

2018-2019

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March 12, 2019

The Honorable Kevin McCarty
California State Assembly, District 7
California State Capitol, Room 2136
Sacramento, CA 95814

**RE: AB 1568 (McCarty). General Plans. Housing Element. Production Report.
Withholding of Transportation Funds.
Notice of Opposition**

Dear Assembly Member McCarty,

The League of California Cities[®] (League) regrets to inform you of our **strong opposition to your AB 1568**, a measure that would withhold and divert critical transportation funds from the Road Repair and Accountability Act (SB 1, Beall), for cities' basic maintenance and road repair needs.

Every two years over the last 10 years, the League has consistently identified more than a \$70 billion shortfall to preserve the existing system of local streets, roads, bridges, and essential components (i.e. infrastructure incorporated into our local network).¹ Much of that shortfall is attributable to revenue streams drying up due to inflation over the last 25 years.²

On a scale of zero (failed) to 100 (excellent), the average pavement condition statewide for cities and counties was at 65 on the pavement condition index (PCI). Absent any new funding, the shortfall would have grown by at least an additional \$10 billion with the statewide average PCI dropping to a score of 55 in 10 years. Furthermore, without SB 1, more than half of the local network would move into the "at-risk" category, a PCI below 70, with more than a quarter of the network moving into the "failed" condition, a PCI below 50.

Given these massive deferred maintenance backlogs to state and local transportation networks, the League and a coalition of local government, business, and labor stakeholders worked tirelessly and in partnership with this legislature and the former administration to help craft and deliver SB 1, the greatest infrastructure preservation investment in decades.

¹ <http://www.savecaliforniastreet.org/read-the-report/>

² http://www.dot.ca.gov/road_charge/resources/final-report/docs/summary.pdf (pg. 1)

SB 1 is a comprehensive measure that consists of a few key elements. It provides reliable funding for every transportation mode, including the state highway system, local streets and roads, public transportation, active transportation, congestion relief, and capital projects. It includes a series of reforms, transparency, and accountability for Caltrans and local agencies alike to ensure promises made are promises kept. It includes constitutional protections to ensure funds only be used for transportation and not for any other purpose.³

Cities are responsible for the planning, zoning and approval of new housing. This is a transparent process that involves input from residents, detailed environmental reviews and documents, and approving projects consistent with our plans. Unfortunately, AB 1568 would penalize cities, counties, and their taxpayers by withholding and redistributing their share of public road maintenance funds if the private housing market, and non-profit developers who rely on scant subsidies, do not produce a city or county's share of regional housing needs for each income category.

AB 1568 goes against the basic spirit of SB 1, which is focused on maintaining and preserving existing state and local transportation systems, the latter of which is conservatively valued at over \$200 billion alone. Even with SB 1, the shortfall for local streets and roads still exceeds \$55 billion over the next 10 years.

SB 1 is a massive infusion of transportation dollars that were desperately needed, but it should not be confused as a windfall for cities and counties. With SB 1, the shortfall will shrink by \$18 billion (to \$55 billion down from \$70+ billion), the statewide average PCI will stabilize at 65 and more than two-thirds of the local network will move into a state of good repair, a PCI of 70 or above.

Threatening to withhold and redistribute desperately needed transportation funds from cities and counties for the lack of private sector housing production and adequate subsidies to produce affordable housing breaks the basic promise this legislature made to taxpayers that these funds would deliver the transportation safety, pavement condition, and quality of life improvements for every community in California.

On two separate occasions, the voters reaffirmed the legislature's action to address the desperate transportation needs across the state. Just this past June, more than 80 percent of the voters approved Proposition 69,⁴ which dedicated new SB 1 revenues for transportation. More importantly, by more than 13 percentage points, the voters rejected Proposition 6,⁵ which would have repealed SB 1 and sent transportation infrastructure spiraling into disrepair. Given that the state hadn't increased transportation funding in more than 25 years, that it took

³ <https://lao.ca.gov/reports/2017/3688/2017-transportation-package-060817.pdf>

⁴ <https://elections.cdn.sos.ca.gov/sov/2018-primary/sov/2018-complete-sov.pdf> (pg. 134)

⁵ <https://elections.cdn.sos.ca.gov/sov/2018-general/sov/2018-complete-sov.pdf> (pg. 97)



about a decade to craft a comprehensive measure, it required supermajority support from the legislature, a governor's signature, and majority support from the voters, really speaks to the achievement SB 1 is for this legislature.

The League is supportive of efforts to help address the housing crisis here in California. In fact, addressing affordable housing, housing affordability, and homelessness are all part of the League's strategic goals as an organization.⁶

Unfortunately, AB 1568 is the wrong approach for California. Any delay or diversion of transportation funds from any community in this state is only going to hurt taxpayers that are paying for these improvements they were promised during the passage of SB 1 and rejection of Proposition 6.

For these reasons, the League is **strongly opposed to your AB 1568**. If you have any questions, please feel free to contact me at (916) 658-8283.

Sincerely,

A handwritten signature in black ink, appearing to read "Rony Berdugo".

Rony Berdugo
Legislative Representative

Cc: The Honorable Jim Frazier, Chair, Assembly Transportation
The Honorable Jim Beall, Chair, Senate Transportation
The Honorable Cecilia Aguiar-Curry, Chair, Assembly Local Government
The Honorable David Chiu, Chair, Assembly Housing and Community Development
Melissa White, Principal Consultant, Assembly Transportation
Daniel Ballon, Consultant, Assembly Republican Caucus
Members, Assembly
Members, Senate

⁶ <http://www.cacities.org/Top/About-Us/Strategic-Goals>