

AGENDA

Legislative Committee

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

Date: Thursday, September 8, 2016 - 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 August 11, 2016.	Action (Gordon)	Pages 1-3
3	Update from Shaw/Yoder/Antwih	Information (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). Letters of support for ABX1 26 (Frazier) And ABX1 1	Action (Gordon)	Page 4- 11
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
August 11, 2016**

At 5:31 P.M. Chair Gordon called the Legislative Committee meeting to order in the 2nd Floor auditorium at the San Mateo Transit District Office.

Guests or Staff Attending:

Matt Robinson - Shaw/ Yoder/ Antwih Inc.
Sandy Wong, Jean Higaki, Matt Fabry - C/CAG Staff
Seth Miller – League of California Cities

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

None

2. Approval of Minutes from May 12, 2016.

Member O’Connell moved and Member Derwin seconded approval of the May 12, 2016 minutes. Member Nihart abstained. Motion passed 6-0.

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

Matt Robinson, from Shaw/ Yoder/ Antwih provided an update from Sacramento.

The State Legislature was off in July and reconvened on August 1st. The last day of formal session is August 31st. The Governor has till end of September to sign any bill from the last day of session.

The two chairs of the house and senate (Frazier and Beall) are working to merge the two transportation funding packages. Some differences regarding CEQA reform, transit funding, alternative procurement issues are being worked out. There is the effort to have an identical bill in each house during the special session and then work on obtaining the 2/3 support. It is unlikely that something will happen by end of August before November elections. The thought is that something may be able to move after the election and before the end of the special session at the end of November.

The Governor may have to make transportation funding a priority to get a bill passed but right now the priority is housing and extension of CAP and Trade beyond 2020. Transportation funding is around 3 to 4 on the priority list at this time.

In general, the bills that C/CAG is strongly opposing are dead (SB 1170 and SB 885) and the

bills that C/CAG is supporting are progressing or are signed (AB 2126 and AB 516). ACA 4 is still in limbo but may not pass.

The last Cap and Trade auction was generated around \$10 million but was estimated to generate \$500 million. Currently there is approximately \$1.4 billion carry over from last year. Governor wants to wait on spending it to stabilize existing programs. The Senate wants to spend it. Another auction is scheduled for Tuesday (August 16). The California Chamber of Commerce currently has a lawsuit in the Supreme Court stating that Cap and Trade is an illegal tax. Businesses may be waiting for the results of the lawsuit.

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).

There is a request to send in a support letter for SB 1298 (Hertzberg) which would revise a definition in the government code which would allow storm water to be included in the definition of sewers. This would make it less cumbersome for local governments to generate funding to manage storm water.

Member Nihart moved and Member O'Connell seconded recommending the C/CAG Board to send a letter of support for SB 1298. Motion passed unanimously. The legislative committee requested that a template be distributed so that Cities could individually send in letters of support. (A factsheet and template was emailed to the Board on August 18, 2016)

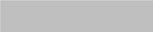
Seth Miller, from the League of California Cities, was introduced to the Legislative Committee and will stay to be introduced to the full C/CAG Board.

5. Adjournment

The meeting adjourned at approximately 6:05 P.M.

Legislative Committee 2015 Attendance Record

Agency	Name	Jan 14	Feb 11	March 10	April 14	May 12	June 9	July	August 11	Sept 8	Oct	Nov	Dec 8
Menlo Park	Catherine Carlton		x	x		x			x				
Millbrae	Gina Papan		N/A			x							
Pacifica	Mary Ann Nihart	Canceled	x	x	Canceled	x	Canceled		x				
Pacifica	Karen Ervin			x		x							
Portola Valley	Maryann Moise Derwin (C/CAG Vice Chair)		N/A	N/A		x		x					
Redwood City	Alicia Aguirre (C/CAG Chair)		x	x		x		x					
San Bruno	Irene O'Connell		x	x		x		x					
Sounth San Francisco	Richard Garbarino			x		x							
Woodside	Deborah Gordon (Leg Chair)		x	x		x		x					

 no meeting

C/CAG AGENDA REPORT

Date: September 8, 2016

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

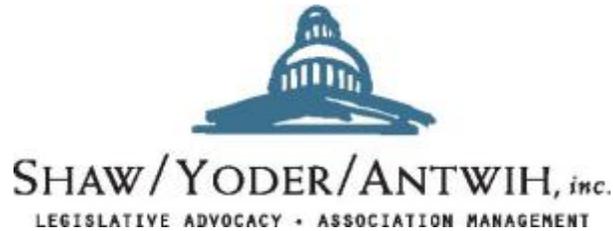
The C/CAG Legislative Committee receives monthly written reports and oral briefings from the C/CAG's State legislative advocates. Important or interesting issues that arise out of that meeting are reported to the Board.

The State Legislature was off in July and reconvened on August 1, 2016. The last day of formal session is August 31, 2016. The Governor has till end of September to sign any bill from the last day of session. Special session continues until the end of November.

Attached are letters of support for the revised joint transportation funding bill proposed by the two transportation committee chairs SBX1 1 (Beall) and ABX1 26 (Frazier). These two bills are identical.

ATTACHMENTS

1. September 2016 Legislative update from Shaw/ Yoder/ Antwih, Inc.
2. Full Legislative information is available for specific bills at <http://leginfo.legislature.ca.gov/>
3. Support letters for SBX1 1 (Beall) and ABX1 26 (Frazier)
4. Summary of the Frazier – Beall Transportation Funding package.



DATE: August 26, 2016

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 – September 2016

Legislative Update

The Legislature will adjourn the 2015-16 session on August 31 and return for the 2017-18 Legislative Session in December. In this report we discuss the latest on transportation funding, Cap and Trade, and highlight the most relevant bills – bills on which the Board has adopted a position – introduced in the second half of the 2015-16 Regular Session; please see ***Bills of Interest***, below.

Joint Transportation Funding Proposal Released

On August 24, Senator Jim Beall and Assembly Member Jim Frazier unveiled a joint transportation funding proposal designed to repair and maintain state highways and local roads, improve trade corridors, and support public transit & active transportation. The \$7.4 billion a year transportation funding proposal, includes a combination of new revenues, additional investments of Cap and Trade auction proceeds, accelerated loan repayments, Caltrans efficiencies & streamlined project delivery, accountability measures, and constitutional protections.

More specifically, the proposal would:

- Eliminate the Board of Equalization’s annual adjustment of the gas excise tax, increase the gas excise tax by 17 cents and index it to the Consumer Price Index (generating \$3.6 billion annually)
- Increase the diesel excise tax by 30 cents and index it to the Consumer Price Index (generating \$900 million annually)
- Increase the incremental diesel sales tax to 5.25% and index the increment to the Consumer Price Index (generating \$216 million annually)
- Increase the vehicle registration fee by \$38 and index it to the Consumer Price Index (generating \$1.3 billion annually)
- Introduce an annual zero-emission vehicle fee of \$165 per vehicle and index it to the Consumer Price Index (generating \$16 million annually)
- Redirect vehicle weight fees that are currently allocated to transportation debt service to transportation purposes (repurposing \$1 billion over five years)
- Allocate additional Cap and Trade auction proceeds as follows:
 - +10% to the Transit and Intercity Rail Capital Program (netting \$200 million annually)
 - +5% to the Low Carbon Transit Operations Program (netting \$100 million annually)
- Identify miscellaneous transportation revenues (netting \$149 million annually)
- Require repayment of outstanding transportation loans over two years (freeing \$746 million in one-time revenue)

The proposal would set aside \$200 million of annual revenues to counties that adopt local sales tax measures and \$80 million of annual revenues to the California Transportation Commission for the Active Transportation Program, and otherwise directs revenue on a 50-50 split between state and local agencies for transportation maintenance and rehabilitation needs.

Finally, the bill would: put into place constitutional protections that would prohibit the Legislature from borrowing or redirecting new revenues for purposes other than those specifically outlined in Article 19 of the State Constitution; create the Office of the Inspector General; and, put into place efficiency measures, such as CEQA streamlining and advanced mitigation, designed to expedite project delivery and reduce overall project costs.

As the Special Session on transportation continues, we will report to the Board any progress in moving this funding plan forward.

Cap and Trade

Currently, AB 32, the California Global Warming Solutions Act of 2006, requires the state to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020. For the past two years, members of the Legislature have worked to extend AB 32 beyond 2020. On August 24, the Legislature passed SB 32 (Pavley). SB 32 would establish a statewide GHG emissions target for 2030 of 40 percent below 1990 levels. SB 32 **did not** extend and/or clarify the ability of the Air Resources Board (ARB) to implement the market-based compliance mechanism known as Cap and Trade.

On August 16, ARB held the first auction of the 2016-17 Fiscal Year under its Cap and Trade program and the results of the auction and the state's share of revenue from the allowances sold was extremely disappointing. ARB won't know for certain the revenues to the state until September 12, but early estimates indicate the state took in roughly \$8.5 million. This marks the second consecutive auction that produced far less revenue than originally anticipated. The Governor's May Revise estimated approximately \$2 billion in revenue would be collected over the four auctions held in 2016-17.

Finally, primarily as a result of higher than expected revenues in 2014-15 and the inability of the Legislature and the Governor to reach agreement on how to spend available revenues in 2015-16 (the 40 percent not continuously appropriated), approximately \$1.4 billion in available revenue sits in the Greenhouse Gas Reduction Fund, held over from previous years. The Legislature and the Governor are currently in discussions on how to spend this funding.

Special Session Bills

ABX1 1 (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 debt-service on transportation bonds and requires the repayment of any outstanding loans from transportation funds by December 31, 2018. **The Board is in SUPPORT of this bill.**

SBX1 1 (Beall) and ABX1 26 (Frazier) Transportation Funding

As discussed in detail above, these bills would increase several taxes and fees to address issues of deferred maintenance on state highways and local streets and roads, as well as provide new funding for public transit. Specifically, this bill would increase both the gasoline and diesel excise taxes by 17 and 30 cents, respectively; increase the vehicle registration fee by \$38; create a new \$165 vehicle registration fee applicable to zero-emission motor vehicles; increase Cap and Trade funding for transit; increase the sales tax on diesel by 3.5% for the State Transit Assistance Program, limit the borrowing of weight-fee revenues, and repay outstanding transportation loans. As a result, transportation funding would increase by approximately \$7.4 billion per year. **The Board is in Support of the previous version of SBX1 1. We recommend the Board SUPPORT both of these bills.**

ABX1 7 (Nezarian) and SBX1 8 (Hill) Cap and Trade Increase for Rail and Transit

This bill would increase the amount of funding continuously appropriated to two Cap and Trade programs dedicated to transit - 20% of the annual proceeds to the Transit and Intercity Rail Capital Program and 10% of the annual proceeds to the Low Carbon Transit Operations Program. **The Board is in SUPPORT of these bills.**

Regular Session 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. **The Board is in SUPPORT of this bill.**

AB 516 (Mullin) Temporary License Plates – SIGNED BY THE GOVERNOR ON JULY 25

This bill would, beginning January 1, 2017, require the Department of Motor Vehicles (DMV) to develop a temporary license plate to be displayed on vehicles sold in California and creates new fees and penalties associated with the processing and display of the temporary tag. **The Board is in SUPPORT of this bill.**

AB 2126 (Mullin) Alternative Project Delivery

This bill would increase the number of projects for which Caltrans has the authority to use the construction manager/general contractor (CM/GC) method of procurement from six to 12. **The Board is in SUPPORT of this bill.**

SB 885 (Wolk) Construction Contract Indemnity – THIS BILL WAS HEAD

This bill would specify that for construction contracts entered into on or after January 1, 2017, that a design professional only has the duty to defend against claims or lawsuits pertaining to negligence, recklessness, or willful misconduct of the design professional. Under the bill, a design professional would not have a duty to defend claims or lawsuits against any other person or entity arising from a construction project, except that person's or entity's reasonable defense costs arising out of the design professional's degree of fault. **The Board STRONGLY OPPOSES this bill.**

SB 1128 (Glazer) Bay Area Commute Benefit Policy

Current law authorizes, until January 1, 2017, the Metropolitan Transportation Commission and the Bay Area Quality Management District to jointly adopt and enforce an ordinance requiring employers to take a more active role in providing commute benefits to their employees, with the goal of attracting new riders to public transit; and, delivering air quality benefits, traffic congestion relief and additional fare revenue to help sustain and grow quality public transit service. Under this ordinance, impacted employers were required to offer their employees one of a series of commute benefits. This bill would indefinitely extend the statutory authorization for the Bay Area commute benefit ordinance. **The Board is in SUPPORT of this bill.**

SB 1170 (Wieckowski) Stormwater Pollution Prevention Plans – THIS BILL WAS HELD

This bill prohibits a public entity, charter city, or charter county from delegating to a contractor the development of a plan used to prevent or reduce water pollution or runoff on a public works contract and prohibits from requiring a contractor on a public works contract that includes compliance with a plan to assume responsibility for the completeness and accuracy of a plan developed by that entity. **The Board STRONGLY OPPOSES this bill.**

SB 1298 (Hertzberg) Stormwater Funding

This bill makes changes to the Proposition 218 Omnibus Implementation Act by adding a definition for "sewer" to mean "services and systems provided by all real estate, fixtures, and personal property owned, controlled, operated, or managed in connection with or to facilitate sewage collection, treatment, or disposition for sanitary or drainage purposes, including lateral and connecting sewers, interceptors, trunk and outfall lines, sanitary sewage treatment or disposal plants or works, drains, conduits, outlets for surface water or **storm waters**, and any and all other works, property, or structures necessary or convenient for the collection or disposal of sewage, industrial waste, or surface water or **storm waters**." **The Board is in STRONG SUPPORT of this bill.**

C/CAG

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September 8, 2016

The Honorable Jim Beall
Chair, Senate Transportation and Housing Committee
State Capitol, Room 2209
Sacramento, CA 95814

RE: **SUPPORT** for SBX1 1 (Beall)

Dear Assembly Member Frazier:

The City/County Association of Governments of San Mateo County (C/CAG), the Congestion Management Agency (CMA) for San Mateo County, is pleased to write to you today in **SUPPORT** of SBX1 1 (Beall). This bill would establish a multi-faceted transportation funding package, resulting in \$7.4 billion in transportation funding.

San Mateo County faces significant funding shortfalls to maintain our local streets & roads and improve the state highway system in our county. To fully address our local street and road funding shortfall, San Mateo County would need almost \$1.6 billion over the next 10 years. This bill, through a combination of fuel taxes, vehicle registration fees, Cap and Trade revenues, and revenue protections, would provide billions of dollars over that same timeframe to cities and counties and reestablish the state transportation improvement program (STIP). Of the new revenue generated, approximately \$2.5 billion would be distributed to cities and counties and substantial investments would be made in our state highways, in goods movement, and in transit. Additionally, this bill returns truck weight fee revenue to the State Highway Account.

We **SUPPORT** SBX1 1 and appreciate your efforts to provide both state and local agencies the additional resources necessary to address our transportation infrastructure needs. Please feel free to contact Sandy Wong, the C/CAG Executive Director, at slwong@smcgov.org with any questions or concerns.

Sincerely,

Alicia Aguirre, Chair
City/County Association of Governments of San Mateo County

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

C/CAG

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September 8, 2016

The Honorable Jim Frazier
Chair, Assembly Transportation Committee
1020 N Street, Room 112
Sacramento, CA 95814

RE: **SUPPORT** for ABX1 26 (Frazier)

Dear Assembly Member Frazier:

The City/County Association of Governments of San Mateo County (C/CAG), the Congestion Management Agency (CMA) for San Mateo County, is pleased to write to you today in **SUPPORT** of ABX1 26 (Frazier). This bill would establish a multi-faceted transportation funding package, resulting in \$7.4 billion in transportation funding.

San Mateo County faces significant funding shortfalls to maintain our local streets & roads and improve the state highway system in our county. To fully address our local street and road funding shortfall, San Mateo County would need almost \$1.6 billion over the next 10 years. This bill, through a combination of fuel taxes, vehicle registration fees, Cap and Trade revenues, and revenue protections, would provide billions of dollars over that same timeframe to cities and counties and reestablish the state transportation improvement program (STIP). Of the new revenue generated, approximately \$2.5 billion would be distributed to cities and counties and substantial investments would be made in our state highways, in goods movement, and in transit. Additionally, this bill returns truck weight fee revenue to the State Highway Account.

We **SUPPORT** ABX1 26 and appreciate your efforts to provide both state and local agencies the additional resources necessary to address our transportation infrastructure needs. Please feel free to contact Sandy Wong, the C/CAG Executive Director, at slwong@smcgov.org with any questions or concerns.

Sincerely,

Alicia Aguirre, Chair
City/County Association of Governments of San Mateo County

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

Frazier – Beall Transportation Funding Package

- A \$7.4 billion annual funding package to repair and maintain our state and local roads, improve our trade corridors, and support public transit and active transportation.
- A \$706 million repayment of outstanding transportation loans for state and local roads.
- Eliminates the BOE “true up” that causes funding uncertainty and is responsible for drastic cuts to regional transportation projects.
- Indexes transportation taxes and fees to the California CPI to keep pace with inflation.
- Reforms and accountability for state and local governments to protect taxpayers.
- Streamlines transportation project delivery to help complete projects quicker and cheaper.
- Protects transportation revenue from being diverted for non-transportation purposes.*
- Helps local governments raise revenue at home to meet the needs of their communities.*

New Annual Funding

- **State** -- \$2.9 billion annually for maintenance and rehabilitation of the state highway system.
- **Locals** -- \$2.5 billion annually for maintenance and rehabilitation of local streets and roads.
- **Regions** -- \$534 million annually to help restore the cuts to the State Transportation Improvement Program (STIP).
- **Transit** -- \$516 million annually for transit capital projects and operations.
- **Freight** -- \$900 million annually for goods movement.
- **Active Transportation** -- \$80 million annually, with up to \$150 million possible through Caltrans efficiencies, for bicycle and pedestrian projects.
- Constitutional Amendment to help locals raise funding at home by lowering the voter threshold for transportation tax measures to 55 percent.*

Reforms and Accountability

- Restores the independence of the California Transportation Commission (CTC).
- Creates the Office of Transportation Inspector General to oversee all state spending on transportation.
- Increases CTC oversight and approval of the State Highway Operations and Protection (SHOPP) program.
- Requires local governments to report streets and roads projects to the CTC and continue their own funding commitments to the local system.

Streamlining Project Delivery

- Permanently extends existing CEQA exemption for improvements in the existing roadway.
- Permanently extends existing federal NEPA delegation for Caltrans.
- Creates an Advance Mitigation program for transportation projects to help plan ahead for needed environmental mitigation.

New Annual Funding Sources

- Gasoline Excise Tax -- \$2.5 billion (17 cents per gallon increase)
- End the BOE “true up” -- \$1.1 billion
- Diesel Excise Tax -- \$900 million (30 cents per gallon increase)
- Vehicle Registration Fee -- \$1.3 billion (\$38 per year increase)
- Zero Emission Vehicle Registration Fee -- \$16 million (\$165 per year starting in 2nd year)
- Truck Weight Fees -- \$1 billion (Return to transportation over five years)
- Diesel Sales Tax -- \$216 million (3.5% increase)
- Cap and Trade -- \$300 million (from unallocated C&T funds)
- Miscellaneous transportation revenues -- \$149 million

Keeping Promises and Protecting Revenues

- One-time repayment of outstanding loans from transportation programs over two years. (\$706 million)
- Return of truck weight fees to transportation projects over five years. (\$1 billion)
- Constitutional amendment to ensure new funding cannot be diverted for non-transportation uses.

**These provisions will be in companion bills.*