December 3, 2025
ITOC Agenda Item 8.1
Continued From: New
Action Requested: INFORMATION

NAPA VALLEY TRANSPORTATION AUTHORITY-TAX AGENCY

ITOC Agenda Memo

TO: Independent Taxpayer Oversight Committee (ITOC)

FROM: Danielle Schmitz, Executive Director

REPORT BY: Danielle Schmitz, Executive Director
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SUBJECT: Executive Director Report

RECOMMENDATION

That the Napa Valley Transportation Authority-Tax Agency (NVTA-TA) ITOC receive the Executive Director Report.

BACKGROUND

Local Update

Low and No Bus Grant Award

NVTA was awarded $6.8 million by the Federal Transit Administration for the purchase of six new Gillig hybrid-electric buses for its Vine Transit fleet. Funded by the Low or No Emission Vehicle Grant Program, it will allow NVTA to replace older diesel and unleaded buses that are well beyond their useful life. The new 35-foot hybrid vehicles will offer an improved rider experience while reducing harmful emissions. This is a significant win for the agency, especially amid uncertainty surrounding California's share of federal discretionary funds. I want to recognize and sincerely thank our Transit and Finance teams for their hard work and exceptional grant application that made this award possible.

New Hires:

- Zaira Renteria was hired as the Bilingual Outreach Coordinator working under the transit team on various transit and transportation programs including transit travel training, bilingual outreach and education and other transit programs under VCommute. Zaira joins NVTA from Abode Services working as a Family Outreach Coordinator. She already has longstanding partnerships with much of the community and non-profit organizations, and will be a tremendous asset to the transit team.

- Arcie Alvarado joins our team as the new Administrative Assistant. She graduated from UCSB in June with a Bachelor of Social Science, majoring in Communications. Arcie's experience in public outreach, marketing and administrative support has prepared her for this new role at NVTA. As our Administrative Assistant, Arcie will largely support to the Administration and Finance operations and advisory committee clerk duties. Arcie previously was employed at the Napa Valley College, working for on-campus housing.

Regional Update

- SB 63 (Wiener/Arreguin) – On October 13th Governor Newsom signed the Transportation Revenue Measure enabling legislation – this legislation will authorize placement on the November 2026 ballot a 14-year, ½ cent sales tax to sustain and improve public transportation. Even though the measure is focused on the 5 large counties, there are transit rider focused improvements included in the revenue measure that will be applied Bay Area wide. In addition, Vine transit service connects to many of the regional systems like BART that will benefit from this measure.
- Senate Bill 697 (Wilson) which authorizes the State Route 37 corridor project to take fully protected species to construct the Sears Point to Mare Island Improvement Project, was signed by the Governor on October 8th. Congratulations to the partnership around SR 37 on getting this piece of legislation passed, which was a big lift for the four north bay counties, Caltrans and MTC. This legislation will allow the construction window for the project to extend for longer than 10-12 weeks, for continued work during this phase.
- Following more than two years of extensive public dialogue, technical analysis and interagency collaboration, MTC and the Association of Bay Area Governments (ABAG) released Draft Plan Bay Area 2050+, together with 10 supplemental reports, the Implementation Plan, and the Draft Environmental Impact Report (EIR), for public review. The public comment period runs through December 18th.
https://planbayarea.org/

State and Federal

State Update:
State revenues continue to come in higher than projected forecasts. Fiscal year to date revenue is $3.8 billion higher than the June forecast. Although, recent revenues look promising, the LAO has released some reports that raise concerns about the future financial outlook. The LAO released a report examining the outlook of the Medi-Cal program given the state's current fiscal outlook and changes at the federal level. Medi-Cal has grown to serve more than one-third of the state's population, with a total annual budget of $197 billion, with over half of the program federally funded. Implementing the

changes enacted in HR 1 will result in billions in lost federal funding. An amount the state general fund could not absorb.

The Legislature proactively addressed anticipated budget issues during the 2024-25 budget process, resulting in a small projected deficit of $2 billion for 2025-26, which is considered roughly balanced. While current income exceeds projections by almost $6 billion so far this year, the LAO forecasts revenues for the entire fiscal year will exceed projections by only $7 billion. However, spending on education and all other programs has grown faster than revenues by $11.5 billion, which results in the $2 billion deficit for 2025-26.

The state faces significant multiyear operating deficits starting in 2026-27, driven by faster-than-normal spending growth and slower revenue growth. The state faces annual operating deficits beginning in 2026-27 of $20 billion and growing to about $30 billion in 2028-29. The LAO points out that the Legislature will need to reduce spending, increase taxes, or use reserves to address future deficits.

<u>State initiatives being proposed for November 2026 ballot</u>:
CEQA Reform – CalChamber is working on an initiative to streamline CEQA for essential projects like affordable housing, transportation, clean energy, and wildfire resilience.

Extending Proposition 30 – The California Children's Education and Health Care Protection Act of 2026. Labor groups will ask voters to renew and make permanent, a tax on high earners. The current tax brings in billions for schools and health care programs and is set to expire in 2030.

Howard Jarvis Taxpayer Initiative – Save Proposition 13 – wants to impose the 2/3rds supermajority to pass revenue measures placed on the ballot by citizen initiatives. The California Supreme Court's "Upland" decision clarified in 2017, that citizen initiatives were not covered under Prop. 13's definition of "local government". Passage of this measure would have devastative impacts for SB 63 and similar local sales tax efforts that may go the citizen initiative route.

<u>Federal Update:</u>
After a record breaking 43-day standoff, the longest government shutdown in U.S. history has ended. The continuing resolution (CR), which passed the Senate and then House on a 222-209 vote, will fund the government through January 30. The funding package includes an appropriations minibus for Military Construction-VA, Agriculture-FDA, and the Legislative Branch. Following passage of the $187 billion minibus, Senate leadership is preparing a more expansive package expected to top $1.2 trillion in discretionary funding. The next set of bills—covering Defense, Labor-Health and Human Services-Education, Commerce-Justice-Science, and Transportation-Housing and Urban Development—will be combined using the House-passed Defense bill as the legislative vehicle.

Senate Majority Whip John Thune (R-SD) confirmed procedural steps began, though floor debate won't occur until after the recess. This strategy reflects growing pressure to avoid a yearlong CR, an outcome that would lock in outdated funding levels and empower executive agencies with broad discretion.

ATTACHMENTS

None