

Agenda Report

TO: CITY COUNCIL

DATE: July 15, 2002

THROUGH: Legislative Committee (July 2, 2002)

FROM: City Manager

SUBJECT: Support of Assembly Constitutional Amendment No. 11 (Richman and Canciamilla) – *California Twenty-First Century Infrastructure Investment Fund*

RECOMMENDATION

It is recommended that the City Council:

1. Support ACA 11 (Richman and Canciamilla) – *California Twenty-First Century Infrastructure Investment Fund*
2. Authorize the Mayor to send letters to the appropriate authorities in support of the bill.

BILL SUMMARY

Assembly Constitutional Amendment No.11 would establish the California Twenty-First Century Infrastructure Investment Fund, which would dedicate an increasing portion of state budget growth to state and local infrastructure financing. This measure would generally require that the funds in the infrastructure fund be allocated in specified amounts to four infrastructure areas: transportation, education, parks and natural resources, and water. Of the funds in each of these four categories, 50 percent would be available for state projects and 50 percent for local projects. The funds for local projects would be continuously appropriated for those purposes.

BACKGROUND

Pasadena is a very dynamic and vibrant city, with regional attractions such as Old Pasadena, the Rose Bowl, Norton Simon Museum, Playhouse and South Lake Shopping Districts, among others. The City has continued to evolve with the recent construction of new residential and mixed-use developments and the Gold Line Light Rail project opening in 2003. With this comes the significant challenge of maintaining, repairing and renovating the city's infrastructure system.

Beginning in the 2004-05 fiscal year ACA 11 would cause a specified percentage of revenues to be transferred from the State General Fund to the infrastructure fund to be allocated for state and local infrastructure projects. This measure will transfer one percent of 2004-05 estimated General Fund revenues to the California Twenty-First Century Infrastructure Investment Fund, and increase this transfer by 0.4 percent annually up to a maximum of 3.75 percent for 2011-12 and annually thereafter.

The funds in the infrastructure fund would be allocated in specified amounts to four infrastructure areas: transportation, education, parks and natural resources, and water. It is possible that portions of funds could be used for the purpose of constructing sound walls along specific transportation routes. In each category 50 percent of the available funds would be available for state projects and 50 percent for local projects. The funds for local projects would be continuously appropriated for those purposes.

Funds are allocated to cities and counties on a per capita basis for transportation projects, parks projects or projects to preserve or restore natural resources. The funds distributed for water projects shall be allocated as grants to cities, counties, and regional water agencies for water supply, reuse, quality, and conservation projects with regional scope and benefits. Funds available for education projects will be allocated to local school districts and county offices of education to fund public elementary and secondary schools and to capital projects for the California Community Colleges, the California State University, and the University of California. This measure also provides some latitude in that it authorizes agencies receiving funds to exchange funds with other entities for expenditures in a different category or for a future allocation of funds.

ACA 11 would establish a set-aside fund specifically to address the ever-increasing needs to maintain and improve the state's infrastructure system in the areas of transportation, parks and natural resources, water and education, which have traditionally been under-funded. This measure proposes to ensure that funding for infrastructure projects is not at the expense of funding other vital programs and by limiting the annual growth of the infrastructure fund to a small percentage of annual General Fund growth, it will protect against the risks of bonded indebtedness.

The League of California Cities supports ACA 11.

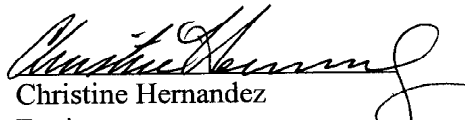
FISCAL IMPACT

Assuming an annual State General Fund revenue growth after 2002-03 of about 5 percent, the amount set aside for the infrastructure growth fund would be about \$850 million in 2004-2005 and would grow to about \$4.5 billion in 2011-2012 and would grow thereafter by \$38 million for every \$1 billion in General Fund revenue growth.


Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

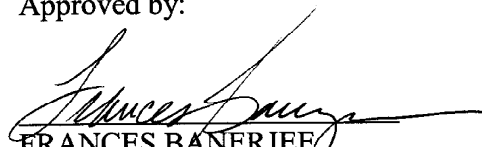
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