



**February 15, 2024**

**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. A summary of the Governor's January budget proposal is provided with information on how it may impact transportation programs. An update is given on the formation of the State's Transit Transformation Task Force and its inaugural meeting. An overview of the most recent hearing of the Senate Transportation Subcommittee on Los Angeles – San Diego – San Luis Obispo Rail Corridor Resiliency is provided. Details are provided on relevant changes to the Assembly committees.

**Recommendation**

Receive and file as an information item.

**Discussion**

Summary of the Governor's January Budget

On January 10, 2024, Governor Newsom released his proposed state budget for fiscal year (FY) 2024-25. The Governor's proposal estimates General Fund revenues at approximately \$222.7 billion, with expenditures at approximately \$208.7 billion. The budget assumptions include a projected deficit of \$37.9 billion, which is significantly lower than what was projected by the Legislative Analyst's Office, a \$68 billion deficit. The budget deficit is attributed to a substantial decline in the stock market and delay in income tax collections. Because of the unprecedented tax filing and payment delay, the full scope of the estimated revenue decline was unclear until all the delayed tax returns and payments were received by the extended November 16, 2023, deadline, which was only two months before the 2024 budget proposal was due to the Legislature.

The Governor's budget includes \$13.6 billion for transportation programs and projects. To achieve this, the Governor recommends a variety of programmatic delays, shifts in funding, and reductions. Orange County Transportation Authority (OCTA) staff provided the Board of Directors (Board) with a memo highlighting the transportation programs (Attachment B). Notable among the proposed budget solutions is a delay to the Transit and Intercity Rail Program (TIRCP) funding. The formula TIRCP is proposed to delay \$1 billion of the remaining \$2 billion from FY 2024-2025 and FY 2025-2026. Last year's budget approved \$4 billion for this program to be distributed through a population-based formula over five years. OCTA is expected to receive \$380 million in formula TIRCP if the entire \$4 billion in funding is allocated. Additionally, the Active Transportation Program (ATP) is proposed to be reduced by \$200 million, with \$850 million of the \$1 billion remaining from the original one-time funding proposal. To ensure no impact on previously awarded projects, the \$200 million reduction will be backfilled from ATP funding that was anticipated to be available for allocation in future cycles. Lastly, it should be noted that the Governor's budget proposal includes a reversion of \$300 million in funding for the Regional Early Action Planning Grants 2.0; this reduces the available funding by 50 percent and significantly impacts projects that have already been awarded funding. OCTA staff is working with the Southern California Association of Governments to navigate these potential impacts.

With the State facing cost pressures with the current deficit, entities such as the Legislative Analyst's Office have expressed that the deficit is likely to grow in future years, and more reductions may be needed. OCTA will continue to participate in efforts to minimize impacts to transportation programs and provide timely updates to the Board as budgetary discussions continue.

#### Update on the State's Transit Transformation Task Force

SB 125 (Chapter 54, Statutes of 2023) required the California State Transportation Agency (CalSTA) to establish a Transit Transformation Task Force (Task Force) to develop policy recommendations to grow transit ridership, improve the transit experience, and address long-term operational needs. The legislation dictated that CalSTA include certain representatives on the Task Force including transit operators, both small and large operating in urban and rural jurisdictions, the California Department of Transportation, local governments, metropolitan planning organizations, regional transportation planning organizations, transportation advocacy organizations with expertise in public transit, labor organizations, academic institutions, the Senate Committee on Transportation, and the Assembly Committee on Transportation. On December 8, 2023, CalSTA announced the 25-member task force, which includes representatives from the Southern California Association of Governments, the California Transit Association, the Los Angeles County Metropolitan Transportation Authority, MoveLA, and more. Unfortunately, OCTA was not selected as a formal member of the Task Force. However, it is understood that a technical advisory body will be created to help inform the

discussions of the Task Force. At this time, OCTA anticipates being a part of those technical discussions. The inaugural meeting of the Task Force was held on December 19, 2023. This meeting was primarily to set the stage for further conversations. CalSTA Secretary Omishakin noted that there has never been a task force with this responsibility and that made it a historic effort for the State. He stated that his hope is that in five to ten years, there is an established foundation to transition transit to the best it can be for the state. The Task Force members were given a chance to express their top priorities which included addressing the fiscal cliff, addressing safety on transit, and developing changes for the existing farebox recovery requirements. The next meeting is scheduled for February 29, 2023.

#### Summary of Senate Transportation Subcommittee on Los Angeles – San Diego – San Luis Obispo Rail Corridor Resiliency Hearing

On December 11, 2023, the Senate Transportation Subcommittee on Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Resiliency held its third hearing, entitled, “*Setting Southern California Rail on Track for Success*”, in the City of San Clemente. The first panel for this hearing focused on implementing SB 677 (Chapter 407, Statutes of 2023), which requires LOSSAN to provide information on climate impacts on the LOSSAN rail corridor in its annual business plan, including a list of projects planned to increase climate resiliency as well as possible funding options for those projects. Representatives from CalSTA and LOSSAN were on this panel speaking about the role of the state in network planning and an overview of the business plan process. The second panel was comprised of research professionals who gave testimony on LOSSAN’s challenges and opportunities as it pertains to their governance structure. However, collectively, they indicated that there is a lack of a federal or state model to compare the LOSSAN rail corridor to and that there is a role for the state as a partner in planning and implementing capital projects.

#### Overview of State Leadership and Committee Changes

The California State Legislature reconvened the 2023-24 Legislative session on January 3, 2024. With the reconvening of the legislative session, there were several changes to committee memberships. Speaker Robert Rivas (D-Salinas) selected Assembly Member Lori Wilson (D-Suisun City) to serve as Chair of the Assembly Transportation Committee, replacing former Chair Laura Friedman (D-Burbank). Chair Wilson shared that her priorities as chair are to improve transportation equity and advocate for transportation policies that support housing creation. Both Assembly Members Laurie Davies (R-Laguna Niguel) and Kate Sanchez (R-Murrieta) continue to serve on the Assembly Transportation Committee. Assembly Member Kate Sanchez continues to serve as Vice Chair of the Assembly Appropriations Committee. Assembly Members Diane Dixon (R-Newport Beach) and Tri Ta (R-Westminster) continue to serve on the Assembly Appropriations Committee. Speaker Rivas appointed Assembly Member Cottie Petrie-Norris (D-Irvine) to replace Assemblymember

Eduardo Garcia (D-Coachella) as Chair of the Assembly Utilities and Energy Committee. Additionally, Assembly Members Sharon Quirk-Silva (D-La Palma) and Avelino Valencia (D-Anaheim) continue to serve on the Assembly Budget Committee. Assembly Member Sharon Quirk-Silva was selected to serve as Chair of the Assembly Budget Subcommittee on State Administration. Assembly Member Avelino Valencia was selected to serve as Chair of the Assembly Budget Subcommittee on Accountability and Oversight. The full list of Assembly committee appointments is included as Attachment C.

At the time of writing this staff report, there has not yet been a change in Senate leadership. Senate President pro-Tempore Toni Atkins (D-San Diego) is set to be replaced by Senator Mike McGuire (D-Healdsburg) on February 5, 2024. Staff is expecting changes to Senate committee memberships once Senator McGuire assumes leadership as Senate President pro-Tempore.

**Summary**

An update is provided on the Governor’s proposed budget for fiscal year 2024-25. Summaries are provided on the State’s Transit Transformation Task Force and the Senate Transportation Subcommittee hearing that was held in the City of San Clemente. An overview is provided on state legislative leadership and committee changes.

**Attachments**

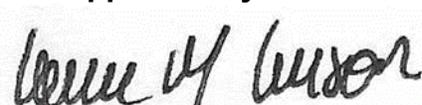
- A. Orange County Transportation Authority Legislative Matrix
- B. Orange County Transportation Authority Memo to Members of the Board of Directors, dated January 10, 2024, titled “Governor’s Fiscal Year 2024-25 State Budget Proposal”
- C. Assembly Committee Membership Changes for the 2023-24 Legislative Session

**Prepared by:**



Clara Brotcke  
Associate Government Relations Representative,  
Government Relations  
(714) 560-5329

**Approved by:**



Lance M. Larson  
Executive Director,  
Government Relations  
(714) 560-5908