

DATE: April 7, 2016

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

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SUBJECT: April State and Federal Legislative Update

EXECUTIVE DIRECTOR'S APPROVAL: 

Federal

USDOT Grant Applications – Federal Register Notices

Though the Congress has been in recess, the U.S. Department of Transportation continues to implement the Fixing America's Surface Transportation 'FAST' Act as well as the 2016 DOT Appropriations Act, in efforts to get its last annual round of grants out the door as quickly as possible. Summaries of recent *Federal Register* announcements are below.

- \$266 million in bus money. On March 29, 2016, the Federal Transit Administration (FTA) published the application procedures for \$211 million in discretionary bus and bus facility grants and \$55 million in low or no emission bus grants. The MAP-21 law abolished the discretionary bus grant program, but the FAST Act revived it. Applications are due by May 13, 2016. The federal share of a grant is 80 percent generally, but the federal share rises to 85 percent for buying vehicles that are Clean Air Act or Americans with Disabilities Act compliant (which is all of the 'low-no' buses) or 90 percent for equipment or facilities required for ADA compliance. FTA expects many applicants, so the notice states that "Applicants are encouraged to consider scaling projects in increments of 1 or 2 transit buses, in case insufficient funding is available to fund a project at the full requested amount. If an applicant indicates that a project is scalable, the applicant must provide an appropriate minimum funding amount that will fund an eligible project that achieves the objectives of the program and meets all relevant program requirements." Applicants must demonstrate financial need and are encouraged to state the benefits of the project in terms of DOT's "Ladders of Opportunity Principles." The federal register notice can be found at this link: <https://www.gpo.gov/fdsys/pkg/FR-2016-03-29/pdf/2016-07027.pdf>
- \$15 million for highway user fee studies. On March 29, 2016, the Federal Highway Administration published the procedures for awarding the first \$15 million of the \$95 million provided under section 6020 of the FAST Act for "grants to States to demonstrate user-based alternative revenue mechanisms that utilize a user fee structure to maintain the long-term solvency of the Highway Trust Fund." Applications are due by 3 p.m. EDT May 20, 2016. States will be allowed to form groups for joint applications, and the federal cost share of a grant is 50 percent as stated in the statute (in contrast to the 80-20 basic federal-state highway funding split in research grants). DOT will judge the applications on the following criteria, all of which will have equal weight: alignment with program requirements; reasonableness that the demonstration could lead to a viable alternative revenue mechanism; maturity or readiness of the technology; ability of the applicant to deploy and sustain the project; scalability or portability of the

demonstration; clarity, quality and completeness of the proposal; program/project management structure and organization; and expertise and qualification of key personnel. The federal register notice can be found at the following link: <https://www.gpo.gov/fdsys/pkg/FR-2016-03-29/pdf/2016-07045.pdf>

- \$60 million for advanced congestion management technology grants. On March 29, 2016, the Federal Highway Administration (FHWA) published the rules for applying for \$60 million in FY 2016 grants under the advanced transportation and congestion management technologies deployment (ATCMTD) initiative established by section 6004 of the FAST Act. Applications are due by 3:00 p.m. EDT on June 3, 2016. DOT anticipates making 5 to 10 awards not exceeding \$12 million each (\$2 million of the \$60 million will be used for administrative expenses). The federal share of project cost is capped at 50 percent. Eligible applicants are not just governmental entities (state and local governments, transit agencies, MPOs, toll and port authorities) but also include consortia of research institutions or academic institutions. The criteria by which DOT will judge applications are almost identical to the criteria for the user fee demonstration proposals listed above. The federal register notice can be found at the following link: <https://www.gpo.gov/fdsys/pkg/FR-2016-03-29/pdf/2016-07051.pdf>
- \$5 million for Small Community Air Service (SCAS) grants. On March 30, 2016, the Office of the Secretary of Transportation published a notice of the procedures for applying for the \$5 million in FY 2016 Small Community Air Service grants provided by the 2016 DOT Appropriations Act. Applications are due by 5:00 p.m. EDT on May 2, 2016. The notice points out that since the appropriators fund the SCAS program by diverting Airport Improvement Program (AIP) contract authority, and since full-year AIP contract authority has not yet been provided by the ongoing extension laws, DOT cannot actually award grants until full-year AIP contract authority has been signed into law. The notice also points out that SCAS grants in the past have been as small as \$20,000 and as high as nearly \$1.6 million. The maximum number of grants to communities or consortia of communities is limited to 40. The federal register notice can be found at the following link: <https://www.gpo.gov/fdsys/pkg/FR-2016-03-30/pdf/2016-07286.pdf>
- 5-Year R&D Strategic Plan. On March 30, 2016, the Office of the Secretary published a request for information that asked for public comment on how DOT should implement the FAST Act's requirement that they develop a 5-year strategic plan for transportation Research, Development and Technology (RD&T). Comments are due by April 29, 2016. The notice requests comments to answer seven specific questions, including: What research strategies and priorities should the U.S. DOT adopt to achieve the primary purposes cited in the FAST Act? How can the issues raised in the U.S. DOT document "Beyond Traffic 2045: Trends and Choices" be strategically addressed by RD&T activities over the next five years? 3. What emerging challenges or opportunities in transportation warrant additional Federal RD&T activities or investments? 4. What current and planned RD&T activities sponsored by the federal government should be continued or revised in the future? The federal register notice can be found at the following link: <https://www.gpo.gov/fdsys/pkg/FR-2016-03-30/pdf/2016-07139.pdf>
- \$5 million in transit health care access grants. On March 29, 2016, the Federal Transit Administration (FTA) published the rules for applying for \$5.3 million in grants to find and test

ways to provide better transportation health care access pursuant to section 3006(b) of the FAST Act. (Only \$2 million of the money is FAST Act funding, the other \$3.3 million is leftover FY 2015 MAP-21 research money.) FTA is calling the program Rides to Wellness. Applications are due by May 31, 2016 and the notice says that “There is no minimum or maximum grant award amount; however, FTA intends to fund as many meritorious projects as possible at funding levels necessary to conduct meaningful pilot testing.” The federal register notice can be found at the following link: <https://www.gpo.gov/fdsys/pkg/FR-2016-03-29/pdf/2016-07008.pdf>

USDOT Draft National Freight Plan Comments

The comment period for the USDOT’s Draft National Freight Strategic Plan, issued last October, will close on April 25, 2016. The draft plan can be accessed at the following link: https://www.transportation.gov/sites/dot.gov/files/docs/DRAFT_NFSP_for_Public_Comment_508_10%2015%2015%20v1.pdf

The Coalition for America’s Gateways and Trade Corridors (CAGTC), the national trade association that SCAG actively participates and works through has been examining the draft plan and, in consultation with its members, compiling suggestions to the plan that it will share on members’ behalf prior to the closing of public comment. These suggested amendments, currently in the drafting stage with full member participation, will address the following policy areas among others:

- Dedicated Freight Funding – emphasizing minimum of dedicated \$2 billion annual freight authorization protected from any kind of raid;
- Maximum Flexibility to Optimize Investments – to ensure most critical projects are invested in regardless of mode;
- Improve Designation of National Multimodal Freight Network – to ensure it is comprised of all modes of transport, and identified through a process inclusive of public and private stakeholders, which will include Intermodal Connectors, and clarify the process for input from stakeholders and local and state governments;
- Quick Implementation of FAST Act Provisions - aimed at easing institutional bottlenecks;
- Clarify the process for developing National Performance Objectives and Measures – in a way that emphasizes that these performance measures should be used to inform freight planning and not be interpreted as additional regulatory requirements on state or local entities.

Staff will inform the Regional Council of the final recommendations of CAGTC to the USDOT as they are finalized and available for distribution.

Committee Hearings Week of April 4-8, 2016

Wednesday, April 6 – Senate Commerce, Science and Transportation – full committee hearing on **transportation security** (TSA Administrator Neffenger to testify) – 10:00 a.m., SR-253 Russell.

Thursday, April 7 – Senate Environment and Public Works – full committee hearing on the federal role in **keeping water and wastewater infrastructure affordable** – 10:00 a.m., SD-406 Dirksen.

Senate Finance Committee may schedule markup of the revenue title for the Federal Aviation Authorization (FAA) reauthorization bill sometime this week, date TBD.

State

SCAG Supported Legislative Bill Hearings

On April 4, 2016, SCAG President Cheryl Viegas-Walker, accompanied by staff, testified before the Assembly Transportation Committee in support of SCAG's sponsored bill, AB 2170 (Frazier), that would 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) and allocated according to the process established in existing law to allocate bond funds for these same purposes. President Viegas-Walker's testimony emphasized the past successes of the TCIF program and the need to allocate this new federal funding source to critical projects as efficiently as possible, which SCAG believes the provisions of AB 2170 will achieve by implementing the existing, successful process without 're-inventing the wheel.' Numerous partner agencies from around the region appeared at committee in support of the bill, including but not limited to the southern California transportation commissions, SANDAG, ACE, AAA, and others. The bill passed unanimously from committee by 16-0 vote.

Additionally, the Assembly Transportation Committee passed AB 2415 (E. Garcia) without opposition. This is the same bill as last year's AB 857 (Perea), which SCAG supported pursuant to Regional Council action that would revise the Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, to provide that no less than 50% (or \$100 million, whichever is greater) of program funds go to certain zero and near-zero emission heavy-duty trucks that meet specified emissions standards and are among the furthest along of all emissions reducing technologies to reach the State's ambitious near-term emissions reductions targets

Also passing from Assembly Transportation Committee on April 4, 2016, by 16-0 vote was AB 1780 (Medina) – Trade Corridor Improvement Fund (TCIF), calendared for action at today's Regional Council meeting with support recommendation from the Legislative/Communications and Membership Committee (LCMC). This bill would appropriate 20% of annual Greenhouse Gas Reduction Fund (GGRF) proceeds to the Trade Corridor Improvement Fund (TCIF) to be distributed by the California Transportation Commission (Commission) in accordance with established TCIF guidelines. This allocation is in addition to the GGRF funds already allocated through the budget process per existing law.

Finally, April 4, 2016, the Assembly Natural Resources Committee took up AB 1569 (Steinorth) which would 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. The Regional Council adopted a support position on the bill. The bill did not pass committee, by partisan 3-5 vote, however reconsideration was granted. In addition to SCAG, the bill was supported by numerous local government and other groups, including the California State Association of Counties, California Transportation Commission, California Chamber of Commerce, United Contractors, Orange County Transportation Authority, Metropolitan Transportation Commission, San Bernardino County, San Bernardino Associated Governments, and others. SCAG will continue to work with author on a path to move this bill forward this legislative session.

SCAG Testifies on Draft 2016 High-Speed Rail Business Plan

On March 28, 2016, Executive Director Hasan Ikhata testified before the Assembly Transportation Committee at an information hearing on the recently released California High-Speed Rail Authority (CHSRA) draft 2016 business plan. Mr. Ikhata's testimony focused upon, first, reminding the Committee of the commitments agreed to by CHSRA and local transportation agencies in Southern California in a Memorandum of Understanding (MOU) entered into in 2012 that provides for CHSRA to commit an additional \$1 billion consisting of unallocated Prop 1A funds and any other funding sources to implement the agreed upon Prioritized Rail Improvement List projects meeting the performance criteria outlined in the MOU. These bookend project investments are essential and must be commenced and largely completed prior to the building actual high-speed rail system in Southern California. The draft plan delays the building of the Southern California segment of the system, making the fulfillment of these MOU obligations to develop these southern California 'bookend' projects all the more important. Mr. Ikhata reiterated that these bookend projects must be funded by Prop 1A and the High Speed Rail Authority's dedicated Cap-and-Trade funds, rather than from other sources the region would receive in any event with or without the MOU as counting towards its commitment (TIGER, New Starts, FAST Act, Transit/Intercity Rail Program funding, etc.).

SCAG Legislative Reception

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

This year's event was by far the largest state legislative event sponsored in SCAG's recent history. SCAG sent nearly 20 elected officials from its Board to meet with over a dozen members of the legislature on important regional issues. These include 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 projects without diminishing environmental review and, within this objective seeking modification to significantly limit the scope of the proposed Governor's Office of Planning and Research CEQA guidelines revisions to implement SB 743; and finally, support of AB 2170, 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, SCAG hosted an evening reception attended by newly elected Assembly Speaker Anthony Rendon as well as legislative leaders of both parties, where SCAG re-iterated these policy priorities, in addition to asking state lawmakers to remain mindful of the region's funding needs to develop local projects now necessary to prepare for the High-Speed Rail (HSR) Southern California segments to assure a seamless, uninterrupted development of the HSR system.

Finally, SCAG's delegation hosted California Natural Resources Agency Secretary John Laird; Secretary Laird gave a comprehensive update on the California Water Action Plan and California WaterFix, the proposal to build new intakes and tunnels to convey water from the Sacramento-San Joaquin Delta. This lively session also touched upon issues related to stormwater management by local communities as well as unique regional water policy needs such as restoration of the Salton Sea.

REPORT

This year's Sacramento trip highlighted the region's need to maintain ongoing, direct interactions with the legislature throughout the year, as well as the need to establish a Southern California caucus of legislators to give a more unified voice within the Capitol on regional issues and messages. SCAG is working with state lawmakers from the region to establish such a caucus and will provide ongoing updates to the Regional Council regarding these efforts throughout the year.

ATTACHMENT:

None.