

AGENDA

Legislative Committee

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

Date: Thursday, June 14, 2018 - 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 March 8, 2018.	Action (Gordon)	Pages 1-4
3	Review/ 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 (Update from Shaw/Yoder/Antwih)	Page 5- 15
4	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
March 8, 2018**

At 5:32 P.M. Chair Gordon called the Legislative Committee meeting to order in the 2nd Floor auditorium at the San Mateo Transit District Office.

Attendance sheet is attached.

Guests or Staff Attending:

Andrew Antwih - Shaw/ Yoder/ Antwih Inc. (Call in)
Sandy Wong, Matt Fabry - C/CAG Staff

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

No public comments.

2. Approval of Minutes from February 8, 2018.

Member O'Connell moved and Moise Derwin seconded approval of the February 8, 2018 minutes. Motion passed unanimously.

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

Andrew Antwih, from Shaw/ Yoder/ Antwih, provided an update from Sacramento. Session is underway and many bills were introduced but are still spot bills and need to be refined before referrals to committees.

The SB 1 repeal effort was discussed. A referendum, filed back in September 2017, would require voter approval for any future transportation funding proposals and would repeal retroactively any transportation measures passed after January 2017.

Proponents of the repeal have raised \$1.14 mil and are very close to getting the signatures required to put the proposition on the ballot. Supporters of SB 1 have organized a group called the Coalition to Protect Local Transportation Improvements, formally known as the Fix Our Roads Coalition. This group is led by the California Alliance for Jobs, the California State Association of Counties, the League of California Cities, and the California Transit Association, as well as several other transportation, labor, business, and local government agencies.

The Coalition is also soliciting support for the passage of Proposition 69 – facilitated by ACA 5 (Frazier) – the constitutional amendment passed by the legislature to protect new SB 1 revenues. The measure will be before the voters this June. At the January Budget hearing Governor Brown noted that he would do everything in his power to defend SB 1.

Member O'Connell expressed surprise that C/CAG has not taken a position against the SB 827 (Weiner) bill regarding planning and zoning near transit. There were recent amendments in response to concerns raised regarding the displacement of residents. The bill would pre-empt some local ordinance restrictions to developers. The bill has been referred to two committees but has not been scheduled for a hearing yet. Member Mazur said that that bill could not be modified to enough to protect local control without losing the intent of the bill.

Proposition 68 is a connected to the SB 5 Bond measure that would address toxic pollutants in water supplies and invest in neighborhood parks in underserved areas. It includes funding that would be available through competitive grant programs for C/CAG and its member agencies regarding stormwater management, parks, urban greening, climate change, and other issues common to local jurisdictions. The Committee would like to emphasize the support of the water components.

Andrew expanded on the AB1405 (Mullin) digital billboard bill. The Committee was concerned about vision for the new signs. A few of the outstanding questions remain:

- Is there an expectation that there will be a vast number of new signs installed?
- What say would local jurisdictions have regarding the placement of these signs, the number of signs running through the cities, or the operations of the signs?
- Member Gordon has concerns about distracted driving and would like to know what guidelines are out there or what guidelines the new signs would be subject to with regard to this.

It needs to be confirmed but there is a thought that it would be the network of smart message signs like those already up and running within the freeway right of way. Member Papan expressed concerns over scenic highways such as I-280. The committee supports informing commuters with public messages but are concerned about distracting drivers with commercial messages or having public messages diluted in importance due to advertising on the same signs. It was suggested to bring this discussion to Lobby Day if we don't get answers before then.

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).

A resolution supporting Proposition 69 and opposing the repeal of SB 1 was presented and considered at the legislative committee meeting.

Member Mazur proposed a motion to recommend that the Board support Proposition 69 protecting transportation funding. Member O'Connell seconded. Motion passed unanimously.

Member Papan proposed a motion to recommend that the Board oppose the repeal of SB 1. Member Vaterlaus seconded. Motion passed unanimously.

A resolution supporting Proposition 68 regarding he Clean Water and Safe Parks was presented.

The committee wanted to note that the recommendation to support was mainly associated with the water components included in Proposition 68.

Member Papan proposed a motion to recommend that the Board approve the resolution in support Proposition 68. Member Vaterlaus seconded. Motion passed unanimously.

The Legislative Committee had concerns about the SB 827 (Weiner) bill regarding planning and zoning near transit. Recent amendments in response to concerns raised were made to the bill but it would still pre-empt important local ordinance restrictions to developers.

Member O'Connell proposed a motion to recommend that the Board oppose SB 827 as written and Member Papan seconded. Motion passed unanimously.

5. Adjournment

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

Legislative Committee 2018 Attendance Record

Agency	Name	Jan	Feb 8	March 8	April 12	May 10	June 14	July 12	August	Sept 13	Oct	Nov	Dec 13
Foster City	Catherine Mahanpour			x									
Hillsborough	Marie Chuang (C/CAG Vice Chair)		N/A	N/A									
Menlo Park	Catherine Carlton												
Millbrae	Gina Papan		x	x									
Pacifica	Sue Vaterlaus		x	x									
Portola Valley	Maryann Moise Derwin (C/CAG Chair)		x	x									
Redwood City	Alicia Aguirre		x	x			N/A	N/A		N/A			N/A
Redwood City	Shelly Masur		x	x									
San Bruno	Irene O'Connell (Leg Vice Chair)		x	x									
Sounth San Francisco	Richard Garbarino												
Woodside	Deborah Gordon (Leg Chair)		x	x									

 no meeting

C/CAG AGENDA REPORT

Date: June 14, 2018

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 response to questions, contact Jean Higaki at 650-599-1462)

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

N/A

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 reconvened in January.

Under the urgent C/CAG legislative procedures, a letter was sent to the Senate Environmental Quality Committee in opposition of AB 3014 (Quirk) – Brake Friction Material Copper Limits Exemption. AB 3014 would exempt high performance road and track capable vehicles and brake friction materials for use on those vehicles from the prohibition against the sale of motor vehicle brake friction materials containing more than 5% copper by weight on and after January 1, 2021. AB 3014

AB 2865 (Chiu) – This bill would amend the Streets and Highway Code to extend the limits of existing legislation, that currently allows the Santa Clara Valley Transportation Authority (VTA) the ability to operate an express lane in San Mateo County under agreement with C/CAG and with the San Mateo County Transportation Authority (SMCTA). The limits of VTA authority would extend into San Francisco under agreement from the San Francisco County Transportation Authority (SFCTA).

In addition, this bill would also authorize the Bay Area Infrastructure Financing Authority (BAIFA) to operate an express lane with approval from the SFCTA. BAIFA is a joint powers

agency established pursuant to a joint exercise of powers agreement between the Metropolitan Transportation Commission and the Bay Area Toll Authority. There is a consideration of adding San Mateo County to Section 2. Staff is not making a recommendation on a position at this time.

ATTACHMENTS

1. June 2018 Legislative update from Shaw/ Yoder/ Antwih, Inc.
2. Letter opposing AB 3014 (Quirk)
3. AB 2865 (Chiu) proposed language
4. Full Legislative information is available for specific bills at <http://leginfo.legislature.ca.gov/>



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

DATE: June 6, 2018
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 – June 2018

Legislative Update

June 1 marked the last day for the Legislature to move bills out of the house of origin, with each house acting on several hundred bills before the deadline. Policy committees will begin hearing bills sent to them from the other house in the coming weeks, and have until July 6 to finish their work. The Budget Conference Committee is in full swing and the Legislature has until June 15 to send the Governor the Budget Bill. The Legislature will break for Summer Recess on July 6. In this report we highlight the most relevant bills this year affecting C/CAG; those are discussed under ***Bills of Interest***, below.

Primary Election Recap

On June 5, California went to the polls to act on several measures important to C/CAG. Overwhelmingly, voters approved Proposition 69, which would protect SB 1 revenues from future diversions. C/CAG supported Proposition 69 and the measure passed with over 80 percent of voters in support. Voters also approved the statewide resources bond – Proposition 68 – which C/CAG also supported.

Regional Measure 3, which will provide significant funding for projects in San Mateo County, was a bit closer, but ultimately passed with a weighted nine county total of 54 percent in support. In San Mateo County, voters were in line with the regional average, also supporting the measure with 54 percent.

Finally, the Senate’s supermajority took a significant step backward with the recall of State Senator Josh Newman (D-Brea), who was targeted for his vote on SB 1.

SB 1 Repeal Update

On April 27, proponents of the SB 1 Repeal submitted approximately 960,000 signatures for validation. County registrars must submit random samples to the Secretary of State’s Office by June 25. To qualify the initiative for the November ballot, the Secretary of State must validate approximately 585,000 signatures. We will be following the validation process closely and will provide updates as things progress, but it seems very likely that the repeal will qualify for the November ballot.

The Coalition to Protect Local Transportation Improvements – formed to oppose the SB 1 repeal effort and promote the benefits of SB 1 throughout California – continues to meet regularly and has begun fundraising for the campaign. The Committee is led by the California Alliance for Jobs, the California State Association of Counties, the League of California Cities, and the California Transit Association, as well as several other transportation, labor, business, and local government agencies, formally known as the Fix Our Roads Coalition. The Committee will also support passage of Proposition 69 – put on the

ballot by ACA 5 (Frazier) – the constitutional amendment passed by the legislature last year to protect new SB 1 revenues; the measure will be before the voters this June. The Committee has a website – fixcaroads.com – with more information about the benefits of SB 1, [tools local agencies can use](#), and reasons to oppose the potential repeal. **The C/CAG Board is formally in support of the “Yes on Proposition 69” and the “No on SB 1 Repeal” campaigns.**

CTC and CalSTA Make Grant Awards to San Mateo County

Transportation agencies in San Mateo County submitted four grant applications to the California Transportation Commission (CTC) and the California State Transportation Agency (CalSTA) for funding from several SB 1 programs. All four were successful in receiving funding. The CTC, at its May Commission meeting, awarded \$250 million for the US 101 managed lanes projects and CalSTA awarded \$164 million for the Caltrain electrification project & \$15 million for express bus service on US 101 to coincide with the operation of the managed lanes project.

Bills of Interest

SCA 6 (Wiener) – Lower Vote Threshold for Local Transportation Taxes (Two-Year Bill)

The California Constitution subjects the imposition of a special tax by a city, county, or special district upon the approval of two-thirds of the voters. This measure would lower that threshold to 55 percent of voters for taxes for transportation purposes. ***The C/CAG Board SUPPORTS this bill.***

SB 827 (Wiener) – Planning and Zoning Near Transit (Dead)

The Planning and Zoning Law requires, when a housing development is proposed within the jurisdiction of a local government, that the city, county, or city and county provide the developer with a density bonus to produce low income housing. This bill would authorize a transit-rich housing project to receive a transit-rich housing bonus. The bill would define a transit-rich housing project as a residential development project within a half-mile of a major transit stop or a quarter-mile of a high-quality transit corridor. The bill would exempt a project from various requirements, including maximum controls on residential density or floor area ratio, minimum automobile parking requirements, design standards that restrict the applicant’s ability to construct the maximum number of units consistent with any applicable building code, and maximum height limitations. ***The C/CAG Board OPPOSES this bill.***

SB 828 (Wiener)

This bill would make a number of changes to the way the Department of Housing and Community Development (HCD) assesses housing needs throughout California and would require HCD to do a one-time unmet needs assessment for every region and add those numbers to the forecasted allocations for the next RHNA cycle. This bill would establish methodologies that acknowledge the particular need for moderate and above-moderate income housing in areas where housing prices are increasing at a rate far faster than wages and authorize HCD to challenge inequitable allocations between comparable jurisdictions. This bill would require HCD to rollover deficits from one cycle to the next if a city has not met their RHNA. Finally, the bill would require local agencies to zone for 200% of their housing obligation (versus not 100%).

SB 961 (Allen) Second Neighborhood Infill Finance and Transit Improvements Act

This bill would enact the Second Neighborhood Infill Finance and Transit Improvements Act and would authorize a city or county to use tax increment financing through (as part of an enhanced infrastructure financing district) to issue bonds for housing, as well as station development for transit, urban forestry, decoupled parking, access to transit, and other infrastructure for residential communities, including water infrastructure or waste water infrastructure that captures rainwater or urban runoff. The bonds would not require voter approval, but the area to be financed must be within one-half mile of a rail transit station or within 300 feet of a transit rich boulevard served by bus rapid transit or high-frequency bus service.

AB 1405 (Mullin) – Digital Billboards

This bill would authorize a comprehensive development lease agreement between the Department of Transportation (Caltrans) and the private sector for a new digital sign network to provide real-time information for enhanced statewide emergency and traveler communications and provide revenues to the State Highway Account by allowing paid advertisements to appear on the digital signs.

AB 1759 (McCarty) – Road Maintenance and Rehabilitation Account Funding (Dead)

The Planning and Zoning Law requires a city or county to adopt a general plan for land use development within its boundaries that includes a housing element and report on the progress of the established goals. This bill would require HCD to review the reports annually and beginning in the 2022–23 fiscal year and require cities and counties to be certified in the prior fiscal year by HCD to remain eligible for an apportionment of SB 1 RMRA funds.

AB 1905 (Grayson) – CEQA Judicial Review for Transportation Projects (Dead)

The California Environmental Quality Act (CEQA) requires a lead agency to prepare and certify an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA establishes a procedure by which a person may seek judicial review of an agency’s decision. This bill would prohibit a court from stalling a transportation project under judicial review pursuant to CEQA if the project is included in a sustainable communities strategy and for which an environmental impact report has been certified.

AB 2865 (Chiu) Managed Lanes in San Francisco County

This bill would authorize San Francisco County Transportation Authority (SFCTA) to delegate responsibility for operation of managed lanes on US 101 and I-280 in San Francisco County to Santa Clara VTA. A similar authority currently exists for C/CAG and the San Mateo County Transportation Authority. The bill also proposes amendments to allow SFCTA an option to use the Bay Area Infrastructure Financing Authority (BAIFA) to construct and operate the lanes instead of Santa Clara VTA.

AB 3059 (Bloom) Congestion Pricing (Dead)

This bill would authorize two congestion pricing demonstration projects in northern California and two in southern California. The bill would define “congestion pricing” to mean the assessment of a charge on motor vehicles using local streets and roads in a participating jurisdiction.

Proposition 69 / ACA 5 (Frazier and Newman) – Protecting Transportation Revenues, Revising Appropriations Limit

This measure would add to the list of transportation-related revenues protected from legislative diversion by Article XIX those taxes and fees raised in SB 1 (Beall & Frazier). The measure also protects certain transit funds that were increased in the Gas Tax Swap of 2010-11. Article XIII B of the California Constitution prohibits the total annual appropriations subject to limitation of the state and each local government from exceeding the appropriations limit of the entity of the government for the prior year, as adjusted; this measure would also exclude appropriations of certain revenues associated with the Road Repair and Accountability Act of 2017 from the appropriations subject to constitutional limitation.
The C/CAG Board SUPPORTS Proposition 69.

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*

May 21, 2018

The Honorable Bob Wieckowski, Chair
Senate Environmental Quality Committee
State Capitol, Room 2205
Sacramento, CA 95814

The Honorable Dr. Bill Quirk, Ph.D.
State Capitol, Room 2163
P.O. Box 942849
Sacramento, CA 94249-0020

RE: AB 3014 (Quirk) – Brake Friction Material Copper Limits Exemption - **Oppose**

Dr. Quirk and Chairman Wieckowski:

The City/County Association of Governments of San Mateo County opposes AB 3014 because it undermines a carefully crafted compromise program developed from 1996 through 2010 based on detailed scientific studies that was designed to protect California water quality and provide a Clean Water Act compliance pathway for municipalities, while including a very generous brake friction material copper phase-out period to meet the practical needs of the vehicle industry.

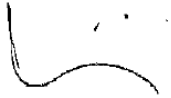
Current law (SB 346 [Kehoe] of 2010) provides California's cities and counties with the tool they need to comply with stringent federal and state water quality mandates and avoid billions of dollars in costs and potential penalties. SB 346 requires that copper, a significant aquatic pollutant, be reduced to 5% by weight in vehicle brake pads sold in California by 2021 and to a *de minimis* 0.5% by weight by 2025. All exemptions in SB 346 were developed collaboratively (through the Brake Pad Partnership of industry, government, and environmental groups) and were quantified to ensure that they would not undermine the environmental goals of the program. Peer-reviewed scientific studies have established that by far the most significant source of copper in urban watersheds is the fine dust generated from the use of brake pads. This copper poses threats to aquatic life including migratory salmonid fish.

C/CAG's member agencies are permittees under the San Francisco Bay Regional Water Quality Control Board's Municipal Regional Permit for stormwater discharges. This permit has provisions requiring municipalities to act on various pollutants of concern, including copper. Requirements are limited to remaining stormwater-based sources of copper that have not already been addressed - the Permit's fact sheet specifically indicates that SB 346 already addressed a major source of copper to urban runoff by reducing the use of copper in brake pads. If this requirement is diluted via the proposed exception to reduced copper requirements for high-performance vehicles under AB 3014, Bay Area permittees may be faced with new requirements for costly structural stormwater treatment controls to ensure water

quality protection. True source control, such as has been achieved through SB 346, is always the most cost-effective and environmentally protective means of pollutant reduction.

C/CAG commends the brake friction and vehicle manufacturing industries for their rapid development of safe “copper-free” (<0.5%) brake pads and the overwhelming trend to transition to these lowest copper brake pads by the first compliance deadline of 2021. More than half of all brake pads in the market today are “copper-free” with an average copper content of just 0.05%. In contrast, brake pads that do not meet the upcoming <5% copper content standard average 13% copper by weight. C/CAG is concerned that the high-performance vehicles proposed to be exempted by AB 3014 may contain the highest copper levels in the market (i.e., 15% to 35% copper). Online market information indicates that exempted high-performance vehicles could comprise a significant portion of the total California vehicle market.

Sincerely,



Maryann Moise Derwin, Chair
City/County Association of Governments of San Mateo County

Cc:

Rachel Machi Wagoner, Chief Consultant, Senate Environmental Quality Committee Rachel.Wagoner@sen.ca.gov
Josh Tooker, Chief Consultant, Assembly Environmental Safety & Toxic Materials Committee Josh.Tooker@asm.ca.gov
Eddie Franco, Legislative Aide, Office of Assembly Member Bill Quirk, Ph.D. eddie.franco@asm.ca.gov

June 1, 2018
Proposed Amendments to AB 2865 (Chiu):

SECTION 1.

Section 149.6 of the Streets and Highways Code is amended to read:

149.6.

(a) Notwithstanding Sections 149, 149.7, and 30800, and Section 21655.5 of the Vehicle Code, the Santa Clara Valley Transportation Authority (VTA) created by the Santa Clara Valley Transportation Authority Act (Part 12 (commencing with Section 100000) of Division 10 of the Public Utilities Code) may conduct, administer, and operate a value pricing program on any two of the transportation corridors included in the high-occupancy vehicle lane system in the County of Santa Clara in coordination with the Metropolitan Transportation Commission and consistent with Section 21655.6 of the Vehicle Code.

(b) Notwithstanding Sections 149, 149.7 and 30800, and Section 21655.5 of the Vehicle Code, VTA may conduct, administer, and operate a value pricing program on State Highway Route 101 in ~~the County of~~ San Mateo *County* in coordination with the City/County Association of Governments of San Mateo County and with the San Mateo County Transportation Authority and consistent with Section 21655.6 of the Vehicle Code.

(c) Notwithstanding Sections 149, 149.7, and 30800, and Section 21655.5 of the Vehicle Code, VTA may conduct, administer, and operate a value pricing program on State Highway Route 101 and the portion of State Highway Route 280 north of its junction with State Highway Route 101 in the City and County of San Francisco in coordination with the San Francisco County Transportation Authority and consistent with Section 21655.6 of the Vehicle Code.

(d) (1) VTA, under the circumstances described in subdivisions (a), (b), and (c), may direct and authorize the entry and use of those high-occupancy vehicle lanes by single-occupant vehicles for a fee. The fee structure shall be established from time to time by VTA. A high-occupancy vehicle lane may only be operated as a high-occupancy toll (HOT) lane during the hours that the lane is otherwise restricted to use by high-occupancy vehicles.

(2) VTA shall enter into a cooperative agreement with the Bay Area Toll Authority to operate and manage the electronic toll collection system.

(e) With the consent of the department, VTA shall establish appropriate performance measures, such as speed or travel times, for the purpose of ensuring optimal use of the HOT lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system. Unrestricted access to the lanes by high-occupancy vehicles shall be available at all times, except that those high-occupancy vehicles may be required to have an electronic transponder or other electronic device for enforcement purposes. At least annually, the department shall audit the performance during peak traffic hours and report the results of that audit at meetings of the program management team.

(f) Single-occupant vehicles that are certified or authorized by VTA for entry into, and use of, the high-occupancy vehicle lanes in the County of Santa Clara, ~~the County of~~ San Mateo *County*, and the City and County of San Francisco are exempt from Section 21655.5 of the Vehicle Code, and the driver shall not be in violation of the Vehicle Code because of that entry and use.

(g) (1) VTA shall carry out a value pricing program established pursuant to this section in cooperation with the department pursuant to an agreement that addresses all matters related to design, construction, maintenance, and operation of state highway system facilities in connection with the value pricing program.

(2) An agreement described in paragraph (1) to carry out the program authorized pursuant to subdivision (b) shall be subject to the review and approval by the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority.

(3) An agreement described in paragraph (1) to carry out the program authorized pursuant to subdivision (c) shall be subject to the review and approval by the San Francisco County Transportation Authority.

(h) (1) Agreements between VTA, the department, and the Department of the California Highway Patrol shall identify the respective obligations and liabilities of those entities and assign them responsibilities relating to the program. The agreements entered into pursuant to this section shall be consistent with agreements between the department and the United States Department of Transportation relating to this program. The agreements shall include clear and concise procedures for enforcement by the Department of the California Highway Patrol of laws prohibiting the unauthorized use of the high-occupancy vehicle lanes, which may include the use of video enforcement. The agreements shall provide for reimbursement of ~~state agencies, from revenues generated by the program, federal funds specifically allocated to VTA for the program by the federal government, or other funding sources that are not otherwise available to state agencies for transportation-related projects~~ *the department and the Department of California Highway Patrol for their costs related to the toll facility.*

(2) The revenues generated by the program shall be available to VTA for the direct expenses related to the operation, including collection and enforcement, maintenance, construction, and administration of the program. VTA's administrative costs in the operation of the program shall not exceed 3 percent of the revenues.

(3) (A) For a value pricing program established pursuant to subdivision (a), all remaining revenue generated by the program after expenditures made pursuant to paragraph (2) shall be used in the corridor from which the revenues were generated exclusively for the preconstruction, construction, and other related costs of high-occupancy vehicle facilities, transportation corridor improvements, and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by VTA.

(B) For a value pricing program established pursuant to subdivision (b), all remaining revenue generated by the program after expenditures made pursuant to paragraph (2) shall be used in the corridor from which the revenues were generated *or used for projects that benefit the corridor exclusively* for the preconstruction, construction, and other related costs of high-occupancy vehicle facilities, transportation corridor improvements, and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority.

(C) For a value pricing program established pursuant to subdivision (c), all remaining revenue generated by the program after expenditures made pursuant to paragraph (2) shall be used in the corridor from which the revenues were generated *or used for projects that benefit the corridor exclusively* for the preconstruction, construction, and other related costs of high-occupancy vehicle facilities, transportation corridor improvements, and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by the San Francisco County Transportation Authority. For purposes of this section, the portion of State Highway Route 101 and the portion of State

Highway Route 280 north of its junction with State Highway Route 101 in the City and County of San Francisco shall be considered one corridor.

(i) (1) VTA may issue bonds, refunding bonds, or bond anticipation notes, at any time to finance construction and construction-related expenditures necessary to implement a value pricing program established pursuant to subdivision (a), (b), or (c) and construction and construction-related expenditures that are provided for in an expenditure plan adopted pursuant to paragraph (3) of subdivision (h), payable from the revenues generated from the program.

(2) The maximum bonded indebtedness that may be outstanding at any one time shall not exceed an amount that may be serviced from the estimated revenues generated from the program.

(3) The bonds shall bear interest at a rate or rates not exceeding the maximum allowable by law, payable at intervals determined by VTA.

(4) Any bond issued pursuant to this subdivision shall contain on its face a statement to the following effect:

“Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of principal of, or the interest on, this bond.”

(5) Bonds shall be issued pursuant to a resolution of VTA adopted by a two-thirds vote of its governing board. The resolution shall state all of the following:

(A) The purposes for which the proposed debt is to be incurred.

(B) The estimated cost of accomplishing those purposes.

(C) The amount of the principal of the indebtedness.

(D) The maximum term of the bonds and the interest rate.

(E) The denomination or denominations of the bonds, which shall not be less than five thousand dollars (\$5,000).

(F) The form of the bonds, including, without limitation, registered bonds and coupon bonds, to the extent permitted by federal law, the registration, conversion, and exchange privileges, if applicable, and the time when all of, or any part of, the principal becomes due and payable.

(G) Any other matters authorized by law.

(6) The full amount of bonds may be divided into two or more series and different dates of payment fixed for the bonds of each series. A bond shall not be required to mature on its anniversary date.

(j) Not later than three years after VTA first collects revenues from any of the projects described in paragraph (1) of subdivision (d), VTA shall submit a report to the Legislature on its findings, conclusions, and recommendations concerning the demonstration program authorized by this section. The report shall include an analysis of the effect of the HOT lanes on adjacent mixed-flow lanes and any comments submitted by the department and the Department of the California Highway Patrol regarding operation of the lanes.

SECTION 2.

Add new Section 149.13 to the Streets and Highways Code, to read:

149.13. (a) Notwithstanding Sections 149 and 30800 and Section 21655.5 of the Vehicle Code, the Bay Area Infrastructure Financing Authority (BAIFA), a joint powers agency established pursuant to a joint exercise of powers agreement between the Metropolitan Transportation Commission and the Bay Area Toll Authority, may develop and operate a value pricing program on State Highway Route 101 and the portion of State Highway Route 280 north of its junction with State Highway Route 101, or any portion thereof, in the City and County of San Francisco, in coordination with and subject to the approval of the San Francisco County Transportation Authority (SFCTA), as part of the express lane facility administered by BAIFA and consistent with Section 21655.6 of the Vehicle Code.

(b) Subject to subdivision (a) the State Highway Route 101 and the portion of State Highway Route 280 north of its junction with State Highway Route 101 in the City and County of San Francisco are incorporated into the authorized express lane facility administered by BAIFA. Such routes shall be subject to requirements applicable to the existing express lane facility administered by BAIFA.

(c) (1) Consistent with paragraph (5) of subdivision (e) of Section 149.7, an expenditure plan for the use of express lane revenue generated in the corridor described in subdivision (b) that is remaining after taking into account the direct expenses, as defined in paragraph (4) of Section 149.7, shall be developed by SFCTA in consultation with the Department of Transportation and BAIFA. The expenditure plan shall be approved by SFCTA and BAIFA prior to the allocation of funds.

(2) The remaining revenue shall be used to benefit the corridor in which it was generated, pursuant to the expenditure plan.