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Consulting and Governmental Relations

November 4, 2019

MEMORANDUM

TO: Transportation, Water, and Infrastructure Committee

FROM: Mark Watts

SUBJECT: Legislative Report – November TWIC Meeting

Governor Newsom Administration

Interregional Transportation Improvement Program (ITIP) - Overview

On October 1, Caltrans released the Draft 2020 Interregional Transportation Improvement Plan which included a proposal to deprogram three highway improvement projects (two on Route 99 and one on Route 46) and reserve the funding thus freed up for future use for unidentified projects, including rail capital.

According to Caltrans, the three Central Valley projects on Route 99 and 46 proposed to be deprogrammed are in the environmental and design phases. None of the projects have construction dollars committed and these projects are years away from construction.

As a refresher, the ITIP and the RTIP are the programs that implement the STIP, through which the ITIP receives 25% of STIP dollars and the RTIP receives 75%. The emphasis of the RTIP is to program projects of regional significance under regional priority, while the ITIP is focused on interregional transportation and mobility and includes investment in highways and passer rail corridors of strategic importance to the State of California.

The Transportation agencies within the San Joaquin Valley were very unhappy with the proposal and made a strong push to the CTC at the ITIP hearings to not accept the ITIP proposal as is. The Central Valley media were engaged and literally followed this story of the 3 deprogrammed projects with continuous negative coverage.

Governor's Executive Order

On September 20th, Governor Gavin Newsom had issued Executive Order [\(EO\) N-19-19](#) which espoused the goal and direction to state agencies to advance California's climate-related objectives by leveraging existing state resources and policies, including in the transportation arena. Specifically, the EO references more than \$5 billion in annual state spending on

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transportation construction, operations, and maintenance and directed those sources to be used to reduce greenhouse emissions in the transportation sector.

Interplay Between ITIP and Executive Order Reactions - Transportation Agencies, Media and Industry

The *One-, Two* punch of the two administration issues coming out so closely together raised a question among observers of the constitutionality of the proposal to move funds from highway projects to rail projects and more broadly whether the Governor intends to honor the will of the voters when they passed Prop. 69 and defeated Prop. 6 in June and November 2018, respectively. Since 1974 when voters approved Proposition 5, fuel tax revenues are eligible for expenditure on transit guideway capital projects.

In reaction to this sequence of events, Transportation Secretary David Kim was compelled to issue a formal statement clarifying that the Administration will honor SB 1 and the will of the voters while implementing the EO.

ITIP – Next Steps

With the formal CTC hearings on the draft ITIP completed by the CTC in October and the full STIP hearings, which serve as precursors to final adoption, coming in the next month, it now appears that the Commission and Caltrans will collaborate to seek programming capacity to place the projects back in the next STIP cycle in 2022.

Legislature

With the 2020 half or the two-year Legislative session approaching, it is helpful to recall that the Legislature is set to resume their work on Monday, January 6, 2020. Additionally, as is typical for the second \year, the month of January will be consumed with committee hearings as members move the so-called, two-year bills (bills that were retained in their house of origin in 2019) forward to the opposite House by the month's end. The early portion of January is also pre-occupied with the release by the governor of the next state budget proposal as well as the Governor's annual "State-of-the-State" address.

In preparation for the 2020 Session Year, staff and this consultant will be preparing a slate of potential legislative issues to address in 2020. If directed, staff and consultant will move the legislative concepts into legislative form and discuss bill concepts with the members of the delegation; deadline for bill introductions is late February of each year.