

# Watts & Hartmann, LLC.

## Consulting and Governmental Relations

February 2, 2020

TO: Transportation, Water, and Infrastructure Committee  
c/o John Cunningham, Principal Planner

FROM: Mark Watts

SUBJECT: Legislative Report – February TWIC Meeting

---

### California Transportation Commission (CTC)

With the announced departure of Susan Bransen as executive director, the Commission last week completed their selection process and named Deputy Executive Director Mitch Weiss as the new agency chief.

Additionally, recently installed Commissioner Tamika Butler decided to step down due to the press of personal business. This left 1 Gubernatorial vacancy and 2 Commissioner slots whose office holders' terms expire in February.

In January 2020 Assembly Speaker Anthony Rendon appointed Dr. Lyou to the California Transportation Commission. Dr. Lyou previously served as the governor's appointee to the South Coast Air Quality Management District. The position had been vacated upon the appointment of Commissioner Christine Kehoe to a vacant Senate appointment slot.

### State Budget

The Governor submitted his 2020-21 State Budget proposal to the Legislature January 10. His presentation highlighted the historic addition to the prudent reserves built into the propose budget act.

### Overview (GF and Reserves)

Within an overall combined \$222.2 billion state budget consisting of federal aid and state expenditures, both General fund and Special funds, the governor is proposing \$153 billion in the state's General fund which amounts to an overall year over year increase of 2.3%.

The Budget overall sets aside a total of 221 billion in reserves. A key aspect is that the budget continues to add to the reserves in the Prop 2 (Rainy Day) Fund and assumes an additional transfer of nearly \$2 billion in 2020-21 and an additional \$1.4 billion over the next 3 years.

The Rainy-Day Fund balance is projected to be \$18 billion in 2020-21 and \$19.4 billion by 2023-24.

# Watts & Hartmann, LLC.

Consulting and Governmental Relations

## Big Picture for Transportation

The topline takeaway – unlike last year’s January Budget, this proposal does not attempt to modify or otherwise leverage SB 1 for non-transportation purposes.

From an overall perspective, funding for transportation reflects an ongoing commitment to the legacy base gas tax and other transportation revenues and SB 1-generated revenues.

*State transportation Revenues* – The proposed budget reflects an increase of about \$400 million over the current fiscal year.

The Fiscal Year 2020-21 Governor’s Budget represents the third full year of revenues from Senate Bill 1 which is expected to provide \$5 billion in the coming fiscal year (an increase of about \$400 million over the current fiscal year) for various transportation programs.

## *Local Streets and Roads*

Update: total increase of \$120 million for local agencies.

## *Transit*

Update: Budget reflects an increase of approximately \$37 million over the current year.

## State Budget and Executive orders

*Climate* - In late 2019, the governor mandated an executive order which directed CalSTA to seek opportunities for advancing a transportation component of the governor’s visionary Climate Plan. As a review, the Climate Plan seeks to invest approximately \$5 billion in public transit and rail infrastructure, and \$1.1 billion for active transportation projects, to increase access to multi-modal transportation options.

Additionally, the Plan includes continued investment in High Speed Rail. This system is envisioned as an economic backbone for the Central Valley, promoting new housing and jobs near rail stations, and will also provide connectivity between Central Valley cities and, ultimately, the coasts

*Homeless Executive Order* -Recently issued, this new effort has a strong role for Caltrans by leveraging its property to help address the state’s homelessness crisis. The state has recently partnered with Los Angeles, San Jose, and San Francisco, to use highway underpasses and other Caltrans properties adjacent to highways and state roads for temporary homeless housing, and the Governor has directed Caltrans to share a model template with all other jurisdictions in the state to expedite additional partnerships.

# Watts & Hartmann, LLC.

Consulting and Governmental Relations

## Transportation Development Account (TDA) Reform

TDA of 1971 provides the basic, underlying fund source for public transportation funding in California. The TDA is an important source of funding for the state's public transit agencies, representing approximately 18 percent of their total revenue between the TDA's two revenue streams – Local Transportation Funds (LTF) and the State Transit Assistance (STA) Program.

The California Transit Association (CTA) has completed a legislatively instigated examination of the TDA and its regulations which harken back to the origins of the funding act. They have brought their TDA review forward and have begun to circulate a concept framework for possible legislative revisions to those aspects of TDA. The task force was led by County Connection General Manager, Rick Ramacier.

## Governor Resiliency Bond Act – Budget Trailer Bill

In addition to SB 45 (Allen) that would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, to provide \$5.51 billion in GO bonds, Governor Newsom's 2020-21 budget proposal includes a \$4.5 bond act proposal with similar objectives to fund resiliency efforts and protect our man-made infrastructure as well as original habitat.

As drafted, \$50 million would be available for resiliency pilot projects for rail, roads, and ports, etc.