

Smith, Watts & Hartmann, LLC.

Consulting and Governmental Relations

MEMORANDUM

TO: John Cunningham
FROM: Mark Watts
DATE: May 16, 2016
SUBJECT: **June TWIC Report**

Key Bills - Update

Presented below are brief summaries of bills of interest to the County, including AB 1592 (Bonilla), AB 1665 (Bonilla). A brief summary of the May 13 Governor's May Revision to the state budget is included, as well.

AB 1592 (Bonilla)

This measure authorizes the Contra Costa Transportation Authority to conduct a pilot program for the testing of autonomous vehicles.

The bill was approved by the full Assembly on April 6 (75-0) and has been assigned to the Senate Transportation & Housing committee. Discussions with the Committee staff indicate that they are leaning towards setting the bill for hearing on the 14th.

Additionally, there are two other bills that address autonomous vehicles that will need to be reconciled with AB 1592 as the session recess nears this summer:

AB 2866 (Gatto): Requires the Department of Motor Vehicles (DMV) to adopt regulations for the testing and operation of autonomous vehicles without a driver in the vehicle and without a brake pedal, accelerator pedal, or steering wheel. The bill is pending hearing in the Assembly Appropriations committee.

AB 2682 (Chiu): This bill requires DMV, upon the development of a model state policy on autonomous vehicles by the National Highway Traffic Safety Administration (NHTSA), to hold public hearings on the model policy and, to the extent authorized by other law, consider conforming DMV regulations with the model policy. Discussions with the author's office indicate they may be amending the bill soon. It is pending hearing in the Senate Transportation & Housing Committee.

AB 1665 (Bonilla)

This bill authorizes the taxing authority for a countywide transportation program to be transferred from the County of Contra Costa to the Contra Costa Transportation Authority.

After discussions with Assembly Republican Caucus staff and bill opponents, Howard Jarvis Taxpayers Association, amendments were agreed upon, and the bill was amended on May 9. These included the necessary urgency clause; close coordination between the author's office and others in the following week focused on contacting all Assembly member offices to determine the level of support for the amended bill. Finding strong support, the bill was taken up on the Assembly floor on May 16th, and was approved by a final vote tally of 77-0, eclipsing the 54 votes required for the urgency clause.

The bill is pending assignment in the Senate Rules committee.

State Budget Update

On May 13th, the Governor presented his regular, annual adjustments to the State Budget Proposal, known as the *May Revision*. The following are some highlights:

Overview

The Governor proposed a \$122.2 billion spending plan for California, down slightly from the January State budget proposal after projecting tax revenues falling about \$1.9 billion below expectations for the year and a deficit when voter-approved sales and income taxes begin to expire.

In addition, Proposition 2's "Rainy Day" fund-required contributions have been reduced by a combined \$1.6 billion. The Governor emphasized that until the voters decide in November whether temporary taxes should be extended, the May Revision reflects the principle that no significant new ongoing spending commitments should be made.

Barring any significant changes, the Budget over the next two years remains in balance. However, in the years that follow, the state's commitments will exceed expected revenues with annual shortfalls forecasted to exceed \$4 billion by 2019 - or worse with an economic slowdown or recession.

Transportation Infrastructure

Governor's Transportation Plan: The May Revision continues to reflect the Governor's transportation financing package that would provide \$36 billion over the next decade to improve the maintenance of highways and roads, expand public transit and improve critical trade routes. The Budget Subcommittees are scheduled to consider this issue in the coming week.

Federal Freight Funding: The May Revision also reflects the availability of federal funds resulting from the Federal FAST Act that would provide additional funding for trade corridor improvements over the next five years:

The FAST Act allocates \$582 million over the next five years to California through the new National Highway Freight Program funding formula. Additionally, California is eligible to receive a portion of \$900 million annually for Fostering Advancements in Shipping and Transportation of the Long-term Achievement of National Efficiencies (FASTLANE) competitive grants.

FASTLANE grants can be applied to up to 60 percent of Nationally Significant Freight and Highway Projects program costs, with the remaining funds from state, local, or other federal funding sources. The May Revision includes provisional language that makes other state and federal funding available as a match for the remaining 40 percent. Caltrans' budget proposes expending the formula funding pursuant to the Trade Corridor Improvement Fund Guidelines. The California Transportation Commission would then allocate half of the funding to corridor-based projects proposed by local agencies and half to projects of statewide significance proposed by Caltrans.

These items are set to be considered by the Budget Subcommittees in the coming week.

Other new items proposed in the May Revision, include:

§*District 7 Express Lane Maintenance* – to assist LA Metro in maintaining the 10 and 110 express Lanes;

§*Federal Bridge Load Rating* – Additional resources to complete this mandated assessment;

§*Project Delivery Workload* – Proposes a reduction of 94 py's in line with underlying workload need, but offset by an increase of 877 py's for work related to the new funding package.

§*Reappropriation of Bond Funds* – A technical correction to ensure availability of funds for PTC work in Southern California.

Cap and Trade Budget

The Budget provides a \$3.1 billion Cap and Trade expenditure plan to address reduction of greenhouse gas emissions through programs that support clean transportation, promote transformational sustainable communities, reduce short-lived climate pollutants, and protect natural ecosystems.

As a reminder, the Budget continuously appropriates 35% of all cap-and-trade funds for investments in transit, affordable housing, and sustainable communities. Another twenty-five percent of the revenues are continuously appropriated to continue the construction of high-speed rail.

The remaining 40% in cap and trade funds are to be appropriated annually by the Legislature for investments in programs that include low-carbon transportation, energy efficiency and renewable energy, and natural resources and waste diversion. An expenditure plan for the 40% was not included in the Final 2015-16 Budget Act, with the exception of \$227 million appropriated to continue funding for specified existing programs. The remaining 2015-16 revenues, along with 2016-17 revenues, totaling \$3.1 billion are available for appropriation this year.