



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 3a

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Memorandum

TO: Legislation Committee

DATE: October 5, 2012

FR: Executive Director

W.I. 1131

RE: 2012 Legislative Wrap-Up

The 2012 session was an active one both in Sacramento and Washington D.C. This memo provides a recap of the status of the bills MTC focused on this past year as well as the outcome related to cap-and-trade. A review of the session in comparison to our goals — as set forth in our 2012 Legislative Program — is attached.

MAP 21 Enacted

Clearly the biggest news from Washington with respect to transportation is the passage of MAP-21. Overall, we consider passage of MAP-21 a success, although we would have preferred a longer time frame, a higher level of funding and a more strategic focus for federal investment.

AB 57 Passed, Changing MTC's Board Structure for First Time

After a long legislative journey beginning in 2011, Assembly Bill 57 (Beall) finally made it to the finish line, adding two new voting members to MTC, one representing the City of Oakland and the other representing the City of San Jose. As of this writing, we expect Mayor Jean Quan of Oakland and Commissioner Sam Liccardo of San Jose to take those seats effective January 1, 2013.

Regional Commuter Benefit Program Authorized for Bay Area

SB 1339 (Yee) was signed by the Governor on September 30, the last possible day to sign or veto bills passed by the Legislature in 2012. The bill authorizes MTC and the Bay Area Air Quality Management District (BAAQMD) to establish a regional commuter benefit program (expiring in 2017) that would permit the agencies to require employers of 50 or more full-time employees to offer one of three options to their employees: (1) offering employees the ability to pay for their transit, bicycling and vanpooling expenses with pre-tax dollars; (2) an employer-paid transit or vanpool subsidy; or (3) employer supported or provided transportation, such as a shuttle or vanpool program. The program has the potential to cut daily greenhouse gas emissions by 226 - 693 metric tons per day (equivalent to a reduction of 0.3% to 0.9% per year) in addition to saving Bay Area commuters hundreds of dollars per year in travel costs.

AB 1532 (Perez) Enacted — Qualifying Transportation & Housing Projects for Cap & Trade Funding; Funds Reserved for Disadvantaged Communities

Two other bills signed at the eleventh hour were AB 1532 (Perez) and SB 535 (De León), which specify how revenues from the state’s greenhouse gas emission “cap-and-trade” program may be used. While AB 1532 provides no guarantee of funding for transportation, as sought by MTC in our adopted principles, it does make it explicit that transportation and housing strategies, as well as *planning* related to sustainable development, are eligible for these funds.

The bill delegates to the Department of Finance (DOF), the decision about how this money will be spent, in consultation with the California Air Resources Board “and any other relevant state entity.” DOF is required to develop and submit a three-year investment plan to the Legislature as part of the FY 2013-14 May Revision to the State Budget. Subsequent investment plans will be developed every three years beginning in January 2016 at the same time as the state budget.

AB 1532 provides that funding from cap-and-trade allowances shall be appropriated in the annual budget, *consistent with the expenditure plan*. Other than two public workshops and one public hearing that the Air Resources Board must hold prior to submitting the plan to the Legislature, the bill provides no opportunity for the Legislature to modify the plan submitted by DOF.

Governor Vetoes Measures Designed to Replace Redevelopment Funding

In another of the governor’s last minute actions, he vetoed SB 1156 (Steinberg) and SB 214 (Wolk), both of which the commission supported. In the governor’s veto message of SB 1156, he expressed his support for finding new sources of revenue to development sustainable communities, but his view that this should not be done until the winding down of redevelopment agencies is complete. With respect to SB 214, he expressed his concern that the bills elimination of the voting requirement prior to the establishment of an infrastructure financing district was premature and could reduce the general fund savings anticipated from the elimination of redevelopment agencies.



Steve Heminger

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2012 LEGISLATIVE OUTCOMES

S T A T E		
Issue	Goal	Outcome
1. FY 2012-13 State Budget	A. Protect funding and ensure funds are appropriated consistent with current statute	<p><input checked="" type="checkbox"/> The budget preserves funding for the State Transit Assistance (STA) Program at \$420 million, a modest increase from FY 2011-12. This funding is now continuously appropriated based on the revenue generated by the sales tax on diesel fuel and is no longer a line-item in the state budget. Nevertheless, this is a victory given the potential that some of the funds could have been diverted to the General Fund.</p> <p>⇩ The final budget nevertheless dealt a blow to other transportation funds, resulting in a \$1.3 billion transfer to the General Fund, including \$312 million in gas tax revenue generated by off-highway vehicles that is not Constitutionally dedicated to transportation, plus \$991 million in truck weight fees, including \$606 million for transportation bond debt service and \$385 million as a loan to the General Fund.</p>
	B. Ensure that Bay Area rail operators receive high-speed rail connectivity funds	<p><input checked="" type="checkbox"/> The Legislature enacted SB 1029, a budget trailer bill that includes a \$4.7 billion appropriation of state bond funding for development of high-speed rail, plus a \$600 million appropriation for Caltrain to begin work on electrification —critical for future shared use of its tracks with high-speed rail. The bill was a direct result of the memorandum of understanding (MOU) MTC helped to negotiate between the California High Speed Rail Authority, the Peninsula Corridor Joint Powers Board (Caltrain), the Transbay Joint Powers Authority (JPA), the San Mateo County Transportation Authority, the City and County of San Francisco and others to establish a funding plan for high-speed rail and connectivity funding for the region.</p>

2012 Legislative Outcomes

S T A T E		
Issue	Goal	Outcome
2. Increase transportation funding options at regional level	Support renewed efforts to authorize voters to approve a regional congestion reduction charge	<ul style="list-style-type: none"> ⏴ No legislation introduced. This is likely due to passage of Proposition 26, which broadened the definition of what constitutes a tax and makes virtually all transportation charges subject to a two-thirds vote at the local level.
3. Senate Bill 375 Implementation: Improve Regional Sustainability	A. Increase regional and local planning funds	<ul style="list-style-type: none"> ⏴ No legislation introduced in Sacramento, but metropolitan planning funds are increased slightly in MAP 21. ☑ Funding for strategic planning and sustainable development to reduce greenhouse gas emissions related to transportation is eligible for cap-and-trade allowances under AB 1532 (Perez).
	B. Modify MTC's board to improve representation of region's largest cities	<ul style="list-style-type: none"> ☑ Secured passage of AB 57 (Beall), which adds two seats to MTC — one for the City of San Jose and the other for the City of Oakland — beginning in January 2013.
	C. Enhance incentives for transit-oriented development and alternate modes of transportation	<ul style="list-style-type: none"> ⏴ Unfortunately Governor Brown vetoed a number of bills that could have created new funding opportunities for transit oriented development (TOD) at the local level through the usage of tax-increment financing or additional sales taxes, including SB 214 (Wolk) and SB 1156 (Steinberg). ☑ On a positive note, SB 1339 (Yee), the regional commuter benefit bill, will provide additional monetary incentives for commuters to consider alternate modes of transportation by lowering the cost of those alternatives. AB 819 (Wiecowski) was also signed by the Governor, and will allow cities, counties and local agencies the ability to request exceptions to the state's standard design manual in order to experiment with creative ways of designing roadways to better accommodate bicycles. ☑ Passage of AB 1532 (Perez), noted above, may also be an important source of revenue to help promote TOD in the future.

2012 Legislative Outcomes

S T A T E		
Issue	Goal	Outcome
3. Senate Bill 375 Implementation: Improve Regional Sustainability (continued)	D. Reform the California Environmental Quality Act (CEQA)	<p>⌵ Despite a flurry of activity at the end of session, efforts to provide significant reform to CEQA this year were unsuccessful.</p> <p>☑ There was one incremental success story with respect to CEQA. AB 890 (Olson) was signed and will allow a city or county with a population less than 100,000 to repair, maintain or make minor alternations to an existing local road without being subject to CEQA, if the work is safety related.</p>
4. Reduce Toll Evasion	Require all vehicles sold in California to have a camera- readable license plate installed at the point of sale	<p>⌵ Given that AB 1215 (Blumenfield, 2011) requires, effective July 2012, that all new vehicles purchased in California be registered electronically — which is anticipated to reduce the time it takes to deliver a license plate to a vehicle owner to three weeks — legislators preferred to await the impact this bill has on the number of vehicles without license plates driven on California’s toll roads and bridges before taking further legislation action on this issue.</p>
5. Project Delivery	Seek opportunities to increase flexibility to deliver state, local and regionally-funded projects	<p>⌵ Governor Brown vetoed AB 294 (Portantino), which would have authorized Caltrans to let an additional eight design-sequencing contracts between 2013 and 2017 and required the department to use Caltrans employees or consultants under contract with the department to do all design work associated with the design-sequencing projects.</p>
6. Carpool Lanes	Protect time-savings incentive to carpool	<p>☑ Governor Brown vetoed AB 2200 (Ma), which would have eliminated the hours of operation of the high-occupancy vehicle lane on Interstate 80 during the morning in the eastbound direction.</p>

2012 Legislative Outcomes

S T A T E		
Issue	Goal	Outcome
7. Parking Policy Reforms	Improve management of parking at local level	↴ AB 904 (Skinner), which would have limited the number of off-street parking spaces that a city or county can require of a commercial or residential development in transit intensive areas passed the Assembly, but stalled in the Senate due to opposition by various groups, including the California Chapter of the American Planning Association, the League of California Cities, the California State Association of Counties and many individual cities.

2012 Legislative Outcomes

F E D E R A L		
Issue	Goal	Outcome
1. Surface Transportation Authorization	Provide increased federal funding for transportation infrastructure, focus on core national priorities and expedite project delivery	<input checked="" type="checkbox"/> MAP 21 enacted, providing some important reforms to the nation's surface transportation program, including consolidation of programs, a new emphasis on state of good repair, and new requirements for the use of performance measures.
2. Pre-tax Transportation Fringe Benefits	Ensure mode-neutrality in pre-tax transportation benefits	⏴ While the Senate version of MAP 21 restored parity between the parking benefit and that offered to those who vanpool or take transit, this was not included in the final bill. The issue remains outstanding for 2013 but may be addressed as part of the tax-extendors bill enacted later this fall to avert the so-called "fiscal cliff."
3. FY 2012-13 Appropriations	A. Maximize the region's share of New & Small Starts funds	<input checked="" type="checkbox"/> Significant progress was made on the region's two largest transit capital expansion projects seeking federal funding — the Santa Clara Valley Transportation Authority's BART to Berryessa extension and San Francisco Municipal Transportation Agency (SFMTA) Third Street Light Rail/Central Subway project. VTA finalized its full funding grant agreement with FTA in March 2012 and received \$100 million in 2012, while MTA is also on the cusp of finalizing its FFGA and received \$85 million in 2012.
	B. High Speed Rail	⏴ No appropriation of funds for high-speed rail included in MAP 21 or FY 2012-13 funding.
4. Climate Change	Reduce greenhouse gas emissions from the transportation sector	<input checked="" type="checkbox"/> While no action was taken by Congress to specifically address climate change with respect to transportation, the Obama Administration's adoption of new fuel efficiency regulations will have a significant impact on vehicle emissions nationwide. The impact will have little net impact on emissions in California, however, due to the state's existing requirements.

2012 Legislative Outcomes

F E D E R A L		
Issue	Goal	Outcome
5. Federal Aviation Administration Funding	Advocate for increased long-term funding for the Federal Aviation Administration (FAA)	<input checked="" type="checkbox"/> Congress enacted H.R. 658, the Federal Aviation Administration Modernization and Reform Act, which provides a four-year authorization for the bill and establishes deadlines for adopting existing NextGen navigation and surveillance technology and mandates development of precision navigational procedures at the nation's 35 busiest airports by 2015.
6. Non-Motorized Transportation	Allow the use of federal funds to provide incentives for walking and bicycling	<input type="checkbox"/> This issue was not directly addressed in MAP 21, but MTC staff will continue to pursue an administrative remedy to the problem as part of the guidance the Federal Highway Administration will be issuing on Congestion Mitigation & Air Quality (CMAQ) funding.

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