bill is the requirement for SANDAG to recommend an 8+4 Buffer Alternative for the I-5 corridor expansion, which is the least expensive option and Caltrans' and the Federal Highway Administration's (FHWA) preference for the corridor. Prior to the announcement of Caltrans' and FHWA's preference for the 8+4 Buffer, the SANDAG Board of Directors had included a 10+4 Barrier option in its draft Regional Transportation Plan, with a cost of \$1 billion more than the 8+4 Buffer.

Caltrans indicates that the requirements that this bill would impose are either things that Caltrans and SANDAG have already agreed to, Caltrans has already publicly supported, or Caltrans already implements as a matter of its normal practices such as conducting public meetings. Caltrans indicates that this bill would remove significant uncertainty with respect to the environmental and coastal permitting process and could help facilitate the development of the NCCP. However, Caltrans also notes that this bill would limit Caltrans' and SANDAG's discretion with regard to the NCCP by codifying various requirements.

By requiring the concurrent construction of highway, multimodal, and mitigation projects within each phase of the public works plan, this bill could limit Caltrans' flexibility to program components of this project and could result in significant project delays should funding be available for highway improvements but lacking for the transit components that must be constructed concurrently, or vice versa. Caltrans acknowledges that the concurrent schedule requirement could potentially delay projects, although it indicates that the risk of that is fairly low. Because both the highway and rail components are high priority projects in TransNet, if state or federal funds were unavailable for a project component when needed, the region could use its bonding authority to advance those projects.

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This bill could result in a reimbursable state mandate by imposing various requirements on SANDAG. While this bill includes a provision that no reimbursement is required because the only costs that may be incurred by a local agency are the result of a program for which legislative authority was requested by that local agency, neither SANDAG nor its constituent agencies are the sponsor of this bill. SANDAG's Executive Committee voted to take a support position on the bill, but a letter of support has not yet been received by our office. If the mandates are construed to apply to some or all of SANDAG's members, they would be free to submit claims unless they all requested the bill.

B. Fiscal Analysis

According to Caltrans, the combined cost of the highway and transit improvements in the 27-mile NCCP is estimated at \$6 billion to \$7 billion, including nearly \$3 billion in rail improvements. These projects will be funded from a variety of sources including federal subvention funds and the state and local share of State Transportation Improvement Program (STIP) funds, although the majority of the funding is expected to come from TransNet, a half-percent sales tax approved by county voters in 2004, which, according to Caltrans, generates about \$210 million annually countywide. The split between the regional and interregional shares of the STIP is unknown at this time.

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Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)									Fund Code
	SO	LA			2011-2012			2012-2013		
	CO	PROP	FC	FC	FC	FC	FC	FC	FC	
2660/Caltrans	SO	No	-----	See Fiscal Summary	-----	-----	-----	-----	-----	0042
2660/Caltrans	CO	No	-----	See Fiscal Summary	-----	-----	-----	-----	-----	0042
<u>Fund Code</u>	<u>Title</u>									
0042	Highway Account, State, STF									