



March 15, 2017
NVTA Agenda Item 10.1
Continued From: New
Action Requested: APPROVE

NAPA VALLEY TRANSPORTATION AUTHORITY Board Agenda Letter

TO: Board of Directors
FROM: Kate Miller, Executive Director
REPORT BY: Kate Miller, Executive Director
(707) 259-8634 / Email: kmiller@nvta.ca.gov
SUBJECT: Federal and State Legislative Updates and State Bill Matrix

RECOMMENDATION

That the Napa Valley Transportation Authority (NVTA) Board receive the monthly Federal and State Legislative updates, and take action on proposed legislation included on the State Bill Matrix (Attachment 3).

EXECUTIVE SUMMARY

The Board will receive the Federal Transportation Legislative update (Attachment 1) provided by Van Scoyoc Associates, the State Legislative update (Attachment 2) and the State Bill Matrix (Attachment 3), provided by Platinum Advisors.

FISCAL IMPACT

Is there a Fiscal Impact? No

SUPPORTING DOCUMENTS

Attachments: (1) February 28, 2017 Federal Legislative Update (Van Scoyoc Associates)
(2) February 27, 2017 State Legislative Update (Platinum Advisors)
(3) February 27, 2017 State Bill Matrix (Platinum Advisors)



TO: Kate Miller, NVTA
FROM: Steve Palmer, Channon Hanna, and David Haines
DATE: February 28, 2017
SUBJECT: Federal Legislative Update

The following is a summary of federal legislative activities related to transportation, housing, and environmental issues over the last month.

Congressional Hearings

Earmark Ban. During the month of February, House Republicans appeared to be pushing ahead with plans to consider lifting the ban on earmarks. House Rules Committee Chairman Pete Sessions (R-TX) has said the Rules Committee will hold hearings on allowing for the return of “congressionally directed spending” in coming months and make a recommendation on the matter before the Fourth of July recess. A final decision would then be up to the entire Republican conference. According to Sessions, “The process will include testimony before Rules from members of Congress, what Sessions called ‘guests,’ constitutional experts, members of the Trump administration, and representatives of the Army Corps of Engineers and law enforcement.”

Infrastructure for America. On February 1, the Transportation and Infrastructure Committee held a hearing to explore the challenges facing our Nation’s infrastructure and a vision for building a 21st century infrastructure for America. Witnesses included representatives from FedEx, Cargill, BMW, Vermeer, and the AFL-CIO. During the hearing, Chairman Bill Shuster (R-PA) said that President Trump’s goal of revitalizing the nation’s infrastructure offers a unique opportunity, and said Congress should concentrate on passing major legislation. Ranking Democrat Peter DeFazio (D-OR) called for raising user fees, including both the gas tax and uncapping the passenger facility charge. Witnesses for BMW and Cargill said they have trouble shipping their vehicles and produce around the world because ports can’t support large container ships. FedEx said that the company goes through more tires than it did 20 years ago due to poor highway and road conditions. All witnesses highlighted the need for more federal investment across the board.

EPA Administrator Nomination. On February 1, the Senate Environment and Public Works Committee held a hearing to consider President Trump’s nominee Scott Pruitt to be Administrator of the U.S. Environmental Protection Agency. On February 2, the Committee approved Pruitt as Democrats on the Committee tried to boycott the nomination.

Future of Transportation Security Administration (TSA). On February 2, the Transportation and Protective Security Subcommittee held a hearing to examine how TSA can adjust to confront an ever-changing threat landscape and to combat internal staffing issues. Witnesses included representatives from Airports Council International (ACI), US Travel Association, and American Federation of Government Employees (AFGE). During the hearing, Subcommittee Chairman John Katko (R-NY) said he would work toward a TSA authorization bill that focuses on putting new technology into airports faster. US Travel Association highlighted the burdens of air travel encourage travelers to use other transportation options which ultimately costs the travel industry \$15 billion annually. ACI stated that TSA is slow to implement new technologies due to funding and regulatory issues. AFGE testified that workers need better pay and benefits.

Inspector General Recommendations for Improving Federal Agencies. On February 8, the Committee on Commerce, Science and Transportation held a hearing on recommendations from Inspector Generals on recommendations on improving their respective agencies. Witnesses included the Inspector Generals from the Department of Transportation, (DOT), Department of Homeland Security, Department of Commerce, and the National Science Foundation.

Modernizing our Nation's Infrastructure. On February 8, the Environment and Public Works Committee held an oversight hearing on modernizing our infrastructure. The hearing included public sector witnesses, including representatives from Colorado DOT, Wyoming DOT, Delaware Department of Natural Resources and Environmental Control, Grant County, Oklahoma, and Putnam Public Service District in Wyoming.

Self-Driving Cars, Road to Deployment. On Tuesday 14, the Subcommittee for Digital Commerce and Consumer Protection of the Energy and Commerce Committee held a hearing on self-driving cars. Witnesses included representatives from General Motors, RAND Center for Decision Making Under Uncertainty, Volvo, Lyft, and Toyota Research Institute.

Modernization of the Endangered Species Act. On February 15, the Senate Committee on Environment and Public Works held an oversight hearing on the Endangered Species Act. The following individuals were witnesses at the hearing: Governor of Wyoming, as well as representatives from the North Carolina Wildlife Resources Commission; Wisconsin Farm Bureau Federation; Defenders of Wildlife; and Associations of Zoos and Aquariums.

Multimodal Transportation System. On February 15, the Subcommittee on Surface Transportation and Merchant Marine of the Committee on Commerce, Science and Transportation held a hearing to explore stakeholder perspectives for increasing the efficiency and safety of our nation's multimodal transportation system. Witnesses included representatives from BNSF Railway, Schneider National, Dow Chemical Company, and Amtrak.

Improving TSA. On February 16, the Subcommittee on Aviation Operations, Safety, and Security of the Committee on Commerce, Science and Transportation held a hearing to explore stakeholder perspectives on how the TSA may better serve the traveling public. The hearing also examined the TSA's implementation of recently-passed laws including aviation security provision in the Federal Aviation Administration (FAA) Extension, Safety, and Security Act of 2016. Witnesses included representatives from the Cargo Airline Association, Airlines for America, Denver International Airport, and Analogic.

Executive Branch

Transportation Statistics Annual Report 2016. On February 7, DOT released the Transportation Statistics Annual Report 2016 which includes key information and data about for all modes of transportation.

Buy America Handbook Delayed. On February 9, FTA announced that in accordance with the White House memo issues on January 20, 2017 regarding a "Regulatory Freeze Pending Review", the agency is delaying the effective dates of the Award Management Requirements Circular and the Buy America Handbook until March 21, 2017.

Federal Motor Vehicle Safety Standards. On February 6, the National Highway Traffic Safety Administration (NHTSA) announced a delay of the effective date of the final rule entitled "Federal Motor Vehicle Safety Standards; Minimum Sound Requirements for Hybrid and Electric Vehicles" published on December 14, 2016. The effective date is now delayed until March 21, 2017.

System Safety Program. On February 13, the Federal Railroad Administration (FRA) posted a stay of regulations for the final rule requiring commuter and intercity passenger railroads to develop and implement a system safety program (SSP) to improve the safety of their operations (posted on August 12, 2016). FRA's stay is in place until March 21, 2017.

Passenger Equipment Safety Standards, Alternative Compliance and High-Speed Trainsets. On February 13, FRA reopened a notice of proposed rulemaking to amend regulations on passenger equipment safety standards for comments. Comments are now due March 21, 2017.

National Performance Management Measures Final Regulations Delay. On February 13, the Federal Highway Administration (FHWA) delayed the effective dates of the of the following regulations until March 21, 2017: National Performance Management Measures; Assessing Pavement Condition for the National Highway Performance program and Bridge Condition for the National Highway Performance Program, RIN 2125-AF53; and National Performance Management measures; Assessing Performance of the National Highway System, Freight Movement on the

Interstate System, and Congestion Mitigation and Air Quality Improvement Program, RIN 2125-AF54.

Federal Home Loan Bank Community Support Program. On February 15, Federal Housing Finance Agency (FHFA) announced they were opening up the every-two-year review of all applicable Federal Home Loan Bank members under FHFA's community support requirements regulation. Comments are welcome until March 31, 2017 on the community support performance of individual members.

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February 27, 2017

TO: Kate Miller, Executive Director
Napa Valley Transportation Authority

FR: Steve Wallauch
Platinum Advisors

RE: Legislative Update

Preemptive Strike: Last week Senate Pro Tem de Leon and members of the Senate Democrat Caucus announced a package of bills aimed at preempting any federal rollback of statutes or regulations related to the environment, public health, and whistleblower protections. These measures in short would incorporate into state law specific federal statutes and federal regulations as those statutes and regulations existed on January 1, 2017.

The package includes SB 49 (de Leon), which would make current federal clean air, climate, clean water, worker safety, and endangered species standards enforceable under state law. This bill directs state environmental, public health, and worker safety agencies to take all actions within their authorities to ensure standards in effect and being enforced today continue to remain in effect. This would include directing the California Air Resources Board (CARB) to proceed with and enhance the implementation of air quality programs.

SB 50 was also amended to establish a new state policy to discourage the conveyance of federal land to private owners. SB 50 directs the State Lands Commission to establish a process granting the state the "first right of refusal" of any federal lands proposed for sale or conveyance. The final piece of this package is SB 51, which would enact the Whistleblower and Public Data Protection Act. SB 51 would ensure that federal employees do not lose state licensure for revealing any violations of law. It would also direct state environmental and public health agencies to protect any information or data under state law, even if federal entities order their censorship or destruction.

Reduction Targets: The California Air Resources Board staff has announced a series of workshops to discuss updating regional passenger vehicle emission reduction targets for metropolitan planning organizations (MPO). You will recall SB 375 required MPOs to add a Sustainable Communities Strategy (SCS) to their Regional Transportation Plans in an effort to better integrate transportation and land use planning. SB 375 also directed CARB to establish regional greenhouse gas emission reduction targets for

each MPO to use as a goal when developing its SCS. These workshops will provide an update on these targets and concepts for any target update. These workshops will be held in Los Angeles, Sacramento, and Fresno. The Sacramento workshop will be held on March 9th from 1:30-3:30 p.m. The Sacramento workshop will also be webcast.

LEGISLATION

Be Mine: With April 6th marked as the goal for having a transportation funding package sent to the Governor, the Senate Transportation & Housing Committee gave transportation advocates their Valentine by approving SB 1 on February 14th. Since then, SB 1 has been approved by the Senate Committee on Environmental Quality, and it moves next to its final policy hearing by the Senate Committee on Governance & Finance on March 1st.

After a lengthy hearing that included the usual suspects of labor, cities, counties, and transportation entities lining up in support, and an unusual crew of environmental groups, oil industry and anti-tax groups in opposition, the Senate Transportation Committee approved SB 1 on a party line vote of 8-3, with two members abstaining. A more condensed hearing was held by the Senate Committee on Environmental Quality chaired by Senator Bob Wieckowski. Committee passage only requires a majority vote, but a 2/3 vote is required for passage on the floor.

There is still a long ways to go before an agreement is reached. Senators Richard Roth (D – Riverside) and Anthony Cannella (R-Ceres) opted not to vote on SB 1. While Senator Roth was silent on the bill, Senator Cannella stated why he could not currently support SB 1, and he remains committed to working on reaching an agreement. In short, Senator Cannella feels that SB 1 does not go far enough. He would like to see greater Constitutional protections for transportation revenues, the return of all weight fee revenue, additional California Environmental Quality Act (CEQA) reforms, and expanded funding for rail service. In addition, Senator Canella stated that additional revenue is needed.

Even those that voted for the bill made several comments conditioning their support. Senator Scott Wiener stated, “We are not there yet.” Senator Wiener commented that SB 1 only allocates about 10% of the funds to public transit and that is not enough, and he would like to see greater flexibility to allow locals to use any of the funds on transit projects. Senator Nancy Skinner expressed concerns on whether the \$100 fee on Zero Emissions Vehicles (ZEVs) was equivalent to the fees paid for other vehicles. Senator Bob Wieckowski raised similar equity questions. Senator Skinner suggested raising the ZEV fee to be on par with other vehicles, and use that added revenue for transit. Senator Skinner also suggested that the Department of Motor Vehicles (DMV) should allow registration fees to be paid monthly in order to lessen the impact of a large onetime payment. Overall, Senator Skinner voted for the bill but would like to see a higher ZEV fee, monthly DMV payments, and more money for public transit.

While SB 1 moves forward there is still a long way to go, but at least the Legislature appears focused on reaching an agreement before they adjourn for Spring Recess on April 6th.

Minority Report: The Assembly Republican Caucus recently unveiled its transportation funding plan. AB 496 (Fong) outlines a plan that would dedicate \$5.6 billion in ongoing revenue and \$2.2 billion in loan repayments. This is done without increasing taxes, but relies on shifting general fund revenue to transportation programs. The \$2.2 billion in loan repayments includes the \$700 million in loans being repaid in AB 1 and SB 1, as well as \$1.5 billion in “excess” weight fee revenue that has been loaned to the general fund over several years. Under existing law the \$1.5 billion in weight fee loans would have been repaid to the Transportation Debt Service Fund, but under AB 496 these funds would return to the Highway Users Tax Account. While this proposal is more realistic and defensible than prior plans, it would fill the hole in transportation funding by digging a hole in the general fund, which is a non-starter for many Legislators. The funding proposal includes the following:

Revenues:

- \$3 billion by dedicating all sales tax revenue generated from vehicle sales to transportation. This transfers these funds from the general fund to the Traffic Relief and Road Improvement Account (TR&RIA) created by AB 496.
- \$1.1 billion by halting the transfer of truck weight fees from the State Highway Account to the Transportation Debt Service Fund. AB 496 would repeal the laws making this transfer.
- \$550 million by dedicating vehicle insurance tax revenue to transportation, another transfer from the general fund.
- \$140 million from the return of miscellaneous transportation revenues, such as non-Article 19 funds.
- \$125 million by returning fuel tax revenue being used for non-highway purposes.
- \$100 million realized through implementing Caltrans efficiencies.
- \$10 million in funds returned to the Off-Highway Vehicle Trust Fund.
- The proposal would also transfer \$135 million in diesel fuel taxes from the State Transit Assistance (STA) fund, and \$160 million in vehicle registration fee revenue currently dedicated to the Air Quality Improvement Program (AQIP) (aka AB 118 Program) to the TR&RIA. The STA and AQIP programs would be backfilled with a like amount of cap & trade auction revenue. It appears that the transfer of these funds to the TR&RIA would only occur to the extent that cap & trade revenue is available to backfill this transfer.
- Transit would also receive an additional \$270 million in cap & trade auction revenue, or an amount equivalent to what would be generated by the 3.5% diesel fuel sales tax increase proposed in AB 1.

The ongoing revenue would be annually allocated as follows:

- \$2.1 billion to cities and counties for local streets and roads
- \$1.7 billion to Caltrans for state highway maintenance
- \$1.32 billion for new capacity and traffic relief through the State Transportation Improvement Program (STIP)
- \$270 million to public transit through the STA program
- \$100 million for active transportation projects
- \$80 million to the DMV for modernization and the California Highway Patrol (CHP)
- \$10 million to the Off-Highway Vehicle Trust Fund

AB 496 also includes the following reform measures that are similar to those in AB 1 and SB 1.

- Expands the existing CEQA exemption for road maintenance projects to all counties. It is currently limited to rural counties.
- Creates the Transportation Inspector General
- Makes the California Transportation Commission (CTC) an independent entity, again.
- Allocates federal Fixing America's Surface Transportation FAST Act funds through the Trade Corridors Improvement Program.
- Enacts greater CTC oversight of the programming and allocation of funds for the SHOPP.
- Increase the level of contracting out that Caltrans must provide of design and engineering work.
- Extends the sunset on the authority to enter into public private partnerships.
- Repeals provisions the so called "road diet" provisions which allow the Office of Planning & Research to establish congestion metrics other than level of service in areas outside of transit priority areas.

National Environmental Policy Act (NEPA) Delegation: [AB 28](#) (Frazier) has been unanimously approved by both the Assembly Committees on Transportation and Appropriations, and was approved by the Assembly floor on Monday, February 13th. This bill will be heard next by the Senate Committee on Transportation & Housing on February 28th.

AB 28 would re-enact a program that authorizes Caltrans to assume the responsibilities of administering the National Environmental Policy Act (NEPA) for federally funded transportation projects in California. The statutory authority for Caltrans to assume this role expired on January 1, 2017. This NEPA delegation process speeds up the environmental review process that is required under NEPA and CEQA. Technically, AB

28 would waive Caltrans' 11th Amendment right to sovereign immunity from lawsuits brought in federal court – in short, it requires Caltrans to defend its work in the NEPA document. The bill is moving at an accelerated pace in order to reach the governor's desk before Caltrans is required to re-apply with the federal Department of Transportation.

Constitutional Amendments: Two Constitutional amendments have been introduced to provide greater protection for transportation funds and lower the voter threshold for local transportation taxes. First, Senator Josh Newman (D-Los Angeles) introduced State Constitutional Amendment (SCA) 2. This measure makes several revisions to the protections added by Prop 22. SCA 2 would prospectively prohibit the use of truck weight fees to pay for transportation bonds approved after January 1, 2017. The bill would also expand the protections for Public Transportation Account revenues to also include the 1.75% increase to the diesel fuel sales tax that was enacted as part of the gas tax swap. The ban on borrowing fees and taxes would also apply to any vehicle fees or taxes dedicated to transportation accounts.

Senator Scott Wiener has introduced SCA 6, which would allow a local government to impose any special tax with a 55% approval of the voters if the special tax dedicates 100% of the revenues, not including collection and administrative expenses, to transportation programs and projects.

Affordable Housing: Funding affordable housing projects has become a high priority within the Legislature, and several bills have been introduced to date aimed at addressing this problem. The primary bills were introduced as part of the Senate's infrastructure package, which includes SB 2 (Atkins) and SB 3 (Beall).

SB 2 would enact the Building Homes & Jobs Act. This bill would create a stable funding source for affordable housing projects by imposing a \$75 fee on filing real estate transactions – excluding commercial and residential real estate sales. This would generate \$300-- \$500 million annually. SB 2 requires 20% of the funds to be expended for affordable owner-occupied workforce housing and 10% to address affordable homeownership and rental housing opportunities for agricultural workers and their families. The remaining funds may be used for a number of specified activities. In addition, SB 2 directs Housing and Community Development (HCD) to provide for a geographically balanced distribution of funds, and to allocate 50% of the funds directly to local governments, *but it does not guarantee that a local government will receive a share of funds.*

SB 3 would place \$3 billion in bonds on the ballot to fund a range of affordable housing and infill development projects. The bill would allocate the funds to the existing programs as follows:

- *\$1.5 billion to the Multifamily Housing Program*
- *\$200 million to Transit-Oriented Development Implementation Program*
- *\$300 million to the Infill Incentive Grant Program*
- *\$300 million to the Joe Serna Jr. Farmworker Housing Grant Program*

- \$300 million to the Local Housing Trust Fund matching Grant Program
- \$300 million to the CalHome Program
- \$100 million to the Building Equity and Growth in Neighborhoods Program

Closer to home, Senator Bill Dodd and Assemblywoman Cecilia Aguiar-Curry introduced legislation to support Napa County's farmworker housing centers. Senator Dodd has introduced SB 240 which would allow Napa County grape growers to increase their annual assessment from \$10 to \$15 per planted vineyard acre. In addition, Assemblywoman Aguiar-Curry has introduced AB 317, which would make the farmworker housing centers eligible to receive grants from state farmworker programs.



February 27, 2017

New Positions

Bills	Subject	Status	Client - Position
<u>AB 317</u> <u>(Aguiar-Curry D)</u> Napa County; farmworker housing	AB 317 would make the Napa County Farmworker Housing Centers eligible to receive state funds. Specifically, the bill would establish the Napa County Farmworker Centers Account to be administered by the Department of Housing and Community Development to assist in the financing, maintenance, and operation of the Napa County Housing Authority's Farmworker Centers	ASSEMBLY H. & C.D.	Recommended Position: SUPPORT
<u>SB 2</u> <u>(Atkins D)</u> Building Homes and Jobs Act.	This bill establishes the Building Homes and Jobs Act (Act) and imposes a \$75 fee on real estate transaction documents, excluding commercial and residential real estate sales, to provide funding for affordable housing. While SB 2 calls for 50% of the funds to be allocated to directly to local governments, the bill does not guarantee that local government will receive funds. The bill should be amended to provide a return to source for some of these funds.	SENATE T. & H.	Recommended Position: SUPPORT & SEEK AMENDMENTS
<u>SB 240</u> <u>(Dodd D)</u> County service areas: farmworker housing: County of Napa.	This bill would increase the limit on the amount of the annual benefit assessment that the Napa County Board of Supervisors may levy from \$10 to \$15 per planted vineyard acre for the purpose of funding farmworker housing centers.	SENATE GOV. & F	Recommended Position: SUPPORT

<u>SCA 2</u> (Newman D) Motor vehicle fees and taxes: restriction on expenditures.	SCA 2 would prospectively prohibit the use of truck weight fees to pay for transportation bonds approved after January 1, 2017. The bill would also expand the protections for Public Transportation Account revenues to also include the 1.75% increase to the diesel fuel sales tax that was enacted as part of the gas tax swap. The ban on borrowing fees and taxes would also apply to any vehicle fees or taxes dedicated to transportation accounts.	SENATE T. & H.	Recommended Position: SUPPORT
<u>SCA 6</u> (Wiener D) Local transportation measures: special taxes: voter approval.	SCA 6 would allow a local government to impose any special tax with a 55% approval of the voters if the special tax dedicates 100% of the revenues, not including collection and administrative expenses, to transportation programs and projects.	SENATE GOV. & F.	Recommended Position: SUPPORT

Existing Positions

Bills	Subject	Status	Client - Position
<u>AB 1</u> (Frazier D) Transportation funding.	AB 1 is Assemblyman Frazier's renewed effort to address the funding shortfall facing our transportation infrastructure. This bill would generate about \$6.6 billion in revenue for the maintenance and rehabilitation of state highways and local streets and roads, as well as provide targeted investments in public transit and good movement corridors.	ASSEMBLY TRANS	SUPPORT
<u>AB 17</u> (Holden D) Transit Pass Program: free or reduced-fare transit passes.	AB 17 would create the Student Transit Pass Program to be administered by the Caltrans; however, the bill does not contain any funding. The bill would require the Controller to allocate moneys made available for the program, upon appropriation by the Legislature, to each transit operator pursuant to the State	ASSEMBLY TRANS	Watch

<u>AB 17</u> <u>(Holden D)</u> Transit Pass Program: free or reduced-fare transit passes. <i>(cont.)</i>	Transit Assistance (STA) formula. The funds must be used to support transit pass programs that provide free or reduced-fare transit passes to specified pupils and students.		
<u>AB 28</u> <u>(Frazier D)</u> Department of Transportation: environmental review process: federal pilot program.	AB 28 would re-enact provisions that sunset on December 31 st 2016 that delegate the responsibility to Caltrans for complete NEPA review of transportation projects. While this same provision is also in AB 1 and SB 1, AB 28 is an urgency measure that can be moved ahead of any transportation funding agreement.	SENATE TRANS February 28, 2017	SUPPORT
<u>SB 1</u> <u>(Beall D)</u> Transportation funding.	SB 1 contains Senator Beall's transportation funding proposal. This bill would generate about \$6.6 billion in revenue for the maintenance and rehabilitation of state highways and local streets and roads, as well as provide targeted investments in public transit and good movement corridors.	SENATE G & F	SUPPORT