

**To:** Board of Directors

**Date:** 07/13/2018

**From:** Rick Ramacier, General Manager

---

**SUBJECT: State Proposition 6 and the County Connection Response**

---

### Background

In 2017, the State enacted Senate Bill 1 (SB1) – Beall. This legislation raises new tax based revenues for transportation, including public transit. It does so, through an increase in the state gas tax paid at the pump, and an increase in the state vehicle license fees – as well as other increases in taxes.

Based on events to date, County Connection can expect to receive at least \$2.6 million in additional State Transit Assistance (STA) operating funding per year and an additional estimated \$119,000 or so in capital funding. Also, County Connection can compete regionally and within the State for other SB1 related funding.

The infusion of SB1 STA funding will allow County Connection to maintain its present level of services through FY23. If it were not for this SB1 STA funding, County Connection is projected to close FY21 with a negative balance of revenue. These forecasts were part of the recently adopted FY19 County Connection operating and capital budget. Thus, SB1 STA revenues are crucial to County Connection in terms of maintaining service levels over the next four to five years as we thoughtfully address our need for future financial stability.

SB1 is the first piece of major state legislation to begin to restore the great loss of state transit revenue support that occurred in 2010. In 2010, California enacted what is commonly called the Gas Tax Swap (swap). This swap eliminated the state sales tax on gas. To that point, it was the sales tax on gas that provided the bulk of funding for the STA program. County Connection permanently lost at least \$2 million (in 2010 dollars) in annual STA operating funding when the Gas Tax Swap was enacted.

### Proposition 6 (Prop 6)

As you know, Prop 6 has qualified for the November, 2018 ballot. Voters will be asked if they wish to vote to repeal the underlying taxes of SB1. Prop 6 – if passed – will also amend the state constitution to require that any future increases in gas taxes or vehicle operating fees go before the voters for approval.

Thus, if Prop 6 passes in November, County Connection will lose roughly \$2.6 million in annual operating revenue. This would very likely to necessitate a significant reduction in services by 2021. From this perspective, County Connection has an interest in SB1 not being repealed by the passage of Prop 6.

### County Connection Options

Attached please find a two-page document from Legal Counsel titled, "Ballot Measure/Political Activities Guidelines". This document outlines what County Connection can do to educate/inform the public with respect to the effects of Prop 6. It also outlines what board members and/or staff can do. Thus, County Connection can inform the public that the repeal of SB1 through the passage of Prop 6 could mean the loss of at least \$2.6 million in annual funding to the agency – likely leading to a reduction of services by 2021. The County Connection Board of Directors can choose to adopt a resolution that expresses support or opposition to Prop 6.

### **MP&L Committee Discussion & Recommendation**

At its meeting on July 12, 2018, the MP&L Committee discussed Prop 6, how County Connection might respond as well as the need for the revenue projected to flow to County Connection under SB1.

The MP&L Committee requests that the Board of Directors adopt Resolution No. 2019-02 stating that:

- SB1 STA revenue is vital to County Connection maintaining and sustaining existing levels of services.
- Expressing it's opposition to Prop 6.

The MP&L Committee also recommends that County Connection place information on the web page simply outlining the annual value in terms of revenue to County Connection from SB1. And, that County Connection develop simple educational materials for distribution to interested parties.

## CENTRAL CONTRA COSTA TRANSIT AUTHORITY

### BALLOT MEASURE / POLITICAL ACTIVITIES GUIDELINES

**GENERAL RULE:** CCCTA resources (including but not limited to funds, staff time, and office supplies) **may not** be used to advocate or campaign for or against a local or state ballot measure. CCCTA resources **may** be used to develop, research, and/or plan for the effects of a measure on the agency, and to share the results of that work in informational/educational materials that are neutral and balanced in their timing, tenor and tone.

#### Permissible Activities

- The Board may propose a ballot measure, and may adopt a resolution to support or oppose a ballot measure. The Board must allow public comment before taking action. As a precaution, it is advisable for any such resolution to state that no public funds or resources will be used to support or oppose the measure.<sup>1</sup>
- Directors and staff may prepare and distribute informational/educational materials about a measure that are objective, impartial, and factual. For example, a balanced (i.e. presenting both pro and con viewpoints) and fact-based analysis of the effect of the measure on CCCTA and its customers is permissible.
- Directors and staff may respond to inquiries, participate in interviews and discussions, and make presentations about a measure in an objective, impartial, and factual manner. If the Board adopts a resolution endorsing or opposing the measure, Directors and staff may state the position of the Board and address the anticipated effects of the measure.
- Staff may engage in activities that advocate or campaign for or against a measure during their personal time, including lunch hours, authorized breaks, vacations, etc. Staff should clarify that they are acting as individuals and are not participating in advocacy or campaign activity during their working hours.

---

<sup>1</sup> Note that staff time and other related resources expended on Board support leading up to a resolution in support or opposition of a measure – such as drafting a measure, researching the potential effects of a measure, gathering public opinion regarding whether to propose/support/oppose a measure, and drafting a staff report – is not viewed as an expenditure of public funds on impermissible political activity.

- Directors and staff may contribute their own money, resources and time to support or oppose a measure.
- Directors and staff may announce their own personal support of or opposition to a measure and try to convince others of the same position during their personal time.

### **Prohibited Activities**

- Directors and staff may not support or oppose a measure (i.e. advocate or campaign for or against the measure) while "on the CCCTA clock", or use any CCCTA resources for such a campaign, including but not limited to copy or fax machines, telephones, computers, paper and other supplies, vehicles and facilities.
- Public funds may not be used to purchase bumper stickers, posters, advertising floats, television or radio spots, or other typical campaign materials.
- Directors and staff may not specifically solicit contributions for the measure's campaign from CCCTA employees. Directors and staff may solicit support from the public, or a group of the public not primarily consisting of CCCTA employees, so long as the solicitation does not occur on CCCTA time or use CCCTA resources.
- Staff may not add a link on the CCCTA website to a measure's advocacy or campaign website.
- Directors and staff may not distribute advocacy or campaign materials via CCCTA's internal communication system or post advocacy or campaign materials at or within CCCTA facilities.
- Directors and staff may not use CCCTA e-mail addresses to distribute advocacy or campaign materials or messages.
- Staff may not campaign in CCCTA uniforms.

### **Penalties**

- Violations could result in criminal and civil penalties for misuse of public resources.

Questions? Please contact Legal Counsel Madeline Chun (415-995-5032; [mchun@hansonbridgett.com](mailto:mchun@hansonbridgett.com)) or Julie Sherman (415-995-5185; [jsherman@hansonbridgett.com](mailto:jsherman@hansonbridgett.com)).