

STAFF REPORT

SUBJECT: SJCOG Letter to Governor Newsom
Regarding the State Budget Surplus

RECOMMENDED ACTION: Authorize Chair and Executive Director to
sign letter for delivery to Governor Newsom

DISCUSSION:

On November 15, 2021, the Infrastructure Investment and Jobs Act was signed by President Joe Biden allowing local, regional, and state agencies throughout the state the opportunity to fund vital transportation improvements, reduce the impacts of climate change, and expand broadband internet so that more state residents have a better chance for the success that comes from being connected. In the release of Infrastructure Act, the White House prepared a fact sheet regarding the impacts to California state the following:

The need for action in California is clear and recently released state-level data demonstrates that the Infrastructure Investment and Jobs Act will deliver for California. For decades, infrastructure in California has suffered from a systemic lack of investment. In fact, the American Society of Civil Engineers gave California a C- grade on its infrastructure report card. The historic Infrastructure Investment and Jobs Act will make life better for millions of California residents, create a generation of good-paying union jobs and economic growth, and position the United States to win the 21st century.

This Infrastructure Act comes at a time highly needed for an infusion of transportation funding dollars. SJCOG and other regional agencies statewide have also been monitoring activity at the state regarding the development of California's Fiscal Year 2022-23 budget. According to California's Legislative Analyst's Office (LAO), despite the ongoing global pandemic and its disparate health and economic impacts on Californians, revenues are growing at historic rates and the state likely will have another significant surplus. The LAO estimates the state will have a \$31 billion surplus (resources in excess of current law commitments) to allocate in FY 2022-23.

As Governor Newsom is contemplating the allocation of these funds, SJCOG staff believes it is prudent to be on record with SJCOG's support of transportation programs to receive the surplus. In fact, staff understands that the Metropolitan Transportation Commission, San Diego Association of Governments, California Council of Governments, and others have already done so or may be in the process of drafting some suggestions to the Governor on how to spend the budget surplus.

SJCOG staff's recommendations are based, in large part, on the transportation programs the governor had proposed in his original budget that didn't receive legislative support. Additionally, dedicating general fund resources can help the state to leverage federal Innovative Infrastructure and Jobs Act (IIJA) funding. We also wanted to take this opportunity to showcase the transportation needs of the region and introduce to the state the relevant transportation advocacy principles previously approved by the SJCOG Board.

Specifically, SJCOG has a unified transportation advocacy position which bases transportation investments upon the following pillars:

- Environmental Sustainability – projects which reduce transportation emissions, manage effects of climate change, and/or enhance alternative transportation mobility options for Californians.
- Trade Corridors – improvements to roadway, highway, and bridge corridors critical to supply chain and logistics.
- Innovation and Technology – integration of autonomous vehicles into the transportation system as well as investment in public transit green technology and capital.
- Growth Management – development of multimodal transportation hubs providing centralization of jobs, housing, and economic activity.
- Social Equity and Mobility – investments in disadvantaged areas.

The letter also highlights the need for funding for Route 99/120 interchange, the SJCOG Board's priority project.

By authorizing the submittal of this letter, SJCOG can voice its position of needed state dollars for transportation and bring attention to infrastructure investment in the San Joaquin region which residents within in both urban and rural communities.

RECOMMENDATION: Authorize Chair and Executive Director to sign letter for delivery to Governor Newsom

FISCAL IMPACT:

None at this time. It notifies the state of transportation priorities from the San Joaquin region as Governor Newsom considers how to program the state budget surplus.

Prepared by: Diane Nguyen, Executive Director



SAN JOAQUIN COUNCIL OF GOVERNMENTS

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December 9, 2021

The Honorable Gavin Newsom
Governor, State of California
State Capitol Building, 1st Floor
Sacramento, CA 95814

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VICE CHAIR

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Member Agencies
CITIES OF
ESCALON,
LATHROP,
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MANTECA,
RIPON,
STOCKTON,
TRACY,
AND
THE COUNTY OF SAN
JOAQUIN

Dear Governor Newsom:

On behalf of the San Joaquin Council of Governments (SJCOC) we write to express our continuing support of the state's efforts in development of a comprehensive transportation funding package for the 2022/23 state budget. In view of the emerging state budget surplus, SJCOC requests you consider committing additional state general fund surplus to both aid in leveraging recently enacted federal Innovative Infrastructure and Jobs Act (IIJA) funding and to optimize state transportation program objectives. SJCOC has a unified transportation advocacy position which bases transportation investments upon the following pillars:

- **Environmental Sustainability** – projects which reduce transportation emissions, manage effects of climate change, and/or enhance alternative transportation mobility options for Californians.
- **Trade Corridors** – improvements to roadway, highway, and bridge corridors critical to supply chain and logistics.
- **Innovation and Technology** – integration of autonomous vehicles into the transportation system as well as investment in public transit green technology and capital.
- **Growth Management** – development of multimodal transportation hubs providing centralization of jobs, housing, and economic activity.
- **Social Equity and Mobility** – investments in disadvantaged areas.

San Joaquin County is a major goods movement corridor with an inland port and commercial airport. Because of our unique location, we serve as a rail, highway, waterway, and aviation freight hub, and can count many large shipping companies (UPS, Amazon, DHL, etc.) within our borders. We are also home to one of the most bountiful agricultural regions in the world, with almost one million acres of agricultural production and \$2.7 billion in economic value, and much of this produce comes from, or is processed within our region and then transported across the country.

We acknowledge your requested appropriations of Proposition 1A High Speed Rail (HSR) bond funds that would be applied to the High Speed Rail Authority's initial operating segment component between Merced and Bakersfield. Additionally, your 2021 State Budget May Revision proposal funding package that accompanied the Proposition 1A appropriations request also included funding that would have augmented the Transit and Intercity Rail Program (TIRCP) for both 2028 Olympics mobility purposes as well as rail and transit projects on a statewide basis. A substantial commitment to grade separation needs in the state, as well as funding for Active Transportation projects, were also included in this forward-thinking package as well. SJCOC will be actively engaged in assisting to see early approval of the complete package.

However, it is a recognized reality that our state's needs in the transportation mobility sector continue to exceed state and local dedicated resources that are available under present circumstances. San Joaquin region has many roadway/bridge safety and state of good repair project needs—one of which is the Route 99/120 Interchange Improvement. In a similar vein, there are pressing needs for transit capital investments, ranging from aging fleet replacement, to expanding commitments for zero emission fleets, and important and transformational rail transit system projects. Finally, it is important to highlight that California has a growing but identified backlog of resiliency projects to mitigate the effects of climate on our mobility systems.

We urge your consideration for increasing your commitment to transportation mobility with an additional supplement from the projected state general fund surplus to be added to your overall funding package. While there are many policy areas that are well deserving of such budget funding, it is a well-recognized public policy precept that the application of one-time budget funds are best suited to meeting needs like capital investments, as we are suggesting.

We look forward to working with you and your administration, as well as the legislative members from our region to secure the funding package you have requested and to press for additional funding resources from the projected 2023 state budget surplus.

If you have any questions, contact Diane Nguyen, SJCOG Executive Director, at 209.235.0442.

Sincerely,

Leo M. Zuber
SJCOG Board Chair

Diane Nguyen
SJCOG Executive Director