

Revised Agenda Item and Additional Support Material for
Agenda Item No. 11

Board of Directors

April 9, 2014
10:30 a.m.

Location:
Santa Fe Depot – SANBAG Lobby 1st Floor
1170 W. 3rd Street
San Bernardino, California 92410

Consent Calendar

Council of Governments

11. State and Federal Legislative Update

1. Adopt Bill Position

a. Oppose AB 2574

2. State and Federal Legislative Update. Wendy Strack

*This agenda item was revised to add Recommendation 1a: Oppose AB 2574.
Support material for AB 2574 is attached.*



- San Bernardino County Transportation Commission
- San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency
- Service Authority for Freeway Emergencies

Minute Action

REVISED AGENDA ITEM: _____

Date: April 9, 2014

Subject: State and Federal Legislative Update

- Recommendation:***
1. Adopt Bill Position
 - a. Oppose AB 2574
 2. State and Federal Legislative Update

Background: AB 2574 Metro Gold Line Foothill Extension Construction Authority (Rodriguez, D-Pomona)
Recommended Position: Oppose

Staff recently became aware of a bill introduced by Assemblymember Rodriguez (D-Pomona). AB 2574 would allow the Metro Gold Line Foothill Extension Authority to extend the Gold Line light rail project to the LA/Ontario International Airport in the City of Ontario. Existing law provides for activities related to any project with a terminus at the Montclair Transit Center. There are a number of concerns related to AB 2574 at this time. The bill was drafted and introduced without consultation and partnership with the Los Angeles County Metropolitan Transportation Authority (LA Metro) and SANBAG, which would be required to fund and operate any eventual segment to Ontario Airport. As such, AB 2574 does not accurately reflect the current project and funding status for the Gold Line at this time.

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*Approved
 Board of Directors*

Date: _____

Moved: _____ *Second:* _____

In Favor: _____ *Opposed:* _____ *Abstained:* _____

Witnessed: _____

COG	X	CTC	X	CTA	X	SAFE	X	CMA	X
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Check all that apply.

BRD1404a-wvs

<http://portal.sanbag.ca.gov/mgmt/committee/directors/brd2014/brd1404/AgendaItems/BRD1404a1-wvs.docx>

<http://portal.sanbag.ca.gov/mgmt/committee/directors/brd2014/brd1404/AgendaItems/BRD1404a2-wvs.rtf>

AB 2574 threatens the viability of SANBAG's Measure I transit program by requiring uncontrolled expenditures on a project, with no authority over a project operated in our county. It also has been introduced prematurely, ahead of both the need for the authority and ahead of the Airport Access Study.

Staff recommends that the Board of Directors adopt an "Oppose" position. This recommendation is consistent with SANBAG's 2014 adopted State Legislative Platform in the State/Local Fiscal Issues Section I (h), "Support retention of decision making, project selection, and funding authority at the county transportation commission level governing the use of all related funding sources," Transit & Commuter Rail Section VI (b), "Oppose additional requirements for increased service levels unless they are agreed to by the transit operator or appropriately funded," and the General Section VII (a), "Oppose legislation that could threaten the timely delivery of projects in the Measure I Expenditure Plan or interferes with the authority to administer any Measure I programs and services."

An analysis of this bill is included as Attachment A.

State Update

Recently, the newly formed California State Transportation Agency (CalSTA) released a set of reports that, together, formulate a new vision for transportation investments in California. Some of the recommendations are welcomed, including a recognition that significant structuring of the California Department of Transportation (Caltrans) may be needed to reflect future priorities for the state and to provide for a more nimble organization that is ready to respond to the needs of the transportation system.

Other portions of the reports raise some significant concerns about the proposed restructuring of existing transportation revenue sources and a loss of local control. These proposals would require legislative changes and, if implemented, could jeopardize SANBAG's carefully structured funding programs for our most critical transportation projects.

California Transportation Infrastructure Priorities

The California Transportation Infrastructure Priorities (CTIP) report released in February 2014 contains a set of interim recommendations that CalSTA will consider for inclusion as near-term action items, while continuing to focus the

work group on long-term funding options and additional policy changes that may be needed.

The report's vision for the state's future transportation system is built upon the following five pillars: preservation, innovation, integration, reform, and funding. The report recognizes the benefits of recently expanded design-build authority and an increased state focus on goods movement under the California Freight Advisory Committee (CFAC).

The near-term priorities largely reflect the Governor's January budget proposal, including investments in rail modernization and high-speed rail, sustainable communities, low carbon transportation, the early repayment of transportation loans, and the allocation of the remaining Proposition 1B funds. Longer term proposals include expanding available local funding sources for transportation, the exploration of a mileage-based user fee in California, and expanded congestion pricing and express lane authority for corridor needs.

Unfortunately, the CTIP report also contains a few items of concern to SANBAG. Most notably, the report seems to question whether local sales tax measures are properly considering interregional and statewide needs. The report also states that these measures expand the state highway system without providing proper consideration for funding for the future maintenance of the system. It further seems to indicate that the development of local sales tax measures is at least partly to blame for the marginalization of Caltrans within the system and its reduced leadership role. In order to help address these issues, the report recommends a restructuring of the State Transportation Improvement Program (STIP) to help the state more effectively address mobility, safety, sustainability, and economic objectives.

SSTI Assessment – California Department of Transportation

The State Smart Transportation Initiative (SSTI), part of the University of Wisconsin, was contracted by CalSTA to review the operations, organization, and mission of Caltrans and make recommendations for improvement. Their final report was released in January 2014 and includes findings that Caltrans' mission, vision and goals are not in alignment with current conditions or demands, skills and resources are not properly aligned to meet those demands, and that their management systems are inadequate to address those needs going forward. There are a number of positive recommendations in the highly detailed report. SSTI recognizes that Caltrans has been slow and resistant to change and is therefore resourced in an unbalanced way, often underfunding the programs where demands are increasing and overfunding programs that require less focus over time. The organization is still oriented towards delivering and building

projects, rather than participating in the system as a partner and overall vision leader. The report also criticizes Caltrans for not responding to shifts at the state level to focus on sustainable transportation and system management.

SSTI includes recommendations to create new structures and culture that encourage innovation, focus resources on addressing goods movement needs, allow the organization to adapt to changing conditions more quickly, improve communication between Caltrans and impacted stakeholders, and better manage employee performance.

However, the report also comes to some conclusions that cause concern. SSTI asserts that two factors are largely responsible for Caltrans' reduced effectiveness and ability to act. The first is the development of the "self-help county" movement and the subsequent increased funding role for local and regional agencies. SSTI concludes that local priorities and funding are shifting the focus to local circulation and a reduced focus on interregional and statewide connectivity needs. The second is the distribution of state funding through the STIP. With 75% of the funding being sub-allocated to local agencies, SSTI sees this as further shifting the focus from statewide needs to local needs.

The recommendations below that arise from this assessment could dramatically impact SANBAG's ability to fund and deliver projects going forward:

- CalSTA should see proposed STIP project lists more than a week before they go to the California Transportation Commission (CTC) for approval
- CalSTA and Caltrans should use the CTC review process to impose a policy review of all proposed investments
- CalSTA should consider proposing legislation to allow the CTC to approve individual projects rather than entire programs
- Caltrans should assert leadership in the area of sustainable transportation in its relations with regional partners
- Caltrans and CalSTA should negotiate coverage for long-term maintenance, resurfacing, and reconstruction costs when locally controlled STIP and local transportation sales tax funds are used to add capacity to state highways

Conclusions

Together these reports will be the basis of some amount of discussion in budget hearings as the Legislature moves forward on a fiscal year 2014-2015 budget. SANBAG will be asked to weigh in on various proposals resulting from this report. Staff is working with the Self Help Counties Coalition, of which we are a member, to prepare a response to the report and a strategy for educating members about a more accurate picture of the role of self-help counties in the transportation

system. This will be a major advocacy effort during the state budget development process in the coming months.

Various provisions of SANBAG's 2014 State Legislative Platform provide a framework to guide these discussions including:

- Oppose efforts to link existing transportation funding sources to the achievement of AB 32 objectives. Such priorities should be funded with new or enhanced funding sources rather than the reprioritization of existing, already oversubscribed sources.
- Support retention of decision making, project selection, and funding authority at the county transportation commission level governing the use of all related funding sources.
- Support legislation that will incentivize counties without a voter approved tax measure for transportation to become "self-help" counties and recognizes/rewards the investment in the State's transportation system made by self-help counties.
- Advocate for reforms to ensure projects are delivered faster, with increased flexibility, and better coordination.
- Encourage the new State Transportation Agency to develop a mechanism for reporting on the performance of the new agency and the quality of state and local project delivery programs and services, particularly in light of new requirements to locally fund state services such as oversight, project initiation documents, and other items.
- Oppose legislation that could threaten the timely delivery of projects in the Measure I Expenditure Plan or interferes with the authority to administer any Measure I programs and services.

Bill Introduction Deadline Passes

Following the February 21st bill introduction deadline, staff is currently reviewing and monitoring bills as they are introduced early in the legislative session. Most of the 2,028 bills that were introduced are currently in "spot bill" form without much content and will see significant amendments before policy hearings in the next two months. As policy and proposals develop staff will begin to bring bills to this committee for consideration. A matrix of major bills of interest that have been identified to date is included as Attachment B.

Federal Update

Congress has begun holding several hearings on the need for a new surface transportation bill to replace Moving Ahead for Progress in the 21st Century Act (MAP-21), which expires on September 30th. Most of the testimony thus far has

focused on educating new Members of Congress on the need for a multi-year bill that continues federal investment in highway and transit infrastructure.

In February, both Senate and House Committee Chairs outlined their respective timelines for committee action. The Environment and Public Works (EPW) Committee held a hearing entitled “MAP-21 Reauthorization: The Economic Importance of Maintaining Federal Investments in our Transportation Infrastructure” with the U.S. Chamber of Commerce, National Association of Manufacturers, and organized labor testifying to the importance of continuing robust federal investment in the nation’s transportation infrastructure. EPW Committee Chair Boxer (D-CA) indicated that she intends to have the Committee vote on a new transportation bill by the end of April.

The EPW hearing followed the Congressional Budget Office (CBO) announcement of its ten-year budget outlook and confirmation that the highway and transit accounts of the Highway Trust Fund (HTF) likely will fall short of fulfilling financial obligations before the end of fiscal year 2014. The CBO estimates that to sustain current highway and transit funding, the HTF will need \$15 billion each year in additional revenue.

The House Transportation and Infrastructure (T&I) Committee Chair Bill Shuster (R-PA) said he hopes to have a bill approved by his committee in late spring or early summer and passed by the full House in July. The T&I Committee has a number of hearings and roundtables scheduled to discuss policy and framework leading up to Reauthorization.

President Obama, House Ways and Means Committee Chair Dave Camp (R-MI) have proposed a new means of financing transportation investments. Independent of each other, each is proposing that a portion of the revenues from tax reform legislation be used to invest in transportation. Chair Camp’s proposal would allocate about \$125 billion to the HTF, while cutting corporate tax rates to 25 percent from 35 percent. The President’s proposal is for \$150 billion from tax reform to be allocated as a one-time infusion into transportation. With this additional funding, the President has proposed a four-year, \$302 billion transportation bill, which would be a 38 percent increase over MAP-21.

While there has been broad, bipartisan support expressed for the need for tax reform, the details remain to be negotiated. It seems unlikely that an overhaul of the tax system could be completed before HTF resources are depleted. SANBAG is closely monitoring these issues and the timing of our federal advocacy trip is well-timed, as we advocate for our priorities in the next transportation bill.

Transportation Investment Generating Economic Recovery Program Update

At the end of February, U.S. Department of Transportation (DOT) Secretary Anthony Foxx and President Obama announced the sixth round of the Transportation Investment Generating Economic Recovery (TIGER) program. The \$600 million competitive grant program aims to continue the Administration's desire to invest in job creation, downtown revitalization and economic growth.

DOT has indicated the 2014 TIGER program will place an emphasis on projects that "support reliable, safe and affordable transportation options that improve connections for both urban and rural communities". The DOT has stated it will prioritize applications for capital projects that better connect people to employment centers, promote redevelopment, and reconnect divided neighborhoods. TIGER applications are due April 28, 2014.

Financial Impact: This item has no fiscal impact on the Fiscal Year 2013/2014 SANBAG Budget.

Reviewed By: This item was received by the General Policy Committee on March 12, 2014.

Responsible Staff: Wendy Strack, Director of Legislative and Public Affairs

Bill Number: AB 2574	Author: Rodriguez (D-Pomona)
Title: Metro Gold Line Foothill Extension Construction Authority	

Summary

AB 2574 would allow the Metro Gold Line Foothill Extension Authority to extend the Gold Line light rail project to the LA/Ontario International Airport in the City of Ontario. Existing law provides for activities related to any project with a terminus at the Montclair Transit Center.

This bill leaves in place important provisions contained in AB 1600 (Chapter 189, Statutes of 2012) that requires SANBAG approval for any portion of the project operated on right-of-way owned by SANBAG.

Impact on SANBAG

There are a number of concerns related to AB 2574 at this time. The bill was drafted and introduced without consultation and partnership with the Los Angeles County Metropolitan Transportation Authority (LA Metro) and SANBAG, which would be required to fund and operate any eventual segment to Ontario Airport. As such, AB 2574 does not accurately reflect the current project and funding status for the Gold Line.

The Ontario Airport Access Study currently underway is evaluating over 30 alternatives which could connect transit to Ontario International Airport. The Gold Line is one of these options, but other options include Metrolink, bus and other rail connections. This study is anticipated to be complete in Summer/Fall 2014 and will provide the Board of Directors with a set of recommendations that ensures a transit connection is competitive with auto travel, maximizes ridership, is cost effective, and meets the overall mobility needs of the region. AB 2574 jumps ahead of this study and presumes this outcome over some of the others which may be able to meet the need at a lower cost.

Moreover, the bill does not contain sufficient language to protect SANBAG's decision making authority over projects that are constructed and operated in San Bernardino County. AB 2574 also does not reflect an understanding of SANBAG's funding capabilities with respect to this project.

For example, AB 2574 does not require the approval of the Board of Directors for the project to operate in the County, it only requires SANBAG approval for segments located in right-of-way owned by SANBAG. Any connection to the airport will involve right-of-way outside of SANBAG's ownership, giving the SANBAG Board of Directors no approval authority or ability to negotiate terms, costs, or routes for the project. The bill gives full authority to LA Metro to operate at any service level, at any cost, with a distinct requirement for SANBAG to reimburse LA Metro for these costs. AB 2574 also neglects to reflect any consideration of cost/benefit analyses that should occur before funding obligations for future segments are set. Any cost sharing arrangements for an extension of the Gold Line in San Bernardino County should reflect the benefits accrued to residents of each particular county.

ATTACHMENT A

The bill also provides protections to LA Metro against future funding obligations in Public Utilities Code Section 132450 (a) (3), yet these protections are not also extended to SANBAG.

Lastly, the Gold Line project is still in need of funding to the Montclair Transit Center. A build out of that segment requires passage of a local sales tax measure in LA County that has yet to be scheduled for an election. Authority for any potential Ontario segment is not needed for several years once a better understanding of funding and need is identified.

Recommendation: OPPOSE

AB 2574 threatens the viability of SANBAG's Measure I transit program by requiring uncontrolled expenditures on a project, with no authority over a project operated in our county. It also has been introduced prematurely, ahead of both the need for the authority and the Airport Access Study.

Staff recommends that the Board of Directors adopt an "Oppose" position. This recommendation is consistent with SANBAG's 2014 adopted State Legislative Platform in the State/Local Fiscal Issues Section I (h), "Support retention of decision making, project selection, and funding authority at the county transportation commission level governing the use of all related funding sources," Transit & Commuter Rail Section VI (b), "Oppose additional requirements for increased service levels unless they are agreed to by the transit operator or appropriately funded," and the General Section VII (a), "Oppose legislation that could threaten the timely delivery of projects in the Measure I Expenditure Plan or interferes with the authority to administer any Measure I programs and services."

Bill History
Introduced: February 21, 2014
Amended: March 17, 2014