



April 18, 2019

To: Legislative and Communications Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: State Legislative Status Report

Overview

Overviews are provided of three bills where positions were taken pursuant to the 2019-20 Orange County Transportation Authority State Legislative Platform. A summary is also provided on a bill related to the planning and operations of the network of toll roads in Orange County. An update is provided on a legislative hearing on the high-speed rail project.

Recommendation

Receive and file as an information item.

Discussion

AB 1402 (Petrie-Norris, D-Costa Mesa) and SB 152 (Beall, D-San Jose): Active Transportation Program

Both AB 1402 (Petrie-Norris, D-Costa Mesa) and SB 152 (Beall, D-San Jose) would make reforms to the Active Transportation Program (ATP) that would reduce the program's complexity and prioritize local decision-making without undermining existing policy priorities. The current ATP funding distribution often forces project sponsors, most of which are cities, to spend hundreds of hours in staff time and thousands of dollars on consultants to perfect their funding applications. These difficulties have discouraged many localities from applying. In Orange County, the number of applications has decreased, while project sponsors are requesting significantly more funding. AB 1402 and SB 152 would provide for a more efficient, straightforward administration of the ATP.

Current law consolidates multiple funding sources for bicycle and pedestrian projects into a single program providing more than \$220 million per year. Half of ATP funding is distributed via a statewide competitive process administered by the California Transportation Commission (CTC) in coordination with the

California Department of Transportation. Projects not selected through the statewide competitive process can apply for funding through regional calls. As part of the regional calls, 40 percent of ATP funding is distributed to metropolitan planning organizations (MPOs) in large urban areas for a regional competitive program, and the remaining ten percent of funding goes to a competitive program managed by the state for small urban and rural areas. For the regional call conducted by the Southern California Associated Governments (SCAG), existing law directs SCAG to consider geographic equity in the distribution of funds and requires that SCAG consult with county transportation commissions, including the Orange County Transportation Authority (OCTA), in the project selection process. All ATP projects, whether implemented through the statewide competitive program or the regional call, often face delays because project sponsors must get the CTC's approval for many programming actions, which adds four to six months to project delivery.

Both AB 1402 and SB 152 would allocate 75 percent of ATP funding to large MPOs, 15 percent to the state's competitive program for small and rural areas, and ten percent in the statewide competitive program. This distribution would provide roughly the same amount of funding most agencies are currently receiving, but with more consistency between programming cycles, allowing project sponsors to better plan for future projects. The bills further clarify that funding should be equitably distributed across the state. Both bills would also further streamline the ATP by changing the current project-by-project funding allocations to a lump sum distribution, eliminating the extensive programming process that delays project delivery.

While there are a few minor differences between the two pieces of legislation, it is expected that these differences will be resolved so that the text for the two bills is as similar as possible. Consistent with the principle in OCTA's 2019-20 State Legislative Platform to "sponsor legislation to streamline the administration of the Active Transportation Program and increase regional oversight," a SPONSOR position has been taken on AB 1402, and a SUPPORT position has been taken on SB 152. OCTA's letters of support for AB 1402 and SB 152, and the text for each bill, are included as Attachments A and B, respectively.

AB 1568 (McCarty, D-Sacramento): Housing Law Compliance: Withholding of Transportation Funds

AB 1568 (McCarty, D-Sacramento) initially included language that would have only allowed a city or county to receive Local Streets and Roads (LSR) program funding provided under SB 1 (Chapter 5, Statutes of 2017) if the jurisdiction met its minimum Regional Housing Needs Assessment production goals. On April 1, 2019, amendments were made to the bill that maintain the original intent, but would instead require a city or county to ensure it complies with the Housing

Element Law to be eligible for LSR funding. The Housing Element Law requires each jurisdiction's general plan for land use development to include a housing element. AB 1568, if signed into law, would withhold LSR funding in an escrow account if the California Department of Housing and Community Development determines that a city or county is in violation of the Housing Element Law.

The LSR program, which provides cities and counties funding for road maintenance, rehabilitation, and critical safety projects is expected to receive about \$1.5 billion annually, doubling the amount of funding provided to cities and counties under traditional state local street and road funding sources. With the addition of a housing element requirement, this bill would set a concerning precedent, where other policy priorities could potentially be linked to transportation funds. This could impact transportation planning, programming, and construction activities for cities, counties, and agencies such as OCTA looking to deliver critical infrastructure projects. AB 1568 would also reduce local authority over the implementation of funds provided under SB 1, and link it to other goals without providing the necessary resources. This directly conflicts with the intent behind SB 1 in providing the additional needed resources to address the underfunded maintenance and infrastructure needs within the State.

Consistent with OCTA's 2019-2020 State Legislative Platform principle to "oppose efforts to link or reprioritize local and state transportation funding to programs not primarily intended to meet its transportation needs," an OPPOSE position has been taken on AB 1568. OCTA's opposition letter for AB 1568, and the text of the bill, has been included under Attachment C.

AB 1273 (Brough, R-San Juan Capistrano): County of Orange: Joint Exercise of Powers Agreements: Toll Roads

AB 1273 (Brough, R-San Juan Capistrano) seeks to clarify the responsibilities of the Transportation Corridor Agencies (TCA), 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, 2020. Specifically, AB 1273, would prevent the member agencies of the TCA from forming a new JPA to construct bridge facilities or major thoroughfares on or after January 1, 2020, and would limit the current expenditure of development impact fees to the existing toll facility that is in service on January 1, 2020.

Furthermore, after January 1, 2020, TCA would be unable to incur bonded indebtedness unless it is to refund bonds or other indebtedness incurred prior to January 1, 2020, or to finance debt service spikes. In both situations, TCA would be required to demonstrate that the issuance of bonds or other indebtedness meet various requirements in order to proceed. AB 1273 also provides that the bridge facility or major thoroughfare that is operated as a toll road would be

transferred to the state after any indebtedness incurred for construction has been repaid. Prior to the transfer, the bridge facilities and major thoroughfares would be designated as a portion of the state highway system, and after the transfer, tolls would be prohibited on these facilities.

The TCA was initially formed in 1986 as a local JPA to manage, finance, construct, and operate a toll road network proposed within Orange County. State legislation granted TCA the authority to issue bonds backed by future toll revenues and development impact fees. With this authority, the TCA began construction in the early 1990s of the proposed toll road network. This system provided not only a travel alternative for Orange County residents, but helped reduce congestion on the existing state highway and interstate system. In introducing this bill, the author has voiced concern that the revenues generated from development impact fees are not being used for their intended purposes, and is seeking to ensure that going forward they are strictly used for the existing system and debt service.

Nothing in AB 1273 seeks to change TCA's role as it relates to the existing system of toll roads. The text of the bill is included as Attachment D. Staff will continue to monitor AB 1273 and provide updates to the OCTA Board of Directors as needed.

Informational Hearing on California High-Speed Rail Project

On March 26, 2019 the Senate Transportation Committee and Senate Budget Sub-Committee #2 held a Joint Informational Hearing on high-speed rail. The hearing was divided into three panels, the first on Fiscal and Program Analysis, another featuring the California High-Speed Rail Authority (CHSRA), and a panel on Regional Investments. The Fiscal and Program Analysis panel featured an overview of the project's funding status. Helen Kerstein, from the Legislative Analyst's Office, discussed the significant uncertainty surrounding the project's cost estimates, specifically the funding gap of \$50-60 billion. The first phase of the project is estimated at \$77 billion, with no cost estimates for the subsequent phases. The CHSRA panel focused on the benefits of the project, which include reduced travel time through and economic growth in the construction area. Lenny Mendonca, CHSRA Board Chair, noted the agency's commitment to funding bookend projects in the Bay Area and Los Angeles.

In the last panel, Jim Hartnett, Chief Executive Officer (CEO) of Caltrain, stressed the importance of bookend projects, most notably their utility independent from the high-speed rail project. Stephanie Wiggins, CEO of Metrolink, listed the millions of dollars' worth of shovel ready projects in the Anaheim-to-Burbank corridor, which include adding a second set of tracks throughout the corridor and grade separations to facilitate higher frequency

service. Jeanet Owens from the Los Angeles Metropolitan Transportation Authority discussed the need to complete the grade separation project at the Rosecrans crossing, one of the most dangerous rail crossings in the nation. Half of the funding for this grade separation project is funded by Proposition 1A. There was also a discussion about how improvements to Los Angeles Union Station are a high priority for the 2028 Olympic Games. It is expected that the Legislature will continue to analyze and evaluate the project's next steps. Staff will provide additional updates as the situation continues to develop.

Summary

Overviews are provided for three bills on which OCTA is taking a position pursuant to the 2019-20 State Legislative Platform. A summary is also provided on a bill related to the operation of toll roads in Orange County. An update is provided on a legislative hearing on the high-speed rail project.

Attachments

- A. AB 1402 Sponsor Letter and Bill Language
- B. SB 152 Support Letter and Bill Language
- C. AB 1568 Opposition Letter and Bill Language
- D. AB 1273 Bill Language
- E. Orange County Transportation Authority Legislative Matrix

Prepared by:

Kristin Essner
Manager, State and Federal Affairs
External Affairs
(714) 560-5754

Approved by:

Lance M. Larson
Executive Director,
External Affairs
(714) 560-5908