

TRANSPORTATION, COMMUNICATION, & PUBLIC WORKS POLICY COMMITTEE
HIGHLIGHTS
Thursday, June 14, 2012
Sacramento, CA

ATTENDANCE:

Members: Hudson, Mike (V.Chair); Armstrong, Harry; Biery, James; Boga, Terrence; Bond, James; Breault, Randy; Brooks, Susan; Campos, Xavier; Chew, Ken; Cron, Dennis; Espinosa, Robert; Fredericks, Alice; Harter, Scott; Heller, Barbara; Herrera, Rose; Johnson, Richard; Lautenschleger, Joel; Matsumoto, Michael; Overcashier, Lynn; Parks, Yvonne; Parra, Daniel; Patterson, Larry; Pieper, Darold; Pierce, Julie; Renfro, Richard; Rodarmel, Willard; Rodriguez, Ralph; Swanson, Angela; Taylor, Jerry; Teaford, Bonnie

Staff: Jennifer Whiting, Legislative Representative

Special Order of Business: Joint Briefing on State and Federal Issues

A general briefing with all of the present policy committee members was held before the individual committees met with their respective members.

League Executive Director Chris McKenzie welcomed the members to Sacramento and provided a status update on the pending FY 2012-13 state budget. At the time, there were nearly two dozen trailer bills pending, many of which included substantive policy changes but will not be reviewed by the germane legislative or fiscal committee.

Mr. McKenzie also reminded members that the Sacramento Superior Court was to review the League's case against the loss of city vehicle license fee (VLF) revenues in last year's budget, on the grounds the legislature acted unconstitutionally when those funds were channeled to state public safety grants.

In regards to the November 2012 elections, none of the policy committees will be taking action on the ballot measures until after the July Board of Directors meeting, where there will be an in-depth discussion, including which committees may review which ballot measures at the Annual Conference this September.

Legislative Director Dan Carrigg spoke next and provided an overview of the redevelopment issues cities are still dealing with as new trailer bill language is being crafted. He recognized the challenges that cities are facing since the Department of Finance brought in dozens of new staff from various other departments with varying backgrounds in redevelopment agency issues. And in the wake of the California Redevelopment Association folding, the League has made every effort to fill in as best they can to cover the void left by the CRA and their efforts. Throughout the spring, the League and a working group of city attorneys has met frequently to provide advice and suggestions on how to help cities work through the ROPS process. There is still much work to be done to clarify the current unwinding through the RDA successor agencies and as new trailer bill language is being developed.

In terms of the legislature, there were several very good attempts to bring about a positive resolution for what remained of redevelopment projects for cities. This included AB 1585 by Speaker John A.

Perez, SB 986 by Senator Dutton, and SB 1335 by Senator Pavley. Unfortunately, these have been largely unsuccessful because of roadblocks in the Senate.

As of Friday, June 15 there were still no details on the redevelopment trailer bill. The Department of Finance version that came out earlier this year was fraught with problems and created confusing terms. The League's opposition efforts have had some effect. Assembly Members Joan Buchanan and Tony Atkins are closely reading city's letters to ensure they are making the best decisions possible.

Mr. Carrigg then addressed the current budget and the impact that Prop. 25, which reduced the vote threshold from two-thirds to a simple majority to approve the budget. Republican legislators are now excluded from the process. The budget is being put together behind the scenes between Democratic legislative leaders and the Governor's office. Another game-changer from Prop. 25 is that Legislators now take seriously the prospect of forfeiting salary if they fail to pass a budget by June 15; recent litigation, however, filed by legislative leadership against the State Controller, concluded that the Legislature retained the sole authority to determine the adopted budget was balanced.

Fiscal Policy Consultant Michael Coleman briefly outlined the key factors impacting the budget discussions and the challenge of balancing a budget based on revenues that may not be approved until four months later. The Legislature's response is to include trigger cuts to nearly all areas of government if the Governor's tax measure does not pass, with K-12 Education taking the biggest hit.

Legislative Representative Natasha Karl shared the next steps for pension reform efforts. She said rumors point to a much more expedited timeline than we had previously heard. Some kind of reform may happen as early as June or the first week of July. The League has not seen details of the actual package but understood that several reforms will incorporate the Gov.'s 12-Point Pension Reform Plan and offer additional reforms. Key areas that will likely look different than the Governor's plan include a hybrid plan as well as cost sharing provisions. All major reforms will apply to new employees and not apply to current employees. Timing and plan details are not certain. Ms. Karl said she hoped to see details soon so that they can be analyzed and shared with members.

Finally, Legislative Representative Jennifer Whiting gave the federal update on the challenges of enacting a transportation reauthorization bill and the work of the Congressional budget subcommittees. The transportation reauthorization discussions are progressing, but seem to have taken some steps backward last week. The current extension of SAFETEA-LU expires on June 30, 2012, and staff expects another extension to be required.

Cities received a bit of good news on the Appropriations front when the House of Representatives Housing and Transportation Appropriations Subcommittee passed legislation enhancing appropriations for HUD and CDGB programs. Staff reminded cities of the mandatory across the board budget cuts enacted in the Budget Control Act last year, effective in January 2013. While Congress will likely intervene before the cuts become effective, action is not expected until after the November election.

Other positive news is that the Federal government is looking to loosen up regulatory requirements that are harmful or difficult for local agencies.

Staff briefed members on the Cap and Trade Revenue Auction proposal. Beginning this fall, the California Air Resources Board (ARB) will begin a multi-billion dollar cap and trade program as a key element in their greenhouse gas (GHG) reduction efforts to achieve 1990 emission levels by the year 2020. The Cap and Trade program establishes a hard cap of 85% on GHG industries including mining, oil and energy production, manufacturing plants, and transportation fuels. These industries will be allowed to trade (i.e. buy and sell) a portion of their allowance. The first auction is scheduled on November 14th. After that, quarterly auctions will be held.

The first auction is expected to raise between \$660 million and \$2 billion dollars, with revenues potentially increasing to as high as \$14 billion in future years. All of these revenues are to be used as mitigation fees to pass the “nexus” test. The Governor’s budget already assumes \$1 billion in the FY 2012-13 budget, with half for mitigation efforts and half for investments in GHG reduction.

League staff sought feedback on two specific issues and then general comments, as outlined in the agenda packets. The committees held all discussion and debate during their individual committee meetings following the joint briefing.

General Meeting

I. Welcome and Introductions

Vice Chair Mike Hudson opened the meeting and asked everyone to introduce themselves. The committee also had a moment of silence in memory of Chair Tom Glancy, who passed away in May after a battle with cancer.

II. Public Comment

Sabrina Means, representative from California Transit Association, asked for the committee’s support of AB 1706 and for the continued support of finding bus weight limit solutions.

III. Legislative Update

The following specific issues were discussed:

1. AB 1706 (Eng). Transit Bus Weight.

AB 1706 would reset the current pounds per axle weight limit for buses and create a working group tasked with preparing a report that would 1) determine any changes regarding the application of axle weight limits to transit buses, 2) an analysis of the applicability of the weight restrictions compared to the requirements of federal and state laws and regulations that affect the weight of transit buses, 3) recommendations relative to updating the pavement design standards utilized by the Department of Transportation in designing and constructing highways and by local governments in designing and constructing streets and roads, 4) recommendations concerning whether the Legislature should require that each state agency that adopts regulations that affect the design or manufacture of motor vehicles; 5) analysis relating to the axle weight of transit buses that compares the costs of the pavement wear caused by transit buses with the costs of the pavement wear caused by other vehicles, including trucks or vehicles such as municipal garbage trucks or fire engines.

There were several committee members who agreed that the working group was necessary and statutory changes have to be data driven. Some committee members were concerned about the increased bus weight, the cost of road damage and repair, and the conflicting bus regulations between the state and federal government. Some members voiced support for operating smaller buses, but with more frequent schedules, but also recognized that operations budget constraints make this difficult. There was recognition that addressing this issue would mean changes in funding streams and to the way buses are manufactured. There was a strong preference for solutions to this problem to be a result of data, and not just the “easiest” answer.

The committee voted to move to adopt staff recommendation as written, with one opposed.

2. Cap & Trade Auction Revenue.

After the committee heard the Cap & Trade presentation during general session, members discussed the specific questions that staff proposed and voted on the following motions:

- a. In consideration of Comment #1: “Do you concur with staff’s proposal to oppose AB 2404?” The policy committee made a motion to agree with staff’s recommendation. The motion passed unanimously.
- b. In consideration of Comment #2: “Do you support the concept of dedicating revenues derived from transportation fuels to transportation purposes?” Committee members voiced a desire for the funding to go to cities directly, not to regions. They also voiced concerns about linking the funding to the SCS too tightly, suggesting that it instead be tied to GHG emissions. This came from a concern most cities are not in a Priority Development Area (PDA), and that would make many cities ineligible for funding. Another member noted that 80% of schools are not in PDA but there is always congestion around schools.

Ultimately, a motion and second was made to support the proposal to commit 40% of Cap & Trade auction revenues to local transportation purposes. The committee approved the recommendation, with four members opposed.

The committee also discussed:

- How the revenues should be distributed;
- Whether it be regionally or specific to city or both;
- What limitations would be placed on revenues;
- Whether plans would be connected to sustainable communities strategies;
- How the plans would be administered;
- Whether annual or bi-annual reporting would be appropriate; and
- What would happen if program funds did not materialize as expected?

The policy committee agreed that reporting requirements had proven to be beneficial in the past. The committee’s preference is for funding to go directly to cities with as few strings as possible. They also encouraged that funding be tied to GHG emissions rather than to specific legislation or programs.

IV. High Speed Rail

Jennifer Whiting, Legislative Representative, gave an update about High Speed Rail (HSR) and how the project will fit into the budget process. Committee members were concerned that HSR projects were being exempted from CEQA requirements. Members voiced that it has been difficult to get a seat at the table, and that CEQA provides a guarantee that their concerns were heard. Other members voiced that the project has not always been well-run, and that a project of this magnitude should receive extensive oversight. Regarding funding, committee members voiced skepticism that the project will ever be fully funded. Others pointed out that all significant infrastructure projects are done in phases, and we rarely know of all the funding at the start of the project. Other members made general comments that the changes made in the last six months have been positive.

The committee discussed existing League policy and a series of motions were made.

A motion was made and seconded to state that if HSR was exempted from CEQA, all transportation projects should be exemption from CEQA. After some discussion the motion was amended to oppose easing of CEQA for the HSR project. The amended motion passed unanimously.

A motion was made and seconded to adopt the following as policies:

1. Support visionary effort, but oppose any issuance of bonds until economy improves.
 2. The implementation of High Speed Rail is ultimately a land use decision. Recognize that land use decisions should be made on the local level, and allow Divisions to take positions as appropriate to their area.
 3. Support placing the project and/or bond back on the ballot for voter reconsideration.
- The motion failed with a vote of 10 ayes to 16 noes.

A motion was made to support the visionary effort, but oppose any issuance of bonds until the economy improves. The motion failed with a vote of 10 ayes to 15 noes.

A motion was made to support placing the project and/or bond back on the ballot for voter reconsideration. The motion passed with a vote of 15 ayes to 12 noes.

A motion was made to support the visionary effort of the project. The motion passed unanimously.

A motion was made to oppose issuance of additional bonds. The motion failed with a vote of eight ayes to 16 noes.

V. California Statewide Transportation System Needs Assessment

Staff presented the findings of the 2011 Statewide Transportation System Needs Assessment and explained that the CTC is bringing stakeholders together again in a series of meetings to try to come up with recommendations on how to address the \$296 billion deficit California is facing. Committee members did not have any input.

VI. Federal Update

Staff referred committee members to the federal information presented during the joint briefing. Staff offered to answer any transportation related questions that the committee had. No questions were posed.

VII. Transportation System User Fee Proposal

Bert Sandman, Executive Director, Smith, Watts & Martinez, Advocates spoke about new concept for transportation funding. Mr. Sandman discussed that after two years analyzing alternative concepts to increase transportation funding, ranging from statewide transportation fee to various gas tax alternatives, the Transportation California board has determined to pursue a new Transportation System User Fee. This concept is modeled after the Vehicle License Fee.

Currently, Transportation California has drafted a constitutional amendment that is intended to introduce after the 2012 November elections. Committee members discussed what the proposal does, how the funds would be allocated and how large vehicles will share the repair cost of the roads. The committee will hear more about the Transportation Funding Concept as the proposal moves forward.

VIII. Next Meeting: January of 2013