



September 24, 2018

TO: Board Members, Transportation Agency for Monterey County
FROM: Gus Khouri, Principal
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RE: STATE LEGISLATIVE UPDATE – OCTOBER

On August 31, the Legislature concluded its business and adjourned for the 2017-18 Legislative Session. Governor Brown has until September 30 to sign or veto legislation. The following is summary of bills of interest to TAMC:

1. AB 1395 (Chiu) Highway Litter Cleanup

Status: Died in the Senate Appropriations Committee

This bill would have required Caltrans to prioritize litter cleanup funding based on traffic volume, climate, and service scores. The bill threatened to divert funding from scenic highways along the Central Coast in favor of urban areas. We reached a compromise with the author in an amended version of the bill to prioritize funding within Caltrans districts, but he amended the bill again, putting the funds in jeopardy. We successfully advocated for the bill to be held in Senate Appropriations Committee where the bill died.

2. AB 3124 (Bloom) Extended Bike Racks

Status: Signed by the Governor

This bill allows public transportation operators to install up to a 40-inch bike rack on a 60-foot bus. The purpose is to promote more integrated multi-modal transit usage.

3. SB 848 (Committee on Budget) Indirect Cost Rate Proposal

Status: Signed by the Governor

Caltrans was charging 20%-30% to cover "indirect costs", items that are not directly attributable to work being performed on a project for local jurisdictions. These items are often not specified but can include things such as paying utility bills. We worked with the Self-Help Counties Coalition to insert language into this transportation budget trailer bill to cap the indirect costs at 10% for a period of 3 years.

4. SB 1119 (Beall) Low Carbon Transportation Operations Program

Status: Signed by the Governor

This bill waives the requirement of having to spend 50% of all program funding within a disadvantaged community if the new service connects a disadvantaged community, enacts fare subsidies (including discounted or free student passes) or technological improvements, or purchases new zero-emission buses.

5. SB 1262 (Beall) Construction Manager/General Contractor Procurement Method

Status: Signed by the Governor

This bill removes the cap on the number of projects for which Caltrans is authorized to use the Construction Manager/ General Contractor (CM/GC) method (previously limited to 24 projects). CM/GC allows the contractor to participate at the inception of project design, allowing for greater potential for expedited project delivery.

SB 1 Repeal Discussion

On June 28, the Secretary of State certified that the proponents of the SB 1 repeal campaign, Reform California, had successfully gathered enough signatures for Proposition 6 to be placed on the November ballot.

Proposition 6 proponents are advocating for the Republican transportation-funding plan, which relies on items such as sales tax from car sales and insurance premiums, in addition to the pre-existing gas tax and vehicle registration fees at levels before the enactment of SB 1. This would make the General Fund responsible for paying for transportation. Under this arrangement, the legislature would have to decide to make cuts to other programs that rely on General Fund resources, such as education and public safety.

The No on Proposition 6 campaign, which is headed by the California Alliance for Jobs, is primarily focusing on the underscoring the bridge and road safety projects at risk. While that is a worthy component to discuss, ultimately, voters will be most sensitive to the cost of the gas tax and vehicle registration fee increases more than the quantity of projects and they will want reassurance that funding is protected. Most voters do not appreciate the true cost of delivering a project. If it's possible to demystify the project costs, voters may appreciate the value proposition of the projects that will be delivered.

Proposition 22 of 2010 constitutionally protects the gas tax from being diverted, ensuring all proceeds are used for local streets and roads and highway maintenance and repair. Proposition 69, which statewide voters approved with over 81% of the vote in June 2018, constitutionally protects the registration fee and sales tax on diesel, guaranteeing funding for transit capital and operations, and statewide competitive programs to reduce congestion, improve goods movements, bicycle and pedestrian programs, and providing local matching dollars for counties with local transportation sales tax measures, like Monterey County's Measure X.