



September 21, 2017

To: Legislative and Communications Committee

From: Darrell Johnson, Chief Executive Officer

Subject: State Legislative Status Report

Overview

A status update is provided on bills that the Orange County Transportation Authority has an official position. An overview is provided of transportation funding legislation. An update is provided on cap-and-trade funding. An overview is provided on a legislative hearing on local climate change efforts. An update on the Assembly Republican Leadership post is provided.

Recommendation

Receive and file as an information item.

Discussion

End of Session Update

September 15, 2017, marks the last day which the Legislature could pass bills and submit to the Governor. The Governor will have until October 15, 2017, to sign or veto bills that the Legislature passed. At the time of the writing of this staff report, several bills on which the Orange County Transportation Authority (OCTA) had taken position remained active, or were already signed into law. Below is the status of those bills:

AB 28 (Frazier, D-Oakley) National Environmental Policy Act (NEPA) Delegation

Position: Support

Status: Signed by the Governor

Sponsored by the Self-Help Counties Coalition (SHCC), AB 28 (Frazier, D-Oakley) authorized the state to continue to perform federal environmental responsibilities for highway projects under NEPA for an additional three years. The authority previously would have expired at the beginning of 2017, threatening to delay implementation of several critical infrastructure

projects. Recognizing the potential impacts, Assembly Member Frazier moved the bill quickly through the Legislature, thereby meeting all relevant federal deadlines and preventing any delay impacts to projects across the State.

AB 179 (Cervantes, D-Corona): California Transportation Commission

Position: Neutral (previously an "oppose" position)

Status: Pending on Assembly Floor for Concurrence

When OCTA first adopted an "oppose" position on AB 179, the bill would have required the vast majority of members of the California Transportation Commission (CTC) to have backgrounds in the area of air quality, public health, or experience in disadvantaged communities. It would have also required increased joint meetings between the CTC and the California Air Resources Board, and the formation of an Environmental Justice Advisory Committee. After opposition came forward from multiple transportation agencies, SHCC, and the California Association of Councils of Government (CALCOG), the author worked to craft amendments to address concerns that the CTC would become too focused on specific issue areas, while not allowing for experience in other issues important to the transportation project funding and delivery. In its current form, AB 179 would require the Governor and the Legislature, in appointing members to the CTC, to ensure a diverse membership with experience in transportation issues, taking into consideration factors such as professional experience and socioeconomic background. With these amendments, OCTA withdrew its opposition.

AB 805 (Gonzalez Fletcher, D-San Diego): San Diego Association of Governments Reorganization

Position: Oppose Unless Amended

Status: Pending on Senate Floor

AB 805 (Gonzalez Fletcher, D-San Diego) would significantly change the voting and governance structure for the San Diego Association of Governments (SANDAG) Board of Directors, and provide additional requirements for SANDAG to meet in funding and delivering projects related to greenhouse gas emissions, disadvantaged communities, and project labor agreements. The author originally pursued the bill after it became public that SANDAG was not open about changing sales tax projections associated with a 2016 ballot measure. While OCTA has expressed concerns to the author about the precedent this bill could create for other agencies, the author has not pursued amendments to address those concerns. As the bill continues to move through the process, SANDAG has stated that they may consider pursuing a ballot measure next year to allow the public to decide how the governance structure of SANDAG should be composed in the future.

AB 1069 (Low, D-Silicon Valley): Taxicab Regulation

Position: Oppose

Status: Pending on Senate Floor

AB 1069 seeks to reform the regulation and permitting of taxicab services within the state. Sponsored by the Taxicab Paratransit Association of California, in its original form, AB 1069 would have mandated county transportation agencies in ten counties, including Orange County, to assume the full regulatory and administrative functions for taxicab services. This would have significantly expanded OCTA's existing responsibilities under the Orange County Taxi Administration Program (OCTAP), and potentially led to increased liabilities. OCTA, CALCOG and other transportation agencies worked with the sponsor and author to seek amendments which would remove this mandate. However, the bill in its current form would remove the permitting and regulatory authority for taxicab services from most cities, thereby preventing OCTAP from existing in its current form. At the time of the writing of this staff report, OCTA continued to work with the author, sponsors, and other stakeholders to seek amendments to help preserve a countywide model like OCTAP, while also retaining the sponsor's intent to streamline the regulatory and permitting processes for taxicabs.

AB 1113 (Bloom, D-Santa Monica): State Transit Assistance Reform

Position: Support

Status: Signed by the Governor

Sponsored by the California Transit Association, AB 1113 clarifies several provisions of the existing law that govern the administration and allocation of State Transit Assistance (STA) program funds. The legislation built on SB 838 (Chapter 339, Statutes of 2016), which temporarily put on hold the implementation of several State Controller's Office (SCO) reinterpretations of STA statutes that were released in early 2016, which were done without a public process or consultation with transit agencies. The reinterpretations significantly expanded the scope of STA eligibility and impacted the calculation of STA revenue shares for transit agencies. AB 1113 resulted after extensive collaboration with transit agencies, including OCTA, and the SCO office. AB 1113 moved quickly through the Legislature to allow the guidance to become effective with fiscal year (FY) 2017-2018 STA allocations.

AB 1282 (Mullin, D-San Mateo): Permitting Streamlining Task Force

Position: Support if Amended

Status: Pending with Governor for Signature

AB 1282 would create a Transportation Permitting Task Force (Task Force) to streamline permit approvals for transportation projects. In its original form, the bill would have limited members of the Task Force to state agencies. In adopting

a “Support if Amended” position, OCTA requested language to ensure that regional transportation agencies and transit agencies would also be included on the Task Force, since often those agencies are the lead agency for permitting processes. While Assembly Member Mullin (D-San Mateo) did include language that would authorize other public entities to be part of the Task Force, there is no language specifically referencing local transportation agencies or transit agencies. In discussing the language with the author, he noted it was the intent of that added language to allow for local transportation and transit agencies to be included, as well as other local permitting agencies. He has pledged to continue to work with OCTA and other stakeholders as the Task Force is formed, if the bill is signed to ensure that intent is met.

SB 150 (Allen, D-Santa Monica): SB 375 (Chapter 728, Statutes of 2008)
Reporting

Position: Neutral (previously an “oppose” position)

Status: Pending on Assembly Floor

In its original form, SB 150 would have required a prioritization of projects within each region’s sustainable communities strategy (SCS) developed pursuant to SB 375 (Chapter 728, Statutes of 2008) based on a project’s ability to reduce emissions and vehicle miles traveled (VMT), aligning this prioritization with funding programming actions. This would have shifted the regional nature of an SCS to a project by project analysis. Furthermore, SB 150 would have put in place a requirement to reduce VMT by 15 percent by 2050, shifting the focus of SB 375 from greenhouse gas emission reductions to VMT reductions. After extensive conversations with the author’s office in conjunction with CALCOG and metropolitan planning organizations throughout the state, amendments were accepted which limited the focus of the bill to facilitating a reporting and assessment process for regional progress in meeting the goals of SB 375, allowing an opportunity to determine what resources are necessary to achieve the overall state goals. With these amendments, OCTA and other transportation agency stakeholders went neutral.

Cap-and-Trade Program Extension and Expenditure Plan Development

In July, the Legislature passed, and Governor signed, AB 398 (Chapter 135, Statutes of 2017), which extends the cap-and-trade program through 2030. Left for later discussion was the development of an expenditure plan to determine how revenues generated from the program would be expended.

Prior to the signing of AB 398, the California Supreme Court decided not to consider an appeal of a ruling by the Third District Court of Appeal to uphold the state’s cap-and-trade program. By declining consideration the

California Supreme Court effectively upheld the validity of the program going forward. With both this legal outcome and the passage of AB 398, it is predicted that additional stability will be provided to cap-and-trade revenues going forward, when compared to the dismal outcomes witnessed in recent auctions.

Currently, the Greenhouse Gas Reduction Fund, the account where cap-and-trade revenues are deposited, has a balance of \$843 million. The Department of Finance is projecting \$1.5 billion in revenue will be generated in FY 2017-2018. If you deduct for the continuous appropriations, the balance, including previous year revenues, would amount to about \$1.4 billion in available revenue that need to be allocated pursuant to an expenditure plan.

Among the continuous appropriations already codified in statute are a five percent continuous appropriation for the Low Carbon Transit Operations Program (LCTOP) and a ten percent continuous appropriation for the Transit and Intercity Rail Capital Program (TIRCP). OCTA currently receives LCTOP funds via the STA formula and has been successful in competing for funding from TIRCP for projects including the OC Streetcar, mobile ticketing, and expanded Bravo! Service. With the demonstrated existing success of these programs, OCTA worked with CTA and transit agencies across the state to advocate for the doubling of funding for the LCTOP and TIRCP, consistent with OCTA's 2017-2018 State Legislative Platform's principles to support the eligibility and prioritization of the transportation sector as a recipient of cap-and-trade funding. OCTA sent a letter on August 21, 2017, to President Pro Tempore Kevin de León (D-Los Angeles) and Assembly Speaker Anthony Rendon (D-Los Angeles), consistent with those objectives (Attachment A).

At the time of the writing of this staff report, a final decision on an expenditure plan had yet to be reached. The Governor advocated for funds to target programs such as increasing heavy-duty and light-duty vehicle zero-emission technology, sustainable agriculture, fire prevention, and local community climate plans. President Pro Tempore Kevin de León also released a proposal focusing on decreasing pollution from diesel, targeting funding to programs that incentivize fleet turnover, including the Carl Moyer Program and ARB programs directed at heavy-duty vehicles, buses, and passenger vehicles. Staff will provide a verbal update at the September 21, 2017, OCTA Legislative and Communications Committee meeting.

Joint Legislative Committee on Climate Change Policies Hearing

On August 23, 2017, the Joint Legislative Committee on Climate Change Policies held an informational and oversight hearing entitled, "Local Actions to Improve Sustainability." Panelists for the hearing included Scott Morgan, Governor's Office of Planning and Research; Cara Martinson, California State

Association of Counties; Erin Evans-Fudem, League of California Cities; Anya Lawler, Western Center on Law & Poverty and the Climate Justice Working Group, Kurt Kaperos, ARB; Bill Higgins, CALCOG; and Chanell Fletcher, ClimatePlan. The purpose of the hearing was to discuss future environmental strategies given the recent extension of both AB 32 (Chapter 488, Statutes of 2008) and the cap-and-trade program until 2030.

Many of the ideas and themes discussed revolved around SB 375, which supports California's climate goals through regional coordination of transportation and land use planning. Assembly Member Eduardo Garcia (D-Coachella), the Chair of the committee, opened the hearing stating that California needs to achieve a 25 percent reduction in per-capita emissions through greater local and state efforts in order to reach the 2030 climate targets set by SB 32 (Chapter 249, Statutes of 2016). Kurt Kaperos from the ARB highlighted the importance of getting more out of SB 375 in meeting SB 32 goals. He mentioned improvements could be made by designing intelligent transportation systems, adding more zero-emission vehicles and alternative fuel charging stations across the state, and imposing additional statewide strategies. In addition, Bill Higgins from CALCOG discussed the exceptional job that metropolitan planning organizations have done with their SB 375 targets, but shared that the current targets being set by the ARB are too aggressive and would require land use changes or additional state actions.

Assembly Republican Leadership

On August 24, 2017, Assembly Member Chad Mayes (R-Yucca Valley) announced his resignation as Assembly Republican Leader. Assembly Member Mayes was elected in 2014 and had led the Republican Caucus since early 2016. Following his resignation, the 25-member Caucus voted unanimously to elect Assembly Member Brian Dahle (R-Bieber) as the next Assembly Republican Leader. Assembly Member Dahle has served in the Assembly since 2012, and prior to being elected to the Assembly, he served on the Lassen County Board of Supervisors for 16 years. Assembly Member Dahle will assume the leadership role after the California Legislature adjourns for its interim recess on September 15, 2017.

Summary

An end of session update is provided on bills continuing to move through the Legislature. An overview is provided of discussions on the extension of the cap-and-trade program and associated expenditure plan, and a hearing on local climate change actions. An update is provided on Assembly Republican leadership changes.

Attachment

- A. August 21, 2017, Letter to President Pro Tempore Kevin de León (D-Los Angeles) and Assembly Speaker Anthony Rendon (D-Los Angeles) regarding "Support for Increased Cap-and-Trade Revenue Investment in Public Transportation," from Michael Hennessey, Chairman

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