

ATTACHMENT**Infrastructure - Bond Details**

In the early morning hours of May 5, the Legislature passed bond measures that will fund housing, transportation, levee repairs, flood control projects and school construction. It also passed trailer bills dealing with permit streamlining, and a constitutional amendment that will "fix" Proposition 42 by "locking down" the sales tax on gasoline for transportation purposes.

The following summarizes the key bills comprising this package:

Proposition 1A-Prop. 42 Reform

SCA 7 (Torlakson). This constitutional amendment is designed to "fix" Proposition 42, by permanently dedicating the sales tax on gasoline to transportation purposes - a key goal for the League - with narrow exceptions. This measure will appear on the ballot as Proposition 1A - the same name as the historic LOCAL-sponsored measure passed overwhelmingly by the voters in 2004 that ended the state's ability to raid local funds. (The coalition working on the Prop. 42 "fix" initiative will not submit all the signatures they gathered - thereby preventing a competing measure from qualifying for the ballot.)

Like the Prop. 1A of 2004, the SCA 7 measure passed by the Legislature restrict the Legislature's ability to borrow the Prop. 42 funds to the following:

- The Governor must declare that the state faces a severe fiscal hardship, and the Legislature must enact a statute authorizing the borrowing by two-thirds vote. At the same time, the Legislature must pass a bill specifying that they will repay the loan with interest within three years.
- The state can borrow the funds no more than twice in 10 years, and must repay a prior loan before borrowing.
- Any Prop. 42 transportation funds that were borrowed by the state but not repaid as of July 1, 2007, must be repaid within a 10 year period (no later than June 30, 2016) at payment of no less than one-tenth per year of the total amount owed.

The measure also authorizes the Legislature to provide for the issuance of bonds by state or local agencies in accordance with the established Prop. 42 allocation methodology.

Proposition 1B-Transportation Bond

SB 1266 (Núñez/Perata). Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Specific allocations include the following:

- \$2 billion for the Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account, allocated directly to cities and counties for traffic congestion relief, traffic safety, transit, storm damage, maintenance, construction and other projects to improve the local street and road system. \$1 billion will go directly to cities (minimum \$400,000 allocation), and \$1 billion will go directly to counties. (See attached document for city-by-city funding.)
- \$4.5 billion to Corridor Mobility Improvement Account to fund performance improvements on highly congested travel corridors. This includes major access routes to the state highway system on the local road systems that relieve congestion.
- \$1 billion for improvements to State Route 99 traversing approximately 400 miles of the Central Valley.

- \$3.1 billion for the California Ports Infrastructure, Security, and Air Quality Improvement Act. Of the \$3.1 billion, \$2 billion is to fund improvements to trade corridors, \$1 billion to State Air Resources Board for emission reductions related to goods movement, and \$100 million for the Office of Emergency Services for publicly -owned port, harbor and ferry terminal improvements.
- \$200 million for school bus retrofitting and replacement to reduce air pollution.
- \$2 billion for projects in the State Transportation Improvement Program (STIP).
- \$4 billion for the Public Transportation Modernization Improvement and Service Enhancement Account for improvements to intercity rail and other transit-related projects and improvements. Of the \$4 billion, \$400 million is dedicated to rail improvements and purchase of railcars and locomotives.
- \$1 billion for the State-Local Partnership Program Account for transportation projects nominated by a regional transportation agency. This program requires a dollar for dollar match of local funds.
- \$1 billion for the Transit System Safety, Security and Disaster Response Account for projects that increase protection again security and safety and develop disaster response for public transit systems.
- \$125 million for the Local Bridge Seismic Retrofit Account for seismic work on local bridges, ramps, and overpasses.
- \$750 million for the Highway Safety, Rehabilitation and Preservation Account (SHOPP) for safety, rehabilitation and preservation projects on state highway systems. \$250 million of the funds in this account are for technology-based improvements to improve safety, operations and effective capacity of local streets and roads.
- \$250 million for the Highway-Railroad Crossing Safety Account for completion of high-priority grade separation and railroad crossing safety improvements.

Proposition 1C-Housing Bond

SB 1689 (Núñez and Perata). This measure contains \$2.85 billion in funding for affordable housing construction, infill incentives. The funds are divided into the following funding categories:

Housing Construction:

\$1.5 billion for first-time homebuyer programs and affordable housing construction, of which:

- \$345 million for the construction of affordable multifamily housing.
- \$300 million for loans/grants for local homeownership programs.
- \$200 million for down payment assistance.
- \$195 million for supportive transitional housing.
- \$135 million for farmworker housing.
- \$125 for grants to local governments for down payment assistance programs, where local regulatory barriers have been reduced.
- \$100 million for a newly created affordable housing innovation fund.
- \$50 million for housing for homeless foster youth.
- \$50 million for emergency shelters.

Planning and Infill Incentives:

- \$850 million for regional planning, housing, and infill incentives which will be further defined by future legislation, of which no more than \$200 million may be used for park development in conjunction with infill.
- \$300 million in grants to local governments to develop infrastructure associated with high density transit-oriented development.
- \$200 million for development of parks in urban, suburban and rural areas, subject to conditions which will be further defined by future legislation.

Proposition 1D-School Construction Bond

AB 127 (Núñez/Perata). Education Facilities: Kindergarten-University Public Education Facilities Bond Act of 2006. This measure would provide \$10.4 billion in bonds to be deposited into the 2006 State School Facilities fund, which will be used to meet capital outlay needs of higher educational facilities, and finance grants for construction and renovation of schools, including charter schools and facilities for career technical education programs, and to relieve overcrowded schools. **This also includes \$29 million to fund joint-use projects for construction of K-12 school facilities.**

- \$1.9 billion for new construction of school facilities.
- \$500 million for providing school facilities to charter schools.
- \$3.3 billion for modernization of school facilities.
- \$500 million for facilities for career technical education programs.
- \$1 billion for new construction to fund severely overcrowded school sites.
- \$1.5 billion for CA Community Colleges.
- \$890 million for UC and Hastings College of Law.
- \$690 million for CSU.

Proposition 1E-Flood Prevention Bond

AB 140 (Núñez and Perata) Disaster Preparedness and Flood Prevention Bond Act of 2006

This bond would provide a total of \$4.09 billion to prevent flooding by repairing levees and other flood control infrastructure in the Sacramento-San Joaquin River Delta and elsewhere. The funds will be allocated as follows:

- \$3 billion to evaluate, repair, rehabilitate, reconstruct or replace levees, weirs, bypasses and facilities contained in the state flood control plan; improve or add facilities to increase levels of flood prevention; and reduce the risk of levee failure.
- \$ 500 million to cover the past and future obligations under the flood control subvention payments to local governments for qualifying projects.
- \$ 290 million for the protection, creation, and enhancement of flood protection corridors and bypasses, including fund for floodplain mapping.
- \$ 300 million for grants (with local match) to manage storm water runoff to reduce flood damage and provide benefits such as ground water recharge, water quality improvement and ecosystem.

Related Trailer Bills

AB 142 (Nunez and Perata) Flood Control: Levee Repair and Flood Control Systems. This measure is an urgency appropriation of \$500 million dedicated to levee repairs for those critical

levee erosion sites identified under Governor's Executive Order S-01-06 in order to reduce the threat of potential flood damage.

Permit Streamlining - AB 1039 (Núñez/Perata)

This is a "trailer bill", that would provide exemptions from the California Environmental Quality Act (CEQA) to streamline various transportation, levee repair and flood control projects funded by two bond measures that will appear on the November 7, 2006 statewide general election.

- **Exempts the following projects from CEQA contained within the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006 (SB 1266) and places requirements on specific projects relating to permit streamlining:**
 - Structural modification of specific existing and replacement highway structure projects in Alameda, Santa Barbara, and Los Angeles Counties
 - Specific seismic retrofit projects on existing local bridges.
- **Exempts the following projects from CEQA contained within the Disaster Preparedness and Flood Prevention Bond Act of 2006 (AB 140):**
 - Exempts the repair of critical levees of the Sacramento River Flood Control Project that are within an existing levee footprint. Requires the lead agency performing the repairs to conduct community outreach, sufficiently comply with standard construction practices, and to use emulsified diesel fuel to the best extent possible with a sunset date of July 1, 2016.
 - This measure authorizes \$19.925 billion of state general obligation bonds for high-priority transportation corridor improvements, including \$1 billion for cities and \$1 billion for counties to spend on local transportation projects. Unlike Prop. 42 funding, which is dedicated to local street and road maintenance and repair projects, local agencies may determine their own priorities for use of these transportation funds.

last updated : 5/12/2006

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