

DATE: March 3, 2016

TO: Executive/Administration Committee (EAC)
Regional Council (RC)

FROM: Darin Chidsey; Director, Strategy, Policy & Public Affairs; (213) 236-1836;
chidsey@scag.ca.gov

SUBJECT: March State and Federal Legislative Update

EXECUTIVE DIRECTOR'S APPROVAL: 

Federal

FY 2017 Proposed USDOT Budget

The Obama Administration has proposed its FY 2017 federal budget and summarized below are the major funding and budget authority provisions of the US Department of Transportation (USDOT) budget.

Transportation Planning, Research, and Development

The Budget provides \$17,043,000 for necessary expenses for conducting transportation planning, research, systems development, development activities, and making grants, to remain available until expended.

Federal Aviation Administration (FAA)

The Budget requests \$15.9 billion in FAA budget authority. \$7.5 billion shall be available for air traffic organization activities, \$1 billion for aviation safety activities, \$17.8 million for commercial space transportation activities, and \$760 million for finance and management activities. The Budget continues the transition to the Next Generation Air Transportation System (NextGen) and requests \$1 billion to support it. This includes \$877 million for NextGen Capital investments, an increase of \$22 million above FY 2016, to advance modernization efforts. The Budget also requests nearly \$63 million for Research, Engineering and Development, to support both NextGen and other areas such as environmental and unmanned safety research.

Federal Highway Administration (FHWA)

The Budget fully supports Fixing America's Surface Transportation (FAST) Act's authorized funding levels for the surface transportation program. This includes \$44 billion to invest in the infrastructure of the nation's highway and bridge systems; \$10 billion to support operations of public transit systems across the Nation; \$730 million for the National Highway Traffic Safety Administration (NHTSA) to research and develop new technologies and to support vehicle safety programs; and around \$640 million to support nationwide motor carrier safety and consumer enforcement efforts through the Federal Motor Carrier Safety Administration (FMCSA). Over the next decade, the Budget reflects an average increase of about \$30 billion per year in investments associated with the 21st Century Clean Transportation Plan. This includes an average of \$10 billion per year for new, multi-modal programs to promote innovations that lead to cleaner regional transportation systems; \$10.5 billion annually to improve our Nation's transit systems; \$7 billion annually to support current operations, improve rail safety and invest in high-

REPORT

performance rail initiatives; \$2 billion in baseline resources; and \$1.25 billion annually to expand the Transportation Investment Generating Economic Recovery (TIGER) program.

Federal Railroad Administration (FRA)

In total, \$6.3 billion in resources is requested in 2017 for FRA. The budget requests \$213 million to support FRA's rail safety and development programs, an increase of \$14 million from FY 2016 enacted. Funding will support railroads' implementation and enforcement of positive train control (PTC), in addition to track and bridge safety activities. The Budget also includes \$53 million for safety research and development, including \$12.5 million to analyze and demonstrate the safety and environmental benefits of Electronically Controlled Pneumatic brakes, and \$2 million to expand research ways to reduce the risks of transporting crude oil and other energy products by rail.

Federal Transit Administration (FTA)

The Budget proposes \$19.9 billion for FTA in 2017. This includes \$9.7 billion to support FTA's base formula programs that provide assistance to transit agencies in both urban and rural areas, with an additional investment in programs improving the state of good repair of rail transit and recapitalizing bus and bus facilities through a new discretionary grant program. The Administration proposes \$3.5 billion in new budget authority for Capital Investment Grants, to support new fixed guideway investments as well as projects aimed at improving or restoring the core capacity of existing fixed guideway systems. Within the total, the Budget proposes \$6.4 billion in resources for FTA programs in the 21st Century Clean Transportation Plan Investments Account.

To obtain all of the Administration budget documents, go to: <http://www.whitehouse.gov/omb/budget>

Notice of Funding Opportunity – Freight Specific Competitive Grant Program

On February 26, 2016, USDOT published the Notice of Funding Opportunity (NOFO) for the FAST Act's freight-specific competitive grant program. This program, named "Nationally Significant Freight and Highway Projects (NSFHP)" program in FAST, has been renamed the "Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE)" grant program by USDOT. The NOFO details eligible applicants, eligible projects, minimum project size requirements, and application procedures. \$800 million is available in FY2016 and applications are due by 8pm EDT on April 14, 2016.

USDOT will be holding a series of webinars on the NOFO during the month of March. Registration links are not yet available, but will be posted to the USDOT FASTLANE website in the near future. Webinars will be held on the following dates and times:

- Thursday, March 3, 2016 - 1-3pm – How to Compete for FASTLANE Grants
- Wednesday, March 9, 2016 - 1-3pm – How to Compete for FASTLANE Grants
- Thursday, March 10, 2016 - 2-4pm – FASTLANE Grants: Preparing a BCA
- Thursday, March 17, 2016 - 1-3pm – How to Compete for FASTLANE Grants

For more information on the FASTLANE grant program, see the USDOT FASTLANE website at: <https://cms.dot.gov/FASTLANEgrants>

State

AB 2170 – SCAG Sponsored Bill to Fund Trade Corridor Improvement Fund

On February 18, 2016, AB 2170 sponsored by SCAG and carried by Assembly Transportation Committee Chair Jim Frazier (D-Oakley) was introduced and would require that revenues apportioned to the state from the National Highway Freight Program established by the federal Fixing America's Surface Transportation (FAST) Act be deposited in the Trade Corridors Improvement Fund (TCIF).

The FAST Act provides funding authorization of \$10.8 billion over five years dedicated to freight and goods movement: \$6.3 billion through an existing formula based on current apportionment data and \$4.5 billion allocated pursuant to a merit-based, multi-modal competitive grant program. Depositing the formula based funding for California into the TCIF to fund projects throughout the state's most congested corridors using the existing TCIF framework would allow the state to move as efficiently as possible to develop projects that are ready for construction, capitalizing on what it has learned from its already completed implementation efforts to quickly accelerate delivery of projects. Additionally, the state could potentially leverage these federal formula freight funds with other state funding sources should they arise from the regular or special session of the state legislature this year.

The bill is referred to Assembly Transportation Committee, no hearing yet scheduled, though the bill may be heard in Committee on March 20, 2016.

SCAG Legislative Reception

On March 16 and 17, 2016, SCAG and the Southern California Leadership Council (SCLC) will co-host its annual Sacramento legislative reception at the Sacramento Grand Sheraton hotel, to address regional priorities from the transportation, local government, and business sectors that are most impactful to Southern California and across the state.

This year SCAG is sending the largest, most diverse contingent of elected officials to Sacramento since it began hosting this reception five years ago. This year's trip is particularly important as it will highlight several especially critical issues for Southern California that we seek help from the legislature to address. These include, as addressed elsewhere in this report, fixing California's structural deficit that inadequately funds its transportation infrastructure system and immediately threatens the deprogramming of over \$750 million of STIP projects statewide; efforts to modify CEQA review to decrease rather than increase time to develop transportation and housing projects, without diminishing environmental review, support of AB 2170 and SCAG's bill to allocate FAST Act formula freight funds into the TCIF to accelerate project delivery as efficiently as possible in California's most congested trade corridors. Additionally we will ask state lawmakers to remain mindful of the region's funding needs to develop local projects now that are necessary to prepare for the High-Speed Rail (HSR) Southern California segments once they are commenced to assure a seamless, uninterrupted development of the HSR system; and will urge that for greater geographic equity in the allocation of Cap-and-Trade funded programs.

Proposal to Revise CEQA Guidelines

On February 29, 2016, SCAG coordinated with its regional transportation commissions a written joint response to the revised proposal on updates to the California Environmental Quality Act (CEQA) guidelines on reevaluating transportation impacts in CEQA to implement SB 743.

A large coalition of local government and transportation stakeholders statewide have submitted in writing concerns with the proposed guidelines revision, including in addition to SCAG and the Southern California Transportation Commissions, the League of California Cities, LA BizFed, Southern California Leadership Council, and approximately 200 local governments, business organizations, and transportation partners from around the state.

The Governor's Office of Planning and Research (OPR) is acting under permissive authority given to it in SB 743, passing in 2013, as amended in the 11th hour of session in a manner we believe to be adverse to the intent of the sponsors of the legislation. This authority would dramatically expand the scope and power of CEQA enforcement to add new Vehicle Miles Travelled (VMT) and induced demand impact analysis requirements to the review process for capacity enhancing projects. These new requirements would apply to all new highway and arterial road projects that relieve congestion and add capacity, including voter approved projects, to put California on a 'road diet' limiting to a cumulative, total 4% cap on building these projects from now until 2030.

The proposed guidelines will make it exceedingly difficult if not impossible for many capacity enhancing projects, particularly highway projects, to qualify for and creates an entirely new and large basis for litigation to challenge any project that arguably will not meet the rigors of this analysis. We believe that if the proposed guidelines are adopted in their current form will potentially slow or halt development of up to 50% of projects in the 2016 RTP/SCS, over 2,000 projects nearing \$200 billion in value.

SCAG will continue to work with partners to modify the proposed guidelines to significantly limit its proposed scope as a major priority for the year.

Proposed CEQA Legislation

As proposed under an action item at today's Regional Council meeting, the Legislative/Communications and Membership Committee (LCMC) is recommending that the Regional Council support AB 1569 by Assemblymember Marc Steinorth (R-Rancho Cucamonga), to provide a CEQA exemption for projects to inspect, maintain, repair, replace, or remove *existing* highways and roads in operation, most of which have already passed an environmental review process prior to their initial construction. This legislation is consistent with the board adopted legislative priorities for 2016 as it has been for the last several years.

Additionally, AB 2452, introduced by Assemblymember Bill Quirk (R-Hayward) would provide a general exemption in an action or proceeding under CEQA prohibiting a court from staying or enjoining transportation infrastructure projects, as defined, based solely on the project's potential contribution to the emissions of greenhouse gases. SCAG will bring this bill for review and consideration by the LCMC at its March meeting.

California Transportation Commission Proposed Project Deprogramming

Last month the California Transportation Commission (CTC), acting as required under current law pursuant to provisions of the fuel tax swap enacted as part of the 2011 budget which requires that the state price-based portion of the gasoline tax, which is the only source of funding for the State Transportation Improvement Program (STIP), is set annually at a level that generates the same amount of revenue as would have been received if the sales tax on gasoline had remained in effect prior to the fuel tax swap. Thus, with declining gas prices, the rate was decreased from 18 cents to 12 cents as of July 1, 2015, and again will be decreased by 2.2 cents as of July 1, 2016. This is the principal cause for CTC's action to propose deprogramming \$754 million of critical transportation improvement projects absent any funding relief to the STIP.

SCAG is again leading a joint effort with regional transportation commissions and will soon transmit a joint letter to Members of the state legislature imploring that they address in bipartisan fashion the transportation infrastructure funding crisis for which the Governor has called special session. SCAG will work with regional and state partners this year to seek tangible results in the legislature to address this important issue.

AB 1713 - Sacramento-San Joaquin Delta

AB 1713, as introduced by Assemblymember Susan Talamantes Eggman, would *prohibit* the construction of a peripheral canal, as defined, in the Sacramento-San Joaquin Delta, unless expressly authorized by an initiative voted on by the voters of California on or after January 1, 2017. Additionally the bill would require the Legislative Analyst's Office to complete a prescribed economic feasibility analysis prior to a vote authorizing the construction of a peripheral canal. Existing law requires various state agencies to administer programs relating to water supply, water quality, and flood management in the Sacramento-San Joaquin Delta. SCAG will hear from California Natural Resources Agency Secretary John Laird at its March Sacramento Reception discussed above regarding the state's efforts to manage the resources of delta region and elsewhere to address the state's water needs in view of the current drought and on a going forward basis.

No Place Like Home Initiative

On Thursday, February 25, 2016, Senate President pro Tempore Kevin de León (D-Los Angeles) and Pro Tem-emeritus Darrell Steinberg presented the No Place Like Home, a policy framework amounting to over \$2 billion to help local governments prevent and respond to homelessness. This proposal was originally announced at the beginning of the year by Senator de León and is based in part on the 'housing first' strategy adopted with success in the state of Utah and in other states offering similar programs.

The Senate proposal re-purposes bond money from Proposition 63, the Mental Health Services Act, to leverage billions of additional dollars from other local, state, and federal agencies to achieve the following goals:

- A \$2 billion bond to construct permanent supportive housing for chronically homeless persons with mental illness;
- \$200 million, over 4 years, to provide supportive housing in the shorter-term and rent subsidies while permanent housing is constructed or rehabilitated. Support for two special housing programs that will assist families:

REPORT

- The “Bringing Families Home” pilot project, a county matching grant program to reduce homelessness among families that are part of the child welfare system.
- The CalWORKs Housing Support Program, which provides housing and support services for CalWORKs families in danger of homelessness.

The proposal also seeks to stop homelessness before it starts by targeting an increase in Supplemental Security Income/State Supplementary Payment (SSI/SSP) grants to 1.3 million Californians who are considered at risk of becoming homeless, providing income support for the aged, blind, and disabled poor who cannot work. The proposal also provides for a one-time investment to incentivize local governments to boost outreach efforts and advocacy to get more eligible poor people enrolled in the SSI/SSP program. Because the federal government covers 72% of the total costs of the SSI/SSP program, state and local benefits are multiplied significantly for each newly eligible recipient.

More information on the Senate proposal may be accessed at the following website: <http://focus.senate.ca.gov/homelessness#sthash.fZc7pRnn.dpuf>

SCAG will continue to monitor this proposal as it is introduced in legislation concurrent with the budget because it addresses issues consistent SCAG’s statutory responsibilities to plan for low and moderate income housing, as well as its recent work to highlight and find meaningful solutions to address the endemic poverty levels throughout the region. Staff will keep the Regional Council apprised of any relevant developments with respect to this initiative.

ATTACHMENT:

None.