



May 5, 2021

TO: Board Members, Transportation Agency for Monterey County

FROM: Gus Khouri, President, Khouri Consulting LLC

RE: **STATE LEGISLATIVE UPDATE – MAY**

Brown Act Exemptions for Virtual Meetings

With Governor Newsom declaring that the shelter in place order restrictions will be removed on June 15, it has called into question whether local governments can continue to meet and conduct business virtually. There are a few relevant Brown Act bills highlighted in the bill matrix (AB 339, AB 361, and AB 703); however, the timeframe for those bills means that the earliest they would take effect, after being signed into law, would be January 1, 2022. The Governor's office is working on a near-term solution to help ease the transition to in-person meetings, while reconciling whether virtual meetings will still be permitted as an alternative or supplemental option. A solution could be presented in the form of a budget trailer bill enacted by the legislature by June 30.

Active Transportation Funding

The Assembly Budget Committee is proposing to provide \$2 billion to backfill funding for projects submitted for Cycle 5 of the Active Transportation Program. The California Transportation Commission (CTC) received \$2.2 billion worth of applications but was only able to allocate \$454 million worth of funding. The Assembly budget proposal assumes that all projects submitted for consideration are shovel-ready and warrant an award. This proposal will be discussed in a budget conference committee if the Senate budgets any number that differs from the \$2 billion Assembly request. If the Senate concurs, it does not have to go to conference committee, and it will be placed in the budget bill. Both houses can also agree to an

alternate amount as a compromise or dismiss it entirely. The Governor will also be able to use his blue pencil to line-item veto dollar amounts.

Concurrently, there is a Transportation California proposal seeking a legislative sponsor that would request an additional \$3.85 billion to augment various programs as follows:

- Sustainable Communities Block Grant funding \$1 billion
- Highway and Local Bridge Programs \$500 million
- the State Transportation Improvement program \$500 million
- Highway Safety Improvement Program \$250 million
- Infill Infrastructure Grant Program \$500 million
- Zero-emission vehicle plan for hydrogen infrastructure \$500 million
- SB 1 competitive programs \$300 million
- Trade Corridor Enhancement Program \$300 million

The Central Coast Coalition is signing on to the Transportation California proposal.

State Budget

In January, a summary was provided on Governor Newsom's proposed fiscal year (FY) 2021-22 State Budget, which 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 Governor's COVID-19 shelter in place order (N-29-20). This reduction will 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. The anticipated influx of \$15 billion in surplus income tax funds, plus the federal American Rescue Plan Act of 2021, which will provide California with \$26 billion, would provide an opportunity to address shortfalls across many sectors. Updated budget numbers will be provided during the release of the May Revise, which should be published by May 20.

Federal Stimulus Funding Allocation

The federal stimulus package, HR 133, provided California relief for public transportation operations (\$2 billion) and highway projects (\$912 million). This funding is intended to backfill revenue losses caused by the COVID-19 pandemic through the reduction of fuel consumption. At its March 24 meeting, the CTC approved TAMC's share distribution of \$4,250,769. The CTC will adopt funding for project submittals at its meeting on June 23 and 24.

Governor's Climate Action Plan for Transportation Infrastructure

As previously reported, the California State Transportation Agency is in the process of drafting 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 reduction, and investments into passenger rail prioritized over highways, particularly capacity projects. Impacted funding programs include the Highway Safety Improvement Program, STIP, Local Partnership Program, Solutions for Congested Corridors Program, SHOPP, Trade Corridor Enhancement Program, and Transit Capital and Intercity Rail Program.

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. 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.

The CTC hosted workshops with CalSTA on April 20 and 23 to help facilitate broader public participation and input. The state is expected to implement CAPTI through a combination of amending budget trailer bill language by June 30 and revising guidelines for various programs.