



Memorandum

Date: 11.04.09 **RE:** Finance Committee
November 10, 2009

To: Finance Committee: Commissioners Alioto-Pier (Chair), Mirkarimi (Vice Chair), Avalos, Daly, Mar, and Dufty (Ex Officio)

From: José Luis Moscovich – Executive Director *José Luis*

Subject: **ACTION** – Recommend Authorizing the Executive Director to Initiate Development of the Expenditure Plan and Process, Pursuant to the Requirements in SB 83 (Hancock), for the Imposition of an Additional Vehicle Registration Fee in San Francisco

Summary:

Last month, the Governor signed into law SB 83 (Hancock), which authorizes Congestion Management Agencies to impose an annual fee of up to \$10 on motor vehicles registered within the county. The funds would have to be used for programs and projects benefitting the people paying the fee, and they would have to be consistent with the Regional Transportation Plan. The Authority Board would have to adopt a specified Expenditure Plan. The fee measure, which is estimated to generate a maximum of \$5 million per year in San Francisco, would require a majority vote of the electorate in order to become effective. We are seeking authorization for the Executive Director to initiate the development of the Expenditure Plan and process, pursuant to the requirements in SB 83 (Hancock), for the imposition of an additional vehicle registration fee in San Francisco.

BACKGROUND

In late October, Governor Schwarzenegger signed SB 83 (Hancock) into law. The bill authorizes congestion management agencies (CMAs) throughout the state, by a majority vote of their respective boards, to impose an additional annual fee of up to \$10 on motor vehicles registered within the county. The Authority is the CMA for San Francisco County.

Imposition of the additional fee would be further subject to voter approval by simple majority. The bill also requires that the CMA Board adopt a specific Expenditure Plan for the funds collected, and that it makes a finding to the effect that the fees collected will only be used for projects that evidence a benefit to those people paying the fee. The projects to be included in the Expenditure Plan must also be consistent with the Regional Transportation Plan. With over 500,000 vehicles registered in San Francisco, the program could, if the fee is set at \$10, generate about \$5 million per year.

The purpose of this memorandum is to brief the Finance Committee on this topic and to recommend authorizing the Executive Director to initiate the process to develop an Expenditure Plan pursuant to the requirements in SB 83; as well as a timetable for ensuring that the Authority Board is able to place the measure on the November 2010 ballot, if it so chooses.

DISCUSSION

SB 83 (attached) was authored by Senator Loni Hancock, a Bay Area legislator. The bill is one of several initiatives considered by the Legislature during the past session, intended to mitigate congestion, air quality impacts from mobile sources, and to generate new revenues that can help with these tasks.

We have been coordinating with the CMAs in the other Bay Area counties and with the Metropolitan Transportation Commission (MTC), and believe that the most successful approach to implementing SB 83 would be for all Bay Area CMAs to simultaneously place the measure on the November 2010 ballots of their respective counties.

Aside from the local sales tax for transportation (Prop K) administered by the Authority, the proposed fee is the first authorization provided by the state in many years, to generate additional transportation revenue at the local level. It is therefore imperative to move quickly to take all requisite steps to be able to implement the new fee.

A preliminary consensus among the CMAs is that the fee measure should be put on the ballot in November 2010. If that is the case, the Authority Board should be ready to adopt an Expenditure Plan and make all requisite findings, as called for in SB 83, in June 2010. Consequently, the Expenditure Plan process and timetable need to be defined over the next month, at the latest.

Once the Board has authorized us to proceed, we will develop a proposed approach and detailed timetable, to be used as a road map for the development of the Expenditure Plan. Development of Expenditure Plan will most likely include some polling efforts, which we may undertake separately or as part of a joint effort with other CMAs in the region, and it will likely require some consultant support, which will be specified as part of the proposed approach. The proposed Expenditure Plan would need to be approved the Board at a noticed public hearing, before it can be placed on the ballot. That action would also include adoption of a finding of fact “that the projects and programs to be funded by the fee increase have a relationship or benefit to the persons who will be paying the fee, and are consistent with the Regional Transportation Plan (prepared by MTC).

We are seeking a recommendation to authorize the Executive Director to initiate the development of the Expenditure Plan and process pursuant to the requirements in SB 83 (Hancock), for the imposition of an additional vehicle registration fee in San Francisco.

ALTERNATIVES

1. Recommend authorization for the Executive Director to initiate the development of the Expenditure Plan and process pursuant to the requirements in SB 83 (Hancock), for the imposition of an additional vehicle registration fee in San Francisco, as requested.
2. Recommend authorization for the Executive Director to initiate the development of the Expenditure Plan and process pursuant to the requirements in SB 83 (Hancock), for the imposition of an additional vehicle registration fee in San Francisco, with modifications.
3. Defer action, pending additional information or further staff analysis.

CAC POSITION

The CAC will be briefed on this item at the December 9 meeting.

FINANCIAL IMPACTS

There are no significant financial impacts to the adopted Fiscal Year 2009/10 Budget from the recommended action. The activities required to develop an initial road map for a potential November 2010 measure can be carried out as part of the existing work program. The expenses associated with the proposed approach will be detailed at the time when the approach is presented to the Committee.

RECOMMENDATION

Recommend authorization for the Executive Director to initiate the development of the Expenditure Plan and process pursuant to the requirements in SB 83 (Hancock), for the imposition of an additional vehicle registration fee in San Francisco.

Attachment:

A. SB 83 (Hancock)

Senate Bill No. 83

CHAPTER 554

An act to add Section 65089.20 to the Government Code, and to add Section 9250.4 to the Vehicle Code, relating to traffic congestion.

[Approved by Governor October 11, 2009. Filed with
Secretary of State October 11, 2009.]

LEGISLATIVE COUNSEL'S DIGEST

SB 83, Hancock. Traffic congestion: motor vehicle registration fees.

Existing law provides for the imposition by certain districts and local agencies of fees on the registration of motor vehicles in certain areas of the state that are in addition to the basic vehicle registration fee collected by the Department of Motor Vehicles for specific limited purposes.

The bill would authorize a countywide transportation planning agency, by a majority vote of the agency's board, to impose an annual fee of up to \$10 on motor vehicles registered within the county for programs and projects for certain purposes. The bill would require voter approval of the measure. The bill would require the department, if requested, to collect the additional fee and distribute the net revenues to the agency, after deduction of specified costs, and would limit the agency's administrative costs to not more than 5% of the distributed fees. The bill would require that the fees collected may be used only to pay for programs and projects bearing a relationship or benefit to the owners of motor vehicles paying the fee and are consistent with a regional transportation plan, and would require the agency's board to make a specified finding of fact in that regard. The bill would require the governing board of the countywide transportation planning agency to adopt a specified expenditure plan.

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) Motor vehicle congestion negatively impacts businesses and commuters, inhibits the efficient movement of goods, and elevates pollutants that impact the quality of the state's air.

(2) There are transportation improvements that will reduce congestion, including those that improve signal coordination, traveler information systems, intelligent transportation systems, highway operational improvements, and public transit service expansions.

(3) There are measures available to lessen the impact of motor vehicle-related pollution, including congestion management programs,

stormwater runoff best management practices, and transportation control measures aimed at reducing air pollution.

(b) It is the intent of the Legislature to establish a program that allows countywide transportation planning agencies or their counterparts to address congestion through transportation services and improvements and to mitigate the impacts of motor vehicles on air and water quality, and improve the business climate and natural environment.

SEC. 2. Section 65089.20 is added to the Government Code, to read:

65089.20. (a) A countywide transportation planning agency may place a majority vote ballot measure before the voters of the county to authorize an increase in the fees of motor vehicle registration in the county for transportation-related projects and programs described in this chapter. The agency may impose an additional fee of up to ten dollars (\$10) on each motor vehicle registered within the county. The ballot measure resolution shall be adopted by a majority vote of the governing board of the countywide transportation planning agency at a noticed public hearing. The resolution shall also contain a finding of fact that the projects and programs to be funded by the fee increase have a relationship or benefit to the persons who will be paying the fee, and the projects and programs are consistent with the regional transportation plan adopted pursuant to Section 65080. The finding of fact shall require a majority vote of the governing board at a noticed public hearing.

(b) The ballot measure described in subdivision (a) shall be submitted to the voters of the county and if approved by the voters in the county, the increased fee shall apply to the original vehicle registration occurring on or after six months following the adoption of the measure by the voters and to a renewal of registration with an expiration date on or after that six-month period.

(c) (1) The governing board of the countywide transportation planning agency shall adopt an expenditure plan allocating the revenue to transportation-related programs and projects that have a relationship or benefit to the persons who pay the fee. The transportation-related programs and projects include, but are not limited to, programs and projects that have the following purposes:

(A) Providing matching funds for funding made available for transportation programs and projects from state general obligation bonds.

(B) Creating or sustaining congestion mitigation programs and projects.

(C) Creating or sustaining pollution mitigation programs and projects.

(2) For the purposes of paragraph (1), the following terms have the following meanings:

(A) “Congestion mitigation programs and projects” include, but are not limited to, programs and projects identified in an adopted congestion management program or county transportation plan; projects and programs to manage congestion, including, for example, high-occupancy vehicle or high-occupancy toll lanes; improved transit services through the use of technology and bicycle and pedestrian improvements; improved signal coordination, traveler information systems, highway operational

improvements, and local street and road rehabilitation; and transit service expansion.

(B) “Pollution mitigation programs and projects” include, but are not limited to, programs and projects carried out by a congestion management agency, a regional water quality control board, an air pollution control district, an air quality management district, or another public agency that is carrying out the adopted plan of a congestion management agency, a regional water quality control board, an air pollution control district, or an air quality management district.

(d) Not more than 5 percent of the fees distributed to a countywide transportation planning agency shall be used for administrative costs associated with the programs and projects.

(e) For purposes of this section, “countywide transportation planning agency” means the congestion management agency created pursuant to Chapter 2.6 (commencing with Section 65088) or the agency designated pursuant to Section 66531 to submit the county transportation plan.

SEC. 3. Section 9250.4 is added to the Vehicle Code, to read:

9250.4. (a) The department shall, if requested by a countywide transportation planning agency, collect the fee imposed pursuant to Section 65089.20 of the Government Code upon the registration or renewal of registration of a motor vehicle registered in the county, except those vehicles that are expressly exempted under this code from the payment of registration fees.

(b) The countywide transportation planning agency shall pay for the initial setup and programming costs identified by the department through a direct contract with the department. Any direct contract payment by the board shall be repaid, with no restriction on the funds, to the countywide transportation planning agency as part of the initial revenues available for distribution.

(c) (1) After deducting all costs incurred pursuant to this section, the department shall distribute the net revenues pursuant to subdivision (a) of Section 65089.20 of the Government Code.

(2) The costs deducted under paragraph (1) shall not be counted against the 5-percent administrative cost limit specified in subdivision (d) of Section 65089.20 of the Government Code.