AGENDA

TRANSPORTATION AGENCY FOR MONTEREY COUNTY SERVICE AUTHORITY FOR FREEWAYS EMERGENCIES AND MONTEREY COUNTY REGIONAL DEVELOPMENT IMPACT FEE JOINT POWERS AGENCY

EXECUTIVE COMMITTEE
Members are: Jane Parker (Chair), Kimbley Craig (1st Vice Chair), Fernando Armenta (2nd Vice Chair), Jerry Edelen (Past Chair), Dave Potter (County representative), Alejandro Chavez (City representative)

Wednesday, August 6, 2014
TAMC Conference Room
55-B Plaza Circle, Salinas

*** 9:00 a.m. ***

Complete agenda packets are on display at the Transportation Agency for Monterey County office and at these public libraries: Carmel, Monterey, Salinas Steinbeck Branch, Seaside, Prunedale, and King City. Any person who has a question concerning an item on this agenda may call the Agency Secretary to make inquiry concerning the nature of the item described on the agenda. Please recycle this agenda.

1. **ROLL CALL:** Call to order and self-introductions. If you are unable to attend, please contact Elouise Rodriguez, Senior Administrative Assistant. Your courtesy to the other members to assure a quorum is appreciated.

2. **PUBLIC COMMENTS:** Any member of the public may address the Committee on any item not on the agenda but within the jurisdiction of Transportation Agency and Executive Committee. Comments on items on today’s agenda may be given when that agenda item is discussed.
**BEGINNING OF CONSENT AGENDA:** Approve the staff recommendations for item 3.1 below by majority vote with one motion. Any member may pull an item off the Consent Agenda to be moved to the end of the CONSENT AGENDA for discussion and action.

3.1 **APPROVE** enclosed minutes from the Executive Committee meeting of June 4, 2014. – Rodriguez


3.3 **RECEIVE** federal legislative update. – Watson

3.4 **RECEIVE** state legislative update. – Watson

**END OF CONSENT AGENDA**

4. **RECEIVE** update on SR 156 improvement project and next steps. – Muck/Hale

5. **RECOMMEND** approval of the proposed program of projects to receive Regional Surface Transportation Program 2014 Competitive Grants funding – Zeller

6. **RECEIVE** update on Caltrans Incurred Cost Audit and **RECOMMEND** next steps. – Hale

7. **RECEIVE** report on draft agenda for TMC Board meeting of August 27, 2014. 

8. **ADJOURN**

Next Executive Committee meeting is:
Wednesday, September 3, 2014
Please mark your calendars.
Documents relating to an item on the open session that are distributed to the Committee less than 72 hours prior to the meeting shall be available for public inspection at the office of the Transportation Agency for Monterey County, 55-B Plaza Circle, Salinas, CA. Documents distributed to the Committee at the meeting by staff will be available at the meeting; documents distributed to the Committee by members of the public shall be made available after the meeting.

Transportation Agency for Monterey County  
55-B Plaza Circle, Salinas, CA 93901-2902  
Monday thru Friday  
8:00 a.m. – 5:00 p.m.  
TEL: 831-775-0903  
FAX: 831-775-0897

If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 USC Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Individuals requesting a disability-related modification or accommodation, including auxiliary aids or services, may contact Transportation Agency at 831-775-0903. Auxiliary aids or services include wheelchair accessible facilities, sign language interpreters, Spanish Language interpreters and printed materials, and printed materials in large print, Braille or on disk. These requests may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting, and should be made at least 72 hours before the meeting. All reasonable efforts will be made to accommodate the request.
DRAFT MINUTES

TRANSPORTATION AGENCY FOR MONTEREY COUNTY
SERVICE AUTHORITY FOR FREeways EMERGENCIES AND MONTEREY
COUNTY REGIONAL DEVELOPMENT IMPACT FEE
J OINT POWERS AGENCY

EXECUTIVE COMMITTEE MEETING

Members are: Jane Parker (Chair),
Kimbley Craig (1st Vice Chair), Fernando Armenta (2nd Vice Chair),
Jerry Edelen (Past Chair),
Dave Potter (County representative), Alejandro Chavez (City representative)

Wednesday, June 4, 2014
*** 9:00 a.m. ***
Transportation Agency Conference Room
55-B Plaza Circle, Salinas

1. CALL TO ORDER: Chair Parker called the meeting to order at 9:00 a.m. Board members present: Armenta, Chavez, Craig, Edelen and alternate Mohammadi for Potter. Staff present: Goel, Green, Hale, Leonard, Muck, Rodriguez and Watson. Others present: Agency Counsel Reimann, Sam Teel, MCHA; Ruth Bernstein and Sara LaBatt of EMC Research; Doug Yount and Peter Kasavan. Committee member Armenta and Chavez arrived after approval of the consent agenda.

2. PUBLIC COMMENTS: None.

3. CONSENT AGENDA
On a motion by Board member Craig and seconded by Board member Edelen, the committee voted 4 – 0, with Board members Armenta and Chavez not present, to approve the consent agenda.

3.1 APPROVED minutes from the Executive Committee meeting of May 7, 2014.
3.2 RECOMMENDED that Board of Directors approve evaluation form, procedure, and timeline for completing annual evaluation for Executive Director and Counsel.
3.3 RECEIVED state legislative update.
3.4 RECEIVED update on federal legislative activities.

END OF CONSENT
The Executive Committee **RECEIVED** report by EMC Research on draft results of the Regional Transportation Plan Priorities and Preferences Survey between May 14 and May 23, 2014.

Ruth Bernstein, EMC Research, reported the Regional Transportation Plan Priorities and Preferences Survey was conducted by EMC Research between May 14 and May 23, 2014. Agency staff worked with EMC Research to draft the questionnaire, which covered topics like level of concern about community issues; use of local transportation system and regional travel behavior; and attitudes regarding tax measures generally and funding for transportation specifically. She noted that a sales tax is well supported; however some of that vote is vulnerable. Survey results will be used to engage the public in evaluating scenarios for long-range transportation investments that support the Regional Transportation Plan. Ms. Bernstein noted although the people surveyed were concern with safety and transportation, transportation does not rise to the top. It is very important we work with the stakeholders and communities to increase awareness about transportation issues.

Board member Edelen thanked Ms. Bernstein for an excellent presentation. He noted that we need to incorporate “Self Help County” into the plan, which allows us eligible for matching funds, noting we are losing out on millions of dollars. Board member Chavez asked which voters are moved by the information on matching funds; Ms. Bernstein noted that information could be provided. Sam Teel with the Monterey County Hospitality Association commented that in the 2008 election, the ability to attract matching funds did not resonate with the Monterey County Taxpayers Association, but the list of specific projects was important.

Board member Edelen also suggested we clearly explain that TAMC funds will not go to supporting the High Speed Rail project because High Speed rail is unpopular. Ms. Bernstein replied that that information could be included in future polls. Board member Armenta suggested that specific improvements on local roads be included in a future measure. Information on voter preferences by city and rural areas was requested from the crosstabs.

Chair Parker asked if support for bicycling and walking was correlated with voters supportive of health improvements; Ms. Bernstein stated that they could look at the crosstabs.

Mr. Doug Yount noted the importance of educating the public now regarding the importance of transportation improvements.
The Executive Committee **RECEIVED** report by Doug Yount on the Salinas General Plan Economic Development Element which provides a vision for economic growth identifies challenges and establishes strategies to achieve goals, policies and projects over the next 30 to 35 years. Mr. Yount reported that the draft was released on April 8, 2014; further study will be required before the element can be adopted as part of the General Plan, and a CEQA evaluation needs to be completed. He highlighted the key strategies and policies that have been developed to address constraints to economic growth. Over a six month period the City engaged in a significant community outreach program, conducting public workshops and meeting with stakeholders and interest groups to solicit input on the draft Economic Development Element.

Executive Director Hale indicated staff support for certain portions of the plan, such as paths to parks, infill development and freight at the Intermodal Transportation Center, noting it is healthy for the walkability and an efficient use of transportation infrastructure. She also expressed a concern with the proposed ring roads (eastside, westside and new southside expressways), which would cost several millions of dollars, are not in TAMC’s 25 year plan, and would be challenging to fund. She noted that there would also be significant agricultural land impacts, which have been a concern with other projects in the past. Board member Craig noted that there is a great difficulty in getting from North to South Salinas and that these roads could assist in this manner. Director Hale responded that given all the stoplights that would be needed to access the expressways, these roads may not in fact be faster than existing routes. She noted that streamlining existing access to US 101 would be less costly and more effective in reducing travel times. Board member Chavez commented that it will be difficult to support any regional investment in expensive infrastructure such as the “ring roads” that will not benefit South County, given the existing projects in South County cities that are currently in need of funding.

Mr. Yount concluded and asked Mr. Kasavan to discuss the community’s participation in the project. Mr. Kasavan discussed the sustainable features of the plan, particularly with regards to promoting infill.
6. Received a report on the draft agenda for TAMC Board meeting of June 25, 2014.

Executive Director Hale reviewed the June 25, 2014 draft agenda and took committee comments. She noted the draft agenda calls for the Board to receive report by EMC Research on draft results of the Regional Transportation Plan Priorities and Preferences Survey. The Board will be asked to adopt Resolution 2014-07 finding an unmet transit needs that within Monterey County there are unmet transit needs, including unmet needs that are reasonable to meet; and Resolution 2014-08 allocating Local Transportation Funds to Monterey-Salinas Transit for Fiscal Year 2014-15.

7. **ADJOURNMENT**

Chair Parker adjourned the meeting at 11:10 a.m.

[Signature]

Elouise Rodriguez, Senior Administrative Assistant
Memorandum

To: Executive Committee
From: Christina Watson, Principal Transportation Planner
Meeting Date: August 6, 2014
Subject: State Legislative Update – Take Position on AB 69 (Perea)

RECOMMENDED ACTION


SUMMARY

On July 2, 2014, Assembly Member Henry Perea (D-Fresno) amended Assembly Bill (AB) 69 to delay the implementation of cap-and-trade fees on transportation fuels for three years. If approved, this bill would delay the lion’s share of cap and trade funding coming for transportation projects by three years. This funding is needed now to implement transportation projects that will help the state achieve its greenhouse gas emissions reductions goals.

FINANCIAL IMPACT

Delaying implementation of the fee on gasoline would delay the funding that is slated to come through for transportation projects. More detail on the allocation of those funding is available in the state legislative update report also on this agenda.

DISCUSSION

The cap-and-trade program allows industry to buy allowances offsetting the climate change-fueling greenhouse gases they pour into the air. The new system has already begun generating millions in revenue, with this year’s budget dedicating the new revenue stream to a mix of affordable housing, mass transit and the high-speed rail project championed by Gov. Jerry Brown. (See state legislative update report for the detailed breakdown on this funding.)

The coming inclusion of transportation fuel into the program is likely to push gas prices up, prompting alarm from moderate Democrats. In a show of broad discontent, 16 Democrats last week sent a letter to the Air Resources Board urging the air quality regulator to delay implementing the new rule.
Attached is the amended AB 69. If approved, this bill would delay the lion's share of cap and trade funding coming for transportation projects by three years. This funding is needed now to implement transportation projects that will help the state achieve its greenhouse gas emissions reductions goals.

Staff recommends this committee recommend the Board take an oppose position on this bill.

Approved by: Debra L. Hale, Executive Director

Date signed: 7/21/14

Reviewed by Counsel: N/A

Admin/Finance Approval: N/A

Regular Agenda

Attachment: AB 69 (Perea)
AMENDED IN SENATE JULY 2, 2014
AMENDED IN SENATE AUGUST 12, 2013
AMENDED IN SENATE JULY 11, 2013
AMENDED IN SENATE JUNE 27, 2013
AMENDED IN SENATE JUNE 19, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL
No. 69

Introduced by Assembly Member Perea
(Coauthor: Assembly Member Stone)
(Coauthors: Assembly Members Brown, Daly, Hall, Roger Hernández, Rodriguez, and Salas)
(Coauthors: Senators Correa and Torres)

January 10, 2013

An act to add Article 6.5 (commencing with Section 14615) to Chapter 5 of Division 7 of the Food and Agricultural Code, and to add and repeal Chapter 4.7 (commencing with Section 116765) of Part 12 of Division 104 of Section 38576 to the Health and Safety Code, relating to drinking water, making an appropriation therefor greenhouse gases, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL’S DIGEST


The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas emissions reductions. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing state board regulations require specified entities to comply with a market-based compliance mechanism beginning January 1, 2013, and require additional specified entities to comply with that market-based compliance mechanism beginning January 1, 2015.

This bill instead would exempt categories of persons or entities that did not have a compliance obligation, as defined, under a market-based compliance mechanism beginning January 1, 2013, from being subject to that market-based compliance mechanism beginning January 1, 2015, and until December 31, 2017. The bill would require all participating categories of persons or entities to have a compliance obligation beginning January 1, 2018.

This bill would declare that it is to take effect immediately as an urgency statute.
(1) Existing law, the California Safe-Drinking Water Act, requires the State
Department of Public Health to administer provisions relating to the regulation of drinking water to protect public health, including, but not limited to, conducting research, studies, and demonstration programs relating to the provision of a dependable, safe supply of drinking water, enforcing the federal Safe Drinking Water Act, adopting enforcement regulations, and conducting studies and investigations to assess the quality of water in domestic water supplies.

This bill would establish the Nitrate at Risk Fund, to be administered by the department. This bill would continuously appropriate, without regard to fiscal years, the fund to the department for the purposes of loans, principal forgiveness loans, or grants to certain water systems operating in a high-nitrate at-risk area for specified purposes. This bill would require the state board, on or before January 1, 2022, to submit a report to the Legislature that includes specified information relating to the fund and contaminated drinking water. This bill would repeal these provisions on January 1, 2024.

(2) Existing law requires every person who manufactures or distributes fertilizing materials to be licensed by the Secretary of Food and Agriculture and to pay a license fee that does not exceed $300. Existing law requires every lot, parcel, or package of fertilizing material to have a label attached to it, as required by the secretary. Existing law requires a licensee who sells or distributes bulk fertilizing materials to pay to the secretary an assessment not to exceed $0.002 per dollar of sales for all sales of fertilizing materials, as prescribed, for the purposes of the administration and enforcement of provisions relating to fertilizing materials. In addition to that assessment, existing law authorizes the secretary to impose an assessment in an amount not to exceed $0.001 per dollar of sales for all sales of fertilizing materials for the purpose of providing funding for research and education regarding the use of fertilizing materials.

This bill, with prescribed exceptions, would require a person who sells for use in this state fertilizer materials to pay to the secretary a fertilizer materials charge, until January 1, 2016, of $0.01 per dollar of materials. This bill, on and after January 1, 2016, would permit the department to increase the amount of the charge, as specified, to an amount no greater than $0.04 per dollar of materials if 80% of the moneys in the fund are committed, and would require the Fertilizer Inspection Advisory Board to discuss the charge and provide a recommendation to the department. This bill would prohibit the fertilizer materials charge from being imposed when the department determines that more than $60,000,000 of the moneys in the fund are uncommitted. This bill would require a seller of fertilizer materials to remit the charge to the secretary to be deposited in the fund.

(3) The bill would declare that it is to take effect immediately as an urgency statute.


The people of the State of California do enact as follows:

P3  1   SECTION 1.
The Legislature finds and declares all of the
  2   following:
  3   (a) The landmark California Global Warming Solutions Act of
  4   2006 (Division 25.5 (commencing with Section 38500) of the
  5   Health and Safety Code) set the goal of reducing greenhouse gas
  6   emissions to 1990 levels by 2020. The act required the State Air
  7   Resources Board to develop a scoping plan, including direct
  8   regulations, performance-based standards, and market-based
P4  1   mechanisms to achieve this level of greenhouse gas emissions
  2   reductions.
(b) The State Air Resources Board has implemented a market-based compliance mechanism under the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code).
(c) Beginning January 1, 2015, the State Air Resources Board’s market-based compliance mechanism will expand from covering large industrial facilities to include carbon-based transportation fuels used today by the state’s motorists.
(d) Including transportation fuels in a market-based compliance mechanism will require suppliers of transportation fuels to purchase carbon allowances for gasoline and diesel sold and used in the state, therefore, adding a carbon price to the cost of transportation fuels.
(e) The State Air Resources Board’s regulatory analysis for the market-based compliance mechanism anticipates carbon allowance costs ranging from $15 to $75, inclusive, per ton between 2015 and 2020.
(f) Including transportation fuels in a market-based compliance mechanism will link the cost of gasoline and diesel to potentially volatile carbon markets placing the state’s motorists, families, and small businesses at risk.
(g) Many areas of the state continue to struggle from disproportionately high unemployment rates and the state’s hard-working low-income and middle-income families will likely suffer most from this sudden addition in addition to potentially volatile carbon costs on transportation fuels.
(h) Before including transportation fuels in a market-based compliance mechanism, the State Air Resources Board must ensure that the state’s motorists, families, and small businesses are prepared for this carbon price signal with sufficient notice, information, and protection from certain and volatile cost increases for their transportation fuels.

SEC. 2.
Section 38576 is added to the Health and Safety Code, to read:

38576.
(a) For purposes of this section, "compliance obligation" means the quantity of greenhouse gas emissions for which a person or entity is required to submit greenhouse gas emissions allowances or offsets to the state board pursuant to a market-based compliance mechanism.
(b) (1) If the state board adopts a market-based compliance mechanism pursuant to this part, only those categories of persons or entities that had a compliance obligation beginning January 1, 2013, and until December 31, 2014, shall have a compliance obligation beginning January 1, 2015, and until December 31, 2017.
(2) Beginning January 1, 2018, all categories of persons or entities participating in a market-based compliance mechanism shall have a compliance obligation.

SEC. 3.
This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within
the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

To allow sufficient lead time to make necessary adjustments to the program before it takes effect January 1, 2015, it is necessary for this act to take effect immediately.

SECTION 1.—

Article 6.5 (commencing with Section 14615) is added to Chapter 5 of Division 7 of the Food and Agricultural Code, to read:

Article 6.5—Nitrate-at-Risk Fund—Charge

14615.—

(a) For the purposes of this section, "fund" means the Nitrate-at-Risk Fund created by Section 116765 of the Health and Safety Code.

(b) (1) Except as provided in subdivision (d), every person who sells for use in this state fertilizer materials shall pay to the secretary the applicable charge. Those sales expressly include all sales made electronically, telephonically, or by any other means that result in a fertilizer material being shipped to or used in the state. There is a rebuttable presumption that fertilizer materials that are sold or distributed into or within this state by any person are sold or distributed for use in this state. A fertilizer materials charge shall be paid at the following rates for sales of fertilizer materials for use in this state:

(1) Until January 1, 2016, a charge of $0.01 per dollar of materials sold.

(2) On and after January 1, 2016, the State Department of Public Health may increase the amount of the charge to an amount no greater than $0.04 per dollar of materials sold if 80 percent of the moneys in the fund are committed. In determining the amount of the charge, the State Department of Public Health shall consider the demand for the moneys in the fund. In determining the charge, the State Department of Public Health shall allow stakeholder participation and make available to the public the information upon which the State Department of Public Health calculates, bases, or determines the charge. The Fertilizer Inspection Advisory Board, described in Section 14581, shall discuss the charge and provide a recommendation to the State Department of Public Health.

(2) A seller of fertilizer materials shall remit the fertilizer materials charge to the secretary to be deposited in the fund.

(c) The fertilizer materials charge shall not be imposed when more than sixty million dollars ($60,000,000) of the moneys in the fund are uncommitted.

(d) A person is not required to pay the charge provided for in this section as follows:

(1) In those cases where the person did not first sell the fertilizer material into or within this state or have actual knowledge, at the time of its sale, that the fertilizer would be sold for use in this state.

(2) If the fertilizer material is for use in further manufacturing or formulating of fertilizer material.

SEC. 2.—
Memorandum

To: Executive Committee
From: Christina Watson, Principal Transportation Planner
Meeting Date: August 6, 2014
Subject: Federal Legislative Update

RECOMMENDED ACTION

RECEIVE federal legislative update.

SUMMARY

Staff will present a verbal report at the meeting on federal legislative issues, such as the transportation authorization act and the Highway Trust Fund.

FINANCIAL IMPACT

Information only. No financial impact.

DISCUSSION

Authorization Act
The current transportation authorization act, Moving Ahead for Progress in the 21st Century, known as “MAP-21”, expires on September 30, 2014. Senator Boxer, Environment and Public Works Chair, introduced the six-year “MAP-21 Reauthorization Act” (S. 2322) on May 12, 2014. Govtrack.us gives it a 38% chance of being enacted. On June 11, 2014, Congressman Tom Petri introduced President Obama’s four-year reauthorization bill, the “GROW AMERICA” Act, which stands for “Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America” and is known as H. R. 4834. Govtrack.us gives it a 6% chance of being enacted. Staff will give a verbal update at the meeting.

Highway Trust Fund
The Highway Trust Fund (HTF) is heading towards bankruptcy, as soon as August for highway funds and October for transit funds. The revenue source of the HTF is the federal gasoline tax, which has been set at 18.4 cents per gallon since 1993. This tax has not kept pace with transportation expenditures, is not indexed to inflation, nor is it sufficient to last even until the expiration of MAP-21. On July 8, 2014, the House Ways and Means Committee introduced H. R. 5021: Highway and Transportation Funding Act of 2014. This bill is moving, and was passed
by the house on July 15. Govtrack.us gives it a 45% chance of being enacted. This bill is a temporary extension of the HTF by eight months to May 31, 2015. This stopgap measure will not raise the gas tax, as has been advocated by many who want the fund to be bolstered by user revenues. Instead, it relies on transfers from the General Fund and the Leaking Underground Storage Tank Trust Fund. The Senate is expected to begin consideration of a similar measure in the next week.

Attached is an article from Global Policy Watch, “Congress must deal with the Highway Trust Fund.” Online as web attachments are a letter from TAMC’s federal legislative analyst, Paul Schlesinger, and a letter to him, regarding the expiration of his contract on June 30, 2014.

Approved by: Debra L. Hale, Executive Director

Date signed: 7/24/14

Reviewed by Counsel: N/A

Regular Agenda

Admin/Finance Approval: N/A

Attachments:
1) July 7, 2014 article from Global Policy Watch, “Congress must deal with the Highway Trust Fund”

Web Attachments:
1) June 13, 2014 letter from Paul Schlesinger, Alcalde & Fay, to Executive Director Debbie Hale, re: contractual accomplishments
Congress Must Deal With the Highway Trust Fund

By Jack Schenendorf on July 7th, 2014

When Congress returns this week from the July 4th recess, it will once again find itself grappling with legislation to replenish the Highway Trust Fund, which is fast running out of money. Congress must act by the end of July to keep the Trust Fund solvent. If it doesn’t, the U.S. Department of Transportation will have no choice but to ration available funds to the fifty states starting in August. If this happens, many highway and transit projects of national, regional, and local significance will be delayed, postponed, or cancelled.

The federal Highway Trust Fund is in trouble. It simply cannot support the current levels of highway and transit funding, much less the higher levels that are needed to modernize the Nation’s national transportation network so that American businesses can compete in today’s highly-competitive global marketplace. According to the Congressional Budget Office, it will take an additional $8.1 billion to allow the Trust Fund to meet its obligations until the end of calendar year 2014. And in the longer term, it will take an additional $15 to $18 billion per year over current Trust Fund revenues just to maintain existing funding levels. What this means, for example, is that a six-year bill to reauthorize MAP-21, which expires on September 30, 2014, at current funding levels, would require an additional $90 to $100 billion in revenues.

The fiscal problems facing the Highway Trust Fund are not new. The federal gas and diesel taxes, which are the revenue source for the Trust Fund, have not been updated in over 20 years — despite the desperate need for highway and transit improvements. As a result, the purchasing power of the gas tax is approximately 63 percent of what it was in 1993, and continues to decline. Moreover, an increase in vehicle fuel efficiency has contributed to shrinking revenue for the Fund. In recent years, Congress and the Bush and Obama Administrations have avoided taking serious action to fix the Trust Fund, which would require enactment of new or increased user fees dedicated to the Trust Fund. Instead, they have opted to bail out the Trust Fund with general fund transfers. They have opted for quick fixes, for temporary patches.

And it looks like another temporary patch is in the works. The Senate Finance Committee and the House Ways and Means Committee are both poised to recommend a short term extension of the highway and transit programs until the end of 2014 or early into 2015. And both committees are poised to again use a general fund transfer to replenish the Trust Fund during this period. The general fund transfer would be offset by mostly unrelated revenue increases or spending cuts. The only point of contention at this point seems to be deciding on an acceptable mix of offsets. This approach means that that consideration of a long-term reauthorization of MAP-21 or long-term funding solutions would once again be deferred, this time until after the November elections—either to late 2014 in the lame duck session of Congress or to early 2015.

Instead of a short-term patch, the Administration has put forward its own solution. It is urging Congress to pass its Grow America Act, which is a four-year, $302 billion plan that would, among other things, give highway funding a much-needed boost of about 22 percent above 2014 levels. The Administration would pay for its
proposal by supplementing current revenues with $150 billion in “transition revenue” generated by tax reform. In reality, this is also a temporary patch; it would not create a long-term, stable funding mechanism for the Highway Trust Fund. But it would have the significant advantage of providing increased highway and transit funding for a four-year period. President Obama is pushing his proposal hard. According to press accounts, he openly mocked Congress last week for failing to fix the looming shortfall in the federal Highway Trust Fund. In a speech in front of the Key Bridge, which connects Washington, DC, to Arlington, VA, he said, “I haven’t heard a good reason for why they haven’t acted. It’s not like they’re busy with other stuff.”

But the reality is that enactment of the Administration’s proposal in the next few weeks is not remotely feasible. Although both Senate Democrats and House Republicans generally support the idea of corporate tax reform, the two sides haven’t agreed on the details and many aspects of it are controversial. Moreover, the Administration has not provided the details of who would actually be paying the tab for its one-time windfall of $150 billion. Under these circumstances, there simply is no chance of congressional action on tax reform in the next three weeks. The proposals currently being considered by the House and Senate are the only realistic options given the need for quick action.

For those looking for a long-term, sustainable fix for the Highway Trust Fund, there has been at least one bright light in this debate. A couple of weeks ago Senator Murphy (D-Conn.) and Senator Corker (R-Tenn.) unveiled their bipartisan proposal to shore up the Highway Trust Fund by increasing the federal gasoline and diesel taxes by six cents in each of the next two years for a total of 12 cents. The plan would also index the gas tax to inflation, using the Consumer Price Index, to ensure that it remains viable into the future. The proposal would provide enough additional revenues to offset current MAP-21 spending levels over the next 10 years and replace all of the buying power the federal gas tax has lost since it was last raised in 1993. It would create a long-term, stable funding mechanism for the Highway Trust Fund. Senator Murphy summed up their rationale for making the proposal as follows: “We are sick and tired of Congress talking about fixing our transportation funding shortfall and avoiding specifics simply because the solutions are politically uncomfortable. Money is not going to fall off trees or sprout out of the ground to fill the funding gap.” Senator Corker went on to say: “I know that we won’t pass this in the next month. Our goal is to build support for this in the next six months.”

Could Congress pass something like the Murphy-Corker proposal in the lame duck session after November’s election? Well, there certainly is a precedent for it. In the lame duck session in 1982, Congress increased the gas and diesel fuel taxes. When President Reagan signed the bill, he said, “When we first built our highways, we paid for them with a gas tax, a highway user fee that charged those of us who benefited most from the system. It was a fair concept then, and it is today. But that levy has not been increased in more than 23 years. And it no longer covers expenses. The money for today’s improvements will come from increasing the gas tax, or the highway user fee, by the equivalent of a nickel a gallon — about $30 a year for most motorists. ... Today, as this bill becomes law, America ends a period of decline in her vast and world-famous transportation system. Because of the prompt and bipartisan action of Congress, we can now ensure for our children a special part of their heritage — a network of highways and mass transit that has enabled our commerce to thrive, our country to grow, and our people to roam freely and easily to every corner of our land.” Many are hoping that Congress and President Obama will be able to echo these sentiments in the not too distant future. Time will tell.
Open Letter from Secretary Foxx and 11 Former DOT Secretaries Urging Congress to Address Long-Term Transportation Needs

WASHINGTON – As Congress considers legislation to avoid a shortfall of the Highway Trust Fund, Transportation Secretary Anthony Foxx and 11 of his predecessors offered the following open letter to Congress. In addition to Secretary Foxx, Secretaries Ray LaHood, Mary Peters, Norman Mineta, Rodney Slater, Frederico Peña, Samuel Skinner, Andrew Card, James Burnley, Elizabeth Dole, William Coleman and Alan Boyd all signed the letter. Their message: Congress’ work doesn’t end with the bill under consideration. Transportation in America still needs a much larger, longer-term investment. The text of the letter is below:

This week, it appears that Congress will act to stave off the looming insolvency of the Highway Trust Fund. The bill, if passed, should extend surface transportation funding until next May.

We are hopeful that Congress appears willing to avert the immediate crisis. But we want to be clear: This bill will not “fix” America’s transportation system. For that, we need a much larger and longer-term investment. On this, all twelve of us agree.

Taken together, we have led the U.S. Department of Transportation for over 35 years. One of us was there on day one, at its founding. We’ve served seven presidents, both Republicans and Democrats, including Lyndon Johnson, Gerald Ford, Ronald Reagan, George H.W. Bush, Bill Clinton, George W. Bush, and Barack Obama.

Suffice it to say, we’ve been around the block. We probably helped pave it.

So it is with some knowledge and experience that we can write: Never in our nation’s history has America’s transportation system been on a more unsustainable course.

In recent years, Congress has largely funded transportation in fits and starts. Federal funding bills once sustained our transportation system for up to six years, but over the past five years, Congress has passed 27 short-term measures. Today, we are more than a decade past the last six-year funding measure.

This is no way to run a railroad, fill a pothole, or repair a bridge. In fact, the unpredictability about when, or if, funding will come has caused states to delay or cancel projects altogether.

The result has been an enormous infrastructure deficit – a nationwide backlog of repairing and rebuilding. Right now, there are so many structurally deficient bridges in America that, if you lined them up end-to-end, they’d stretch from Boston to Miami. What’s worse, the American people are paying for this inaction in a number of ways.

Bad roads, for example, are costing individual drivers hundreds of dollars a year due to side effects like extra wear-and-tear on their vehicles and time spent in traffic.
Simply put, the United States of America is in a united state of disrepair, a crisis made worse by the fact that, over the next generation, more will be demanded of our transportation system than ever before. By 2050, this country will be home to up to 100 million new people. And we’ll have to move 14 billion additional tons of freight, almost twice what we move now.

Without increasing investment in transportation, we won’t be able to meet these challenges. According to the American Society of Civil Engineers, we need to invest $1.8 trillion by 2020 just to bring our surface transportation infrastructure to an adequate level.

So, what America needs is to break this cycle of governing crisis-to-crisis, only to enact a stopgap measure at the last moment. We need to make a commitment to the American people and the American economy.

There is hope on this front. Some leaders in Washington, including those at the U.S. Department of Transportation, are stepping forward with ideas for paying for our roads, rails, and transit systems for the long-term.

While we – the twelve transportation secretaries – may differ on the details of these proposals, there is one essential goal with which all twelve of us agree: We cannot continue funding our transportation with measures that are short-term and short of the funding we need.

On this, we are of one mind. And Congress should be, too.

Adequately funding our transportation system won’t be an easy task for our nation’s lawmakers. But that doesn’t mean it’s impossible. Consensus has been brokered before.

Until recently, Congress understood that, as America grows, so must our investments in transportation. And for more than half a century, they voted for that principle – and increased funding – with broad, bipartisan majorities in both houses.

We believe they can, and should, do so again.
Memorandum

To: Executive Committee
From: Christina Watson, Principal Transportation Planner
Meeting Date: August 6, 2014
Subject: State Legislative Update

RECOMMENDED ACTION

RECEIVE state legislative update.

SUMMARY

Staff will present a verbal report at the meeting on state legislative issues, such as the recently approved cap and trade funding plan and state budget.

FINANCIAL IMPACT

Information only. No financial impact.

DISCUSSION

On June 15, 2014, the State Legislature approved the state budget for fiscal year 2014-15 and an ongoing spending plan for cap and trade revenues. Here is the overall impact to transportation:

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget Year 2014-15</th>
<th>Long-Term Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formula funds for transit operations or capital – via the State Transit Assistance formula (which does not allow intercity rail)</td>
<td>$25 million</td>
<td>5%</td>
</tr>
<tr>
<td>Competitive grants for transit capital or operations – includes bus transit, commuter rail, intercity rail, and light rail</td>
<td>$25 million</td>
<td>10%</td>
</tr>
<tr>
<td>Competitive grants for sustainable communities and housing – includes transit, active transportation program, and transit-oriented development projects</td>
<td>$130 million</td>
<td>10%</td>
</tr>
<tr>
<td>High-Speed Rail</td>
<td>$250 million</td>
<td>25%</td>
</tr>
<tr>
<td>Energy, water, waste diversion, weatherization, &amp; housing programs &amp; low-carbon transportation (e.g., zero-emission buses)</td>
<td>$442 million</td>
<td>50%</td>
</tr>
</tbody>
</table>
Attachment 1 is the Department of Finance summary of the adopted Cap and Trade Expenditure Plan. Online as Web Attachment 1 is a detailed description of the transportation funding impacts of these actions from the California Association of Councils of Governments (CALCOG). Staff will continue to monitor trailer bills.

Attachment 2 is the 2014 TAMC Legislative Track, showing the status of bills of interest to the agency. No action is recommended with this report. The track omits previously monitored bills that died in their house of origin or were amended to no longer pertain to transportation. Online as Web Attachment 2 is the adopted 2014 TAMC legislative program.

Approved by: Debra L. Hale, Executive Director
Date signed: 7/21/14
Reviewed by Counsel: N/A
Admin/Finance Approval: N/A

Regular Agenda
Attachments:
1. Department of Finance summary: Cap and Trade Expenditure Plan
2. 2014 TAMC Legislative Track, as of July 17, 2014

Web Attachments:
1. CALCOG Cap & Trade Policy Brief: Transit, Housing, & Sustainable Communities Program, June 23, 2014
2. TAMC Legislative Program, adopted January 22, 2014
CAP AND TRADE EXPENDITURE PLAN

The California Global Warming Solutions Act of 2006 (AB 32) established California as a global leader in reducing greenhouse gas emissions (GHGs). To meet the goals of AB 32, the state has adopted a three-pronged approach to reducing emissions, including adopting standards and regulations, providing emission reduction incentives via grant programs, and establishing a market-based compliance mechanism known as Cap and Trade. The Cap and Trade program sets a statewide limit on the GHG sources responsible for 85 percent of California GHG emissions. Through an auction mechanism, it establishes a financial incentive for industries subject to the statewide cap to make long-term investments in cleaner fuels, more efficient energy use, and transformational technological and scientific innovations. The Cap and Trade program provides GHG emitters the flexibility to implement the most efficient options to reduce GHG emissions. Based on the first update to the Climate Change Scoping Plan, the Cap and Trade program will be responsible for approximately 30 percent of the required GHG emission reductions to meet the AB 32 goal of reducing GHG emissions to 1990 levels by 2020.

Chapter 830, Statutes of 2012 (SB 535), requires that the state invest at least 10 percent of the auction proceeds within the most disadvantaged communities and at least 25 percent of the proceeds be invested to benefit these communities. The California Environmental Protection Agency, directed by SB 535, will determine the list of disadvantaged communities using CalEnviroScreen, a tool developed by the Office of Environmental Health Hazard Assessment, in collaboration with stakeholders and an advisory group.
The Budget provides $832 million of Cap and Trade proceeds to support existing and pilot programs that will reduce GHG emissions and meet SB 535 goals (see Figure CAP-01). This expenditure plan will reduce emissions by modernizing the state’s rail system including high-speed rail and public transit, encouraging local communities to develop in a sustainable manner with an emphasis on public transportation and affordable housing, increasing energy, water, and agricultural efficiency, restoring forests in both urban and rural settings, and creating incentives for additional recycling. The Budget permanently allocates 60 percent of future auction proceeds to public transit, affordable housing, sustainable communities, and high-speed rail. The remaining proceeds will be allocated in future budgets.

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Department</th>
<th>Program</th>
<th>2014-15</th>
<th>Ongoing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Communities and Clean Transportation</td>
<td>High-Speed Rail Authority</td>
<td>High-Speed Rail Project</td>
<td>$250</td>
<td>25 percent</td>
</tr>
<tr>
<td></td>
<td>State Transit Assistance</td>
<td>Low Carbon Transit Operations Program</td>
<td>$25</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Caltrans</td>
<td>Transit and Intercity Rail Capital Program</td>
<td>$25</td>
<td>35 percent</td>
</tr>
<tr>
<td></td>
<td>Strategic Growth Council</td>
<td>Affordable Housing and Sustainable Communities Program</td>
<td>$130</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Air Resources Board</td>
<td>Low Carbon Transportation</td>
<td>$200</td>
<td>Annual Appropriations</td>
</tr>
<tr>
<td>Energy Efficiency and Clean Energy*</td>
<td>Department of Community Services and Development</td>
<td>Energy Efficiency Upgrades/Weatherization</td>
<td>$75</td>
<td>Annual Appropriations</td>
</tr>
<tr>
<td></td>
<td>Energy Commission</td>
<td>Energy Efficiency for Public Buildings</td>
<td>$20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Department of Food and Agriculture</td>
<td>Agricultural Energy and Operational Efficiency</td>
<td>$15</td>
<td></td>
</tr>
<tr>
<td>Natural Resources and Waste Diversion</td>
<td>Department of Fish and Wildlife</td>
<td>Wetlands and Watershed Restoration</td>
<td>$25</td>
<td>Annual Appropriations</td>
</tr>
<tr>
<td></td>
<td>Department of Forestry and Fire Protection</td>
<td>Fire Prevention and Urban Forestry Projects</td>
<td>$42</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cal Recycle</td>
<td>Waste Diversion</td>
<td>$25</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$832</td>
<td></td>
</tr>
</tbody>
</table>

* Emergency drought legislation enacted in February 2014 included $40 million of Cap and Trade funds for water use efficiency projects.
Specifically, the Cap and Trade Expenditure Plan invests in the following programs:

**Sustainable Communities and Clean Transportation**

- High-Speed Rail—$250 million for the High-Speed Rail Authority for construction of the initial construction segment in the Central Valley and further environmental and design work on the statewide system. The Budget also provides an ongoing commitment of 25 percent of future Cap and Trade proceeds to the high-speed rail project and specifies that $400 million remaining from a prior General Fund loan also be available for the project. This long-term funding commitment allows for the advancement of the project on multiple segments concurrently, which yields cost savings and creates an opportunity for earlier potential private sector investment. These investments in the high-speed rail system will alleviate pressure on California’s current transportation network and will provide both environmental and economic benefits.

- Low Carbon Transit Operations Program—$25 million for local transit agencies to support new or expanded bus and rail services, with an emphasis on disadvantaged communities. Expenditures are required to result in an increase in transit ridership and a decrease in GHG emissions. The Budget also provides an ongoing commitment of 5 percent of future auction proceeds for this purpose.

- Transit and Intercity Rail Capital Program—$25 million for Caltrans to administer a competitive grant program for rail and bus transit operators for capital improvements to integrate state and local rail and other transit systems, including those located in disadvantaged communities, and those that provide connectivity to the high-speed rail system. The Transportation Agency will prepare a list of projects recommended for funding, to be submitted to the California Transportation Commission for programming and allocation. The Budget also provides an ongoing commitment of 10 percent of future auction proceeds for this purpose.

- Affordable Housing and Sustainable Communities Program—$130 million to support the implementation of sustainable communities strategies required by Chapter 728, Statutes of 2008 (SB 375), and to provide similar support to other areas with GHG reduction policies, but not subject to SB 375 requirements. The Strategic Growth Council will coordinate this program. Projects that benefit disadvantaged communities will be given priority. Also, projects will reduce GHG emissions by increasing transit ridership, active transportation (walking/biking), affordable housing near transit stations, preservation of agricultural land, and local planning that promotes infill development and reduces the number of vehicle miles traveled.
The Budget also provides an ongoing commitment of 20 percent of future auction proceeds for this program and requires that at least half of the expenditures be allocated for affordable housing projects.

- **Low Carbon Transportation**—$200 million for the Air Resources Board to accelerate the transition to low carbon freight and passenger transportation, with a priority for disadvantaged communities. This investment will also support the Administration’s goal to deploy 1.5 million zero-emission vehicles in California by 2025. The Board administers existing programs that provide rebates for zero-emission cars and vouchers for hybrid and zero-emission trucks and buses. These expenditures will respond to increasing demand for these incentives, as well as provide incentives for the pre-commercial demonstration of advanced freight technology to move cargo in California, which will benefit communities near freight hubs.

### Energy Efficiency and Clean Energy

- **Weatherization Upgrades/Renewable Energy**—$75 million for the Department of Community Services and Development to assist in the installation of energy efficiency and renewable energy projects in low-income housing units within disadvantaged communities. Weatherization measures typically include weather-stripping, insulation, caulking, water heater blankets, fixing or replacing windows, refrigerator replacement, electric water heater repair/replacement, and heating and cooling system repair/replacement. Renewable energy measures include installation of solar water heater systems and photovoltaic systems. This program will serve a mix of single and multifamily housing units.

- **Energy Efficiency in Public Buildings**—$20 million for the Energy Resources Conservation and Development Commission to finance energy efficiency and energy generation projects in public buildings, including the University of California, the California State University, and courts. Energy savings projects will include lighting systems, energy management systems and equipment controls, building insulation and heating, ventilation, and air conditioning equipment.

- **Agricultural Energy and Operational Efficiency**—$15 million for the Department of Food and Agriculture to support projects that reduce GHG emissions from the agriculture sector by capturing greenhouse gases, harnessing greenhouse gases as a renewable bioenergy source, improving agricultural practices and promoting low carbon fuels, agricultural energy, and operational efficiency.
**Natural Resources and Waste Diversion**

- Wetlands and Coastal Watersheds — $25 million for the Department of Fish and Wildlife to implement projects that provide carbon sequestration benefits, including restoration of wetlands (including those in the Delta), coastal watersheds and mountain meadows. In addition to furthering the goals of AB 32, these types of projects are also identified in the Water Action Plan and are integral to developing a more sustainable water management system statewide.

- Fire Prevention and Urban Forests — $42 million for the Department of Forestry and Fire Protection to support urban forests in disadvantaged communities and forest health restoration and reforestation projects that reduce wildfire risk and increase carbon sequestration. These expenditures will enhance forest health and reduce fuel loads in light of climate change increasing wildfire intensity and damage.

- Waste Diversion — $25 million for the Department of Resources Recycling and Recovery to provide financial incentives for capital investments that expand waste management infrastructure, with a priority in disadvantaged communities. Investment in new or expanded clean composting and anaerobic digestion facilities is necessary to divert more materials from landfills, a significant source of methane emissions. These programs reduce GHG emissions and support the state’s 75-percent solid waste recycling goal.
### Bill Number | Author | Topic | Status | Summary | Priority
--- | --- | --- | --- | --- | ---
AB 380 | Dickinson | Spill response for railroads | 6/16- amended, hearing set- Sen. Approps 8/4 | Requires rail carrier to report specified information regarding hazardous materials. Requires rail carrier to maintain a response management communications center. Requires the Office of Emergency Services to disseminate relevant information necessary for developing emergency response plans. | N/A |
AB1193 | Ting D | Bikeways | 7/1- amended, hearing set- Sen. Approps 8/4 | Existing law defines “bikeway” for certain purposes to mean all facilities that provide primarily for bicycle travel. Existing law categorizes bikeways into three classes of facilities. This bill would revise and recategorize these “bikeways” as bike paths, bike lanes, bike routes, and cycle tracks. “Cycle tracks” provide a right-of-way designated exclusively for bicycle travel adjacent to a roadway and are protected from other vehicle traffic with grade separation, flexible posts, inflexible physical barriers, and/or parked cars. | 13S |
AB1447 | Waldron R | Greenhouse Gas Reduction Fund: traffic synchronization | 7/1- amended, hearing set- Sen. Approps 8/4 | Authorizes moneys in the fund to be allocated for an investment in a traffic signal synchronization component that is part of a sustainable infrastructure project if the component is designed and implemented to achieve cost-effective reductions in greenhouse gas emissions and includes specific emissions-reductions targets and metrics to evaluate the project’s effect. | 6S |
AB 2119 | Stone D | Local taxes: transactions and use taxes | 7/2- Enrolled | Authorizes the board of supervisors of a county to levy, increase, or extend a transactions and use tax throughout the entire county or within the unincorporated area of the county, if approved by the qualified voters of the entire county if levied on the entire county, or of the unincorporated area of the county if levied on the unincorporated area of the county. | 14S |
AB 2280 | Alejo D | Community Revitalization and Investment Authorities | 6/25- hearing set- Sen. Approps 8/4 | Allows a local government or local governments jointly to establish a Community Revitalization and Investment Authority to use tax increment revenues to invest in disadvantaged communities. | 14S |
ACR 67 | Alejo D | State highways: special designations | 6/25- amended, hearing set- Sen. T. & H. 8/5 | Designates portions of State Highway Routes 1, 129, and 101 in the Counties of Monterey and Santa Cruz as the John Steinbeck Highway, the Senator Henry J. Mello Highway, the Oscar Rios Highway, and the Gateway to the Pinnacles Highway. | 14S |
SB 969 | DeSaulnier D | Public works. | 6/11-amended 7/2- referred to Appr suspense file | Public Works Project Oversight Improvement Act: defines a "megaproject" as a transportation project with total estimated development and construction costs over $2.5 billion; requires the agency administering a megaproject to establish a peer review group and to take specified actions to manage the risks associated with a megaproject. | N/A |
<table>
<thead>
<tr>
<th>Bill Number</th>
<th>Author</th>
<th>Topic</th>
<th>Status</th>
<th>Summary</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>SB 990</td>
<td>Vidak R</td>
<td>Transportation Funds: Disadvantaged Small Communities</td>
<td>4/29- T. &amp; H.: reconsideration granted.</td>
<td>Requires no less than 5% of funds available for regional improvement projects to be programmed in the regional transportation improvement program for disadvantaged small communities. In programming these moneys, the bill requires regional transportation agencies and county transportation commissions to prioritize funding congestion relief and safety needs.</td>
<td>10S</td>
</tr>
<tr>
<td>SB1077</td>
<td>DeSaulnier D</td>
<td>Vehicles: mileage-based fee pilot program.</td>
<td>6/25-amended &amp; re-referred to Assem. Appr</td>
<td>Establishes a Mileage-Based Fee (MBF) Task Force within the California Transportation Commission (CTC). Requires the task force to study MBF alternatives to the gas tax and to make recommendations to Caltrans and the CTC on the design of a pilot program. Authorizes the task force to make recommendations on the criteria to be used to evaluate the pilot program. Requires the Transportation Agency to develop and implement a pilot program by January 1, 2016, to identify and evaluate issues related to the potential implementation of a MBF program in California.</td>
<td>7S</td>
</tr>
<tr>
<td>SB 1151</td>
<td>Cannella R</td>
<td>Vehicles: school zone fines.</td>
<td>6/23-amended &amp; re-referred to Assem. Appr</td>
<td>Requires that an additional fine of $35 be imposed if the moving violation occurred when passing a school building or school grounds, and the highway is posted with a standard &quot;SCHOOL&quot; warning sign and an accompanying sign notifying motorists that increased penalties apply for traffic violations that are committed within that school zone.</td>
<td>13S</td>
</tr>
<tr>
<td>SB 1183</td>
<td>DeSaulnier D</td>
<td>Vehicle registration fees: surcharge for bicycle infrastructure.</td>
<td>6/25-amended &amp; re-referred to Assem. Appr</td>
<td>Authorizes local governments to impose and collect vehicle registration surcharges for the purpose of funding local bicycle infrastructure improvements and maintenance.</td>
<td>13S</td>
</tr>
<tr>
<td>SB 1204</td>
<td>Lara D</td>
<td>California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program.</td>
<td>6/18-amended &amp; re-referred to Assem. Appr</td>
<td>Creates the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, to be funded from cap and trade revenues, to fund zero- and near-zero emission truck, bus, and off-road vehicle and equipment technologies and related projects, with priority given to projects that benefit disadvantaged communities.</td>
<td>6S</td>
</tr>
<tr>
<td>SB 1228</td>
<td>Hueso</td>
<td>Trade Corridors Improvement Fund</td>
<td>6/25- amended &amp; re-referred to Assem. Appr</td>
<td>Continues the Trade Corridors Improvement Fund in existence for the purpose of receipt and expenditure of revenues from sources other than the bond act. The bill would provide for allocation of these revenues, upon appropriation, by the CTC for largely similar purposes as the bond act funds, but would specifically reference, as eligible projects, infrastructure improvements that benefit the state's land ports of entry, seaports, and airports.</td>
<td>7S</td>
</tr>
<tr>
<td>SB 1236</td>
<td>Moore R</td>
<td>Transit districts: transit offenses and enforcement.</td>
<td>7/3-Asm 2nd reading- ordered to consent</td>
<td>Authorizes the governing board of a transit district to designate district employees, or security officers contracted by the district, to enforce state laws relative to certain prohibited acts on or in public transportation systems or on the property, facilities, or vehicles of a transit district, if the employees or officers satisfy specified training requirements.</td>
<td>14S</td>
</tr>
<tr>
<td>Bill Number</td>
<td>Author</td>
<td>Topic</td>
<td>Status</td>
<td>Summary</td>
<td>Priority</td>
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<tr>
<td>SB 1319</td>
<td>Pavley D</td>
<td>Oil spills: oil spill prevention and response.</td>
<td>7/1- amended &amp; re-referred to Assem. Appr</td>
<td>Expands the regional and local planning element of the California oil spill contingency plan to include the identification and mitigation of public health and safety impacts from an oil spill in waters of the state. Requires a study and evaluation for inland areas of the state based on information on the modes of transportation of oil into and within the state and the properties of the oil. Requires the PUC to expand inspections on bridges and grade crossing used to transport oil and at oil unloading facilities and requires the PUC to regulate essential local safety hazards for oil transport more stringently than federal law.</td>
<td>N/A</td>
</tr>
<tr>
<td>SB 1368</td>
<td>Wolk D</td>
<td>State highways: relinquishment.</td>
<td>6/16- amended 6/24- re-referred to Assem. Appr</td>
<td>Adds a transit district or a joint powers authority (JPA) formed for the purposes of providing transportation services to the list of public agencies to which the California Transportation Commission (CTC) may relinquish park-and-ride lots.</td>
<td>10S</td>
</tr>
<tr>
<td>SB 1418</td>
<td>DeSaulnier D</td>
<td>Vehicle weight fees: transportation bond debt service</td>
<td>5/23- Held in Sen. Approps under submission.</td>
<td>Existing law provides for the transfer of certain weight fee revenues to the Transportation Bond Direct Payment Account for direct payment of debt service on transportation general obligation bonds issued pursuant to Proposition 1B of 2006. This bill would repeal these provisions, thereby retaining the weight fee revenues in the State Highway Account.</td>
<td>7S</td>
</tr>
<tr>
<td>SB 1433</td>
<td>Hill D</td>
<td>Local Agency Public Construction Act: transit design-build contracts.</td>
<td>6/24- re-referred to Assem. Appr</td>
<td>Includes in the definition of &quot;transit operator&quot; any other local or regional agency responsible for the construction of transit projects, thereby extending the design-build procurement authorization; eliminates the requirement that the project cost exceed a specified amount; and deletes the repeal date, thus extending the operation of these provisions indefinitely.</td>
<td>10S</td>
</tr>
<tr>
<td>SJR 24</td>
<td>DeSaulnier D</td>
<td>Federal Highway Trust Fund</td>
<td>6/16-Chaptered</td>
<td>Urges the President and the Congress to stabilize the federal Highway Trust Fund by developing a long-term plan to promote adequate federal Highway Trust Fund revenues.</td>
<td>7S</td>
</tr>
<tr>
<td>SB 862</td>
<td>Committee on Budget and Fiscal Review</td>
<td>Greenhouse gases: emissions reduction</td>
<td>6/20- Chaptered</td>
<td>Cap &amp; trade investment plan.</td>
<td>6S</td>
</tr>
</tbody>
</table>
Memorandum

To: Executive Committee
From: Michael Zeller, Senior Transportation Planner
Meeting Date: August 6, 2014
Subject: Regional Surface Transportation Program Competitive Grants

RECOMMENDED ACTION:
RECOMMEND approval of the proposed program of projects to receive Regional Surface Transportation Program 2014 Competitive Grants funding.

SUMMARY:
In February 2014, the Transportation Agency Board approved a round of competitive Regional Surface Transportation Program grant funding. After a call for projects that ended on May 1, 2014, the Agency received twelve applications totaling $31.9 million in requested funding. The review committee has reviewed and ranked the projects for consideration.

FINANCIAL IMPACT:
The three-year estimated funding of Regional Surface Transportation Program for fiscal years 2014/15, 2015/16, and 2016/17 is $14.1 million. Combined with $900,000 in Transportation Development Act 2% funding, the total competitive grants available funding for this cycle is $6.4 million.

DISCUSSION:
In establishing the Regional Surface Transportation Program Competitive Grants program, the Transportation Agency is seeking to fund projects that advance the goals of the Transportation Agency Board. These include delivering projects of regional significance that improve safety, provide maintenance for existing facilities, or support the development of a multimodal transportation network utilizing the principles of Complete Streets. Fair geographic balance in distributing the funds and the cost effectiveness of the proposed projects are also taken into consideration when awarding grant funds.

For this round of competitive Regional Surface Transportation Program grants, the Transportation Agency Board approved $5.5 million in Regional Surface Transportation Program funds to be combined with $900,000 in Transportation Development Act 2% funds, for a total funding cycle of $6.4 million. The proposed funding would cover a three year program of projects for fiscal years 2014/15 through 2016/17.
The grant application is comprised of four sections, each with 25 available points, for a total possible application score of 100 points. The four categories are Project Information & Regional Significance, Complete Streets, Project Readiness & Cost Effectiveness, and Regional Transportation Plan Consistency. The scoring for the application was designed and approved by the Transportation Agency Board to favor projects that improve regional routes with high traffic volumes, include bicycle and pedestrian facilities and safety enhancements, can be completed within the three year funding window, and support the performance measures included in the 2014 Regional Transportation Plan.

In April 2014, the Technical Advisory and Bicycle & Pedestrian Committees nominated committee members to the grants review committee to review and score the applications:

- Anais Schenk, AMBAG
- Brandy Rider, Caltrans
- Daniel Dawson, City of Del Rey Oaks
- Jeff Lindenthal, BPC Member
- Alex Cappelli, BPC Member
- Hank Myers, TAMC Staff
- Mike Zeller, TAMC Staff

The Transportation Agency received twelve completed grant applications, totaling over $31.9 million in requested Regional Surface Transportation Program grant funding. Each review committee member reviewed and scored six applications, and each application was reviewed and scored four times. The attached summary sheet provides an overview of the projects submitted for consideration, and how the applications were scored by the review committee. These results were presented to the Bicycle & Pedestrian and Technical Advisory Committees for review.

At the May 2014 Technical Advisory Committee meeting, the committee recommended the staff proposed program of projects, and that Agency staff continue to coordinate with the County of Monterey to identify full-funding for the Highway 68 roundabout project. County staff has indicated that they have secured a private loan for the $1.3 million shortfall, which would be repaid from fourth-year Regional Surface Transportation Program funds. Agency staff is in support of this action, which would allow the project to proceed to construction, but reduce the next cycle of Regional Surface Transportation Program grants. The County would be restricted from claiming these funds until the 2018/19 funding cycle.

Staff is also recommending that $300,000 that is currently programmed to the City of Marina’s MST Transit Village project be reprogrammed to the Highway 68 roundabout project. The City has received several extensions on these funds, but has yet to develop a viable project. In February 2014, the Board approved depogramming any outstanding Regional Surface Transportation Program funds with the remainder being used to fund deliverable projects consistent with the program’s timely use of funds provisions.

In addition, in June 2013 both the Bicycle & Pedestrian and Technical Advisory Committees recommended programming $57,051 in Transportation Development Act 2% funds for the Moss Landing Trail project. Agency staff is also recommending that this amount be included in the overall competitive program funding for this cycle.

Approved by: [Signature] Debra L. Hale, Executive Director

Date signed: 7/22/14

Counsel Approval: N/A
Admin/Finance Approval: N/A

Regular Agenda
Attachment: RSTP Competitive Grants Summary
### Transportation Agency for Monterey County
#### Regional Surface Transportation Program
#### 2014 Competitive Grant Rankings

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Project</th>
<th>Total Points</th>
<th>Rank</th>
<th>Total Project Cost</th>
<th>RSTP Grant Funding Requested</th>
<th>Proposed Funding</th>
<th>Transportation Development Act 2%</th>
<th>Regional Surface Transportation Program</th>
<th>Regional Development Impact Fee</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seaside</td>
<td>West Broadway Urban Village Infrastructure Improvements Project</td>
<td>342.0</td>
<td>1</td>
<td>$10,464,000</td>
<td>$4,050,000</td>
<td>$4,050,000</td>
<td>$251,250</td>
<td>$3,798,750</td>
<td></td>
<td>Contingent upon the City of Seaside securing other sources of funding and timely use of funds requirements.</td>
</tr>
<tr>
<td>Monterey</td>
<td>Holman Highway 68 Roundabout</td>
<td>319.5</td>
<td>2</td>
<td>$8,086,000</td>
<td>$3,204,000</td>
<td>$1,574,329</td>
<td>$1,231,833</td>
<td>$342,496</td>
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<td>Recommendation for partial funding.</td>
</tr>
<tr>
<td>Marina</td>
<td>Beach Road Improvements - SR 1 to Marina Drive</td>
<td>288.5</td>
<td>3</td>
<td>$2,310,000</td>
<td>$2,310,000</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$100,000</td>
<td></td>
<td>The recommendation would fund the project through Environmental and Design.</td>
</tr>
<tr>
<td>County of Monterey</td>
<td>SR68 / Corral de Tierra Intersection Improvement Project</td>
<td>285.0</td>
<td>4</td>
<td>$3,101,622</td>
<td>$361,622</td>
<td>$361,622</td>
<td>$49,417</td>
<td>$312,205</td>
<td></td>
<td>Recommendation to fully fund this request.</td>
</tr>
<tr>
<td>County of Monterey</td>
<td>Las Lomas Bicycle / Pedestrian, Lighting, and Drainage Improvement Project</td>
<td>284.5</td>
<td>5</td>
<td>$3,474,069</td>
<td>$1,400,000</td>
<td>$1,400,000</td>
<td>$1,400,000</td>
<td>$1,400,000</td>
<td></td>
<td>Funding not recommended to provide geographic equity.</td>
</tr>
<tr>
<td>Salinas</td>
<td>Downtown Salinas Complete Streets Improvements</td>
<td>263.5</td>
<td>6</td>
<td>$5,517,000</td>
<td>$5,517,000</td>
<td>$5,517,000</td>
<td>$310,000</td>
<td>$310,000</td>
<td></td>
<td>The recommendation would fund the project through Environmental and Design.</td>
</tr>
<tr>
<td>County of Monterey</td>
<td>Castrovile Blvd &amp; Del Monte Blvd Bicycle / Pedestrian Trail Preservation Project</td>
<td>256.5</td>
<td>7</td>
<td>$638,000</td>
<td>$638,000</td>
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<td></td>
<td>Project scoring falls below threshold for funding recommendation.</td>
</tr>
<tr>
<td>King City</td>
<td>First Street Bicycle and Pedestrian Improvements South of First Street Bridge</td>
<td>253.5</td>
<td>8</td>
<td>$648,750</td>
<td>$648,750</td>
<td>$648,750</td>
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<td></td>
<td>Recommendation to fully fund this request as the highest scoring project in South County.</td>
</tr>
<tr>
<td>Soledad</td>
<td>Soledad / Pinnacles / SR-146 Multi-Modal Scenic Roadway Project</td>
<td>250.5</td>
<td>10</td>
<td>$7,911,000</td>
<td>$4,891,000</td>
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<td>$4,891,000</td>
<td>$4,891,000</td>
<td></td>
<td>Project scoring falls below threshold for funding recommendation.</td>
</tr>
<tr>
<td>County of Monterey</td>
<td>Prunedale South and North Roads - Class II Bicycle Lanes</td>
<td>244.0</td>
<td>11</td>
<td>$4,600,000</td>
<td>$4,600,000</td>
<td>$4,600,000</td>
<td>$4,600,000</td>
<td>$4,600,000</td>
<td></td>
<td>Project scoring falls below threshold for funding recommendation.</td>
</tr>
<tr>
<td>County of Monterey</td>
<td>Gloria, Iverson, and Johnson Canyon Roads Pavement Improvement Project</td>
<td>165.5</td>
<td>12</td>
<td>$5,000,000</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
<td></td>
<td>Project scoring falls below threshold for funding recommendation.</td>
</tr>
</tbody>
</table>

**Revenue Sources**

<table>
<thead>
<tr>
<th>Transportation Development Act 2%</th>
<th>Regional Surface Transportation Program</th>
<th>Regional Development Impact Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,044,701</td>
<td>$900,000</td>
<td>$5,490,000</td>
</tr>
</tbody>
</table>

**Additional 2014 Programming Recommendations**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Project</th>
<th>Amount</th>
<th>Fund Source</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>County of Monterey</td>
<td>Holman Highway 68 Roundabout</td>
<td>$1,329,671</td>
<td>RSTP</td>
<td>Amount secured by the County of Monterey in a private loan, to be repaid from fourth-year Regional Surface Transportation Program funds. Funds cannot be claimed by the County of Monterey until the 2018/19 cycle.</td>
</tr>
<tr>
<td>County of Monterey</td>
<td>Holman Highway 68 Roundabout</td>
<td>$300,000</td>
<td>RSTP</td>
<td>This amount would be applied from deprogrammed funds to the City of Marina's MST Transit Village project.</td>
</tr>
<tr>
<td>County of Monterey</td>
<td>Moss Landing Trail</td>
<td>$57,051</td>
<td>TDA 2%</td>
<td>Funding recommended for approval by the Bicycle &amp; Pedestrian and Technical Advisory Committees in June 2013, and included for approval in this fund cycle.</td>
</tr>
</tbody>
</table>

**Comments**

- Contingent upon the City of Seaside securing other sources of funding and timely use of funds requirements.
- Recommendation for partial funding.
- The recommendation would fund the project through Environmental and Design.
- Recommendation to fully fund this request.
- Funding not recommended to provide geographic equity.
- The recommendation would fund the project through Environmental and Design.
- Project scoring falls below threshold for funding recommendation.
- Recommendation to fully fund this request as the highest scoring project in South County.
- Project scoring falls below threshold for funding recommendation.
- Project scoring falls below threshold for funding recommendation.
- Project scoring falls below threshold for funding recommendation.
- Project scoring falls below threshold for funding recommendation.

**Additional 2014 Programming Recommendations**

- Amount secured by the County of Monterey in a private loan, to be repaid from fourth-year Regional Surface Transportation Program funds. Funds cannot be claimed by the County of Monterey until the 2018/19 cycle.
- This amount would be applied from deprogrammed funds to the City of Marina's MST Transit Village project.
- Funding recommended for approval by the Bicycle & Pedestrian and Technical Advisory Committees in June 2013, and included for approval in this fund cycle.
Outstanding Funding Obligations
Included for reference, this table lists the projects that have previously been awarded funding, but have yet to be completed by the sponsor agency.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Project</th>
<th>Fund Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caltrans</td>
<td>US-101 South County Frontage Roads</td>
<td>STIP</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Carmel</td>
<td>Install Bike Racks</td>
<td>RSTP (Competitive)</td>
<td>$13,000</td>
</tr>
<tr>
<td>County of Monterey</td>
<td>Route 1 Operational Improvements (Carmel)</td>
<td>STIP</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>County of Monterey</td>
<td>Highway 68 Corral de Tierra</td>
<td>STIP</td>
<td>$1,700,000</td>
</tr>
<tr>
<td>County of Monterey</td>
<td>Castroville bike/pedestrian overcrossing</td>
<td>STIP</td>
<td>$6,637,000</td>
</tr>
<tr>
<td>County of Monterey</td>
<td>Davis Rd bike lanes, Salinas, Rossi to Blanco</td>
<td>STIP</td>
<td>$2,660,000</td>
</tr>
<tr>
<td>Marina</td>
<td>MST Transit Village</td>
<td>RSTP (TLC)</td>
<td>$300,000</td>
</tr>
<tr>
<td>Marina</td>
<td>Imjin Road Widening</td>
<td>STIP</td>
<td>$3,300,000</td>
</tr>
<tr>
<td>Marina</td>
<td>Imjin Pkwy bike lanes, Imjin-Reservation</td>
<td>STIP</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>MST</td>
<td>RSTP Set Aside</td>
<td>RSTP</td>
<td>$1,400,000</td>
</tr>
<tr>
<td>MST</td>
<td>Bus Replacement</td>
<td>STIP</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Seaside</td>
<td>Broadway Ave. Improvements</td>
<td>RSTP (Competitive)</td>
<td>$307,958</td>
</tr>
</tbody>
</table>
Ms. Debbie Hale  
Executive Director  
Transportation Agency for Monterey County  
55-B Plaza Circle  
Salinas, CA  93901

Dear Ms. Hale,

Having reflected on our conversation of a few hours ago, I just wanted to put some thoughts down on paper. First, and most importantly, it has certainly been a privilege and a pleasure to work on behalf of TAMC for over eleven years now, and to work with you personally for much of that time.

I really do feel that, working together, we have accomplished quite a lot over the years. Nearly all of the objectives that have been set out for us have either been achieved or are in the process of being achieved. As mentioned just earlier today with regard to the possibility of Senator Boxer’s possible visit to the County, we assisted you in securing over $6.4 million for the Airport Boulevard Interchange (now completed) and about $5.5 million for the Highway 156 widening.

Additionally, we helped secure a legislative fix that allowed a previous allocation of $1.56 million for Prunedale to be spent, and then another statutory remedy that freed up an additional $9 million. We also worked with you to successfully persuade the Federal Highway Administration to release $4.2 million for the Prunedale Improvement Project. To be clear, none of these funds, well over $14 million, would have been available were it not for your successful efforts in Washington.

With regard to our rail program, under legislative procedures formerly employed for moving projects forward, we were successful in having our rail program authorized and helped win $1 million in federal assistance. More recently, we have worked with you to develop and implement a viable legislative strategy that we hope might yet overcome FTA impediments to our securing substantial federal funding for our rail program.
Finally, it's well worth noting the assistance we were able to provide in facilitating a leadership role for TAMC, as you coordinated the efforts of others around the state, in helping you lead the way in trying to address concerns with Senate modifications to the planning provisions that were in the Senate version of what became MAP-21. Of course, in the same bill, we helped you protect funding for off-system bridges, as well.

Indeed, the leading role that TAMC played with Senator Boxer on this legislation, and her interest in coming to Monterey County to stump for a continuation of the highway trust fund and the programs it supports, might be most emblematic of the success we have had working together for TAMC; elevating your visibility and role in Washington and making you a player not just in furthering our individual objectives, but in broader policy discussions as well.

As I mentioned on the phone, Debbie, I do value having TAMC as a client, and all the work we have done together over the years. I am quite comfortable that we have enjoyed an excellent batting average at getting the things done that were do-able. While we have been working for several years under a reduced retainer situation, we could further review those arrangements so that we might continue working together in some form during the crucial months ahead when Congress is likely to extend existing transportation programs, and then consider longer-range legislation that will have an impact on these programs, and TAMC and the people of Monterey County, for years to come.

Given the critical transportation issues that have advanced to the forefront of the Congressional agenda, as well as the Administration's, this would not seem like a good time for TAMC to reduce its presence in Washington. The nation is at a critical juncture in transportation policy, and it would seem an important time for TAMC to continue its role in shaping transportation policy and programs on which it relies. Needless to say, I would relish the opportunity to continue to be a spokesperson and advisor for you on federal issues.

Sincerely,

Paul Schlesinger

cc: Supervisor Dave Potter, Chair, Rail Policy Committee
July 14, 2014

Paul Schlesinger
Alcalde & Fay
2111 Wilson Boulevard, Suite 850
Arlington, Virginia 22201

Via email to: schlesinger@alcalde-fay.com

Subject: Professional Services Contract Closeout:
Federal Legislative Analyst and Advocate

Dear Mr. Schlesinger:

Our agreement for professional services expired on June 30, 2014. With payment of the final invoice on July 18, 2014, the Transportation Agency has now closed out this contract, subject to any continuing terms related to audits, insurance or indemnification.

Thank you for your letter of June 13, 2014. Thank you for your service to the project and to the Transportation Agency. We would like to especially thank you and acknowledge the successful applications for federal funding for our priority highway projects over the years – for the Airport Boulevard Interchange, Prunedale Improvement, and Highway 156 Widening Projects – and thank you for your assistance on the Salinas Rail Extension project.

Due to funding constraints, we have decided not to hire out for representation on federal legislative issues at this time. However, we will continually be evaluating our need for these services, and we will certainly include your firm on the notice list for any requests for qualifications we may issue for such work.

If you have any questions, please contact me at 831-775-0903 or debbie@tamcmonterey.org.

Sincerely,

Debra L. Hale
Executive Director
At 9AM this morning, Governor Brown released a revised, $156.2 billion budget plan, proposing to spend the bulk of a state windfall to cover vastly expanded rolls in the state's Medi-Cal program. Under this revision, state revenues are forecast to increase by $2.4 billion. Nevertheless, the costs of health care, drought, and other programs have increased by essentially the same amount, according to the Department of Finance's (DOF) summary.

The May revision reflects the state's best projection of revenues for the coming fiscal year and touches off a rush of budget negotiations at the Capitol ahead of the adoption of an annual spending plan in June.

The budget replaces a $154.9 billion spending plan Brown proposed in January. It included modest increases for social service programs, but also billions of dollars to address long-term debt.

Brown's new plan says 1.4 million more people than projected in January signed up for Medi-Cal under the Obamacare roll out this year, which will cost the state about $1.2 billion more than the governor's predicted five months ago.

Brown's budget also confirmed that state revenue had grown enough to trigger a pay 2 percent increase for most state employees beginning July 1. Brown and 14 of the 21 bargaining units agreed to contracts that included the triggered pay hike. The budget projects that the raise will cost $183.7 for the fiscal year, $90.3 million of it from the general fund.

Brown's budget plan also includes $142 million to cover expenses from the ongoing drought.

Most notably, the Revise was silent on the issue of Cap-and-Trade, which lends credibility to the notion that the Administration is working with the Senate Leader on a compromise that will be resolved in the upcoming weeks.

The spending plan also lays out a 30-year road map to pay off the unfunded $73.7 billion liability in the State Teachers Retirement System by asking the state, school districts and teachers all to increase annual contributions.

The revised budget's release follows the announcement last week that Brown and legislative leaders had reached agreement on a major component of the annual spending plan, a rainy-day fund measure that, if approved by voters, would set aside 1.5 percent of general fund revenue every year, plus revenue from capital-gains taxes in especially lucrative tax years.

Brown has remained cautious about spending despite improving revenue estimates. The nonpartisan Legislative Analyst’s Office (LAO) reported Sunday that revenue for the current budget year from the largest general fund sources - personal income, corporation and sales taxes - was coming in about $1.8 billion above projections through the end of April.

More specifically:

Health Care:

- California also increased the mental health and substance use disorder benefits available through Medi-Cal, at a General Fund cost of $191.2 million in 2014-15. The May Revision also includes $187.2 million General Fund for managed care rate increases in 2014-15.
• Last year’s AB 85 (trailer bill that was the agreement between the Administration and counties in regards to county indigent realignment funds) is still being implemented. However, based on updated county information, the May Revision continues to assume a redirection of $300 million in 2013-14, but decreases the 2014-15 redirection amount of $900 million to $724.9 million. Compared to the Governor’s Budget, this revised redirection amount results in increased CalWORKs General Fund costs of $175.1 million. The 2013-14 and 2014-15 estimated redirections are interim calculations. A final reconciliation for 2013-14 will take place no later than January 2016.

• In-Home Supportive Services Caseload - An increase of $107.9 million General Fund in 2013-14 and $134.4 million General Fund in 2014-15 primarily associated with increases in caseload, hours per case, and costs per hour.

• Drought Relief - The May Revision includes $5 million General Fund in 2014-15 for additional food assistance to severely drought-impacted communities with high levels of unemployment. This funding is in addition to $15 million in estimated unspent funds authorized for 2013-14, bringing the total amount available for drought response to $20 million in 2014-15.

• CalFresh Caseload - The May Revision includes $20.7 million General Fund for administration, associated with an additional 134,000 CalFresh households by June 2005 a result of ACA implementation - bringing the total estimated 2014-15 CalFresh caseload increase due to ACA implementation to 279,000 households.

• AIDS Drug Assistance Program (ADAP)-New Hepatitis C Virus Medications - The May Revision includes $26.1 million (federal funds) to add two new Hepatitis C virus drugs to the ADAP drug formulary.

**Child Care/State Pre-School:**

• State Preschool - An increase of $356,000 Proposition 98 General Fund to reflect an increase in the population of 0-4 year old children.

• Child Care and Development Funds - A net increase of $24.4 million federal funds in 2014-15 reflecting an increase in ongoing base federal funds of $17.3 million and an additional $7.1 million in one-time funds from 2013-14.

**Public Safety:**

• Courts – The May Revise includes $1 million to address potential increased court security costs from new court construction. Counties must demonstrate the need for increased trial court security staff as a result of these new courthouses.

• City Law Enforcement Grants – An augmentation to the existing city law enforcement grant by $12.5 million, providing a total of $40 million in 2014-15 for front line law enforcement activities. The Board of State and Community Corrections allocates funds to individual cities acting as the fiduciary agent within each county receiving the funds.

• Reentry- The revision includes a total funding of $49 million for reentry programs provided in the community. The mental health population is typically excluded from alternative placements, but is likely the most in need of intensive reentry programming.
Federal Court Order Impact on Post Release Community Supervision - $11.3 million to be allocated to county probation departments for the short-term increase of offenders on Post Release Community Supervision.

Additional Population Reduction Strategies – The May Revision includes General Fund expenditures of $3.1 million (a reduction of $2.9 million from the Governor’s January Budget) to comply with the additional population reduction strategies ordered by the court. The resources will allow the Department to begin expanding medical parole, implementing an elderly parole program, etc.

Transportation:

Capital Outlay Support – The May Revision reflects a net reduction of $21.8 million and 195 state positions for engineering, design, and construction oversight activities due to diminishing fund sources, such as Proposition 1B and the federal American Recovery and Reinvestment Act.

Drought:

The May Revision includes additional one-time resources for 2014-15 to continue immediate drought-related efforts started in the current year.

Significant Adjustments:

Department of Forestry and Fire Protection — An increase of $53.8 million General Fund and $12.2 million other funds to expand firefighter surge capacity, retain seasonal firefighters beyond the budgeted fire season, provide additional defensible space inspectors, and enhance air attack capabilities to suppress wildfires. Of these additional resources, $10 million is available to support local grants for fire prevention projects or public education efforts that benefit owners of habitable structures in state responsibility areas.

Department of Fish and Wildlife — An increase of $30.3 million General Fund and $8.5 million other funds to implement enhanced salmon monitoring, restore sensitive habitat, improve water infrastructure for wildlife refuges, expand the fisheries restoration grant program, and remove barriers for fish passage.

Department of Water Resources — An increase of $18.1 million General Fund to comprehensively assess current surface and groundwater conditions, expedite water transfers, provide technical guidance to local water agencies, and provide additional public outreach through the Save Our Water campaign.

Department of Social Services — An increase of $5 million General Fund to provide food assistance for communities most impacted by the drought.

Office of Emergency Services — An increase of $4.4 million General Fund for the State Operations Center to continue to provide local communities with technical guidance and disaster recovery support related to the drought.

Department of General Services — An increase of $5.4 million special funds to implement water efficiency and conservation measures in state-owned facilities. State Water Resources Control Board — An increase of $4.3 million General Fund to continue enforcement of drought-related water rights and water curtailment actions.
Natural Resources:

- Sustainable Groundwater Management Program — Groundwater resources are most effectively managed at the local and regional level and the state’s role should be to provide guidance, tools, and resources to local and regional entities to assist them in management of local groundwater basins. An increase of $2.5 million General Fund in 2014-15 and $5 million annually for four additional years to support local groundwater management efforts, including:
  
  - Planning and Oversight — Assess the status of groundwater basins; develop groundwater basin sustainability metrics; track development and implementation of groundwater monitoring programs by local agencies; and review and assess groundwater plans developed by local agencies.
  
  - Local and Regional Technical Assistance — Offer technical assistance, including guidance and tools for local and regional agencies related to: collecting and reporting local groundwater data, preparing and updating groundwater management plans, assessing the status of local groundwater basins, establishing appropriate and effective groundwater governance, preparing local groundwater basin water budgets to determine sustainable yield, and forming governance structures for managing groundwater basins.

- Improving the State Park System - The Parks Forward Commission began an assessment in June 2013 of the financial, operational, and cultural challenges facing the state parks system. The Commission released a draft report with preliminary recommendations in April, and the final report will be released in the fall of 2014. The Administration is prepared to establish a team of experts to further develop and lead the Department in implementing organizational reforms. In the meantime, the Department has begun implementing many of the Commission’s recommendations described in the recent draft report:
  
  - Increase Number of Cabins in Park System — The Department is working with the Parks Forward Commission to locate new cabins within the state park system. This would increase the number of cabins available in some parks and make cabin camping available for the first time in other parks.
  
  - Modernize Fee Collection and Technology in Park System — Currently, visitors must use cash to pay parking and entrance fees in most parks. The Department will modernize the current fee collection system, which would allow visitors to use debit and credit cards.
  
  - Enhance Information on Park System — The Department will increase the amount of information available about the state park system. New technology will allow images of parks to be available on the internet. Providing such information would facilitate use of the parks by allowing visitors to view the trails and features in advance of their visit.

Local Government:

Based on feedback received since the Governor’s Budget, the May Revision proposes the following changes to the Administration’s Infrastructure Financing District (IFDs) proposal:

- Establishes Enhanced IFDs as a stand-alone provision in statute. This will allow cities and counties that have not resolved their outstanding RDA-related issues to participate in the current IFD program, which will continue in existence without modification.

- Clarifies that monies received by cities and counties pursuant to the Vehicle License Fee Swap may be securitized to fund Enhanced IFD projects.
Clarifies that entities participating in an Enhanced IFD may seek voter approval, pursuant to existing statutory and constitutional requirements, to levy new fees or assessments to support projects identified in an Enhanced IFD project plan.

Establishes affordable housing projects as projects of community-wide significance that an Enhanced IFD may fund.

Clarifies that Enhanced IFDs must replace any low- or moderate-income housing that is removed as part of a project plan, as is required under current IFD law.

Specifies that any affordable housing created or replaced as part of an Enhanced IFD project plan must include long-term affordability covenants of 55 years for rental units and 45 years for owner-occupied units.

Debt Repayment:

The Governor’s January Budget proposed to reduce the Wall of Debt by over $11 billion this year and fully eliminate it by 2017-18. The state owes counties, cities, and special districts $900 million in mandate reimbursements for costs incurred prior to 2004 that must be repaid under current law by 2020-21. Annual payments on this debt have been postponed in recent years. To accelerate the repayment of this liability, the May Revision proposes a $100 million payment to local governments for the pre-2004 mandate debt. Approximately 73 percent of the payment will go to counties, 25 percent to cities, and 2 percent to special districts. A local agency will receive a portion of this payment based on the proportion of total pre-2004 mandate debt owed to that local agency. The monies paid would be general purpose and available to fund the highest priority core local government services. The Administration expects that most of the spending will be focused on improving implementation of 2011 Realignment and public safety.

Rainy-Day Fund – Last week, the Governor and legislative leaders recently announced a constitutional amendment for a strong Rainy Day Fund that requires both paying down liabilities and saving for a rainy day. Upon voter approval in November, this amendment would take effect for 2015-16, and its key components would be:

- Making deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8 percent of General Fund tax revenues. In addition, 1.5 percent of annual General Fund will be set aside each year.

- Setting the maximum size of the Rainy Day Fund at 10 percent of revenues.

- Requiring half of each year’s deposits for the next 15 years to be used for supplemental payments to the Wall of Debt or other long-term liabilities. After that time, at least half of each year’s deposit would be saved, with the remainder used for supplemental debt payments or savings.

- Withdrawing funds only for a disaster or if spending remains at or below the highest level of spending from the past three years. The maximum amount that could be withdrawn in the first year of a recession would be limited to half of the fund’s balance.

- Requiring in the Constitution that the state provide a multiyear budget forecast to help better manage the state’s longer term finances.
Creating a Proposition 98 reserve, whereby spikes in funding would be saved for future years. This would smooth school spending and thereby minimize future cuts. This reserve would make no changes to the Proposition 98 calculations, and it would not begin to operate until the existing maintenance factor is fully paid off.

The proposed Rainy Day Fund would result in over $3 billion in savings and $3 billion in additional debt payments in its first three years of operation.
FINAL 2014 Legislative Program: State Issues

1S. Preserve funding and delivery schedule of priority transportation projects.

2S. Seek state funding for the Agency’s high priority projects, in priority order:
   1. State Route 156 improvements
   2. Rail Extension to Salinas
   3. MST Bus Replacements
   4. US 101 South County Frontage Roads
   5. Monterey Peninsula light rail transit
   6. Local streets and roads projects

3S. Support proposals to lower the voter threshold for local transportation sales tax ballot measures, without state spending restrictions.

4S. Support the California Passenger Rail Program Guiding Principles and the formation of California State Legislative Passenger Rail Select Committees.

5S. Support state legislation to ensure federal transportation authorization bill (MAP-21) is implemented fairly for all regions, including maintaining bicycle and pedestrian project funds.

6S. Monitor climate change legislation implementing state law (AB 32, the California Global Warming Solutions Act, and SB 375, the Sustainable Communities and Climate Protection Act) as relates to transportation and seek funding through the cap and trade programs.

7S. Encourage the state to stabilize and increase transportation funding.

8S. Raise awareness of the Highway 101 Corridor and its importance as a transportation facility of state and national significance.

9S. Work with partner agencies to reach agreement on proposals for California Environmental Quality Act (CEQA) reform.

10S. Support efforts to improve the ability of agencies to plan and deliver transportation projects in a timely and cost effective manner, including updates to storm water runoff requirements.

11S. Monitor California High-Speed Rail project and seek funding as possible for Monterey County rail projects.

12S. Support legislation that promotes transit-oriented development, transit villages and smart growth, and support eligibility for housing bond funds.

13S. Support “complete streets” and development guidelines that integrate alternative forms of transportation, such as transit, bicycle and pedestrian commuting, into all road and highway projects, in particular, when the highway runs through populated areas; and funding set-asides for such projects.

14S. Support member agencies’ requests for state funding of regionally significant transportation projects and support partner agency legislative efforts as they interface with regional transportation priorities, when they are consistent with Transportation Agency for Monterey County priorities.
FINAL 2014 Legislative Program: Federal Issues

1F. Seek federal authorization, appropriations, stimulus or other funding for the Agency’s high priority projects, in priority order:
   1. State Route 156 improvements
   2. Rail Extension to Salinas
   3. MST Bus Replacements
   4. US 101 South County Frontage Roads
   5. Monterey Peninsula light rail transit
   6. Monterey Bay Sanctuary Scenic Trail
   7. Local streets and roads projects

2F. Support the following priorities for federal transportation legislation:
   1. Stabilize and increase transportation funding sources in order to avoid the bankruptcy of the federal highway and transit trust funds:
      a. Index the gas tax to inflation or increase the gas tax to meet the nation’s transportation needs.
      b. Identify additional funding sources for maintenance and operations on the existing network.
      c. Support removal of procedural obstacles that impede expenditure of authorized federal funding.
      d. Focus funding on projects that support safety, economic development and job creation.
   2. Streamline project delivery.
   3. Support funding for “complete streets” programs.
   4. Support infrastructure bank programs.

3F. Raise awareness of the Highway 101 Corridor and its importance as a transportation facility of state and national significance.

4F. Ensure that MAP-21 implementation supports our transportation priorities.

5F. Ensure that climate change legislation proposals are coordinated with California’s state requirements and do not adversely affect transportation projects.

6F. Support streamlining of federal rail funding and removal of funding barriers between commuter and intercity rail programs, with the goal of increasing rail service for the traveling public.

7F. Support an adequate level of funding for Amtrak in the annual appropriations bill and authorization legislation and support a fair share allocation to California for capital improvements and vehicle acquisition.

8F. Support member agencies’ requests for federal funding of regionally significant transportation projects and support partner agency legislative efforts as they interface with regional transportation priorities, when they are consistent with Transportation Agency for Monterey County priorities.