

Smith, Watts & Hartmann, LLC.

Consulting and Governmental Relations

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MEMORANDUM

TO: JOHN CUNNINGHAM

FROM: MARK WATTS

SUBJECT: LEGISLATIVE REPORT – JUNE 2018

The following is a brief overview of activities undertaken in the Capitol recently.

State Legislature

Legislative Deadlines. May 31 was the deadline for regular bills introduced since the Session began to successively pass out of their initial house to the second house; bills that do not meet this deadline, for the most part, will be held over as “two-year” bills, with the anticipation that they will face a requirement that they move through the house of origin in January, 2020.

Many of the bills that succeeded in surpassing this deadline have received their referrals to the opposite house committees for assignment and hearing.

State Budget. Additionally, the budget deliberations have moved from the point wherein each house has just adopted their version of the revisions to the Governor’s budget spending plan proposal for 2019-20 and the discussions move on to the conference committee to reconcile differences between the spending plans; the objective is to complete the conference committee deliberation in time to have each house approve the final State Budget plan for the Governor’s approval by June 15th.

This week the Conference committee addressed an initial “pass” through the Resources and Transportation budget items. The differences in Transportation items are very limited this year as the two houses adopted most of what the Governor had requested (a short summary of key items follows):

Overview of Transportation budget Items (not in conference):

2019-20 Transportation Budget Items adopted by both houses:

- \$2.0 billion in Road Maintenance and Rehabilitation Account (RMRA) funding for local and capital funding for transportation projects consistent with SB 1. The request included position authority for 333 Maintenance and 13 new permanent Equipment Program positions. The Caltrans support request includes \$28.8 million ongoing resources and \$26.8 million limited-term resources.

- Approved the Capital Outlay Support program budget of \$1.9 billion. This includes funding for the full time equivalent of 10,353.8 positions. Of this amount, 8,886.6 are Caltrans full time equivalent positions (\$1.5 billion), 441.4 full time equivalent positions for cash overtime (\$53 million), and 1,031.8 full time equivalent positions for contracting out for Architectural and Engineering services (\$266.2 million).
- Approved \$85.5 million for *Project Initiation Documents* (PIDs) for 429.4 positions and the equivalent of 20 full time positions for 5 percent of funding for contracting out for A&E services.
- Approved \$828,000 State Highway Account funds and an overall increase of 10 positions for the *Office of the Inspector General* (OIG). Also, transfers resources from existing Caltrans' audit programs to the OIG. Finally, adopts trailer bill language that clarifies the OIG's authority.

Legislation of Local Note

AB 1025 (Grayson) – Sponsored by Contra Costa County (Transportation, Water & Infrastructure Committee – TWIC), the bill was approved by both Assembly Transportation and Appropriations committees and is pending approval on the Assembly Floor. The measure eliminates a state grant repayment requirement that is at least 35 years old, related to the former SP Rail line that was abandoned by SP in the late 70s.

Status: In Senate pending referral to committee

AB 1475 (Bauer-Kahan) – The Authority is sponsor of this bill; as recently amended, it authorizes the use of the Construction Manager/General Contractor (CMGC) project development procedure for use by Regional Transportation Agencies (RTAs) across the state in aiding local city/county projects within their own jurisdiction. The bill has passed the Assembly and is pending referral to committee in the Senate.

Status: Set for hearing on June 11 in Senate Transportation

Legislation of Interest

AB 1413 (Gloria) - Sub-county Tax Jurisdiction –This bill authorizes a local transportation authority to impose a sales tax that's applicable to only a portion of its county; revenues derived from this sales tax must be spent within the designated portion of the county. The measure is pending approval on the Assembly floor.

Status: Referred to Senate Transportation and Governance & Finance committees

ACA 1 (Aguiar-curry) – Proposes to amend the California Constitution, subject to approval by voters at a statewide election, to allow a city, county, or special district, with 55% voter approval, to incur bonded indebtedness or impose specified special taxes to fund projects for affordable housing, permanent supportive housing, or public infrastructure.

Status: Assembly Floor

Housing and Transportation Legislation

AB 1568 (McCarty) – Originally this bill would have denied SB 1 Local Road funds to a city or county that failed to make progress in meeting housing production goals. The bill has been amended to replace the SB 1 restriction with a prohibition on applying for state grants if a city or county is not in compliance with the Housing Element Law; the exclusion would not apply if the grant funds in question were transportation funds.

Status: The bill was approved by the Assembly Housing and community a Development committee on April 24 but, later retained on the Appropriations Suspense File.

Newsom Administration

The Administration has moved ahead with a series of new appointments to key positions in the transportation hierarchy. First, as reported earlier, *Secretary Brian Annis* has accepted a position as CFO for the High-Speed Rail Authority; he began his work there this week. The new Secretary of Transportation is *David Kim* who will assume his position in early July.

The Governor also recently appointed *Elissa Konove* as Transportation Undersecretary, to replace Christine Inouye, who has accepted a position as Chief of Engineering at the High-speed Rail Authority. Konove, like David Kim, comes to California with substantial career experience in federal transportation agencies. Most recently she was part of the executive team at Southern California's regional rail system, Metrolink.

At Caltrans, just this past week, *Director Laurie Berman* announced her intent to retire after 36 years of service. No replacement has been announced yet.

Finally, there remain two vacancies out of the eleven commissioner slots at the California Transportation commission that are anticipated to be filled so