

AMENDED IN SENATE APRIL 10, 2007

SENATE BILL

No. 9

Introduced by Senator Lowenthal

December 4, 2006

~~An act relating to transportation, and declaring the urgency thereof, to take effect immediately.~~*An act to amend Section 8879.23 of the Government Code, relating to transportation.*

LEGISLATIVE COUNSEL'S DIGEST

SB 9, as amended, Lowenthal. Trade corridor improvement: transportation project selection.

Existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, authorizes the issuance of \$19,925,000,000 of state general obligation bonds for specified purposes, including high-priority transportation corridor improvements.

The act requires the sum of \$2,000,000,000 to be transferred to the Trade Corridors Improvement Fund, which is established under the act. The money in the fund is required to be available, upon appropriation in the annual Budget Act by the Legislature, and subject to such conditions and criteria as the Legislature may provide by statute, for allocation by the California Transportation Commission for infrastructure improvements along federally designated "Trade Corridors of National Significance" in this state or along other corridors within this state that have a high volume of freight movement, as determined by the commission.

~~This bill would set forth the intent of the Legislature to enact legislation that establishes a process for the selection of transportation projects to be funded from the Trade Corridors Improvement Fund.~~

The bill would declare that it is to take effect immediately as an urgency statute.

This bill would require projects proposed for funding from the Trade Corridors Improvement Fund to be included in an approved regional transportation plan. The bill would require the commission to allocate funds for trade infrastructure improvements in a manner that places emphasis on projects that demonstrate regional support and cooperation by multiple agencies and jurisdictions. The bill would require the commission, when allocating these funds, to consider specified emissions associated with the construction and operation of the project and the project's potential to reduce emissions associated with trade activity, as specified. The bill would require local agencies applying for these funds to include a plan to mitigate emissions associated with their projects to be funded, as specified. The bill would require that projects receiving funds be fully funded and ready for construction and that the funds be used only for construction costs. The bill would require \$50,000,000 of the moneys to be allocated from the Trade Corridors Improvement Fund to be available for infrastructure projects that demonstrate the potential to support the movement of freight in a manner that produces zero emissions.

Vote: $\frac{2}{3}$ -majority. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: no.

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

1 SECTION 1. Section 8879.23 of the Government Code is
 2 amended to read:
 3 8879.23. The Highway Safety, Traffic Reduction, Air Quality,
 4 and Port Security Fund of 2006 is hereby created in the State
 5 Treasury. The Legislature intends that the proceeds of bonds
 6 deposited in the fund shall be used to fund the mobility, safety,
 7 and air quality improvements described in this article over the
 8 course of the next decade. The proceeds of bonds issued and sold
 9 pursuant to this chapter for the purposes specified in this chapter
 10 shall be allocated in the following manner:
 11 (a) (1) Four billion five hundred million dollars
 12 (\$4,500,000,000) shall be deposited in the Corridor Mobility
 13 Improvement Account, which is hereby created in the fund. Funds
 14 in the account shall be available to the California Transportation
 15 Commission, upon appropriation in the annual Budget Bill by the

1 Legislature, for allocation for performance improvements on highly
2 congested travel corridors in California. Funds in the account shall
3 be used for performance improvements on the state highway
4 system, or major access routes to the state highway system on the
5 local road system that relieve congestion by expanding capacity,
6 enhancing operations, or otherwise improving travel times within
7 these high-congestion travel corridors, as identified by the
8 department and regional or local transportation agencies, pursuant
9 to the process in paragraph (3) or (4), as applicable.

10 (2) The commission shall develop and adopt guidelines, by
11 December 1, 2006, including regional programming targets, for
12 the program funded by this subdivision, and shall allocate funds
13 from the account to projects after reviewing project nominations
14 submitted by the Department of Transportation and by regional
15 transportation planning agencies or county transportation
16 commissions or authorities pursuant to paragraph (4).

17 (3) Subject to the guidelines adopted pursuant to paragraph (2),
18 the department shall nominate, by no later than January 15, 2007,
19 projects for the allocation of funds from the account on a statewide
20 basis. The department's nominations shall be geographically
21 balanced and shall reflect the department's assessment of a program
22 that best meets the policy objectives described in paragraph (1).

23 (4) Subject to the guidelines adopted pursuant to paragraph (2),
24 a regional transportation planning agency or county transportation
25 commission or authority responsible for preparing a regional
26 transportation improvement plan under Section 14527 may
27 nominate projects identified pursuant to paragraph (1) that best
28 meet the policy objectives described in that paragraph for funding
29 from the account. Projects nominated pursuant to this paragraph
30 shall be submitted to the commission for consideration for funding
31 by no later than January 15, 2007.

32 (5) All nominations to the California Transportation Commission
33 shall be accompanied by documentation regarding the quantitative
34 and qualitative measures validating each project's consistency
35 with the policy objectives described in paragraph (1). All projects
36 nominated to the commission for funds from this account shall be
37 included in a regional transportation plan.

38 (6) After review of the project nominations, and supporting
39 documentation, the commission, by no later than March 1, 2007,
40 shall adopt an initial program of projects to be funded from the

1 account. This program may be updated every two years in
2 conjunction with the biennial process for adoption of the state
3 transportation improvement program pursuant to guidelines adopted
4 by the commission. The inclusion of a project in the program shall
5 be based on a demonstration that the project meets all of the
6 following criteria:

7 (A) Is a high-priority project in the corridor as demonstrated by
8 either of the following: (i) its inclusion in the list of nominated
9 projects by both the department pursuant to paragraph (3) and the
10 regional transportation planning agency or county transportation
11 commission or authority, pursuant to paragraph (4); or (ii) if needed
12 to fully fund the project, the identification and commitment of
13 supplemental funding to the project from other state, local, or
14 federal funds.

15 (B) Can commence construction or implementation no later
16 than December 31, 2012.

17 (C) Improves mobility in a high-congestion corridor by
18 improving travel times or reducing the number of daily vehicle
19 hours of delay, improves the connectivity of the state highway
20 system between rural, suburban, and urban areas, or improves the
21 operation or safety of a highway or road segment.

22 (D) Improves access to jobs, housing, markets, and commerce.

23 (7) Where competing projects offer similar mobility
24 improvements to a specific corridor, the commission shall consider
25 additional benefits when determining which project shall be
26 included in the program for funding. These benefits shall include,
27 but are not limited to, the following:

28 (A) A finding that the project provides quantifiable air quality
29 benefits.

30 (B) A finding that the project substantially increases the safety
31 for travelers in the corridor.

32 (8) In adopting a program for funding pursuant to this
33 subdivision, the commission shall make a finding that the program
34 is (i) geographically balanced, consistent with the geographic split
35 for funding described in Section 188 of the Streets and Highways
36 Code; (ii) provides mobility improvements in highly traveled or
37 highly congested corridors in all regions of California; and (iii)
38 targets bond proceeds in a manner that provides the increment of
39 funding necessary, when combined with other state, local or federal

1 funds, to provide the mobility benefit in the earliest possible
2 timeframe.

3 (9) The commission shall include in its annual report to the
4 Legislature, required by Section 14535, a summary of its activities
5 related to the administration of this program. The summary should,
6 at a minimum, include a description and the location of the projects
7 contained in the program, the amount of funds allocated to each
8 project, the status of each project, and a description of the mobility
9 improvements the program is achieving.

10 (b) One billion dollars (\$1,000,000,000) shall be made available,
11 upon appropriation in the annual Budget Bill by the Legislature,
12 to the department for improvements to State Route 99. Funds may
13 be used for safety, operational enhancements, rehabilitation, or
14 capacity improvements necessary to improve the State Route 99
15 corridor traversing approximately 400 miles of the central valley
16 of this state.

17 (c) Three billion one hundred million dollars (\$3,100,000,000)
18 shall be deposited in the California Ports Infrastructure, Security,
19 and Air Quality Improvement Account, which is hereby created
20 in the fund. The money in the account shall be available, upon
21 appropriation by the Legislature and subject to such conditions
22 and criteria as the Legislature may provide by statute, as follows:

23 (1) (A) Two billion dollars (\$2,000,000,000) shall be transferred
24 to the Trade Corridors Improvement Fund, which is hereby created.
25 The money in this fund shall be available, upon appropriation in
26 the annual Budget Bill by the Legislature and subject to such
27 conditions and criteria as the Legislature may provide by statute,
28 for allocation by the California Transportation Commission for
29 infrastructure improvements along federally designated "Trade
30 Corridors of National Significance" in this state or along other
31 corridors within this state that have a high volume of freight
32 movement, as determined by the commission. In determining
33 projects eligible for funding, the commission shall consult the trade
34 infrastructure and goods movement plan submitted to the
35 commission by the Secretary of Business, Transportation and
36 Housing and the Secretary for Environmental Protection. No
37 moneys shall be allocated from this fund until the report is
38 submitted to the commission for its consideration, provided the
39 report is submitted no later than January 1, 2007. The commission
40 shall also consult trade infrastructure and goods movement plans

1 adopted by regional transportation planning agencies, adopted
2 regional transportation plans required by state and federal law, and
3 the statewide port master plan prepared by the California Marine
4 and Intermodal Transportation System Advisory Council
5 (Cal-MITSAC) pursuant to Section 1760 of the Harbors and
6 Navigation Code, when determining eligible projects for funding.
7 *Projects proposed for funding must be included in an approved*
8 *regional transportation plan.* Eligible projects for these funds
9 include, but are not limited to, all of the following:

10 (i) Highway capacity improvements and operational
11 improvements to more efficiently accommodate the movement of
12 freight, particularly for ingress and egress to and from the state's
13 seaports, including navigable inland waterways used to transport
14 freight between seaports, land ports of entry, and airports, and to
15 relieve traffic congestion along major trade or goods movement
16 corridors.

17 (ii) Freight rail system improvements to enhance the ability to
18 move goods from seaports, land ports of entry, and airports to
19 warehousing and distribution centers throughout California,
20 including projects that separate rail lines from highway or local
21 road traffic, improve freight rail mobility through mountainous
22 regions, relocate rail switching yards, and other projects that
23 improve the efficiency and capacity of the rail freight system.

24 (iii) Projects to enhance the capacity and efficiency of ports.

25 (iv) Truck corridor improvements, including dedicated truck
26 facilities or truck toll facilities.

27 (v) Border access improvements that enhance goods movement
28 between California and Mexico and that maximize the state's
29 ability to access coordinated border infrastructure funds made
30 available to the state by federal law.

31 (vi) Surface transportation improvements to facilitate the
32 movement of goods to and from the state's airports.

33 (B) The commission shall allocate funds for trade infrastructure
34 improvements from the account in a manner that (i) addresses the
35 state's most urgent needs, (ii) balances the demands of various
36 ports (between large and small ports, as well as between seaports,
37 airports, and land ports of entry), (iii) provides reasonable
38 geographic balance between the state's regions, ~~and~~ (iv) places
39 emphasis on projects that *demonstrate regional support and*
40 *cooperation by multiple agencies and jurisdictions, and (v)*

1 *prioritizes projects that improve trade corridor mobility while*
2 *reducing emissions of diesel particulate and other pollutant*
3 *emissions. In addition, the commission shall also consider the*
4 *following factors when allocating these funds:*

5 *(i) Emissions of diesel particulate, sulfur oxides, oxides of*
6 *nitrogen, and carbon dioxide associated with the construction and*
7 *operation of a proposed project. Emissions shall be estimated*
8 *using methods approved by the State Air Resources Board.*

9 ~~(i)~~

10 *(ii) “Velocity,” which means the speed by which large cargo*
11 *would travel from the port through the distribution system.*

12 ~~(ii)~~

13 *(iii) “Throughput,” which means the volume of cargo that would*
14 *move from the port through the distribution system.*

15 ~~(iii)~~

16 *(iv) “Reliability,” which means a reasonably consistent and*
17 *predictable amount of time for cargo to travel from one point to*
18 *another on any given day or at any given time in California.*

19 ~~(iv)~~

20 *(v) “Congestion reduction,” which means the reduction in*
21 *recurrent daily hours of delay to be achieved.*

22 *(C) Projects funded under this paragraph shall be selected in*
23 *part for their potential to reduce the emissions associated with*
24 *trade activity that occurs in the region or that produce no net*
25 *increase in emissions on a regional level. Emissions associated*
26 *with the construction and operation of a project shall be the*
27 *responsibility of the agency or agencies proposing the project.*
28 *Agencies applying for funds under this paragraph shall submit*
29 *with their proposals for funding a plan to mitigate the emissions*
30 *associated with the project. Mitigation projects may include, but*
31 *are not limited to, a program whereby heavy-duty diesel trucks*
32 *and construction equipment are retrofitted or replaced with the*
33 *best available control technology, the replacement or retrofit of*
34 *locomotive engines, or the use of ultra-low sulfur diesel fuel.*
35 *Mitigation plans shall be developed in coordination with the air*
36 *district in whose jurisdiction the project is situated. Instead of*
37 *developing a mitigation plan, agencies applying for funds may pay*
38 *a fee to the local air district to develop a plan and mitigate the*
39 *emissions associated with the project on its behalf. The fee shall*
40 *be determined by the local air district and may not exceed the*

1 actual costs to mitigate the emissions associated with the
2 construction and operation of the project plus up to 3 percent for
3 administration of the program.

4 (D) An agency applying for funds under this paragraph shall
5 also submit with its application for funding an evaluation plan to
6 assess the extent to which the performance standards enumerated
7 in subparagraph (B) and on which funding for the project is based
8 are being achieved. The evaluation plan shall provide for periodic
9 monitoring of the project over a 20-year period of time.

10 (E)

11 (E) The commission shall allocate funds made available by this
12 paragraph to projects that have identified and committed
13 supplemental funding from appropriate local, federal or private
14 sources. ~~The commission shall determine the appropriate amount~~
15 ~~of supplemental funding each project should have to be eligible~~
16 ~~for moneys from this fund based on a project-by-project review~~
17 ~~and an assessment of the project's benefit to the state and the~~
18 ~~program, including fees charged for the movement of cargo in~~
19 ~~containers.~~ Except for border access improvements described in
20 clause (v) of subparagraph (A), improvements funded with moneys
21 from this fund shall have supplemental funding that is at least equal
22 to the amount of the contribution from the fund. The commission
23 may give priority for funding to projects with higher levels of
24 committed supplemental funding.

25 (F) *The commission shall only fund those projects that, with*
26 *funds made available by this paragraph, would be fully funded*
27 *and ready for construction. Funding provided under this paragraph*
28 *may only be used for the costs of construction.*

29 (G) *Of the funds made available under this paragraph, fifty*
30 *million dollars (\$50,000,000) shall be available for infrastructure*
31 *projects that demonstrate the potential to support the movement*
32 *of freight in a manner that produces zero emissions. Examples of*
33 *eligible projects include, but are not limited to, magnetic levitation*
34 *and the electrification of rail.*

35 (H)

36 (H) The commission shall include in its annual report to the
37 Legislature, required by Section 14535, a summary of its activities
38 related to the administration of this program. The summary should,
39 at a minimum, include a description and the location of the projects
40 contained in the program, the amount of funds allocated to each

1 project, the status of each project, and a description of the mobility
2 and air quality improvements the program is achieving.

3 (2) One billion dollars (\$1,000,000,000) shall be made available,
4 upon appropriation by the Legislature and subject to such
5 conditions and criteria contained in a statute enacted by the
6 Legislature, to the State Air Resources Board for emission
7 reductions, not otherwise required by law or regulation, from
8 activities related to the movement of freight along California's
9 trade corridors. Funds made available by this paragraph are
10 intended to supplement existing funds used to finance strategies
11 and public benefit projects that reduce emissions and improve air
12 quality in trade corridors commencing at the state's airports,
13 seaports, and land ports of entry.

14 (3) One hundred million dollars (\$100,000,000) shall be
15 available, upon appropriation by the Legislature, to the Office of
16 Emergency Services to be allocated, as grants, for port, harbor,
17 and ferry terminal security improvements. Eligible applicants shall
18 be publicly owned ports, harbors, and ferryboat and ferry terminal
19 operators, which may submit applications for projects that include,
20 but are not limited to, the following:

21 (A) Video surveillance equipment.

22 (B) Explosives detection technology, including, but not limited
23 to, X-ray devices.

24 (C) Cargo scanners.

25 (D) Radiation monitors.

26 (E) Thermal protective equipment.

27 (F) Site identification instruments capable of providing a
28 fingerprint for a broad inventory of chemical agents.

29 (G) Other devices capable of detecting weapons of mass
30 destruction using chemical, biological, or other similar substances.

31 (H) Other security equipment to assist in any of the following:

32 (i) Screening of incoming vessels, trucks, and incoming or
33 outbound cargo.

34 (ii) Monitoring the physical perimeters of harbors, ports, and
35 ferry terminals.

36 (iii) Providing or augmenting onsite emergency response
37 capability.

38 (I) Overweight cargo detection equipment, including, but not
39 limited to, intermodal crane scales and truck weight scales.

1 (J) Developing disaster preparedness or emergency response
2 plans.

3 The Office of Emergency Services shall report to the Legislature
4 on March 1 of each year on the manner in which the funds available
5 pursuant to this paragraph were expended for that fiscal year.

6 (d) Two hundred million dollars (\$200,000,000) shall be
7 available, upon appropriation by the Legislature, for schoolbus
8 retrofit and replacement to reduce air pollution and to reduce
9 children's exposure to diesel exhaust.

10 (e) Two billion dollars (\$2,000,000,000) shall be available for
11 projects in the state transportation improvement program, to
12 augment funds otherwise available for this purpose from other
13 sources. The funds provided by this subdivision shall be deposited
14 in the Transportation Facilities Account which is hereby created
15 in the fund, and shall be available, upon appropriation by the
16 Legislature, to the Department of Transportation, as allocated by
17 the California Transportation Commission in the same manner as
18 funds allocated for those projects under existing law.

19 (f) (1) Four billion dollars (\$4,000,000,000) shall be deposited
20 in the Public Transportation Modernization, Improvement, and
21 Service Enhancement Account, which is hereby created in the
22 fund. Funds in the account shall be made available, upon
23 appropriation by the Legislature, to the Department of
24 Transportation for intercity rail projects and to commuter or urban
25 rail operators, bus operators, waterborne transit operators, and
26 other transit operators in California for rehabilitation, safety or
27 modernization improvements, capital service enhancements or
28 expansions, new capital projects, bus rapid transit improvements,
29 or for rolling stock procurement, rehabilitation, or replacement.

30 (2) Of the funds made available in paragraph (1), four hundred
31 million dollars (\$400,000,000) shall be available, upon
32 appropriation by the Legislature, to the department for intercity
33 rail improvements, of which one hundred twenty-five million
34 dollars (\$125,000,000) shall be used for the procurement of
35 additional intercity railcars and locomotives.

36 (3) Of the funds remaining after the allocations in paragraph
37 (2), 50 percent shall be distributed to the Controller, for allocation
38 to eligible agencies using the formula in Section 99314 of the
39 Public Utilities Code, and 50 percent shall be distributed to the
40 Controller, for allocation to eligible agencies using the formula in

1 Section 99313 of the Public Utilities Code, subject to the provisions
2 governing funds allocated under those sections.

3 (g) One billion dollars (\$1,000,000,000) shall be deposited in
4 the State-Local Partnership Program Account, which is hereby
5 created in the fund. The funds shall be available, upon
6 appropriation by the Legislature and subject to such conditions
7 and criteria as the Legislature may provide by statute, for allocation
8 by the California Transportation Commission over a five-year
9 period to eligible transportation projects nominated by an applicant
10 transportation agency. A dollar for dollar match of local funds
11 shall be required for an applicant transportation agency to receive
12 state funds under this program.

13 (h) One billion dollars (\$1,000,000,000) shall be deposited in
14 the Transit System Safety, Security, and Disaster Response
15 Account, which is hereby created in the fund. Funds in the account
16 shall be made available, upon appropriation by the Legislature and
17 subject to such conditions and criteria as the Legislature may
18 provide by statute, for capital projects that provide increased
19 protection against a security and safety threat, and for capital
20 expenditures to increase the capacity of transit operators, including
21 waterborne transit operators, to develop disaster response
22 transportation systems that can move people, goods, and emergency
23 personnel and equipment in the aftermath of a disaster impairing
24 the mobility of goods, people, and equipment.

25 (i) One hundred twenty-five million dollars (\$125,000,000)
26 shall be deposited in the Local Bridge Seismic Retrofit Account,
27 which is hereby created in the fund. The funds in the account shall
28 be used, upon appropriation by the Legislature, to provide the 11.5
29 percent required match for federal Highway Bridge Replacement
30 and Repair funds available to the state for seismic work on local
31 bridges, ramps, and overpasses, as identified by the Department
32 of Transportation.

33 (j) (1) Two hundred fifty million dollars (\$250,000,000) shall
34 be deposited in the Highway-Railroad Crossing Safety Account,
35 which is hereby created in the fund. Funds in the account shall be
36 available, upon appropriation by the Legislature, to the Department
37 of Transportation for the completion of high-priority grade
38 separation and railroad crossing safety improvements. Funds in
39 the account shall be made available for allocation pursuant to the
40 process established in Chapter 10 (commencing with Section 2450)

1 of Division 3 of the Streets and Highways Code, except that a
2 dollar for dollar match of nonstate funds shall be provided for each
3 project, and the limitation on maximum project cost in subdivision
4 (g) of Section 2454 of the Streets and Highways Code shall not
5 be applicable to projects funded with these funds.

6 (2) Notwithstanding the funding allocation process described
7 in paragraph (1), in consultation with the department and the Public
8 Utilities Commission, the California Transportation Commission
9 shall allocate one hundred million dollars (\$100,000,000) of the
10 funds in the account to high-priority railroad crossing
11 improvements, including grade separation projects, that are not
12 part of the process established in Chapter 10 (commencing with
13 Section 2450) of Division 3 of the Streets and Highways Code.
14 The allocation of funds under this paragraph shall be made in
15 consultation and coordination with the High-Speed Rail Authority
16 created pursuant to Division 19.5 (commencing with Section
17 185000) of the Public Utilities Code.

18 (k) (1) Seven hundred fifty million dollars (\$750,000,000) shall
19 be deposited in the Highway Safety, Rehabilitation, and
20 Preservation Account, which is hereby created in the fund. Funds
21 in the account shall be available, upon appropriation by the
22 Legislature, to the Department of Transportation, as allocated by
23 the California Transportation Commission, for the purposes of the
24 state highway operation and protection program as described in
25 Section 14526.5.

26 (2) The department shall develop a program for distribution of
27 two hundred and fifty million dollars (\$250,000,000) from the
28 funds identified in paragraph (1) to fund traffic light
29 synchronization projects or other technology-based improvements
30 to improve safety, operations and the effective capacity of local
31 streets and roads.

32 (l) (1) Two billion dollars (\$2,000,000,000) shall be deposited
33 in the Local Streets and Road Improvement, Congestion Relief,
34 and Traffic Safety Account of 2006, which is hereby created in
35 the fund. The proceeds of bonds deposited into that account shall
36 be available, upon appropriation by the Legislature, for the
37 purposes specified in this subdivision to the Controller for
38 administration and allocation in the fiscal year in which the bonds
39 are issued and sold, including any interest or other return earned
40 on the investment of those moneys, in the following manner:

1 (A) Fifty percent to the counties, including a city and county,
2 in accordance with the following formulas:

3 (i) Seventy-five percent of the funds payable under this
4 subparagraph shall be apportioned among the counties in the
5 proportion that the number of fee-paid and exempt vehicles that
6 are registered in the county bears to the number of fee-paid and
7 exempt vehicles registered in the state.

8 (ii) Twenty-five percent of the funds payable under this
9 subparagraph shall be apportioned among the counties in the
10 proportion that the number of miles of maintained county roads
11 in each county bears to the total number of miles of maintained
12 county roads in the state. For the purposes of apportioning funds
13 under this clause, any roads within the boundaries of a city and
14 county that are not state highways shall be deemed to be county
15 roads.

16 (B) Fifty percent to the cities, including a city and county,
17 apportioned among the cities in the proportion that the total
18 population of the city bears to the total population of all the cities
19 in the state, provided, however, that the Controller shall allocate
20 a minimum of four hundred thousand dollars (\$400,000) to each
21 city, pursuant to this subparagraph.

22 (2) Funds received under this subdivision shall be deposited as
23 follows in order to avoid the commingling of those funds with
24 other local funds:

25 (A) In the case of a city, into the city account that is designated
26 for the receipt of state funds allocated for local streets and roads.

27 (B) In the case of an eligible county, into the county road fund.

28 (C) In the case of a city and county, into a local account that is
29 designated for the receipt of state funds allocated for local streets
30 and roads.

31 (3) For the purpose of allocating funds under this subdivision
32 to cities and a city and county, the Controller shall use the most
33 recent population estimates prepared by the Demographic Research
34 Unit of the Department of Finance. For a city that incorporated
35 after January 1, 1998, that does not appear on the most recent
36 population estimates prepared by the Demographic Research Unit,
37 the Controller shall use the population determined for that city
38 under Section 11005.3 of the Revenue and Taxation Code.

39 (4) Funds apportioned to a city, county, or city and county under
40 this subdivision shall be used for improvements to transportation

1 facilities that will assist in reducing local traffic congestion and
 2 further deterioration, improving traffic flows, or increasing traffic
 3 safety that may include, but not be limited to, street and highway
 4 pavement maintenance, rehabilitation, installation, construction
 5 and reconstruction of necessary associated facilities such as
 6 drainage and traffic control devices, or the maintenance,
 7 rehabilitation, installation, construction and reconstruction of
 8 facilities that expand ridership on transit systems, safety projects
 9 to reduce fatalities, or as a local match to obtain state or federal
 10 transportation funds for similar purposes.

11 (5) At the conclusion of each fiscal year during which a city or
 12 county expends the funds it has received under this subdivision,
 13 the Controller may verify the city’s or county’s compliance with
 14 paragraph (4). Any city or county that has not complied with
 15 paragraph (4) shall reimburse the state for the funds it received
 16 during that fiscal year. Any funds withheld or returned as a result
 17 of a failure to comply with paragraph (4) shall be reallocated to
 18 the other counties and cities whose expenditures are in compliance.

19 ~~SECTION 1. It is the intent of the Legislature to enact~~
 20 ~~legislation that establishes a process for the selection of~~
 21 ~~transportation projects to be funded from the Trade Corridors~~
 22 ~~Improvement Fund established under paragraph (1) of subdivision~~
 23 ~~(e) of Section 8879.23 of the Government Code.~~

24 ~~SEC. 2. This act is an urgency statute necessary for the~~
 25 ~~immediate preservation of the public peace, health, or safety within~~
 26 ~~the meaning of Article IV of the Constitution and shall go into~~
 27 ~~immediate effect. The facts constituting the necessity are:~~

28 ~~In order to provide at the earliest possible time a process for the~~
 29 ~~selection of trade corridor improvement transportation projects to~~
 30 ~~be funded under the Highway Safety, Traffic Reduction, Air~~
 31 ~~Quality, and Port Security Bond Act of 2006, it is necessary that~~
 32 ~~this act take effect immediately.~~