



DATE: January 25, 2018

TO: Transportation Authority of Marin Board of Commissioners

FROM: Dianne Steinhauser, Executive Director
David Chan, Programming and Legislation Manager

SUBJECT: Adopt the 2018 Legislative Platform (Action), Agenda Item No. 11

RECOMMENDATION

Recommend the TAM Board to adopt TAM's Draft 2018 Legislative Platform as shown in Attachment A.

BACKGROUND

At the beginning of each year, TAM adopts a Legislative Platform in guiding policy decisions and communicating TAM's goals to the Legislature and other agencies, such as MTC and the Self-Help County Coalition, that have impacts on TAM during the year. TAM staff uses the platform to guide communications on critical legislation. TAM staff and Khouri Consulting will bring recommendations on pending legislation back to the TAM Board for review. Staff anticipates the first group of pending legislation will be presented in February for review.

TAM has historically worked in concert with other agencies and associations, and in support of its member jurisdictions, in supporting legislation. This is still likely the case for TAM in 2018. It should be noted that TAM's past legislative advocacies and successes have usually been accomplished by working with the Bay Area CMA Association, the Self-Help County Coalition, Regional Transportation Planning Agencies (RTPA), and MTC to further our interests.

DISCUSSION

The draft 2018 Legislation Platform (Attachment A) captures some of the ongoing policy elements that TAM has adopted from prior years' platforms, particularly the platform from 2017. Attachment B is redlined version of Attachment A that shows changes, additions, or deletions from last year's platform.

Given the passage of SB 1 in 2017, many of the funding goals from prior Platforms were removed or modified with the exception of Cap and Trade and Regional Measure (RM) 3, which remains a regional priority as well as for TAM. Therefore, we express support for a ballot measure sponsored by MTC seeking authority from Bay Area voters to consider on the June 2018 ballot to raise tolls on state-owned bridges.

While the passage of SB 1 will provide an infusion of state funds that have not been seen for nearly two decades, TAM will continue to support the protection of existing revenues dedicated for transportation, which includes revenues made available through the enactment of SB 1, and prevent them from being diverted for other purposes. To that end, TAM supports the placement of ACA 5 on the June 2018 ballot,

providing protection of SB1 transportation revenues from diversion to other statewide needs. As well, TAM will monitor and report back on efforts to repeal SB1.

The draft 2018 Legislative Platform supports the extension of the Cap and Trade Program that funds the Low Carbon Transit Operations Program (LCTOP) and Transit Capital and Intercity Rail Funding Program (TCIRP). The LCTOP provides formula funds to Marin Transit and Golden Gate Transit. The Platform also supports efforts to maintain the level of funding for the State Transit Assistance (STA) Program (SB 1 provides an additional \$364 million), which provides transit operators with flexible funding that can be used for operations and capital expenditures.

Along with transportation funding, the 2018 Legislative Platform also addresses a number of other key areas that are of interest to TAM, including but not limited to the following:

- maintaining equitable Safe Routes to School (SRTS) projects in the Active Transportation Program (ATP);
- increasing funding under the Cap and Trade program for transit, climate change strategies, and local bike/pedestrian needs;
- seeking to modify the definition of disadvantaged communities so that resources can be put to use in communities of concerns within the county; and
- supporting legislation to improve the performance of HOV lanes by ensuring greater compliance with passenger occupancy requirements, such as securing additional state funding for dedicated HOV-lane enforcement
- seeking creative solutions to help manage the flow of transit buses by sponsoring or supporting legislation to allow for transit buses to use shoulders along routes; and

Gus Khouri of Khouri Consulting will be present at the TAM Board meeting to provide an overview on the draft 2018 Legislative Platform as well as an overview of the proposed FY 18/19 State Budget released by the Governor on January 10, 2018. The draft 2018 Legislative Platform took into consideration the proposals in the FY 18/19 State Budget. Attachment C is Mr. Khouri's summary of the FY 18/19 State Budget.

ATTACHMENT

Attachment A – Draft 2018 Legislative Platform

Attachment B – Redlined Version of the Draft 2018 Legislative Platform

Attachment C – Khouri Monthly Report



Attachment A

Adopted 2018 Legislative Platform

Issue	Goal	Impacts/Opportunities
<p>A. Transportation Funding</p>	<p>In 2017, the legislature enacted SB 1 (Beall), Chapter 5, Statutes of 2017, which provides \$5.2 billion in annual revenues to fund traffic congestion relief, highway rehabilitation and safety, local streets and roads repair, and multi-modal options through investments into public transportation, commuter and intercity rail, and bicycle and pedestrian programs. The package included the repayment of \$706 million loan made to the General Fund and restoration of \$754 million in cuts to the State Transportation Improvement Program (STIP) through the elimination of the volatility associated with the gas tax. The STIP allows for regional transportation planning agencies to leverage federal and local dollars for the aforementioned purposes.</p> <p>TAM will continue to support the protection of existing revenues dedicated for transportation, which includes revenues made available through the enactment of SB 1. ACA 5, which proposes to prevent SB 1 funds from being diverted for other purposes, will be placed on the June 2018 statewide ballot.</p> <p>SB 1 provides several opportunities through the creation of various competitive programs. Options for TAM to secure funding include:</p> <ul style="list-style-type: none"> • Pursuing funding from the new competitive programs such as the Active Transportation Program, Local Partnership, and Solutions for Congested Corridors, which can fund transit capital, bicycle and pedestrian programs, and projects to alleviate highway traffic congestion, such as the Marin-Sonoma Narrows and Bettini Transit Center. 	<ul style="list-style-type: none"> • State Highway Account • Public Transportation Account • Highway Users Tax Account • Transportation Development Act • Cap and Trade Program • Marin Transit • GGBHTD

	<ul style="list-style-type: none"> • TAM will continue to seek funding to provide multi-modal options for its residents. In addition to SB 1, the legislature approved the extension of the Cap and Trade Program, from 2020 to 2030, through the enactment of AB 398 (Garcia), Chapter 135, Statutes of 2017. As a result, TAM will do the following to enhance mobility options: • Seek revenue from programs such as the Low Carbon Transit Operations Program (LCTOP) and Transit Capital and Intercity Rail Funding Program (TCIRP), which was augmented by \$245 million, for capital investments (maintenance facilities, rail) rolling stock purchases (buses, train cars). • Support efforts to maintain the level of funding for the State Transit Assistance (STA) Program (SB 1 provides an additional \$364 million), which provides transit operators with flexible funding that can be used for operations and capital expenditures. 	
	<p>2. TAM supports legislation that allows for the approval for regional and local funding for transportation. This includes the following:</p> <ul style="list-style-type: none"> • Support of a ballot measure sponsored by MTC seeking authority for Bay Area voters to consider on the June 2018 ballot on whether to raise tolls on state-owned bridges to fund congestion relief, rail connectivity and improved mobility in bridge corridors (Regional Measure 3). The ballot measure contains potential funding for County priorities such as the: • Richmond-San Rafael Bridge Access Improvements (580/101 connector)- \$210 million • Marin-Sonoma Narrows- \$120 million • State Route 37 Improvements - \$100 million • San Rafael Transit Center (Bettini Center) - \$30 million 	<ul style="list-style-type: none"> • Local Sales Taxes • Regional Gas Taxes • Local Vehicle Registration Fees
	<p>3. The Safe Routes to Schools (SRTS) program has been merged into the newly created Active Transportation Program (ATP). Support efforts to acquire funding from the ATP for items such as complete streets and other bicycle and pedestrian projects. Work with the California Transportation Commission and MTC to provide equitable geographic distribution of ATP funds.</p>	<ul style="list-style-type: none"> • State-Funded ATP Projects • Regional-Funded ATP Projects

B. FY 2018-19 State Budget	1. Monitor, assess, and react to impacts anticipated from the FY 2018-19 State Budget and anticipate shortfalls for transportation programs.	<ul style="list-style-type: none"> • Funding for dedicated projects such as MSN, STIP transit projects, and annual allocations for streets and roads • Funding that matches Proposition 1B Programs, such as CMIA and SLPP • Funding for transit operating (PTA/STA) • Protection of SHA and STIP
C. Air Quality	1. Review the results of the Roadway User Charge Committee’s Pilot Program Report and assess its findings on the feasibility of implementing a mileage-based user fee as a supplemental or successor fee to the gas tax. While the enactment of SB 1 has delayed the conversation, the issue is certain to rise to the forefront in the near future due to the prevalence of alternative fuel and electric vehicles, which do not pay at the pump.	<ul style="list-style-type: none"> • Activities associated with SB 375 • Strategies to reduce VMT
	2. Support funding for local and regional agency support to carry out SB 375 requirements by attempting to acquire funding from the various existing pots made available through the Cap and Trade programs.	<ul style="list-style-type: none"> • Activities associated with SB 375
	3. Coordinate with MTC and local jurisdictions with Marin to support projects that may qualify for funding under LCTOP and TCIRP within Governor’s Cap and Trade proposal to reduce GHG.	<ul style="list-style-type: none"> • Activities associated with SB 375
	4. Support the highest possible level of sub-allocation of Cap and Trade funds to the regional and local levels to fund multimodal projects including local streets and roads, bicycle-pedestrian, transportation demand management (TDM), rail, and transit projects.	
	5. Support flexibility with the Cap and Trade funds allocated for transportation purposes for projects to meet GHG reduction targets and to implement sustainable communities strategies. This includes adjusting program guidelines to provide for flexibility to address a mutual benefit between disadvantaged communities and the region as a whole. TAM will also seek to modify the definition of disadvantaged communities so that resources can be put to use in underprivileged communities within the county.	<ul style="list-style-type: none"> • Flexibilities with the use of New Transportation Funds
D. Alternative Modes	1. Support maintaining and enhancing the current levels of state and	<ul style="list-style-type: none"> • Safe Routes to School Programs

	federal funding for bicycle/pedestrian and electric vehicle/infrastructure programs.	<ul style="list-style-type: none"> • TDA Article 3 Funds • Active Transportation Program (ATP) Funds
	<p>2. Several legislators have historically introduced legislation to relax requirements for using high-occupancy vehicle (HOV) lanes. TAM opposes additional expansion of HOV lanes to usage by other than high-occupancy vehicles and those vehicles currently allowed by law to use such lanes.</p> <p>Support legislation to improve the performance of HOV lanes by ensuring greater compliance with passenger occupancy requirements, such as securing additional state funding for dedicated HOV-lane enforcement.</p>	<ul style="list-style-type: none"> • Highway 101 HOV Lanes
	3. Explore creative solutions to help manage the flow of transit buses by sponsoring or supporting legislation to allow for transit buses to use shoulders along routes.	<ul style="list-style-type: none"> • Highway 101 • Golden Gate Transit
E. Project Delivery	1. Seek opportunities to increase flexibility to deliver projects, such as supporting alternative contracting methods that include design-build and public private partnership.	<ul style="list-style-type: none"> • Future Major Capital projects
	2. Oppose efforts to require local agencies to reimburse Caltrans for its costs related to the preparation and/or review of project initiation documents (PIDs) for locally sponsored projects on state highway system.	<ul style="list-style-type: none"> • All Locally Sponsored Projects on the State Highway System
	3. Preserve the flexibility for local transportation agencies to be designated as the lead agency for CEQA actions, project development work and construction management for state highway projects. This includes supporting the streamlining of the CEQA process for projects within the existing right of way.	<ul style="list-style-type: none"> • Future Major Capital projects
	4. Support the continuation of Grant Anticipation Revenue Vehicle (GARVEE) bonds and AB 3090 arrangements by the CTC for STIP projects that are programmed in the out-years but are ready for implementation.	<ul style="list-style-type: none"> • All STIP-Funded Projects
	5. Support efforts to allow regional transportation agency to utilize procurement methods that will expedite project delivery and reduce cost.	<ul style="list-style-type: none"> • STIP Projects
F. Federal Priorities	1. Collaborate with transportation stakeholders to advocate for the	<ul style="list-style-type: none"> • STP, CMAQ, and ATP Funds

	reauthorization of a federal Surface Transportation Programs to replace MAP-21 (Moving Ahead for Progress in the 21 st Century). Support new revenue for the Highway Trust Fund and advocate for the highest possible level of funding at the county level.	<ul style="list-style-type: none"> • Regional Programs such as Local Streets and Roads (LSR), Lifeline, and Freeway Performance Initiative (FPI)
	2. Support and enhance current flexibility in allowing dedication of funds locally to the most urgent needs and the meeting of statewide goals, such as those under AB32 and SB375.	<ul style="list-style-type: none"> • STP, CMAQ, and ATP Funds
	3. Support dedicated funding for bicycle/pedestrian projects at the federal level.	<ul style="list-style-type: none"> • Bicycle/Pedestrian projects • Safe Routes to School projects
	4. Support the permanent increase of pre-tax commuter benefits from the current amount of \$130 per month to an equivalent amount allowed for pre-tax parking (\$250) with cost of living adjustments (COLA).	<ul style="list-style-type: none"> • Local and Regional Commuter Benefits Programs

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Attachment B

Adopted 2017-2018 Legislative Platform

Issue	Goal	Impacts/Opportunities
<p>A. Transportation Funding</p>	<p><u>In 2017, the legislature enacted SB 1 (Beall), Chapter 5, Statutes of 2017, which provides \$5.2 billion in annual revenues to fund traffic congestion relief, highway rehabilitation and safety, local streets and roads repair, and multi-modal options through investments into public transportation, commuter and intercity rail, and bicycle and pedestrian programs. The package included the repayment of \$706 million loan made to the General Fund and restoration of \$754 million in cuts to the State Transportation Improvement Program (STIP) through the elimination of the volatility associated with the gas tax. The STIP allows for regional transportation planning agencies to leverage federal and local dollars for the aforementioned purposes.</u></p> <p><u>TAM will continue to support the protection of existing revenues dedicated for transportation, which includes revenues made available through the enactment of SB 1. ACA 5, which proposes to prevent SB 1 funds from being diverted for other purposes, will be placed on the June 2018 statewide ballot.</u></p> <p><u>SB 1 provides several opportunities through the creation of various competitive programs. O1. In March 2010, the legislature approved the “gas tax swap” package, which increased the excise tax and eliminated the sales tax on gasoline, in order to acquire General Fund relief to pay down bond debt service while maintaining traditional levels of funding for transportation programs. Traditional gas tax revenues however, which have not been adjusted since 1994, have failed to provide adequate, sustainable funding to address transportation needs. As a result, Proposition 1B served as the only supplemental source of funding to the gas tax. Now that the</u></p>	<ul style="list-style-type: none"> • State Highway Account • Public Transportation Account • Highway Users Tax Account • Transportation Development Act • <u>Cap and Trade Program</u> • <u>Marin Transit</u> • <u>GGBHTD</u>

~~General Fund has been stabilized, and Proposition 1B funding has matured, statewide stakeholders are pursuing an increase in existing revenues or an alternative funding mechanism in 2017 to supplement transportation infrastructure, including revenues dedicated to highways, local streets and roads, public transit, bicycle and pedestrian programs. The Governor, through his proposed FY 2017-18 State Budget, and legislature has proposed funding packages (the Governor's plan is \$4.2 billion, Assembly and Senate packages are \$6 billion). Options for TAM to secure funding include:~~

- ~~• Pursuing funding for "Fix It First" projects, with an emphasis on local streets and roads, from the new competitive programs such as the Active Transportation Program, Local Partnership, and Solutions for Congested Corridors, which can fund transit capital, bicycle and pedestrian programs, and funding for local maintenance and operations projects to alleviate highway traffic congestion, such as the Marin-Sonoma Narrows and Bettini Transit Center.~~
- ~~• TAM will continue to seek funding to provide multi-modal options for its residents. In addition to SB 1, the legislature approved the extension of the Cap and Trade Program, from 2020 to 2030, through the enactment of AB 398 (Garcia), Chapter 135, Statutes of 2017. As a result, TAM will do the following to enhance mobility options:~~
- ~~• Seeking additional State Transportation Improvement Program (STIP) funding, which provides local transportation planning agencies with flexible funding to leverage federal grants and local sales tax dollars to address safety, congestion management, transit expansion and bicycle and pedestrian projects.~~
- ~~• Supporting the continuation of the Cap and Trade Program, which is set to expire in 2020. Funding from this program provides much needed resources to address public transportation, affordable housing, and bicycle and pedestrian needs. This includes seeking additional revenue from the 40% of non-continuously appropriated funds, meaning that the legislature has discretion on an annual basis to increase the amount of funding provided to revenue from programs such as the Low Carbon Transit Operations Program (LCTOP) and Transit~~

		<p>Capital and Intercity Rail Funding Program (TCIRP), <u>which was augmented by \$245 million, for capital investments (maintenance facilities, rail) rolling stock purchases (buses, train cars).</u></p> <ul style="list-style-type: none"> ● <u>Support efforts to maintain the level of funding for the State Transit Assistance (STA) Program (SB 1 provides an additional \$364 million), which provides transit operators with flexible funding that can be used for operations and capital expenditures. Supporting efforts to restore over \$1.1 billion of annual truck weight fees for supporting the SHOPP, STIP or local streets and roads programs rather than paying for general obligation bond debt service.</u> ● <u>Repayment of \$706 million to transportation for loans made to the General Fund.</u> ● <u>Stabilization of the price-based portion of the gas tax. The volatility of this source resulted in \$872 million reduction of revenues in 2015. A restoration to FY 2013-14 levels would be preferred.</u> 	
		<p>2. Due to the elimination of funding sources to the Public Transportation Account (PTA) through the gas tax swap, the passage of Proposition 22 and sole reliance on the sales tax on diesel may reduce revenue deposited into the State Transit Assistance (STA). Support efforts to maximize the level of funding for the STA program, which provides transit operators with flexible funding that can be used for operations and capital expenditures. This includes supplementing and stabilizing the sales tax on diesel, the sole source of funding for the program, in order to provide predictable, increased revenue to meet demand and accurately account for rolling stock and operational needs.</p>	<ul style="list-style-type: none"> ● Marin Transit ● GGBHTD
		<p>32. The unreliability of the state funding has had a debilitating impact on funding priority transportation projects in the County of Marin. TAM supports legislation that allows for the approval for regional and local funding for transportation. This includes the following:</p> <ul style="list-style-type: none"> ● Supporting efforts to increase funding for transportation projects, such as lowering the vote threshold for local transportation measures to 55% without a requirement to pay for maintenance costs on state highway system; 	<ul style="list-style-type: none"> ● Local Sales Taxes ● Regional Gas Taxes ● Local Vehicle Registration Fees

	<ul style="list-style-type: none"> • Sponsor legislation, after further local input, to provide an exemption from the 2% cap for local sales tax measures to ensure that TAM, as well as each city within the county has the capacity to collect and benefit from the imposition of a new sales tax, while maintaining headroom for other city or county specific priorities; • Support of a legislation ballot measure sponsored by MTC seeking authority for Bay Area voters to consider <u>on the June 2018 ballot at a future election</u> on whether to raise tolls on state-owned bridges to fund congestion relief, rail connectivity and improved mobility in bridge corridors (Regional Measure 3). <u>The ballot measure contains potential funding for County priorities such as the:</u> • <u>Richmond-San Rafael Bridge Access Improvements (580/101 connector)- \$210 million</u> • <u>Marin-Sonoma Narrows- \$120 million</u> • <u>State Route 37 Improvements - \$100 million</u> • <u>San Rafael Transit Center (Bettini Center) - \$30 million</u> • Support the enactment of legislation authorized in 1998 allowing MTC to enact up to a 10-cent regional gas tax for transportation, with emphasis on Local Streets and Roads Rehabilitation under Complete Streets policy. 	
	<p>43. The Safe Routes to Schools (SRTS) program has been merged into the newly created Active Transportation Program (ATP). Support efforts to acquire funding from the ATP for items such as complete streets and other bicycle and pedestrian projects. Work with the California Transportation Commission and MTC to provide equitable geographic distribution of ATP funds.</p>	<ul style="list-style-type: none"> • State-Funded ATP Projects • Regional-Funded ATP Projects
<p>B. FY 20187-198 State Budget</p>	<p>1. Monitor, assess, and react to impacts anticipated from the FY 20167-18<u>2018-19</u> State Budget and anticipate shortfalls for transportation programs.</p>	<ul style="list-style-type: none"> • Funding for dedicated projects such as MSN, STIP transit projects, and annual allocations for streets and roads • Funding that matches Proposition 1B Programs, such as CMIA and SLPP • Funding for transit operating (PTA/STA)

		<ul style="list-style-type: none"> • Protection of SHA and STIP
C. Air Quality	<p>1. <u>Review the results of the Roadway User Charge Committee’s Pilot Program Report and assess its findings on the feasibility of implementing a mileage-based user fee as a supplemental or successor fee to the gas tax. While the enactment of SB 1 has delayed the conversation, the issue is certain to rise to the forefront in the near future due to the prevalence of alternative fuel and electric vehicles, which do not pay at the pump. Monitor the results of the Roadway User Charge Committee’s Pilot Program as it assesses the feasibility of implementing a mileage-based user fee as a supplemental or successor fee to the gas tax.</u></p>	<ul style="list-style-type: none"> • Activities associated with SB 375 • Strategies to reduce VMT
	<p>22. Support funding for local and regional agency support to carry out SB 375 requirements by attempting to acquire funding from the various existing pots made available through the Cap and Trade programs.</p>	<ul style="list-style-type: none"> • Activities associated with SB 375
	<p>33. Coordinate with MTC and local jurisdictions with Marin to support projects that may qualify for funding under LCTOP and TCIRP within Governor’s Cap and Trade proposal to reduce GHG.</p>	<ul style="list-style-type: none"> • Activities associated with SB 375
	<p>44. Support the highest possible level of sub-allocation of Cap and Trade funds to the regional and local levels to fund multimodal projects including local streets and roads, bicycle-pedestrian, transportation demand management (TDM), rail, and transit projects.</p>	
	<p>55. Support flexibility with the Cap and Trade funds allocated for transportation purposes for projects to meet GHG reduction targets and to implement sustainable communities strategies. This includes adjusting program guidelines to provide for flexibility to address a mutual benefit between disadvantaged communities and the region as a whole. <u>TAM will also seek to modify the definition of disadvantaged communities so that resources can be put to use in underprivileged communities within the county.</u></p>	<ul style="list-style-type: none"> • Flexibilities with the use of New Transportation Funds
D. Alternative Modes	<p>1. Support maintaining and enhancing the current levels of state and federal funding for bicycle/pedestrian and electric vehicle/infrastructure programs.</p>	<ul style="list-style-type: none"> • Safe Routes to School Programs • TDA Article 3 Funds • Active Transportation Program (ATP) Funds
	<p>2. Several legislators have historically introduced legislation to relax</p>	<ul style="list-style-type: none"> • Highway 101 HOV Lanes

	<p>requirements for using high-occupancy vehicle (HOV) lanes. TAM opposes additional expansion of HOV lanes to usage by other than high-occupancy vehicles and those vehicles currently allowed by law to use such lanes.</p> <p>Support legislation to improve the performance of HOV lanes by ensuring greater compliance with passenger occupancy requirements, such as securing additional state funding for dedicated HOV-lane enforcement.</p>	
	<p>3. Explore creative solutions to help manage the flow of transit buses by sponsoring or supporting legislation to allow for transit buses to use shoulders along routes.</p>	<ul style="list-style-type: none"> • Highway 101 • Golden Gate Transit
E. Project Delivery	<p>1. Seek opportunities to increase flexibility to deliver projects, such as supporting alternative contracting methods that include design-build and public private partnership.</p>	<ul style="list-style-type: none"> • Future Major Capital projects
	<p>2. Oppose efforts to require local agencies to reimburse Caltrans for its costs related to the preparation and/or review of project initiation documents (PIDs) for locally sponsored projects on state highway system.</p>	<ul style="list-style-type: none"> • All Locally Sponsored Projects on the State Highway System
	<p>3. Preserve the flexibility for local transportation agencies to be designated as the lead agency for CEQA actions, project development work and construction management for state highway projects. This includes supporting the streamlining of the CEQA process for projects within the existing right of way and advance project environmental mitigation to get early permit approval.</p>	<ul style="list-style-type: none"> • Future Major Capital projects
	<p>4. Support the removal of the sunset date for the National Environmental Policy Act (NEPA) delegated authority, given that Caltrans' participation in the pilot program has enabled us to substantially streamline our environmental project review process under NEPA by removing a layer of review, while providing considerable savings—both in cost and time—in processing standard environmental documents.</p>	<ul style="list-style-type: none"> • —
	<p>54. Support the continuation of Grant Anticipation Revenue Vehicle (GARVEE) bonds and AB 3090 arrangements by the CTC for STIP projects that are programmed in the out-years but are ready for implementation.</p>	<ul style="list-style-type: none"> • All STIP-Funded Projects
	<p>65. Support efforts to allow regional transportation agency to utilize</p>	<ul style="list-style-type: none"> • STIP Projects

	procurement methods that will expedite project delivery and reduce cost.	
F. Federal Priorities	1. Collaborate with transportation stakeholders to advocate for the reauthorization of a federal Surface Transportation Programs to replace MAP-21 (Moving Ahead for Progress in the 21 st Century). Support new revenue for the Highway Trust Fund and advocate for the highest possible level of funding at the county level.	<ul style="list-style-type: none"> • STP, CMAQ, and ATP Funds • Regional Programs such as Local Streets and Roads (LSR), Lifeline, and Freeway Performance Initiative (FPI)
	2. Support and enhance current flexibility in allowing dedication of funds locally to the most urgent needs and the meeting of statewide goals, such as those under AB32 and SB375.	<ul style="list-style-type: none"> • STP, CMAQ, and ATP Funds
	3. Support dedicated funding for bicycle/pedestrian projects at the federal level.	<ul style="list-style-type: none"> • Bicycle/Pedestrian projects • Safe Routes to School projects
	4. Support the permanent increase of pre-tax commuter benefits from the current amount of \$130 per month to an equivalent amount allowed for pre-tax parking (\$250) with cost of living adjustments (COLA).	<ul style="list-style-type: none"> • Local and Regional Commuter Benefits Programs

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Attachment C



January 10, 2018

TO: Board Members, Transportation Authority of Marin
 FROM: Gus Khouri, Principal
 Khouri Consulting

RE: STATE LEGISLATIVE UPDATE – Governor’s FY 2018-19 State Budget

On January 10, Governor Brown released his proposed 2018-19 State Budget. The 2018-19 Budget is projected to have a healthy one-time surplus of \$8 billion. The state however the state will continue to face uncertain times, given that we are overdue for a recession, the volatility of our reliance on personal income tax and capital gains, and the ramifications of the recently enacted federal tax bill, which have not yet been factored into the Budget’s economic or revenue forecasts. Governor Brown mentioned that the state must continue to plan and save for the next recession. By the end of 2018-19, the expansion will have matched the longest in post-war history.

Governor Brown stated that the best way to buffer against uncertainty and protect against future cuts is to continue building the state’s Rainy Day Fund. Proposition 2, approved by California voters in 2014, established a constitutional goal of reserving 10 percent of tax revenues in a Rainy Day Fund. By the end of the current (2017-18) fiscal year, the state’s Rainy Day Fund will have a total balance of \$8.4 billion, or 65 percent of the constitutional target. The budget proposes a \$3.5 billion supplemental payment in addition to the constitutionally required transfer to the Rainy Day Fund for 2018-19. The two payments would bring the total Rainy Day Fund to \$13.5 billion.

More Funds for Education

In 2013, the state enacted the K-12 Local Control Funding Formula to increase support for the state’s neediest students and restore local district flexibility over how money is spent in schools. With \$3 billion in new proposed funding for the formula in 2018-19, the budget will achieve full implementation of the formula two years ahead of schedule. To improve student achievement and transparency, the budget proposes requiring school districts to create a link between their local accountability plans and their budgets to show how this increased funding is being spent.

The minimum guarantee of funding for K-14 schools in 2007-08 was \$56.6 billion and dropped to \$47.3 billion in 2011-12 at the peak of the state budget crisis. From this

recent low, funding has grown substantially, and is projected to grow to \$78.3 billion in 2018-19 – an increase of \$31 billion (66 percent) in seven years. For K-12 schools, 2018-19 funding levels will increase by about \$4,600 per student above 2011-12 levels.

Increased Higher Education Spending

The budget proposes the creation of the first wholly online community college in California. The online college would provide a new [affordable pathway](#) to higher wages through credentials for those who don't currently access the California community college system.

The budget proposes a total increase of \$570 million (4 percent) for community colleges, including a new funding formula that encourages colleges to enroll underrepresented students and rewards colleges for improving students' success in obtaining degrees and certificates. As the new formula is implemented, no district will receive less funding than currently provided. Included in the community colleges budget increase is \$46 million for the first year of implementation for Assembly Bill 19, which allows colleges to waive tuition for first-time, full-time students.

Additionally, the budget again increases state support for the University of California and the California State University by 3 percent. Since the end of the Great Recession, the University of California has received \$1.2 billion in new funding and the California State University (CSU) has received \$1.6 billion. Over the same time period, funding for state financial aid that primarily supports low-income and first-generation students has increased by \$623 million to a total of \$2.3 billion.

Given these funding increases, the budget reflects flat tuition and expects the universities and community colleges to continue to improve their students' success. With no tuition increases this year, university tuition, adjusted for inflation, will be below 2011-12 levels.

Continuing Health Care Expansion

Amidst growing uncertainty at the federal level, the budget again provides funding to increase health care coverage to low-income Californians under the federal Affordable Care Act (ACA). California will continue implementing the optional expansion of ACA with nearly 3.9 million Californians covered in 2018-19.

Paying Down Debts and Liabilities

In [May 2011](#), Governor Brown identified a \$35 billion Wall of Debt – an unprecedented level of debt, deferrals and budgetary obligations accumulated over the prior decade. That debt has been substantially reduced, and now stands at less than \$6 billion.

Impact on Transportation

The budget reflects the first full year of funding under the [Road Repair and Accountability Act of 2017](#) (Senate Bill 1), which provides stable, long-term funding for both state and local transportation infrastructure. Over the next decade, the \$55 billion transportation package will provide \$15 billion for state highway repairs and

maintenance, \$4 billion in state bridge repairs, \$3.3 billion for state trade corridors, and \$2.5 billion for the state's most congested commute corridors. Local roads will receive more than \$15 billion in new funding for maintenance and repairs and \$2 billion in matching funds for local partnership projects. Transit and intercity rail will receive \$7.6 billion in additional funding, and local governments will have access to \$1 billion for active transportation projects. For 2018-19, the budget includes \$4.6 billion in new transportation funding, which includes:

- A focus on “fix-it-first” investments to repair neighborhood roads, state highways and bridges (\$2.8 billion).
- Making key investments in trade and commute corridors to support continued economic growth and implement a sustainable freight strategy (\$556 million).
- Matching locally generated funds for high-priority transportation projects (\$200 million).
- Investing in local passenger rail and public transit modernization and improvement (\$721 million).

With voter approval of ACA 5 on the June ballot, all SB 1 revenues will be constitutionally dedicated to transportation. Implementation of SB 1 includes the following:

- **Efficiencies**—SB 1 requires Caltrans to achieve \$100 million in annual efficiencies that can be redirected back to capital projects and maintenance. Caltrans is currently implementing a range of efficiencies that are estimated to generate considerably more than \$100 million in cost avoidance and monetary savings. Some of these include reducing overhead costs, accelerating work, innovative contracting tools, value engineering, streamlining of environmental reviews, and implementing of new technologies. Caltrans will provide an interim report at the Commission's January 2018 board meeting later this month detailing the status of these efficiency improvements.
- **Office of the Inspector General**—SB 1 established an Office of the Inspector General to provide verification and assurance that funds are being used optimally and as the Act intends. The Office will also oversee the Department's compliance with the new contracting diversity goals in SB 1. The Governor has appointed the new Inspector General, and the 2017 Budget Act provided audit staff and funding to support the office's efforts.
- **Local Streets and Roads**—The 2017 Budget provided \$451 million to cities and counties for projects that begin addressing their highest repair needs on local streets and roads. Cities and counties are expected to begin receiving the new revenues together with their base road maintenance funding by early February 2018. The Budget provides \$1.2 billion in new revenues to cities and counties to continue addressing the backlog of local road repairs.

- **Transit and Intercity Rail Capital Program**—The upcoming five-year program from new SB 1 revenues and existing Cap and Trade auction proceeds will provide \$2.4 billion in new transit project funding. CalSTA adopted guidelines for the program in October 2017, with project applications due January 12, 2018, and awards expected by April 30, 2018. The Budget provides \$330 million in SB 1 funds for these projects.
- **State Transit Assistance**—For 2017-18, in addition to the transit capital project funding, SB 1 also provided an additional \$280 million for operations for local transit agencies in addition to the \$500 million in other base annual funding. Funds are expected to flow to local transit agencies beginning in early February 2018, and will permit local agencies to improve service for transit riders. The Budget provides an additional \$355 million for local transit operations, bringing the 2018-19 total to \$855 million.
- **New SB 1 Resources for Intercity and Commuter Rail Program**—\$36 million Public Transportation Account from increased diesel sales tax revenues to be allocated by the Agency for operations and capital improvements of intercity and commuter rail services. Allocation requests were received on December 15, 2017, for the three-year period ending 2019-20. Rail operators indicate this funding will expand rail service, be used to purchase or rehabilitate train sets, and improve track and signal infrastructure.
- **Local Partnerships**—SB 1 provides \$200 million per year as matching funds for local projects in jurisdictions that generate local transportation revenues. The Commission completed guidelines for this revised program on October 18, 2017, with local agencies proposing projects by January 30, 2018, and with project selection completed by May 16, 2018. This program will function similarly to the State-Local Partnership program, which received \$1 billion from Proposition 1B in 2006.
- **Active Transportation Program**—SB 1 provides \$100 million per year for bicycle and pedestrian facility projects such as the Santa Ana City First Street Pedestrian Improvement in Orange County, the Palm Drive Bicycle and Pedestrian Improvement in Riverside County, and the Boron to Desert Lake Pedestrian Path in Kern County. These projects provide viable transportation alternatives to the traveling public, improve links to transit, and support other policy objectives such as reducing greenhouse gas emissions. As a result of additional SB 1 funding, the Commission was able to advance 22 existing projects and fund 71 additional projects in both the current and budget years. Selection of state-sponsored projects has already been completed, and final selection of locally-sponsored projects is expected to be complete by the end of January 2018.

- **Repair and Maintenance of the State Highway System**—With the \$451 million provided in the 2017 Budget, Caltrans was able to accelerate 117 projects with a value totaling \$993 million. Maintenance efforts are projected to fix 67,000 potholes, 5,400 lane miles of cracking and 7,000 spalls along with 765,000 feet of guardrail and 32,000 miles of striping. More highway repair projects will be added and accelerated as part of the proposed 2018 State Highway Operation Protection Program due to be adopted in March 2018. The Budget provides \$1.2 billion to continue addressing the state’s highest repair and maintenance needs.
- **Bridge and Culvert Repairs**—SB 1 provides \$400 million per year to fund repairs and maintenance on the state’s bridge and culvert infrastructure. More bridge projects will be added and accelerated as part of the proposed 2018 State Highway Operation Protection Program due to be adopted in March 2018.
- **Commuter Corridors**—SB 1 provides \$250 million per year for projects to improve capacity in the state’s most congested commuter corridors. The Commission completed guidelines for this revised program on December 6, 2017, and projects are due by February 2018, with project selection expected by May 16, 2018. Typical projects include highway widening, high occupancy vehicle lanes, and improved on-ramp and off-ramp construction. This program will be similar to the Corridor Mobility Improvement Account program, which received \$4.5 billion from Proposition 1B in 2006 and funded projects such as the Sonoma Narrows Highway 101 widening and high occupancy vehicle lane project in Marin County.
- **Trade Corridor Enhancements**—The 2017 Budget provided \$203 million for projects that address bottlenecks and improve throughput on the state’s most economically important trade corridors. Of this amount, \$50 million was appropriated to the Air Resources Board for its competitive Zero/Near-Zero Emission Warehouse Program, which will fund projects that reduce emissions from freight-related sources. For the remainder of these funds, the CTC completed guidelines for this revised program on October 18, 2017, and proposed projects are due by January 30, 2018, with project selection expected by May 16, 2018. This Budget provides \$306 million to fund new projects to meet the state’s current and future freight needs. Typical projects include port improvements, highway railroad grade separations, highway widening, and double tracking for freight rail. This program will be similar to the Trade Corridors program, which received \$2 billion from Proposition 1B in 2006.
- **Freeway Service Patrols**—SB 1 provides \$25 million per year on top of the existing \$25 million in base funding for local transportation agencies to fund freeway service patrols that help clear incidents that cause temporary congestion, such as flat tires or vehicles that have run out of fuel. Studies have shown that disabled vehicles cause up to a third of the state’s traffic delays.

Combating Climate Change

California continues to work towards a state goal to reduce greenhouse gas emissions 40 percent below 1990 levels by 2030. In July, Governor Brown [signed legislation](#) to extend California's landmark cap-and-trade program through 2030. Since then, auction proceeds have stabilized and revenues have increased, resulting in \$1.25 billion in cap-and-trade funds available for appropriation in 2018-19. The plan for these funds will be announced in conjunction with the Governor's State of the State Address.