



June 21, 2018

To: Legislative and Communications Committee

From: Darrell Johnson, Chief Executive Officer

Subject: State Legislative Status Report

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Overview

An overview is provided on the investment plan of the Volkswagen Environmental Mitigation Trust and of the California Public Utilities Commission's action to invest in charging infrastructure to support the deployment of electric buses, trucks, and cars. An update is provided on a bill related to the planning and operations of toll roads in Orange County and a bill related to taxicab transportation service. A calendar of the remaining legislative deadlines for this session is provided.

Recommendation

Receive and file as an information item.

Discussion

California Air Resources Board's Action on the Volkswagen Environmental Mitigation Trust

On May 25, 2018, the California Air Resources Board (ARB) approved an allocation of approximately \$423 million from the Volkswagen Mitigation Trust (Trust) for zero-emission and low oxides of nitrogen (NOx) technologies. The Trust was created as a result of the settlement with Volkswagen for their use of an illegal software defeat device on emissions tests in nearly 587,000 vehicles. As provided in two court-approved Partial Consent Decrees, Volkswagen is obligated to pay \$2.7 billion into the Trust over a three-year period to fully mitigate the excess NOx emissions caused by their actions. These funds are to be used nationally. California's allocation of the trust is about \$423 million. The investment includes \$123 million for zero-emission buses (ZEB) and electric charging infrastructure. School, transit, and shuttle buses are all considered eligible uses under this investment. Transit agencies will be allowed to claim a maximum incentive of up to \$400,000 for the purchase of a new fuel cell electric

transit bus and supporting infrastructure, and a maximum incentive of up to \$180,000 for the purchase of a new battery electric transit bus and supporting infrastructure.

Funds will be administered in two increments on a first-come, first-served basis: once the program is established, and two years following the release of the first increment. Funding for the first increment is expected to become available around late 2018, early 2019. At least 50 percent of the funds will be required to benefit disadvantaged communities or low-income communities. In addition, no more than 50 percent of the funds for ZEBs and supporting infrastructure will be allowed to be invested in any single bus category. Staff will monitor the implementation of these funds and will provide updates as needed to the Orange County Transportation Authority (OCTA) Board of Directors (Board).

California Public Utilities Commission's Action on Charging Infrastructure

On May 31, 2018, the California Public Utilities Commission (CPUC) approved \$768 million in investments in electric charging infrastructure for the deployment of zero-emission buses, trucks, and cars. This action is the result of CPUC's collaboration with the ARB and the California Energy Commission to implement requirements set forth by SB 350 (Chapter 547, Statutes of 2015) to support widespread transportation electrification. Through the combined investments proposed by Southern California Edison (SCE) and Pacific Gas & Electric, transit agencies will be eligible to benefit from up to \$227.7 million of investment in electric bus charging infrastructure, and will be guaranteed a minimum allocation of \$52.5 million.

Funds from SCE will be allocated through its Medium/Heavy-Duty Charging Program, which will fund the construction and installation of the electric vehicle (EV) service connection and make-ready charging equipment. SCE also proposes to provide a rebate to cover up to 50 percent of the costs for charging equipment and installation at participating sites. In addition, the CPUC approved SCE's new EV rate design, which will eliminate demand charges for the first five years that the rates are available, and instead, phase in demand charges over the following five years. It is expected that SCE will create guidelines for the administration of this program in the coming months. Staff will provide updates on the implementation of these funds as they become available.

AB 382 (Chávez, R-Oceanside): County of Orange: Joint Exercise of Powers Agreements: Toll Roads

AB 382 (Chávez, R-Oceanside) seeks to clarify the responsibilities of the Transportation Corridor Agencies, as a joint powers authority (JPA), to be limited to the maintenance, financing, and operation of its toll road system, as it exists

in operation on January 1, 2018. At the OCTA Board meeting on May 28, 2018, the Board voted to not take a position on the bill. In order to remain alive this legislative session, AB 382 must pass out of the Senate Transportation and Housing Committee by June 29, 2018. As of the writing of this staff report, a hearing has yet to be scheduled.

AB 939 (Low, D-San Jose): Local Government: Taxicab Transportation Services.

AB 939 (Low, D-San Jose) was recently gut-and-amended, and now seeks to implement several technical corrections to provisions from AB 1069 (Chapter 753, Statutes of 2017), which passed last year and created a new framework for permitting taxicabs. Under AB 1069, only certain cities and counties where taxicabs are "substantially located" are permitted to regulate taxicabs, unless the cities enter into a JPA or enter into an agreement with a transit agency for the purpose of administering or regulating taxicabs.

Among its technical corrections AB 939 modifies the definition of "substantially located" by stating that a taxicab company is substantially located within an applicable permitting entity's jurisdiction if it has a primary business address within that jurisdiction or the total number of prearranged and non-prearranged trips and total gross receipts that originate within that jurisdiction account for the largest share of the taxicab company's total trips and gross receipts. Furthermore, the bill states that a city or county can enter into an agreement to form a JPA to regulate or administer taxicab companies that are "substantially located" within the jurisdictional boundaries of the JPA, which may consist of the boundaries of all the constituent members of that authority.

OCTA currently administers the Orange County Taxi Administration Program (OCTAP) on behalf of the cities and the County of Orange (member agencies) for the purpose of coordinating taxicab service, permitting, and other administrative functions. It is worth noting that with the passage of AB 1069, OCTA will no longer be able to administer OCTAP in its current form starting January 1, 2019. While OCTA continues to help facilitate discussions on the future of OCTAP, the final determination of how taxicabs will be regulated is up to member agencies to decide. Moreover, OCTA, another agency, or a JPA could administer OCTAP. As these discussions continue, staff will monitor AB 939 to see how or if its provisions alter how these actions proceed.

Legislative Calendar

Highlighted below are key legislative deadlines for the remainder of the 2018 legislative session:

- June 15: Budget bill must be passed by midnight.
- June 29: Last day for policy committees to pass fiscal bills to fiscal committees.
- July 6: Last day for policy committees to pass non-fiscal bills. Summer Recess begins on adjournment.
- August 6: Legislature reconvenes from Summer Recess.
- August 17: Last day for fiscal committees to pass bills.
- August 24: Last day to amend a bill on the floor.
- August 31: Last day for any bill to be passed.
- September 30: Last day for the Governor to sign or veto bills.

Summary

Overviews are provided on actions taken by the California Air Resources Board and the California Public Utilities Commission. Updates are provided on bills related to the planning and operation of toll roads in Orange County and taxicab transportation service. A legislative session calendar is provided.

Attachments

- A. AB 382 (Chávez, R-Oceanside) Bill Language
- B. AB 939 (Low, D-San Jose) Bill Language
- C. Orange County Transportation Authority Legislative Matrix

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