



March 24, 2021

TO: Board Members, Transportation Agency for Monterey County

FROM: Gus Khouri, President, Khouri Consulting LLC

RE: **STATE LEGISLATIVE UPDATE – APRIL**

State Budget

Governor Newsom's proposed FY 2021-22 State Budget stated that there would be an estimated \$1.5 billion reduction of gas tax receipts through FY 2024-25 attributable to the drop in fuel consumption from the COVID-19 shelter in place order (N-29-20). This drop in gas tax income will have an impact funding for local streets and roads, the State Highway Operations and Protection Program (SHOPP), which focuses on maintaining our state highway system, and the State Transportation Improvement Program (STIP), which provides funding to local transportation agencies for multi-modal transportation improvements. For FY 2020-21 through FY 2023-24, \$17.4 billion is programmed for the SHOPP and \$2.4 billion for the STIP. The STIP has a projected \$100 million shortfall for the 2022 cycle, which will be somewhat ameliorated by federal stimulus funds. Updated numbers will be provided during the release of the May Revise, which should be published by May 7.

Governor's Climate Action Plan for Transportation Infrastructure

The California State Transportation Agency, in collaboration with Caltrans, the Governor's Office of Planning and Research (OPR) the California Air Resources Board (CARB), and the Strategic Growth Council, is in the process of finalizing guidance to implement Governor Newsom's Executive Order, N-19-19. That Executive Order aims to reduce greenhouse gas emissions and vehicle miles traveled through limiting capacity projects along the state highway system, discouraging the use of single-occupant, gas-powered vehicles, while encouraging mode shift through accelerated investments into public transportation, bicycle and pedestrian

programs, and electric vehicle infrastructure. The implementation plan being developed is named the Climate Action Plan for Transportation Infrastructure (CAPTI).

The draft CAPTI encourages investments in improvements for disadvantaged communities, safety improvements that reduce fatalities on roadways and transit systems, projects that respond to climate risk for transportation infrastructure projects, projects that reduce vehicle miles traveled, and investments into passenger rail prioritized over highways, particularly capacity projects. The CAPTI is intended to apply to the following funding programs: the Highway Safety Improvement Program, STIP, Local Partnership Program, Solutions for Congested Corridors Program, State Highway Operations and Protection Program, Trade Corridor Enhancement Program, and Transit Capital and Intercity Rail Program.

While the adopted TAMC 2021 State Legislative Platform is supportive of many of these objectives, it may be problematic for many small urban/rural areas to refrain from making highway capacity project improvements, particularly where reductions in vehicle miles traveled may not be possible due to the lack of rail infrastructure or density to support those systems, or the inability of certain populations, such as farmworkers or construction labor, to pragmatically utilize the service. TAMC needs to plan, fund, and deliver projects that may increase passenger vehicle travel in order to address safety, congestion, and freight movement, particularly along lifeline routes, where there is no alternative solution for passenger rail service or transit service.

The draft CAPTI policy could require TAMC to reassess its ability to leverage voter-approved investments as articulated in the expenditure plans for Measure X, since CAPTI implies there will be less state investment made on the state highway system. While the state cannot make adjustments to locally approved sales tax expenditure plans, as the owner/operator of the state highway system, it reserves the right to place local funds on a state-owned asset and authorize the availability of state resources. CAPTI also calls into question whether the legislature has the ability to shift constitutionally protected funds from their intended purpose given that voters in 2018 recently rejected Proposition 6, the repeal of SB 1, and supported Proposition 69, protecting SB 1 revenues for their intended purpose.

Through the proposed FY 2021-22 State Budget, Governor Newsom is proposing to invest \$1 billion into zero-emission infrastructure and \$496 million into zero-emission vehicle rebates as part of the issuance of Executive Order, N-76-20, which prohibits the sale of gasoline-powered passenger vehicles by 2035, thereby promoting zero-emission vehicles for future mobility needs. The Governor's Office reached out to extend its appreciation for TAMC being among the first local transportation agencies statewide to endorse advancements into ZEV infrastructure. TAMC continues to work with the Central Coast Coalition, Caltrans, and the Monterey Bay Electric Vehicle Alliance to install charging stations in the region. Through the Coast Rail Coordinating Council, TAMC strives to make coast rail service a reality by bridging the 153-mile gap between Gilroy and San Luis Obispo.

CalSTA held a CAPTI workshop on March 18 and will hold another in late April with the hope of adopting the CAPTI in June. The CTC may hold workshops to facilitate public participation. CAPTI implementation will occur through a combination of amending budget trailer bill language and revising guidelines for various programs.

CTC Commissioner Update

On Friday, March 19, Governor Newsom reappointed Joe Tavaglione and appointed Darnell Grisby to fill the vacancy left by former Los Angeles County Supervisor Yvonne Burke. Grisby recently served as Executive Director at TransForm since 2020. He was Director of Policy Development and Research at the American Public Transportation Association from 2011 to 2020.