

California Consulting Hosts Cal-Trans Director and New CTC Commissioner

California Consulting LLC and the Fresno Council of Governments (COG) held a luncheon honoring newly appointed Cal-TRANS Director Randy Iwasaki and California Transportation Commission (CTC) Commissioner Darius Assemi on Tuesday, December 1st 2009. The event was held at the Fresno COG office Sequoia Room. The invitation-only event was attended by over 85 guests consisting of elected officials, COG representatives, city and county staff from the San Joaquin Valley and Salinas Valley areas, school district leaders, non-profits, Chamber of Commerce, and representatives of several other leading organizations.

The event began with remarks from Trinidad Rodriquez, Chairman of Fresno COG and Mayor, City of Kerman. Further opening remarks were made by Zach Scrivner, Vice-Mayor of Bakersfield. Mr. Iwasaki and Mr. Assemi were then introduced by Harry Armstrong, Mayor, City of Clovis, and Chairman of the Fresno County Transportation Authority.

Comments ensued from Cal-TRANS Director Randy Iwasaki, who spoke about issues related to Cal-TRANS and the issues concerning the central San Joaquin Valley, including Proposition 42. CTC Commissioner Darius Assemi then presented remarks concerning the efforts of the CTC to represent the transportation issues facing the San Joaquin Valley, including the opportunities offered through SB 4. The session was then opened to the audience, who were given time to ask questions to Mr. Iwasaki and Mr. Assemi.

Closing remarks were made by Fresno City Councilman, Blong Xiong. Steve Samuelian, of California Consulting, LLC, spoke about the lobbying issues facing the valley in Sacramento and how fortunate the Valley is to have Mr. Iwasaki and Mr. Assemi in leadership posts. Fresno City Council President, Cynthia Sterling, presented a certificate from her office to the honored guests. Additional certificates of congratulations and resolutions were presented to Mr. Iwasaki and Mr. Assemi from the offices of Fresno City Council members Henry T. Perea and Blong Xiong; Assemblyman Danny Gilmore; Congressman Jim Costa; and the County of Fresno.

Governor's Budget Preview

California Consulting has been closely monitoring the discussions and conversations surrounding the Governor's proposed budget due to be released this Friday. The following observations are based on my conversations and insight given to me by Members and Staff at the State Capitol:

"California Consulting has exceeded our expectations. Their grant writers have helped us bring in more than \$5.5 million in state and federal funds for our School District. Based on our first hand experience, we strongly recommend California Consulting."

Rich Merlo,
Superintendent
Corcoran
Unified School
District

The State is facing a budget deficit of more than \$20 billion.

The Governor is expected to call for major reductions in local mass transit programs and also call for an expansion of oil drilling off the Santa Barbara coast. The Governor is also expected to ask the federal government for approximately \$8 billion in assistance.

If the \$8 billion in federal aid is not delivered the Governor is expected to severely reduce or possibly eliminate CalWORKS, the state welfare program as well as the in-home health care services program for the disabled and elderly poor. He also will likely eliminate two tax breaks for large corporations that the Legislature recently passed.

The Governor is also expected to propose extending a reduction in the state payroll that is scheduled to expire in the Summer of 2010. The reduction has translated into 200,000 state workers getting furloughed three days per month or the equivalent of a 14% pay cut. The Legislature would have the option of extending the furloughs or imposing layoffs or some form of a combination of both.

MASS TRANSIT:

This issue is of major concern to COG's, Rural Transit Agencies, and local governments across California. The \$1 billion in mass transit and other transportation money the Governor may propose cutting is supposed to be "off limits" to the state for the purposes of plugging budget deficits. Previous court rulings have declared previous attempts to be illegal. The Governor may propose to get around those court rulings through a complex tax swap. The swap would eliminate the existing sales tax on gasoline and at the same time a new per-gallon excise tax would be imposed. The price at the pump would drop about 5 cents per gallon. However, the swap would effectively gut Prop. 42 that protects how current gas taxes are spent. Public transit including buses, rail and other forms of mass transportation now receive 20% of all gas sales tax. After the swap, that requirement would no longer be in existence. The tax swap could also damage schools as it would result in the share of tax revenues they are entitled to under state law dropping by more than \$800 million.

The Governor has been a friend to local governments throughout his time in office and a special friend to the San Joaquin Valley.

We will continue to monitor these developments and work with his staff to support his proposal where we can. On items in his proposal that we cannot support (prop. 42 tax swap if it is in his proposal), we will work hard to share the concerns of our clients and advocate for changes in the proposal.

Once the proposal is officially released we will send out a new update with the details.

Grants Update

California Consulting, LLC continues to write many of the most complex and challenging federal, state and private foundation grant applications for our clients. To date, the company has generated over \$1.3 billion through state and federal avenues for our client's needs.

During January, 2010 our grant writers are writing several applications for clients including the following applications (partial list) Readiness and Emergency Management in Schools grant; Elementary and Secondary School Counseling grant; Teaching American History grant; After School (Ases) grant; Migrant Education grant; the anti-gang CalGRIP grant; Office of Traffic Safety grant for police departments; Arts in education grant; the Emergency Operations Center grant; USDA Rural Development Community Facilities grant, and several others.

California Consulting has just passed the 200 mark! California Consulting grant writers have written 201 successful federal, state, and private foundation grant applications for our clients since inception of the company in 2004. That's 201 applications that were FUNDED for clients!

Budget Conference Call

January 8, 2010 the Governor released his 2010-11 proposed State Budget. As part

of this e-mail please find the following:

1. My notes from today's Budget Conference call.

2. Here is a link to the Department of Finance budget summary:

http://www.dof.ca.gov/budget/historical/2010-11/governors/documents/Supplementary_Budget_Summary.pdf

California Consulting participated in a conference call with top state leaders including:

Secretary Dale Bonner, BTH

Mark Hill, California Department of Finance

The participants on the call outlined the state budget proposal the Governor released today.

Key components of the proposal are as follows:

There has been a 30% reduction in revenues to the State.

Governor has called a special session of the Legislature because of \$20

Billion deficit (\$6 billion this year and \$14 billion next year). Special session will not deal with entire state budget but only with select items that Governor wants to deal with now that can save money and be one quickly. About \$8.9 billion of the solution would be taken up in the special session under the Governor's proposal.

Governor would like to keep K-12 at generally at current levels and give

a slight increase to higher education

Overall:

\$8.5 billion cuts: Major cuts to Medi-cal, Corrections, IHSS,

\$7 billion in federal money that California has requested and the Governor believes the state deserves.

\$4 billion in alternative funding

\$600K in additional revenue that is not new taxes.

Transportation area: Gov. proposes starting in 2010-11 to eliminate gas

tax that funds Prop. 42 and public trans. account revenues and replace

it with \$2 billion in excise taxes that will fully re-pay the streets and highway accounts and off set some debt service and assist the general fund and inner city rail from that pot of money. HUTA stays the same but the new excise tax replaces Prop. 42. The excise tax could be used for any local street and roads. Under Prop. 42 previously the money had to be used for maintenance. New funds would be under same regulations as HUTA not the same regulations as Prop. 42. Different protections would apply to new money, the new money would have HUTA protections not Prop. 42 protections. It is generally about a \$1 billion hit to transit funding. Result is a five cent reduction per gallon in cost of gasoline will help consumers, truck drivers, will stimulate the economy, etc.

Mark Hill from Department of Finance says he believes this tax swap proposal will require a 2/3's vote of the Legislature.

Large Prop. 1B expenditures in proposed budget as well as significant High Speed Rail expenditures. Even Traffic Congestion Relief Fund. "Capital" projects will be funded in the budget but from the "bonds" not from general fund dollars.

Local Government: Most of local government programs will remain the same

as last budget. Mandates continue to be suspended.

Use red light cameras as speed enforcement tools and for state to derive

\$300 million (split 85% to state and 15% to local governments).

Corrections: Prisoners that serve short terms in state prisons will be shifted to jails. Saves state \$400 million.

NEW CLIENTS

California Consulting, LLC is pleased to welcome the Farmersville Unified School District and the Greenfield Unified School District as our newest clients. Both districts hired California Consulting in January 2010 and join the growing list of California Consulting clients.

New Staff Member

California Consulting is pleased to announce that Jeremy Brill has joined the firm as a full time project Manager at the Fresno office.

Jeremy was born and raised in Fresno, California. After graduating Clovis West High School, he attended the University of California at Santa Barbara and received a Bachelor's Degree while majoring in History.

Jeremy is active in coaching freshman football at Clovis West High School. Additionally, he has been active with Destination Imagination (formerly Odyssey of the Mind) as a participant and more recently a judge.

Jeremy enjoys playing sports, the great outdoors, reading (especially historical books), and following current events in his free time.

Jeremy will be responsible for project management and other client relations related duties and will be based at the company's Fresno office.

HAPPY NEW YEAR from all of us at California Consulting, LLC!!!

See our newest links on Linkedin.com and Facebook:

<http://www.Linkedin.com/companies/450300>

<http://www.facebook.com/group.php?gid=167533966354>

Be sure to check our website out at:

<http://www.californiaconsulting.org>

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FFY 2009/2010 - Conference List
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PROGRAM	Account	Project	Conference List	
			Amount	Requester(s)
HIGHWAYS	Surface Transportation Priorities	Alameda Corridor East Grade Separations, Riverside County, CA	\$ 1,349,000	Sen Boxer, Rep Calvert, Rep Bono Mack
		Alameda Corridor East Grade Separations, San Gabriel Valley, CA	\$ 1,349,000	San Feinstein, Rep Dreier, Rep Chu
		Atlantic Boulevard South	\$ 500,000	Rep Roybal-Allard
		Bradley Ave/SR 67 Interchange	\$ 400,000	Rep Hunter
		Garfield Avenue Improvements, (Gage Avenue to Ferguson Drive)	\$ 500,000	Rep Roybal-Allard
		Golden Gate Bridge Seismic Retrofit Construction Project, CA	\$ 1,948,000	Sen Boxer, Sen Feinstein, Rep Woolsey
		International Drive Extension/Folsom South Canal Bridge, CA	\$ 500,000	Rep Lungren
		Lake Merit Improvement Project, CA	\$ 827,900	Sen Boxer
		Monterey Bay Sanctuary Scenic Trail, CA	\$ 800,000	Rep Farr
		Paramount Boulevard Improvements, Monterey Park	\$ 250,000	Rep Schiff
		Pedestrian, AOA, and Safety Improvements on Mather Field Road, Rancho Cordova	\$ 200,000	Rep Matsui
		Potrero Boulevard/SR 60 Interchange, Beaumont, CA	\$ 750,000	Rep Lewis
		Rosencrans Avenue/405 Freeway Ramp Widening Project, Hawthorne, CA	\$ 500,000	Rep Waters
		San Gabriel Trench Project, CA	\$ 500,000	Sen Feinstein, Sen Boxer, Rep Schiff
		Schuyler Heim Bridge Replacement and SR 47 Expressway, Seventh Standard Road Grade Separation Project	\$ 500,000	Rep Rohrabacher, Rep Harman
		SR 52 East/West Improvements, San Diego	\$ 400,000	Rep McCarthy
		State Route 180 East, CA	\$ 400,000	Rep Hunter
		Tuolumne River Regional Park Gateway Trail System	\$ 800,000	Sen Feinstein, Rep Costa
		Westlake Transit Improvement	\$ 350,000	Cardoza
		Yucca Loma Bridge/Interstate 15 Congestion Relief Project	\$ 500,000	Rep Becerra
		23/101 Freeway interchange Project	\$ 750,000	Rep Lewis
			\$ 500,000	Rep Gallegly
		Total	\$ 14,573,900	
	Interstate Maintenance Discretionary	I-10 Cherry Avenue Interchange, San Bernardino CA	\$ 750,000	Rep Baca
		I-10 at Grove Avenue and Fourth Street Interchange and Grove Avenue Corridor, Ontario, CA	\$ 950,000	Rep Baca
		I-10/Ramon Road/Bob Hope Interchange Improvements, CA	\$ 500,000	Rep Bono Mack
		I-15/Base Line Road Interchange Improvements, Rancho Cucamonga, CA	\$ 750,000	Rep Dreier
		I-215/University Parkway Interchange Improvements in San Bernardino, San Bernardino, CA	\$ 750,000	Rep Lewis
		I-580 Corridor Improvements, CA	\$ 1,000,000	Rep Taushcer, Rep McNemey
		I-805 Managed Lanes, San Diego, CA	\$ 500,000	Sen Boxer, Rep Davis
		Interchange at I-5 and French Camp Road, and Arch-Sperry Road Construction, Stockton, CA	\$ 800,000	Sen Feinstein, Rep McNemey
		Ranchero Road Corridor Project, Hesperia, CA	\$ 1,000,000	Rep Lewis
		Safety and Seismic Upgrades to the Shoemaker Bridge, City of Long Beach, CA	\$ 1,000,000	Rep Richardson
		San Diego Freeway (I-405) Widening and Improvement, CA	\$ 750,000	Rep Rohrabacher
		San Diego Freeway (I-5) Widening and Improvement, CA	\$ 935,000	Rep Calvert
		SR 56 to I-5 Interchange Project, CA	\$ 1,000,000	Rep Bilbray
		Total	\$ 10,685,000	
	Transportation, Community, and System Preservation	Autumn Street Parkway, San Jose, CA	\$ 974,000	Sen Feinstein, Rep Lofgren
		Bristol Street Widening, Santa Ana	\$ 350,000	Rep Sanchez, Rep Loretta
		California State Route 119 Widening Project	\$ 400,000	Rep McCarthy
		Echo Park/Sunset Boulevard Streetscape Beautification	\$ 600,000	Rep Becerra
		El Dorado and Bromwich Sidewalk Improvements	\$ 550,000	Rep Berman
		I-5 Santa Clarita - Los Angeles Gateway Improvement Project	\$ 750,000	Sen Boxer, Rep McKeon
		Nordahl Bridge Widening at SR 78, San Marcos	\$ 500,000	Sen Boxer, Rep Bilbray
		Park Street Pedestrian Safety Transportation Improvements, Alameda, CA	\$ 300,000	Rep Stark
		Rice Avenue Interchange at US 101, Ventura County	\$ 700,000	Sen Feinstein, Rep Capps
		Rutherford Cross Road Roundabout	\$ 600,000	Rep Thompson
		Sfgo San Francisco	\$ 255,000	Rep Pelosi
		Sidewalk Construction in Ashland, Cherryland, and Castro Valley Communities in Alameda County CA	\$ 600,000	Rep Lee
		State Route 71 expansion from SR-60 to I-10, Pomona, CA	\$ 300,000	Rep Napolitano
		State Route 99 Interchange Improvement Project	\$ 500,000	Rep Lungren
		Total	\$ 7,379,000	

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PROGRAM	Account	Project	Amount	Requester(s)
	Federal Lands (Public Lands Highways)	Chula Vista Nature Center Road Re-Pavement Project, Chula Vista, CA	\$ 500,000	Rep Filner
		Doyle Drive Replacement	\$ 3,704,500	Sen Feinstein, Sen Boxer
		Forest Highway 171 Widening, Butte County, CA	\$ 2,450,000	Sen Boxer, Rep Herger
		Fori Baker Transportation Upgrades, CA	\$ 750,000	Rep Woosley
		Golden Gate National Parks -- Park Access, Transit and Trails, CA	\$ 500,000	Rep Pelosi
		I-15/Devore Interchange Improvements, San Bernardino County, CA	\$ 2,000,000	Sen Feinstein, Rep Dreier
		Needles Highway, Needles, CA	\$ 1,000,000	Rep Lewis
		Total	\$ 10,904,500	
TRANSIT	Alternatives Analysis	Downtown LA Streetcar Environmental Review	\$ 250,000	Rep Roybal-Allard
		Total	\$ 250,000	
	Buses and Bus Facilities	Alternative Fuel Solano Express Bus Replacement, Solano	\$ 500,000	Rep Miller
		Anaheim Regional Transportation Intermodal Center, Orange County, CA	\$ 725,000	Sen Feinstein, Sen Boxer, Rep Sanchez, Rep Royce, Rep Miller
		Bob Hope Airport Regional Transportation Center, Burbank	\$ 550,000	Rep Sherman
		Brawley Transfer Terminal Transit Station, Brawley	\$ 300,000	Rep Filner
		City of Bellflower Bus Shelters, CA	\$ 500,000	Rep Roybal-Allard
		City of Corona Dial-A-Ride , Bus Replacement	\$ 208,000	Rep Calvert
		City of Dinuba CNG Fueling Station Expansion, CA	\$ 779,200	Sen Boxer
		City of Hawaiian Gardens Bus Shelters	\$ 2,000,000	Rep Sanchez
		City of Imperial Downtown Transportation Park, CA	\$ 974,000	Sen Boxer
		City of Whittier Bus Shelters	\$ 450,000	Rep Sanchez
		Ed Roberts Campus Bus and Bus Facilities	\$ 250,000	Rep Lee
		Los Angeles Central Avenue Streetscape Bus Shelters and Lighting	\$ 700,000	Rep Becerra
		McBean Regional Transit Center Park and Ride Facility	\$ 300,000	Rep McKeon
		Monrovia Station Square Transit Village Improvements, CA	\$ 750,000	Rep Dreier
		Municipal Transit Operators Coalition (MTOC) Bus/Bus Facilities Improvement Project	\$ 550,000	Rep Watson, Rep Napolitano
		Norwalk/Santa Fe Springs Transportation Center Improvements, Santa Fe Springs, CA	\$ 500,000	Rep Napolitano
		Palmdale Transportation Center Metrolink Platform Extension, CA	\$ 370,000	Rep McKeon
		Regional Transportation Management System, San Diego	\$ 800,000	Rep Davis
		Riverside Transit Agency Bus Replacement Program	\$ 1,400,000	Rep Calvert
		San Joaquin Regional Operations Facility Construction	\$ 500,000	Rep McNemey, Rep Cardoza
		San Jose High Volume Bus Stop Upgrade, Santa Clara County	\$ 600,000	Rep Honda
		South Bay Regional Intermodal Transit Centers	\$ 800,000	Rep Harman
		Sunline Transit Agencies Paratransit Buses and Commuter Coaches	\$ 750,000	Rep Bono Mack
		Union City Intermodal Phase 1C and 2	\$ 500,000	Rep Stark
		Vacaville Intermodal Station—Phase 2, CA	\$ 500,000	Rep Miller
		VTA Renewable Energy Conversion Project, San Jose	\$ 750,000	Rep Lofgren
		Total	\$ 17,006,200	
	Capital Investment Grants	Berkeley/Oakland/San Leandro Bus Rapid Transit Corridor Improvements Project in Alameda County	\$ 1,000,000	Sen Feinstein
		Livermore-Amador BRT, Livermore, CA	\$ 79,900	Sen Feinstein
		Metro Express-Airport Way Corridor BRT Project, San Joaquin CA	\$ 2,808,825	The President, Rep Cardoza, Rep McNerney
		Metro Gold Line Eastside Extension, Los Angeles, CA	\$ 9,582,551	The President, Sen Feinstein, Rep Roybal- Allard
		Metro Rapid Bus System Gap Closure, Los Angeles, CA	\$ 23,328	The President
		Monterey Bay Rapid Transit, Monterey, CA	\$ 2,773,038	The President
		Pemis Valley Line, Riverside, CA	\$ 5,000,000	Sen Feinstein
		San Bernardino E Street Corridor SbX BRT, San Bernardino, CA	\$ 32,370,000	The President, Rep Baca, Rep Miller
		San Diego-Mid-City Rapid, San Diego, CA	\$ 2,359,850	The President, Sen Feinstein
		Sacramento South Corridor Phase II (FFGA) Sacramento, CA	\$ 38,000,000	The President, Sen Feinstein, Rep Matsui
		Third Street Light Rail-Central Subway Project, CA	\$ 6,000,000	Sen Feinstein, Rep Pelosi
		Wilshire Blvd Bus-Only Lane, Los Angeles, CA	\$ 13,558,474	The President, Sen Feinstein, Rep Watson
		Total	\$ 113,555,964	

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PROGRAM	Account	Project	Amount	Requester(s)
FERRIES	Ferry Boats and Terminal Facilities	Berkeley/Albany Ferry Service in CA	\$ 1,000,000	Sen Feinstein, Rep Pelosi, Rep Lee
		Total	\$ 1,000,000	
RAIL	Grade Crossings on Designated High Speed Rail Corridors	Altamont Commuter Express Alignment Project	\$ 300,000	Rep Cardoza, Rep McNemey
		Metrolink Sealed Corridor Grade Crossing Improvements Los Angeles Ventura Subdivision	\$ 400,000	Rep Sherman
		Simi Valley-Moorpark Ventura Subdivision grade Crossing Improvements, Metrolink	\$ 750,000	Rep Gallegly
		Total	\$ 1,450,000	
	Rail Line Relocation and Improvement Program	Intermodal Terminal Facility and Track Railroad Relocation, Sacramento, CA	\$ 750,000	Sen Feinstein, Rep Matsui
		Transbay Transit Center, San Francisco, CA	\$ 750,000	Rep Pelosi
		Total	\$ 1,500,000	
	Research and Development	Caltrain—Positive Train Control System, CA	\$ 1,250,000	Sen Feinstein, Rep Eshoo, Rep Speier
		Metrolink—Positive Train Control, CA	\$ 487,000	Sen Feinstein, Sen Boxer, Rep Roybal-Allard, Rep Schiff, Rep Chu
		Total	\$ 1,737,000	
AVIATION	Airport Improvement Program	Imperial County Airport Feasibility Study, Imperial County, CA	\$ 100,000	Rep Filner
		Total	\$ 100,000	
	Terminal Air Traffic Facilities	San Francisco, CA	\$ 21,000,000	The President
		Palm Springs International Airport, CA	\$ 2,000,000	Sen Boxer, Sen Feinstein, Rep Bono Mack
		Total	\$ 23,000,000	
	Facilities and Equipment (FAA)	Glide Slope Runway 36L, Napa County Airport, CA	\$ 280,000	Rep Thompson
		Castle Airport Instrument Landing System	\$ 520,000	Rep Cardoza
		Total	\$ 800,000	

Subject: Preliminary Analysis of Governor's Budget Affecting Transportation

From: Steve Samuelian <steve@californiaconsulting.org>

Date: Fri, 15 Jan 2010 21:11:59 -0800

To: Carrol Terrazas <carrol@californiaconsulting.org>

Attached are the details from the Governor's Proposed Budget affecting transportation. The Governor proposes to divert money away from public transit and transportation to other programs.

You can see all of the budget details that have been released so far at www.dof.ca.gov.

<<2010budgetcog.pdf>>

<<mpa02.pdf>>

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2010budgetcog.pdf

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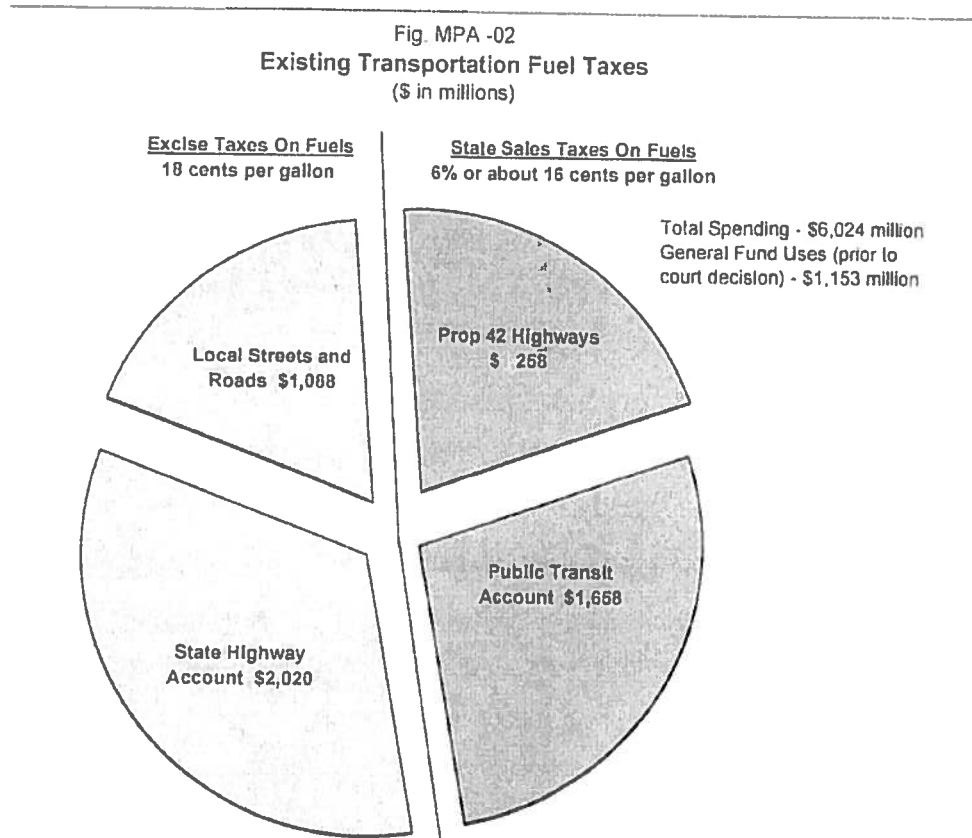
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SUMMARY OF SIGNIFICANT CHANGES BY MAJOR PROGRAM AREAS

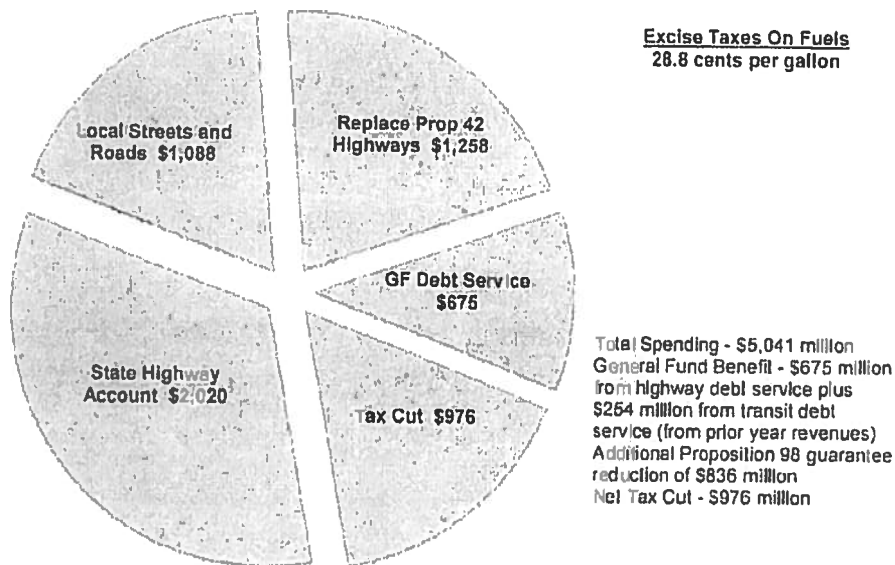


costs otherwise borne by the General Fund is invalid. Based on this decision, \$958 million of 2009-10 General Fund budget solutions cannot be obtained. Because these funds cannot be used as budgeted, they are being retained in the Public Transportation Account (PTA), which thus has a growing balance.

The Governor's Budget proposes to achieve \$1.8 billion in General Fund savings while continuing to fund transportation programs at the level anticipated in the 2009 Budget Act. To achieve this goal, the budget proposes to eliminate the sales tax on fuel and increase the excise tax on gasoline by 10.8 cents to partially replace these revenues, thereby maintaining funding for transportation programs while reducing net taxes paid by consumers by \$976 million. (See Figure MPA-03 for an outline of the plan).

SUMMARY OF SIGNIFICANT CHANGES BY MAJOR PROGRAM AREAS

Fig. MPA - 03
Proposed Transportation Revenues
(\$ in millions)



Under current law, the sales tax on fuel provides the revenues that fund Proposition 42. Revenues from the excise tax on gasoline have substantial constitutional protections; however they are not subject to the same legal restrictions as the sales taxes on fuels are. Under Article XIX of the Constitution, excise tax revenues cannot be used for most transit purposes. Given the goal to provide the same level of funding for transportation as was anticipated in the 2009 Budget Act, the Governor's Budget proposes the replacement revenues to be distributed as follows: \$629 million for local streets and roads and \$629 million for the State Transportation Improvement Program (STIP). This distribution is the same as would have been provided under Proposition 42.

The General Fund benefits from this proposal as follows:

- \$603 million in new excise tax revenue will be used to reimburse the General Fund for highway bond debt service costs in 2010-11. In future years, the excise taxes will be adjusted to allow the increasing amount of debt service cost associated with Proposition 1B bonds to be offset. However, the rate will never exceed the current effective per-gallon rate.

SUMMARY OF SIGNIFICANT CHANGES BY MAJOR PROGRAM AREAS

Figure MPA-04
Transportation Funding Proposal
 (2010-11 Dollars in Millions)

Current Law	Total	Highway Uses	Transit Uses
<u>Revenues</u>			
Sales Tax on Gasoline			
Proposition 42	\$1,573	-	-
State Transportation Improvement Program	-	\$629	-
Local Street and Road Maintenance	-	629	-
Transit	-	-	\$315
Spillover	897	-	897
Proposition 111	61	-	61
Sales Tax on Diesel	313	-	313
Caltrans Miscellaneous	72	-	72
Totals	\$2,916	\$1,258	\$1,658
<u>2009-10 Budget Expenditures (with 2010-11 amounts)</u>			
Capital Projects	-	\$629	\$36
Local Maintenance	-	629	-
Intercity Rail	-	-	131
Planning	-	-	19
Debt Service	-	-	1,344
Regional Center Client Transportation	-	-	138
Totals	-	\$1,258	\$1,668
<u>Proposed Changes</u>			
<u>Revenues</u>			
Excise Tax on Fuels at 10.8 cents per gallon	\$1,868	\$1,868	-
Caltrans Miscellaneous	72	72	-
2009-10 PTA revenues*	946	-	\$946
Totals	\$2,886	\$1,940	\$946
<u>2010-11 Proposed Budget Expenditures</u>			
Capital Projects	-	\$629	\$36
Local Streets and Roads Capital and Maintenance	-	629	-
Intercity Rail	-	-	131
Planning	-	-	19
Debt Service	-	675	254
Totals	-	\$1,933	\$440

NATURAL RESOURCES

General Fund expenditures are proposed to decrease by \$337.4 million, or 29.8 percent. This decrease is primarily attributable to alternative funding budget solutions proposed for the Department of Forestry and Fire Protection (CAL FIRE) and the Department of Parks and Recreation (Parks).

Eliminate the Office of Planning and Research — The budget proposes eliminating the Office of Planning and Research and transferring certain functions and resources to the newly created California Agency on Service and Volunteering and the State Inspector General. Other functions will transfer to the Resources Agency, Business, Transportation and Housing Agency, Office of the State Chief Information Officer, Governor's Office, Housing and Community Development, and State and Consumer Services Agency.

Business, Transportation, and Housing

General Fund expenditures are proposed to decrease by \$1.4 billion, or 72.1 percent due primarily to the proposed shift in funding for transportation projects.

Non-General Fund expenditures are proposed to increase by \$2.58 billion, or 15.4 percent, largely due to the shift in transportation funding and increased expenditures from the Safe, Reliable, High-Speed Passenger Train Bond Act (Proposition 1A).

The significant non-General Fund workload adjustments are as follows:

State Transit Assistance

The budget includes \$350 million in Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) funding for local transit projects.

Department of Transportation (Caltrans)

The budget includes \$9.1 million in Proposition 1B funding and 71.3 positions to continue various administrative, planning and programming support activities related to oversight of Proposition 1B projects. Revised staffing for project delivery will be prepared as part of the May Revision. Total Proposition 1B funding for projects will be nearly \$4 billion.

The significant non-General Fund policy adjustments are as follows:

Caltrans

Public Private Partnerships (P3) — An increase of \$3.45 billion to be spent over the next 30 years (\$115 million per year) to attract private partners and investors in comprehensive development lease agreements for transportation projects.

The Legislature enacted legislation last year (Chapter 2, Statutes of 2009, Second Extraordinary Session) to provide broad authority for the state to enter into P3 projects such as toll roads. This proposal complements that legislation by providing a secure appropriation of state funding to be used to pay private partners for a portion of costs to construct and maintain new or rehabilitated portions of the state highway system, where terms are beneficial to the state as provided in last year's legislation.

Grant Anticipation Revenue Vehicles (GARVEE) Bonds — An increase of

\$680 million to accelerate the delivery of three major projects – Doyle Drive in San Francisco, the State Route 10 and Interstate 605 interchange in Los Angeles, and State Route 710 rehabilitation in Los Angeles. The funding includes \$495 million for project costs and \$185 million in federal funds to pay debt service costs over the next 12 years. It is estimated that this financing mechanism will save a net of \$11 million in total project costs.

Air Quality Fleet Mandates — An increase of \$57.3 million to retrofit 147 vehicles and replace 288 vehicles to comply with various federal and state air quality mandates.

Tort Reform — Increases in the number of lawsuits related to accidents on state highways and increases in the size of awards resulting from those lawsuits are eroding limited dollars to build and maintain the state highway system.

To address those increased costs, legislation will be introduced to cap the state's liability on the amount of damages for non-economic losses that can be awarded in personal injury suits as a result of accidents on the state's highways. California is one of very few states in the nation that does not limit the state's liability and degree of responsibility under current joint and severable liability statutes. Consistent with other states, these reforms will cap monetary awards for non-economic damages at \$250,000 per individual or \$500,000 per occurrence and limit the state's liability to its share of economic damages.

Project Initiation Document (PIDs) Reimbursement — The budget proposes to shift the costs of developing PIDs for local projects to local agencies. This will save the state \$12.5 million that can be redirected to fund priority state projects.

High-Speed Rail

Project Development and Oversight — The budget proposes \$581.4 million in Safe, Reliable High-Speed Passenger Train Bond Act bond funding (Proposition 1A), \$375 million in Federal ARRA funding, and 25.7 positions to continue environmental planning and preliminary engineering, and to begin purchasing land on which portions of the high-speed rail system will be built. Funding will be focused primarily on the Los Angeles-to-Anaheim, San Francisco-to-San Jose, and Fresno-to-Bakersfield segments on which grade separations, electrification, and maintenance and testing facilities will be started in 2011-12 using ARRA funding.

Alternative Funding

Transportation Funding — Existing state revenues for transportation programs are raised primarily by an 18-cent excise tax on motor vehicle fuels and the state sales taxes on those fuels. In recent years, with the increase in gasoline and diesel prices outstripping the prices of other taxable goods, these sales tax revenues have dramatically increased, by almost a billion dollars since 2004-05. (See Figure MPA-02 for a summary of current law fuel taxes.) The increase in gas prices has in part shifted consumer spending on taxable goods to gasoline, and has contributed to relative decreases in General Fund sales tax revenues. In recent budgets, much of these increases have been used to fund the General Fund costs of transit bonds, school transportation, and transportation of the developmentally disabled. The use of these revenues to pay for costs otherwise borne by the General Fund has been done in part because the decision made in the early 1970s to dedicate these funds did not anticipate current high gas prices and the level of funding for local public transportation that statutory formulas would have otherwise provided. A recent court decision determined that most of the use of sales tax on gas to fund public transportation costs otherwise borne by the General Fund is invalid. Based on this decision, \$958 million of 2009-10 General Fund budget solutions cannot be obtained. Because these funds cannot be used as budgeted, they are being retained in

the Public Transportation Account (PTA), which thus has a growing balance. The Governor's Budget proposes to achieve \$1.8 billion in General Fund savings while continuing to fund transportation programs at the level anticipated in the 2009 Budget Act. To achieve this goal, the budget proposes to eliminate the sales tax on fuel and increase the excise tax on gasoline by 10.8 cents to partially replace these revenues, thereby maintaining funding for transportation programs while reducing net taxes paid by consumers by \$976 million. (See Figure MPA-03 for an outline of the plan).

Additionally, \$72 million in miscellaneous Caltrans revenues transferred to the PTA under prior law will instead be retained in the State Highway Account to offset a portion of Proposition 116 rail bond debt service.

From the revenue received in the PTA in 2009-10, \$57 million in 2009-10 and \$254 million in 2010-11 will be used to fund transit programs' bond debt service costs, as allowed under the recent court decision.

This results in an overall decrease in taxes on motorists of about five cents per gallon. In the future, state tax revenues will no longer increase from spikes in gasoline prices. Since the revenues that flowed to Proposition 42 were General Fund revenues, the elimination of these revenues reduces the Proposition 98 guarantee, which provides an \$836 million budget solution (see Proposition 98 Section).

Figure MPA-04 provides details of how the program expenditures and revenues of the new proposal compare to existing law.

Intercity Rail and some transportation planning costs will continue to be funded from the PTA until those funds are exhausted in 2011-12. At that time, it will become necessary to fund these activities from the General Fund or other funding sources.

Subject: Fwd: Open_Grants_List_NON_ARRA.pdf - Adobe Reader

From: Steve Samuelian <steve@californiaconsulting.org>

Date: Wed, 20 Jan 2010 13:41:42 -0800

To: Carrol Terrazas <carrol@californiaconsulting.org>

Attached is a helpful list of grant opportunities provided compliments of the Office of Senate Majority Leader Dean Florez. Please let us know if you are interested in any of these grant opportunities. Thanks. Steve

Open_Grants_List_NON_ARRA.pdf

Content-Type: application/octet-stream

Content-Encoding: base64

40pg.

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Subject: Transportation Update

From: Steve Samuelian <steve@californiaconsulting.org>

Date: Thu, 28 Jan 2010 13:34:12 -0800

To: Carrol Terrazas <carrol@californiaconsulting.org>

News from the Capitol is indicating that the Democrat leadership is offering a counter proposal to the Governor's budget proposal that will fund public transit.

BACKGROUND:

It appears the Legislative Democrat majority are hammering out a proposal to counter the Governor's plan to swap gasoline taxes and cut funding for public transportation.

The Governor proposed eliminating the 6 percent sales tax on gas and diesel fuel and replacing it with a new 10.9 cent per-gallon excise tax on each gallon of fuel. The Governor's proposal is in effect a way around Prop. 42 guarantees. The Governor has proposed backfilling the money to state and local road projects but eliminating the public transit money. Prop. 42 funds state highway, local roads, and public transit.

The Governor contends that his plan would create a dedicated revenue source to pay off transportation bonds and save the general fund \$1.8 billion while also reducing taxes at the pump by 5 cents per gallon.

Education leaders, transit officials and others have opposed the Governor's proposal saying it cuts transportation money for local projects and reduces education funding.

NEW DEMOCRAT PROPOSAL:

Reportedly the new Democrat plan would eliminate the sales tax on gas and raise the gas excise taxes. The gas sales tax generates about \$2.9 billion per year. Apparently, the amount of a new per-gallon excise tax for gasoline has yet to be determined. The Democrat plan would also maintain the sales tax on diesel which would still go to transit operators. The Democrat plan also gives local agencies new authority to levy fees at the gas pump to raise money for transit operators.

The plan is expected to be announced soon and Senate President Pro-Tem Steinberg has said he wants to address the current year \$6 billion deficit by mid-February.

Transit officials and transportation leaders appear more supportive of the new Democrat plan, although the proposal is yet to be officially released.

EDUCATION IMPACT:

Education leaders generally opposed the Governor's proposal because it also "hits" education with a major funding reduction.

Regarding the new Democrat plan, because of the way state taxes are calculated, sales taxes on gasoline are currently used as part of the formula to determine education funding under Prop. 98. Replacing the state sales tax with an excise tax--which would not be part of the Prop. 98 would reduce the funding guarantee for public schools and community colleges by about \$2 billion.

We assume that once the Democrat proposal is offered, negotiations will begin between the Democrats and the Governor regarding the Prop. 42/transportation/gas tax issue.

*This information was taken from various news reports and our sources at the Capitol.

--

Steve Samuelian
Manager
California Consulting, LLC

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Subject: Fwd: Senate Draft of the HIRE Act
From: Steve Samuelian <steve@californiaconsulting.org>
Date: Wed, 10 Feb 2010 14:44:44 -0800
To: Carrol Terrazas <carrol@californiaconsulting.org>

See note from Cal-TRANS below and also see attached. Very important federal transportation update. Steve

----- Original Message -----

Subject:
Date:
From:
To:
CC:

I received a draft copy of the first of as many as five stimulus bills expected to be introduced in the Senate. The bill is proposed to be titled the Hiring Incentives to Restore Employment Act (HIRE Act). It has yet to be introduced because the Senate and House are in recess due to the heavy snow in the Washington DC area. I expect that it will be introduced as soon as Congress returns. The HIRE Act confines itself to creating jobs through tax credits and other incentives, but it does include provisions to extend SAFETEA LU. It does not propose another transportation stimulus (that will come in another as yet to be introduced Senate bill) Attached is my summary of the transportation provisions in the bill.

(See attached file: HIRE ACT DRAFT SUMMARY.doc)

Ken De Crescenzo
Federal Liaison
California Department of Transportation
1120 N Street, MS 49
Sacramento, CA 95814

HIRE ACT DRAFT SUMMARY.doc

Content-Type: application/msword
Content-Encoding: base64

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Hiring Incentives to Restore Employment Act (HIRE)
Summary of Transportation Provisions
February 10, 2010

For the most part, HIRE approaches job creation and business stimulation through tax credits and incentives for hiring and expansion. There is no mention of additional expenditures for transportation projects as was done through in the American Recovery and Reinvestment Act, or the House proposed Jobs for Main Street Act (HR 2847). Those types of expenditures are expected to be included in one of the other bills yet to be introduced.

However, Title IV of the proposed bill deals with terms for extending SAFETEA- LU as summarized below:

Highways:

- The bill extends Titles I, (Highway); V (Research), and VI (Planning and Delivery) of SAFETEA LU through December 31, 2010. (This is three months longer than the extension proposed in HR 2847).
- It proposes to fund the program at the same levels as Federal Fiscal Year 2009, prior to the \$8 billion rescission. This means that apportionments would increase over the levels received under the current continuing resolutions.
- The bill restores the apportionments that were rescinded in FY 2009 under SAFETEA LU (this was the \$8 billion plus rescission). However, if a state left OA on the table in 2009 because of the rescission, it does not get the OA back.
- FY 2010 apportionments would be subject to the obligation limits that were established in the FY 2010 Omnibus Appropriations Bill (this does not apply to the Equity Bonus exemption or Emergency Relief).
- Apportions to states allocated and earmarked funding for Projects of National Significance, National Corridor Infrastructure Improvement, MagLev, High Priority Projects, and Transportation Improvements programs to the National Highway System, CMAQ, Interstate Maintenance, Surface Transportation Program, and Bridge programs. The allocated funds are distributed proportionately to those programs based on the ratio each program's apportionment to the state. This is very similar to the proposal in HR 2847.
- Does not allow additional funds for the above mentioned allocated programs unless the Secretary determines that they were not sufficiently funded prior to and including Fiscal Year 2009.
- Continues most of the research programs, including the University Transportation Research Program, but does not fund ITS deployment.

Transit:

Transit Program funding is extended through December 31, 2001 as follows:

Hiring Incentives to Restore Employment Act (HIRE)
Summary of Transportation Provisions
February 10, 2010

-
- 5307 (Urban Formula), 5309 (Capital Investment), 5310 (Elderly and Individuals with Disabilities Pilot Program), 5311 (Other than Urban Formula), 5337 (Fixed Guideway) and 5338 (b) (Formula and Bus Grant) programs are continued at 2009 levels.
 - 5338c (Capital Investment Grants) funding is increased by approximately 10%, which is consistent with the annual progression rate of the program.

Other Programs:

The bill proposes to extend authorizations for safety programs funded through the National Highway Traffic Safety Administration and Federal Motor Carrier Safety Administration.

Trust Fund Transfers and Stabilization:

The bill proposes amendments to the Internal Revenue Code to shore up the stability of the Highway Trust Fund and extend expenditures through December 31, 2010 as follows:

- It repeals provisions that transfer interest attributable to the Highway Trust Fund to the General Fund.
- It would also transfer from the General Fund \$14.7 billion to the Highway Account and \$4.8 billion to the Mass Transit Account as repayment for foregone interest.
- The bill also repeals the transfers to the General Fund that are attributable to non-highway use of fuel taxes, fuel taxes for mass transit, and

Legislative Concept: Governor's "Gas Tax Swap" and Transit Funding

- Immediate appropriation from the PTA balance of "some" funds to the State Transit Assistance program in 2009-10; amount *TBD*
- Agreement with Governor to eliminate the sales tax on gasoline in 2010-11 (by exempting the sale or use of gasoline from the state's sales and use tax rate):
 - Eliminates the **spillover** as a PTA revenue source going forward [~\$897 million/yr in 2010-11, projected to grow to \$1.331 billion by 2020-21]
 - Eliminates the **sales tax on 9 cents of the excise tax on gasoline** as a PTA revenue source going forward [~\$61 million/yr in 2010-11, projected to grow to \$72 million by 2020-21]
 - Eliminates the **Proposition 42** sales tax on gasoline (i.e. that remaining after the spillover calculation, and above and beyond the sales tax on 9 cents of the gas tax) as a PTA revenue source going forward; the PTA receives 20% of all such proceeds [~\$315 million/yr in 2010-11 to PTA, projected to grow to \$430 million by 2020-21]
 - Also eliminates the Proposition 42 revenue going to the STIP (40%), city streets (20%), and county roads (20%) going forward [~\$1.258 billion/yr in 2010-11 to all three programs, projected to grow to \$1.721 billion by 2020-21]
- Modification of an aspect of the Governor's proposal with regard to an increase in the excise tax on gasoline:
 - Gas tax *would* be increased, to fund the foregone Prop. 42 expenditures on highways, streets & roads, as well as to provide new General Fund relief (in the form of debt service on transportation bonds), but potentially to a greater degree than called for by the Governor
 - The 5¢ tax relief at the gas pump offered in the Governor's plan would be rejected, and the gas tax increased above and beyond the Governor's 10.8¢ in the first year, to at least "not leave those 5 cents on the table"
- Break from the Governor to retain the **sales tax on diesel** as a PTA revenue source going forward [~\$313 million/yr in 2010-11, projected to grow to \$498 million by 2020-21]
 - Some portion of this stream *TBD* would go to the STA program, and some portion *TBD* would go to the state's transit priorities (i.e. Intercity Passenger Rail capital projects for the state's intercity rail program operated by Caltrans and for IPR transit systems not operated by Caltrans who don't receive STA program funds; CTC staff; Caltrans staff; CPUC staff; ITS; WETA; etc.)
- Enactment of a new, regional gas fee authority, above and beyond the Governor's proposal, which public agency governing boards (most likely of regional transportation planning agencies) could enact without a vote of the people, specifically / only to provide some unspecified support directly for transit operations (and possibly transit capital) expenditures
- *Possibly* break from the Governor to dedicate the non-Article XIX State Highway Account revenues in the PTA to *some mix TBD* of state and local transit programs (including the STA program) [~\$72 million/yr in 2010-11]

San Francisco County Transportation Authority



STATE BUDGET OVERVIEW AND FUNDING ISSUES

MARK WATTS

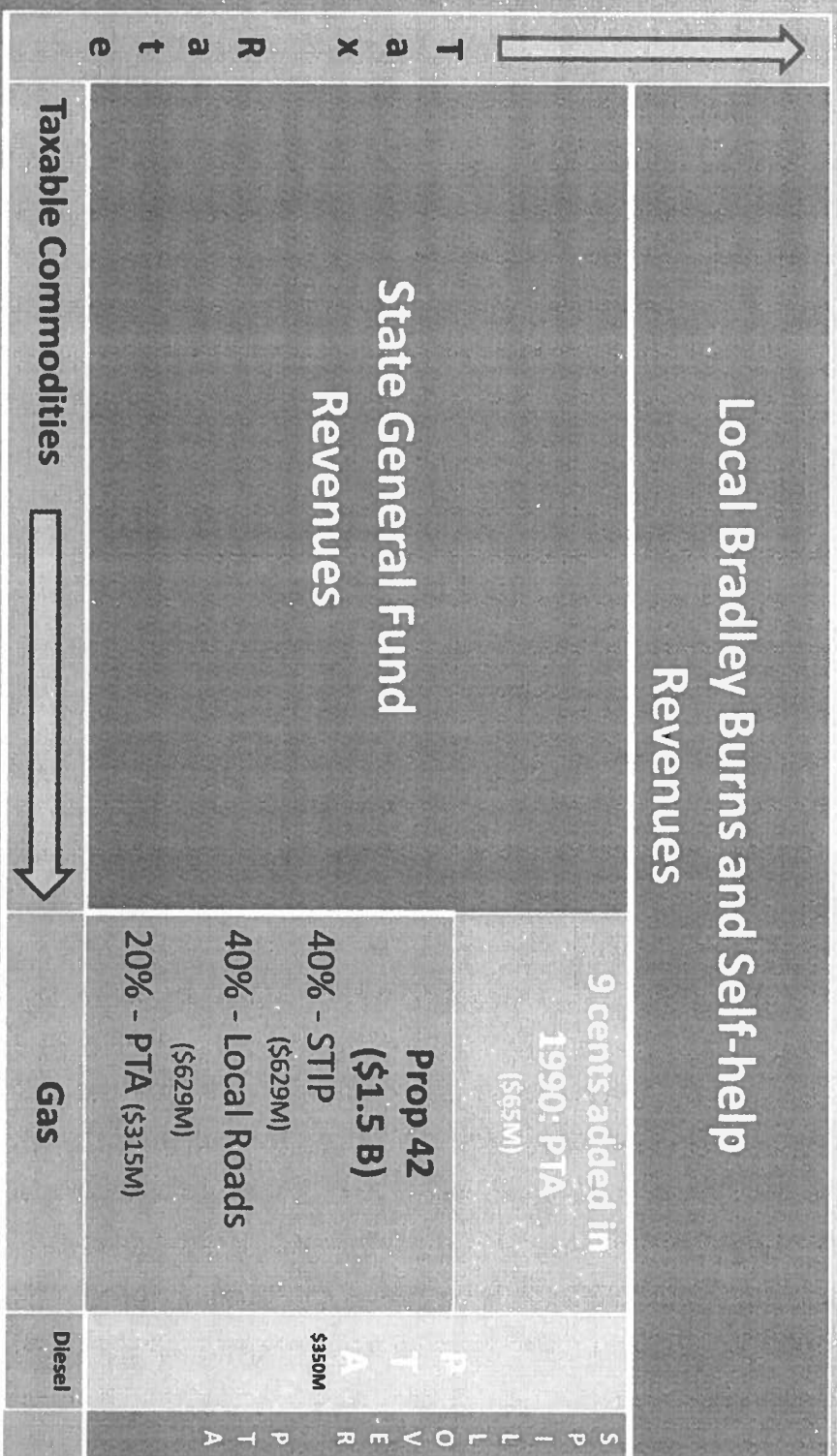
FEBRUARY 9, 2010

Overview – Governor's 2010-11 Budget Proposal: Transportation Programs

Eliminate state sales tax on gas and diesel, reducing revenues by \$2.8 billion. The proposal would partially offset the revenue loss with a 10.8 cents per gallon gas tax increase, which would generate about \$1.9 billion for the following:

- \$629 million for state highways.
 - \$629 million for local roads.
 - \$603 million for debt service on transportation bonds. (The Governor would use an additional \$400 million in transportation funds to pay other General Fund debt-service costs.)
- ✓There would be a net reduction in transportation revenues of about \$1 billion in 2010–11.
 - ✓This gives California motorists a tax cut equivalent to about 5 cents per gallon.
 - ✓No new state funding would be provided for public transit and rail in the budget year.
 - ✓Under current law, about \$1.6 billion would have been provided for these purposes.
 - ✓The Governor's proposal would provide an ongoing dedicated source of funding, in addition to the General Fund, to pay transportation debt service.
 - ✓Depending on how the level of transportation debt-service costs changes from year to year, the gas tax rate would be adjusted, up to the proposed cap.

Interaction of Sales Tax on Fuels: Where does the revenue go?



Implications of the Governor's Budget Proposal

Positive:

- ✓ Local sales taxes not affected
- ✓ HUTA (local gas tax) not in play
- ✓ Holds Prop 42 STIP and local roads funding "harmless"

Negative:

- ✓ Overall net reduction of at least \$976 million
- ✓ loss of approximately \$1.6 billion in annual state funding for public transit
- ✓ No operations support for transit
- ✓ Cuts transit capital from STIP, reducing county shares
- ✓ STIP reduction felt on both transit and highway sides
- ✓ Trades out growing fund base with declining base

Additional Impacts of Governor's Budget Proposal

- Intercity Rail and some transportation planning costs will continue to be funded from the PTA until those funds are exhausted in 2011-12. At that time, it will become necessary to fund these activities from the General Fund or other funding sources.
- \$72 million in miscellaneous Caltrans revenues transferred to the PTA under prior law will instead be retained in the State Highway Account to offset a portion of Proposition 116 rail bond debt service.
- From the revenue received in the PTA in 2009-10, \$57 million in 2009-10 and \$254 million in 2010-11 will be used to fund transit programs' bond debt service costs.
- \$350 M in Prop 1B is provided for transit capital improvements.
- No discretionary funding from Prop 1A (HSRA) is provided for system "connectivity" purposes.

Senate Democratic Caucus Proposal

- ✓ Repeal sales tax on gas (update amount is equal to 18 cents per gallon)
- ✓ Replace with new 18 cents per gallon excise tax/fee (produces \$2.6 billion), includes an index
- ✓ Dedicate an amount equal to 5 cents per gallon (\$720 million) to offset GF support for debt service.
- ✓ Reserve sales tax on diesel for transit (\$313million); possibly cover I/C Rail, CT planning costs;
- ✓ Use accumulated PTA reserves (\$924) to fund transit until funds run out.
- ✓ New transit-oriented gas fee, delegated to MPO's (SANDAG), with AB 32 and SB 375 nexus

Comparison of Current Law and Proposed Budget

Current Law	Governor's Proposal	Senate Proposal
\$900 M (Spillover – PTA)	5.2 cents per gallon (\$936 M) “Head room” to absorb Future GF debt service	Repeal the gasoline sales tax ; leave Diesel sales tax for state transit Replace with a statewide tax/fee on gasoline (18 cents/gallon), with an index. This amounts to \$2.6b billion, compared with Prop 42 at \$1.5 billion
\$1.5 B (Prop 42)	10.8 cents per gallon Replacement Funds (\$1.9 B)	The revenue generated by the gasoline allocated as follows: * 30% STIP * 30% SHOPP * 40% Local Streets and Roads Authorize MPOs to impose a new Sinclair fee on gasoline in an MPO's region, and that fee would be used for transit operations.
\$410 M (PTA – diesel, Prop 111)	•STIP - \$629 M •Local roads - \$629 M •GF debt service - \$603 M	The fee would require a majority vote of the MPO board.
Total \$2.8 billion	Total \$2.8 billion (up to gross 34 cents per gallon)	Total \$3.0 billion (up to 36 cents per gallon)