



**February 18, 2021**

**To:** Legislative and Communications Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** State Legislative Status Report

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### **Overview**

The Orange County Transportation Authority provides regular updates to the Legislative and Communications Committee on policy issues directly impacting its overall programs, projects, and operations. Information is provided on proposed budget trailer bill language related to statutory relief measures for transit agencies. An update is provided on the State's ongoing discussions related to the vaccine distribution plan and advocacy efforts to designate transportation workers as a priority group in the vaccine distribution plan. As discussions related to post-pandemic recovery continue, an overview of a letter to the President from the Governor regarding economic stimulus priorities is provided. An update is also given regarding legislative leadership changes.

### **Recommendation**

Support the intent of the Governor's proposed budget trailer bill language to extend and expand regulatory relief measures related to the Transportation Development Act while continuing the work to improve the effectiveness of the proposal.

### **Discussion**

#### **An Overview of State Budget Trailer Bills**

Following the release of Governor Newsom's proposed budget, corresponding budget trailer bill language was released containing several important provisions. These proposed provisions, which will result in a legislative bill to be introduced by the Legislature in the coming months, intend to build on the relief measures the Orange County Transportation Authority (OCTA) was successful in advocating for last year alongside its transit agency partners and the California Transit Association (CTA). Specifically, the proposed budget trailer bill language related to the Transportation Development Act (TDA) includes the following relief provisions:

- Prevents any financial penalty to be imposed on a transit operator that is unable to meet its farebox recovery requirement until January 1, 2023.
- Institutes a hold harmless provision for calculation and allocation of the State Transit Assistance (STA) Program, State of Good Repair (SOGR) Program, and Low Carbon Transit Operations Program (LCTOP). Such formula programs are based on 50 percent of the revenues for each transit agency. Until fiscal year (FY) 2022-23, the formulas will use the revenue amounts each transit agency reported prior to the coronavirus (COVID-19) pandemic.
- Exempts a transit operator from meeting STA efficiency standards, with each agency able to utilize funding for either operating or capital purposes through FY 2022-23.
- Directs the California Department of Transportation (Caltrans) to work with transportation planning agencies, county transportation commissions, and transit development boards to review current performance requirements in order to identify opportunities for streamlining and identification of more effective measures by November 30, 2021.
- Suspends TDA farebox recovery and STA efficiency criteria requirements, until July 1, 2026, for transit agencies who demonstrate that they maintained their existing commitments of local funds for transit operations. If an agency were to utilize this exemption, they would be subject to audit requirements, reporting requirements, and Caltrans would publish a report on transit agency revenue vehicle hour, ridership, and passenger mile impacts.
- Revises the definition of operating cost in calculating farebox recovery and STA efficiency criteria requirements to exclude costs related to paratransit, demand-response and microtransit services, payment and ticketing systems, and planning for improvements in transit operations.

Staff recommends supporting the intent of the above proposals to provide additional relief to transit agencies across the state as they continue to navigate the evolving impacts of the COVID-19 pandemic. Following approval, OCTA will continue to partner with stakeholders and CTA to inform discussions seeking to improve the effectiveness of the proposals. Although the relief outlined in this budget trailer bill is appreciated, it will be necessary to extend and refine it further to maximize the benefit to transit agencies. As part of this discussion, staff intends to continue working with its partners to lengthen the extension of the hold harmless provisions and relief from penalties related to farebox recovery requirements and efficiency criteria, and work to clarify how any maintenance of effort (MOE) requirement corresponding to such will be implemented. In addition, the support of CTA's pursuit for flexibility in the use of LCTOP and SOGR funds to supplement operations costs associated with existing service will be needed.

Separately, an additional budget trailer bill proposes an adjustment to the current MOE requirements under the SB 1 (Chapter 5, Statutes of 2017) Local Streets and Roads Program. This relief was advocated for by the California State Association of Counties and the League of California Cities. Many cities and counties in the state were projecting to not meet the expenditure requirements needed to receive its allocation from the Road Maintenance and Rehabilitation Program. Specifically, this budget trailer bill would forgive cities and counties from the MOE requirement in FY 2019-20 and adjust the annual average expenditure requirements for the next two fiscal years to any decrease in taxable sales within a city or county.

#### Update on Vaccine Distribution Prioritization Advocacy Efforts

OCTA, in coordination with transportation agency partners and stakeholders, continues to advocate for public transit workers to be prioritized in the distribution of the vaccines currently approved by the United States Food and Drug Administration. On January 25, 2021, the Governor announced the State's intention to shift to an age-based system for vaccine prioritization, instead of the original plan which featured a blended prioritization of age groups and essential industry sectors. In the previous vaccine distribution plan, transportation workers were included in Phase 1B, Tier 2. It was anticipated they would begin administering the vaccine to those in Phase 1B by late January and early February. However, under this new framework, the next eligible group would be those 65 years of age and older and only workers in essential sectors including: education, childcare, emergency responders, and food and agriculture. Following the completion of vaccinating persons in these groups, the State will then move into an age-based priority system. This transition would eliminate transportation workers from the distribution plan along with a variety of other essential workers.

In response, CTA sent a letter on January 25, 2021, to the Governor raising concerns about this transition and advocating to ensure that public transit workers continue to be prioritized in the State's vaccine distribution plan. A copy of the letter is included as Attachment A. Several news publications reported on the letter, including the Los Angeles Times and Politico, discussing how many essential workers, including those in public transit, were removed from the prioritization. To bolster the support of reinstating transportation workers in the vaccine priority framework, OCTA partnered with transportation agencies in Los Angeles County to send a similar letter to the Governor. This letter is included as Attachment B. Specifically, this letter discusses how public transit workers interact with the public in a way that puts them at a higher risk of occupation-related exposure. Public transit workers continue to provide a lifeline to essential workers, seniors, people with disabilities, and other disadvantaged riders who need this service now more than ever. Transportation workers across the state have also answered the call to provide services that support vaccine distribution and vaccinator transportation.

On February 3, 2021, the California Department of Public Health's (CDPH) Community Vaccine Advisory Committee (CVAC) met to take public comment and continue discussions in order to inform the vaccine prioritization recommendations proposed by the CDPH's Drafting Guidelines Workgroup following the Governor's announcement. At the CVAC meeting, the State's intent to transition to an age-based approach following the completion of Phase 1B, Tier 1 was reaffirmed. The next priority group, currently not identified as a phase or tier, will include those between the ages of 16 and 64 with underlying conditions. Members of the CVAC largely agreed with the next prioritization group but urged for more simplicity and clarity. Research presented at the CVAC meeting demonstrated that the highest risk for mortality continues to be those over the age of 65, regardless of underlying conditions. As of writing this staff report, the Drafting Guidelines Workgroup is anticipated to finalize their recommendations on February 5, 2021 and will present those recommendations to the Governor for approval.

#### Federal Stimulus Discussions

On January 19, 2021, the Governor sent a letter addressed to the President indicating the support for the American Rescue Plan. This letter is included as Attachment C. The American Rescue Plan is a \$1.9 trillion emergency stimulus package, which includes, among other things, \$20 billion for transit operators. Additionally, the package would provide funding for a national vaccination program, scaling up efforts to contain COVID-19, and supports to reopen in-person schooling. The Governor applauded these priorities and noted how the plan aligns with California's goals. The Governor goes on to discuss additional areas where the State wishes to partner with the Administration. Specifically, the Governor stated that infrastructure remains a top priority for California, calling for a robust federal infrastructure plan that includes restoring the federal commitment to California's High-Speed Rail project. Other priorities listed in the letter's appendix include addressing homelessness, climate action, early education, wildfire resilience, immigration, and health care reform.

**Update on California State Legislature Leadership**

Following a unanimous vote on January 20, 2021, the California State Senate Republicans announced Senator Scott Wilk (R-Santa Clarita) will become the next California State Senate Minority Leader, replacing Senator Shannon Grove (R-Bakersfield). Upon the announcement, it was reported this change is expected to formally take place in a few weeks. Leader-Elect Wilk has publicly indicated his top priority as leader is to find solutions to aid in the recovery from the COVID-19 pandemic, particularly related to economic and educational challenges.

**Summary**

An overview is provided on budget trailer bills pertaining to relief measures related to COVID-19. Support is requested for Governor Newsom's proposal to extend and expand regulatory relief measures related to the Transportation Development Act while continuing to navigate the evolving impacts of the COVID-19 pandemic. An update is given on vaccine distribution prioritization, infrastructure stimulus discussions, and State Legislature leadership changes.

**Attachments**

- A. Letter from Michael Pimentel, Executive Director, California Transit Association, to the Honorable Gavin Newsom, Governor, State of California, dated January 25, 2021, re: Continue to Prioritize Transit Frontline Workers in Vaccine Distribution Plan
- B. Letter from Los Angeles and Orange County Transportation Agencies to the Honorable Gavin Newsom, Governor, State of California, dated February 2, 2021, re: Continued COVID-19 Vaccine Prioritization for Frontline Transit Workers
- C. Letter from the Honorable Gavin Newsom, Governor, State of California, to the Honorable Joseph R. Biden, President, United States of America, dated January 19, 2021
- D. Orange County Transportation Authority Legislative Matrix

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