

Rail Capital Funding Crisis Ahead

Schwarzenegger Budget Hints Deeper Mass Transit Cuts

by Pat Siefers

All transit advocates and transit users need to have their heads up and their pencils, pens, and word processors poised and ready to go given the Governor's Proposed State Budget. Now is the time for all to forget trivial differences of opinion about the nuances of transit projects and present a truly united front for promised rail and bus transit improvements in California. Keep your eye on the ball as virtually every advance made in the last decade of rail improvements may be on the chopping block. In particular, transit advocates should keep their eyes on the Caltrans budgets for the Mass Transportation Division as well as the Division of Rail. Cuts across state agencies totally \$1.9 Billion in 2003/04 and another \$1.9 Billion in 2004/05 are proposed of which transportation totals a whopping \$1.1 Billion over the two years.

Someone needs to formally (legally) question the budget moves being made by the state Department of Finance on the Transportation Congestion Relief Funds and the State Highway Account. In the case of the TCRF it is being eliminated (despite approval in Proposition form and in statute) by administrative action using the proposed budget. The especially lame admonition is being given to regional agencies that if they really want the transit project, they could program it in their region's proposed State Transportation Improvement Program proposal due in early May.

This, of course, is usually impossible since the state's transportation fund estimate is a mere shadow of its former self given the repeated raiding of the state highway account for the General Fund over the last three years. Recall also that eliminating trust fund raids was a major part of the reason nearly 70 percent of the voters approved Proposition 42 a couple of years ago. This proposition also called for the spillover funds (the sales tax on gasoline) to go to transit capital funding.

Here is the budget proposal in a nutshell:

1. The state will eliminate the Traffic Congestion Relief Program and transfer \$189 Million in the current budget to the General Fund. The state will eliminate the statutory

authority for the TCRP program. In doing this, many projects will be eliminated unless the funding is somehow back-filled at the local level.

In the Bay area, there are 37 projects totaling \$1.2 Billion in project development and construction value. These include projects like the HOV lanes on the Sunol Grade on 680, SF Muni Third Street, Capitol Corridor rail improvements, Caltrain Express, BART to Silicon Valley, Sonoma-Marina Area Rail Transit (SMART), and express bus projects. It should be noted that last summer as part of the budget negotiations, it was agreed by the Legislature to provide \$189 Million in order to honor existing TCRP allocations. There are currently about \$257 Million worth of TCRP projects in the Bay Area that are under contract, but not yet reimbursed. Walking away from these funding commitments will seriously jeopardize reimbursements for expenses already under contract.

2. The governor proposes to transfer \$138 million from the Public Transportation Account to the General Fund. In addition the Administration proposes to transfer \$108 Million over two years using revenues from the sale of state property and rental income to the General Fund. PTA is used for transit capital projects—mostly rail—in the STIP or on the intercity rail program.

Another part of the Public Transportation Account diversion is the transfer of \$30 Million in anticipated spillover revenue from the PTA to the General Fund. Since half of the spillover goes to the State Transit Assistance (STA) program, this proposal would divert \$15 Million in new funds from the STIP or intercity rail.

In budget negotiations last summer, these revenues were supposed to remain in the PTA. The spillover only exists during an economic downturn when gasoline prices are high and the intent of the spillover is to provide for additional mass transit funding during hard times when bus and rail operators face revenue shortfalls.

The total PTA diversion to the General Fund would leave the account with a \$73 million deficit at the end of FY 2004/05, requiring deletion of projects from the STIP.

3. The Administration has also proposed redirecting \$800 Million in federal transportation spending authority for local federal aid projects to the General Fund.

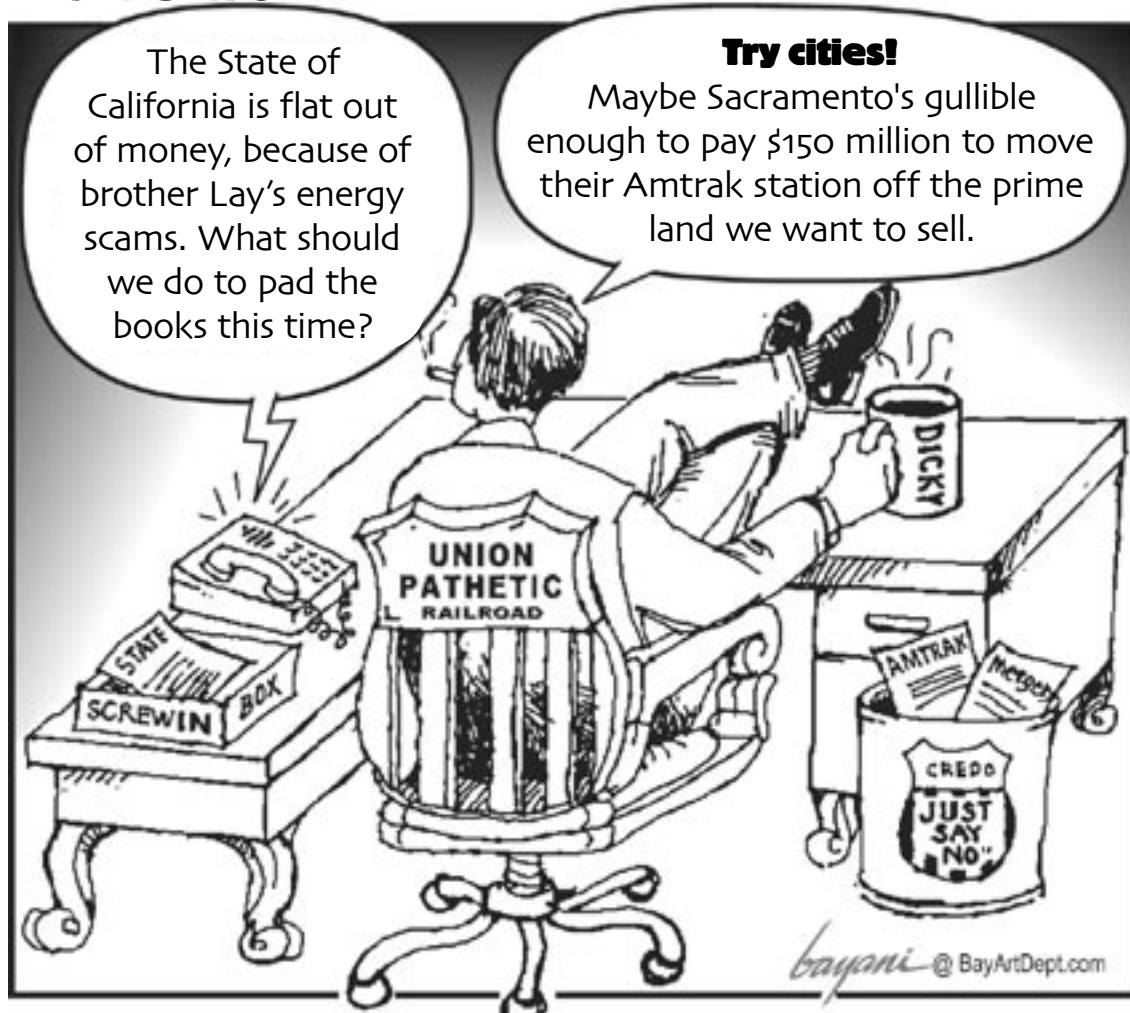
Typically, California is so successful in delivering projects that we compete with other states at the end of the highway act and at the end of each fiscal year for redistribution of any obligational authority (OA) left on the table by other states. The impact of this is that projects that are ready to go or ready to develop will be left "on the shelf" until new OA is available. Coupled with the \$200 million in local OA taken by the state last summer as well as another \$200 million taken several years ago, the state's proposed grab of local OA is \$1.2 Billion.

This is all really bad news for all transportation agencies, consultants, contractors, commuters, and transit users statewide. The dollar value of the construction is but one element of the job creation possibilities of these transit projects. The other aspect that makes the proposed budget so short-sighted is that the benefits of these transit projects will not be delivered to the traveling California public. Furthermore, if and when these critical transit projects are delivered, it will be at an unnecessarily inflated cost caused by delays in funding.

Transit users and advocates need to check in with their county Congestion Management Agency and see what is on the line here for transit service and capital project cuts and then in one uniform and strong voice, say "No."

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