



August 22, 2022

TO: Board Members, Transportation Agency for Monterey County

FROM: Gus Khouri, President, Khouri Consulting LLC

RE: **STATE LEGISLATIVE UPDATE – SEPTEMBER**

General Update

The Legislature is in the process of wrapping up the 2021-2022 legislative session. All business on the floor of each house must be acted upon by August 31 to be considered for signature by the Governor by September 30. Should a special session be called by the Governor for an extraordinary circumstance, such as a natural disaster, the current class can meet until November 30. The commencement of the 2023-24 Regular Session and swearing-in ceremony for members is scheduled for December 5.

The legislature is working on clean up language on the state budget. This effort may include opportunities to obtain \$100 million statewide for funding for planning, programming, and monitoring (PPM) of projects, as well as placing a cap on indirect cost recovery charged by Caltrans to self-help counties for items that may not be directly related to project delivery. PPM funds help provide resources to public agencies for the implementation and oversight of items such as multi-modal corridor projects, which are newer state requirements, and projects in local sales tax expenditure plans. In 2018, TAMC supported Senate Bill 848 (Committee on Budget), Chapter 46, Statutes of 2018, which placed a cap of 10 percent on indirect costs for a period of three-years (through fiscal year 2021-22). Monterey County is one of 25 counties in the state that have a “self-help” measure that provide more than \$4 billion in annual transportation funding statewide. Capping the imposition of indirect cost for items not associated with the scope of a project, such as Caltrans or California State Transportation Agency (CalSTA) overhead, provides cost certainty, and creates more capacity and

accountability for local tax dollars to be used for purposes of expediting the delivery of statewide priority projects

BILLS OF INTEREST

AB 2438 (Friedman) – Climate Action Plan for Transportation Infrastructure and California Transportation Plan Compliance – State Funding Eligibility

This bill requires that state funding, including maintenance programs, such as the State Highway Operation Protection Program, the Senate Bill 1 competitive grant programs, and State Transportation Improvement Program, align with the California Transportation Plan and Climate Action Plan for Transportation Infrastructure. This bill is pending consideration on the Senate Floor. TAMC has an “oppose unless amended” position on this bill, which would mandate a “one size fits all” top-down approach to tackling mutual goals of addressing critical air quality and mobility issues by constraining all state transportation funds, including maintenance funds. AB 2438 could result in denying access to billions of dollars in state funds for project in rural parts of California, undermining TAMC’s ability to be a funding partner on the state highway system and compromise TAMC’s ability to respond to safety and goods movement deficiencies that currently exist in the state highway system.