

AGENDA

Legislative Committee

The next meeting of the Legislative Committee will be as follows.

Date: Thursday, March 12, 2015 - 5:30 p.m. to 6:30 p.m.
 Place: San Mateo County Transit District Office¹
 1250 San Carlos Avenue
2nd Floor Auditorium
 San Carlos, California

PLEASE CALL Jean Higaki (599-1462) IF YOU ARE UNABLE TO ATTEND.

1	Public comment on related items not on the agenda.	Presentations are limited to 3 Minutes	
2	Approval of Minutes from February 12, 2015.	Action (Gordon)	Pages 1-3
3	Update from Shaw/Yoder/Antwih	Oral Presentation (Shaw/Yoder/Antwih)	
4	Review and recommend approval of the C/CAG legislative policies, priorities, positions, and legislative update (A position may be taken on any legislation, including legislation not previously identified).	Action (Gordon)	Pages 4-9
5	Adjournment	Action (Gordon)	

NOTE: All items appearing on the agenda are subject to action by the Committee. Actions recommended by staff are subject to change by the Committee.

¹From Route 101 take the Holly Street (west) exit. Two blocks past El Camino Real go left on Walnut. The entrance to the parking lot is at the end of the block on the left, immediately before the ramp that goes under the building. Enter the parking lot by driving between the buildings and making a left into the elevated lot. Follow the signs up to the levels for public parking.

For public transit access use SamTrans Bus lines 390, 391, 292, KX, PX, RX, or take CalTrain to the San Carlos Station and walk two blocks up San Carlos Avenue.

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
LEGISLATIVE COMMITTEE**

**MEETING MINUTES
February 12, 2015**

At 5:40 P.M. Vice Chair Kiesel called the Legislative Committee meeting to order in the 2nd Floor Auditorium at the San Mateo Transit District Office. Chair Gordon arrived and proceeded to lead the meeting after approval of the minutes.

Committee Members Attending:

Art Kiesel (City of Foster City)
Deborah Gordon (Town of Woodside)
Mary Ann Nihart (City of Pacifica)
Karen Ervin (City of Pacifica)
Kirsten Keith (City of Menlo Park)

Guests or Staff Attending:

Matt Robinson - Shaw/ Yoder/ Antwih Inc.
Sandy Wong, Jean Higaki, Matt Fabry - C/CAG Staff
Jim Bigelow - C/CAG CMEQ Member
Onnolee Trapp - C/CAG CMEQ Member

1. Public comment on related items not on the agenda.

None

2. Approval of Minutes from January 8, 2015.

Member Ervin moved and Member Keith seconded approval of the January 8, 2015 minutes. Motion passed unanimously.

3. Update from Advocation & Shaw/ Yoder/ Antwih (SYA).

Matt Robinson, from SYA provided a legislative update. February 27, 2015 is the last day to submit bills for introduction in the first year of the session.

Transportation funding was addressed in the Governor's budget. While a 59 billion dollar shortfall was acknowledged in highway maintenance, the budget did not discuss the shortfall in local streets and roads or transit funding. Two suggested ways to close the funding gap is a proposed vehicle miles traveled (VMT) charge and the promotion of "managed" (toll) lanes. Since this proposal would only yield a few billion, the Governor is looking for further proposals to address the transportation shortfalls.

The Speaker of assembly released a plan to repay loans, taken from the transportation congestion relief program (TCRP), which went to the general fund. The plan also proposed to stop shifting the truck weight fees from the State Highway Account to pay down transportation debt services (e.g. prop 1B). Instead, it is proposed to impose a road user charge of \$56 annually to pay down the transportation debt service. Since most of the proposals are still in the early development stages, we will be looking to support specific legislative proposals at the next meeting.

Cap and Trade is not very big this year, but the pot is expected to grow. The Transit Oriented Development side of the Affordable Housing Sustainable Communities (AHSC) requires projects to be near fixed rail and requires a housing development element. The Integrated Connectivity Program (ICP) of the AHSC has an \$8 mil project cap and does not require a housing element. Some cities may have potential projects to submit however the application process is onerous. The complexity of the program and application process appears to be preventing smaller jurisdictions from applying.

Chair Gordon, suggested that C/CAG host a workshop to facilitate idea generation of potential cap and trade projects. It was noted that even the concept application process is not easy. It was suggested that feedback given to the Strategic Growth Council, through the legislative delegation, about the application process might help in future rounds of applications.

There is trailer bill language in development that will allow MTC to apply to the CTC for the establishment of HOT lanes on state highways that currently have a carpool lane. MTC would need consultation from CMAs. The overall goal is to expand the HOT network. Some CMAs want their own authority.

Assembly member Mullin will be introducing a bill to raise the local sales tax cap statewide from 2% to 3%. SMCTA is considering a new sales tax in 2016 however, talk is at very early stages right now.

Member Nihart asked about the Governor's state of the state speech regarding climate change and the transportation nexus. Apparently, there is a three pronged approach proposed. One prong is the increase of clean energy production in the portfolio, then increasing the use of hybrid and electric cars, and lower petroleum use in general. Senator DeLeon has released a package of proposals. Also, under AB 32, Pavley proposes setting new GHG targets for 2050. It will have the effect of extending the cap and trade program till 2050. This is an attempt to codify the Cap and Trade program.

4. Receive Update on Stormwater Related Legislative Issues

Matt Fabry gave an update about items in his staff report.

SB 985 Pavely - C/CAG might consider sponsoring a bill which addresses the difficulty of meeting a stormwater resource plan requirement, in order to be eligible for water bond stormwater funds. Staff intends see if this can be addressed administratively. If it cannot be addressed administratively staff may look for a legislative route.

Proposition 218 – There is a push to get a constitutional amendment to Proposition 218 giving stormwater the same exemptions that water, sewer, and refuse currently have. A protest process is still required to impose fees or an increase in fees but a voter approval is not required. This amendment has been attempted four times in the past without getting out of committee, but there is growing support on this effort.

AB 2170 - Staff will present an amendment to the Joint Powers Agreement through a C/CAG Board subcommittee. Staff will need to look at the new administrative draft of the permit requirements and discern what sort of financial impact it would mean to jurisdictions. The Board would have to make a decision to move forward with a fee or tax. Staff will work with the storm water committee and bring recommendations to the Board. Staff is targeting September 2015 to initiate a funding initiative.

Committee members expressed concern about timing an outreach and education component in the short time frame.

5. Review and recommend approval of the C/CAG legislative policies, priorities, positions, and legislative update (A position may be taken on any legislation, including legislation not previously identified).

There was no position recommendation made by the committee at this time.

6. Receive C/CAG Board Approved C/CAG Legislative Policies for 2015.

This is not an action item. It is a “clean” copy of the approved legislative policies provided for information.

7. Adjournment

The meeting adjourned at approximately 6:28 P.M.

C/CAG AGENDA REPORT

Date: March 12, 2015

To: C/CAG Legislative Committee

From: Sandy Wong, Executive Director

Subject: Review and recommend approval of C/CAG legislative policies, priorities, positions, and legislative update (A position may be taken on any legislation, including legislation not previously identified)

(For further information or questions contact Jean Higaki at 599-1462)

RECOMMENDATION

That the C/CAG Legislative Committee recommend the C/CAG Board to take a position on any legislation or direct staff to monitor any legislation for future positions to be taken.

FISCAL IMPACT

Unknown.

SOURCE OF FUNDS

NA.

BACKGROUND

The C/CAG Legislative Committee receives monthly written reports and oral briefings from the C/CAG's State legislative advocates. Important or interesting issues that arise out of that meeting are reported to the Board.

At this time, staff is recommending that the Legislative Committee recommend that the C/CAG Board send a letter of support for Assembly Bill 227. AB 227 requires repayment of outstanding transportation loans by December 31, 2018 and prevents future borrowing of weight fee revenues from the State Highway Account. This bill would also extend a project sponsor's ability to utilize public-private partnerships as a procurement method, which currently ends on or after January 1, 2017. Although other bills regarding weight fee revenues have been introduced, such as AB4, AB 227 appears to be more developed.

ATTACHMENTS

1. March 12, 2015 State Legislative Update from Shaw/ Yoder/ Antwih Inc.
2. Draft Letter of Support for AB 227
3. Full Legislative information is available for specific bills at <http://leginfo.legislature.ca.gov/>



SHAW/YODER/ANTWIH, inc.
LEGISLATIVE ADVOCACY • ASSOCIATION MANAGEMENT

DATE: March 12, 2015
TO: Board Members, City/County Association of Governments, San Mateo County
FROM: Andrew Antwih and Matt Robinson, Shaw / Yoder / Antwih, Inc.
RE: STATE LEGISLATIVE UPDATE – March 2015

Legislative Update

February 27 marked the last day for members of the Legislature to introduce bills for consideration in the first year of the 2015-16 Legislative Session. In total, 1,569 Assembly bills and 839 Senate bills were introduced by the deadline. We have flagged several bills for C/CAG's consideration and discuss some of the more relevant bills under Bills of Interest, below. The Legislature breaks for Spring Recess on March 26.

C/CAG Lobby Day

On April 7, members of the C/CAG Legislative Committee will travel to Sacramento to meet with members of the San Mateo County delegation, as well as members of the Brown Administration. This visit will provide C/CAG with an opportunity to discuss important issues with the delegation, including transportation needs in the County, Cap and Trade, and stormwater funding.

Gasoline Excise Tax Lowered By Board of Equalization

On February 24, the Board of Equalization (BOE) took an action, which would take effect on July 1, 2015, to lower the excise tax on gasoline from 18 cents a gallon to 12 cents a gallon. This action could reduce transportation funding by an estimated \$1 billion in 2015-16, which will directly impact local streets and roads, state highways, and mass transportation.

Pursuant to the 2010 "Gas Tax Swap," which reduced the sales tax on gasoline and replaced it with an additional excise tax, the BOE is statutorily required to adjust the state excise tax on gasoline so that it equals the anticipated revenue that would have been generated by the sales tax on gasoline. Due to the recent decline in the price of gasoline (projected by BOE to have a base price of \$2.66 per gallon), the sales tax revenue that would have been produced is projected to decline. In order to keep the gas taxes revenue neutral, BOE is required to lower the "swap-based" excise tax from the 2014-15 rate of 18 cents per gallon to 12 cents per gallon in 2015-16.

Revenue from the "swap-based" excise tax is used to support the loss of weight fee revenues in the State Highway Account (approximately \$1 billion in 2014-15), with what remains distributed

on a formula basis to cities and counties for local streets & roads (44 percent), the STIP (44 percent), and the SHOPP (12 percent). The BOE's action would result in revenues from the excise tax dropping from \$2.6 billion in 2014-15 to \$1.6 billion in 2015-16, leaving an estimated \$600 million for the aforementioned formula split after weight fees are transferred.

SB 321 has been introduced by Senator Jim Beall, Chair of the Senate Transportation and Housing Committee, to address future fluctuations in the excise tax. We provide further information on this bill below under ***Bills of Interest***. A coalition of public agencies and transportation interest groups has emerged to deal with this revenue decline; we participate in that effort, and we will continue to engage members of the Legislature, the Administration, and BOE on this issue.

The Administration Proposes Managed Lanes and Highway Relinquishments

Last month, the California State Transportation Agency (CalSTA) released draft language for two potential budget trailer bills related to managed lanes and highway relinquishments. The first would follow one of the recommendations in CalSTA's California Transportation Infrastructure Priorities report by eliminating the cap on the number of managed lanes in California and allowing Caltrans and regional transportation agencies to apply to the CTC to establish "toll facilities" on state highways, which include high occupancy toll lanes, express toll lanes, & toll roads, as well as allow for the financing of these facilities through the sale of bonds. Conditions are placed on the use of revenues generated from the tolls collected and all revenues must be used in the corridor from which they are collected. The proposal defines corridor to mean "the state highway or highways, where tolls could be collected" and allows revenues to be used for "transportation systems and facilities that affect the travel performance of, reliability of, or access to those highways or provide another mode of transportation on or within the vicinity of those highways."

The second proposal would establish a general authorization for Caltrans and the CTC to relinquish state highways to cities and counties for those highways deemed to present more of a regional significance. The goal of the Administration's proposal is to streamline the relinquishment process and deter the Legislature from introducing one-off bills dealing with specific segments of the state highway system.

Cap and Trade Programs Underway

The Governor's Budget proposes \$1 billion in Cap and Trade spending in 2015-16, with 60 percent of that funding earmarked for transportation programs, including the high-speed rail project. The Legislative Analyst's Office, in its review of the Governor's Budget, argues that the administration's estimate is far too low and that Cap and Trade revenues will likely be in excess of \$2 billion.

Concept proposals for the Affordable Housing and Sustainable Communities (AHSC) Program were due February 19. The Strategic Growth Council is now reviewing the concept proposals and will invite applicants to submit full proposals by March 11, with the full proposal application due April 15. The Council anticipates awarding projects in June.

The final guidelines for the Transit and Intercity Rail Capital Program were released on February 6 and CalSTA issued the call for projects shortly thereafter. Project applications are due to CalSTA by April 10, with projects awarded in June.

Bills of Interest

ACA 4 (Frazier) Lower-Voter Threshold for Transportation Taxes

This bill would lower voter approval requirements from two-thirds to 55 percent for the imposition of special taxes used to provide funding for transportation purposes.

AB 4 (Linder) Vehicle Weight Fees

This bill would prohibit vehicle weight fee revenues from being transferred from the State Highway Account to the Transportation Debt Service Fund, the Transportation Bond Direct Payment Account, or any other fund or account for the purpose of payment of the debt service on transportation general obligation bonds, and would also prohibit loans of weight fee revenues to the General Fund. This bill would sunset on January 1, 2020.

AB 194 (Frazier) Managed Lanes

This bill would authorize a regional transportation agency to apply to the California Transportation Commission to operate a high-occupancy toll (HOT) lane. This bill further requires that a regional transportation agency “consult” with any local transportation authority (e.g. C/CAG) prior to applying for a HOT lane if any portion of the lane exists in the local transportation authority’s jurisdiction. This bill also specifically does not authorize the conversion of a mixed-flow lane into a HOT lane.

AB 227 (Alejo) Vehicle Weight-Fees

This bill would undo the statutory scheme that allows vehicles weight fees from being transferred to the general fund from the State Highway Account to pay deb-service on transportation bonds and requires the repayment of any outstanding loans from transportation funds by December 31, 2018. This bill would also extend the authorization of public-private partnerships.

AB 378 (Mullin) US 101 Congestion Relief

This bill is a placeholder for legislation that will eventually target congestion relief on US 101. The author began meeting with stakeholder groups, including C/CAG, to discuss solutions to the US 101. This will be an ongoing effort and the bill may not move until next year.

AB 464 (Mullin) Local Sales Tax Limit Increase

This bill would increase, from 2 percent to 3 percent, the statewide cap on sales tax at the local level. Currently, the statewide sales tax may not exceed 9.5 percent when combined with any local sales tax. This would increase the overall limit to 10.5 percent.

SB 32 (Pavley) Extension of the California Global Warming Solutions Act of 2006 (AB 32)

Under AB 32, ARB adopted a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990, to be achieved by 2020, and was authorized to adopt regulations to achieve the GHG reduction-target, including a market-based compliance mechanism (e.g. Cap and Trade). This bill would require ARB to approve a GHG limit equivalent to 80% below the 1990 level to be achieved by 2050 and would authorize the continued use of the regulatory process to ensure the target is met.

SB 321 (Beall) Stabilization of Gasoline Excise Tax

The gas tax swap replaced the state sales tax on gasoline with an excise tax that was set at a level to capture the revenue that would have been produced by the sales tax. The excise tax is required to be adjusted annually by the BOE to ensure the excise tax and what would be produced by the sales tax remains revenue neutral. This bill would, for purposes of adjusting the state excise tax on gasoline, require the BOE to use a five-year average of the sales tax when calculating the adjustment to the excise tax.

C/CAG

CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY

Atherton • Belmont • Brisbane • Burlingame • Colma • Daly City • East Palo Alto • Foster City • Half Moon Bay • Hillsborough • Menlo Park • Millbrae • Pacifica • Portola Valley • Redwood City • San Bruno • San Carlos • San Mateo • San Mateo County • South San Francisco • Woodside

March 14, 2015

The Honorable Luis Alejo
P.O. Box 942849
Sacramento, CA 94249-0030

RE: **SUPPORT** for Assembly Bill 227 (Alejo)

Dear Assembly Member Alejo:

The City/County Association of Governments of San Mateo County (C/CAG) is the Congestion Management Agency (CMA) for San Mateo County. C/CAG would like to express our **SUPPORT** for Assembly Bill 227, which would require repayment of outstanding transportation loans by December 31, 2018 and prevent future borrowing of weight fee revenues from the State Highway Account.

In 2011, the state faced economic pressures on the General Fund due to the recession. A decision was made to redirect approximately \$1 billion in truck weight-fee revenue to the General Fund, for debt-service payments on various transportation bonds, including \$19 billion for Proposition 1B. This redirection was detrimental to transportation funding due to its effect on the gasoline excise tax. A portion of the gasoline excise tax is normally divided between the state and cities & counties for transportation projects. The current use of excise tax to backfill the loss of weight-fee revenues in the State Highway Account reduces the excise tax revenue available to both the state and local governments for highway projects and local streets roads repairs.

We **SUPPORT** AB 227 and appreciate your efforts to direct more funding to transportation as the state and local agencies continue to face a significant shortfalls.

Please feel free to contact me with any questions or concerns.

Sincerely,

Mary Ann Nihart, Chair
City/County Association of Governments of San Mateo County

Cc: Assembly Member Kevin Mullin
Senator Jerry Hill
Assembly Member Richard Gordon