



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: State Legislative Update and State Bill Matrix

RECOMMENDATION

That the Napa Valley Transportation Authority (NVRTA) Board receive the State Legislative update prepared by Platinum Advisors (Attachment 1) and approve board position recommendations for bills on the State Bill Matrix (Attachment 2).

COMMITTEE RECOMMENDATION

None

EXECUTIVE SUMMARY

State Update

Attached is the State legislative update (Attachment 1) and the State Bill Matrix (Attachment 2), which includes several bills introduced prior to the February 22nd deadline.

PROCEDURAL REQUIREMENTS

1. Staff Report
2. Public Comments
3. Motion, Second, Discussion and Vote

FISCAL IMPACT

Is there a Fiscal Impact? No

SUPPORTING DOCUMENTS

Attachments: (1) March 1, 2019 State Legislative Update (Platinum Advisors)
(2) March 1, 2019 State Bill Matrix (Platinum Advisors)



March 1, 2019

TO: Kate Miller, Executive Director
Napa Valley Transportation Authority

FR: Steve Wallauch
Platinum Advisors

RE: Legislative Update

The bill introduction deadline was February 22, and we are reviewing the 2,700 bills introduced so far for any impacts or interests to NVTB. Many of these new proposals are “spot bills” that do not contain substantive changes. Therefore, next month we will begin to see a second round of new bills as these spot bills are amended to reveal their true intent.

Since housing is the hot topic this year, a simple word search results in over 300 bills in print relating to housing issues. These measures range from spot bills, and minor tweaks, to the handful of measures that will receive the bulk of attention. These main measures include SB 330 (Skinner), which would generally block local efforts to rezone parcels to halt a housing project, and SB 50 (Wiener), which would grant density and height benefits for housing projects located near transit facilities. Senator McGuire recently amended SB 4 to also provide a streamlined approval process for infill or transit oriented development (TOD) projects; however, the TOD projects must be near a rail or ferry terminal. There is also, AB 1279 (Bloom), which is a complex proposal that generally directs Housing and Community Development (HCD) to designate “high resource areas” where a housing project would be a use by right.

In addition, Governor Newsom’s proposed budget includes funding and policy changes aimed at accelerating the production of low and moderate income housing. The Governor’s suggestions to withhold transportation funds if local governments do not hit housing targets has also found its way into legislation. AB 1568 (McCarty) would withhold a city’s or county’s share of SB 1 streets and roads funds until that city or county complies with its housing production targets. However, based on a recent joint hearing on the housing crisis no support was expressed to tie transportation funds to housing production. Using a carrot instead, Assemblyman Grayson introduced AB 847, which provides a funding incentive for cities and counties to produce housing by reallocating non-Article 19 transportation funds to locals that meet low income housing targets, and provide bonuses for Active Transportation Program (ATP) and Local Partnership Program funds for cities

and counties that meet moderate income housing targets. Non-Article 19 funds are currently used for bond debt payments.

There is a lot to sort out in the coming months with respect to housing, local control, and the inevitable connection to transportation policies and funding. This is in addition to legislation relating to transportation policy, cap & trade funding, and the potential for another regional funding measure. SB 1 may be firmly in place, but this session will be no less busy or stressful.

LAO On Housing: The Governor's budget proposes to revamp the Regional Housing Needs Assessment (RHNA) process. In general, HCD will move away from its advisory role and engage in developing, overseeing and enforcing regional housing goals and production. These new longer-term goals will be more ambitious and should provide the lead-time necessary for local governments to update housing plans and zoning. While the budget proposal is largely conceptual, the Legislative Analyst Office (LAO) provided the legislature its review of the Governor's proposal and how to improve local planning for housing.

The full LAO report can be found at: <https://lao.ca.gov/reports/2019/3938/local-planning-housing-022019.pdf> The following highlights the LAO's recommendations.

- **Short-Term Goal:** The budget directs HCD to develop short-term housing goals and provides \$250 million in planning grants and an additional \$500 million in incentive funding to cities and counties to implement those goals. However, the LAO questions the value of funding incentives for short-term goals when the problem will take years to address. The LAO points to prior funding programs that provided no noticeable spikes in affordable housing construction. The LAO proposes to base any financial award on prospective increases in home building.
- **Long-Term Planning:** The LAO supports the Governor's plan to revamp state policies on long-term planning. The LAO does urge the legislature to incorporate specific changes into the Governor's proposal. This includes incorporating housing demand measurements into the housing goal calculation, lengthen the planning period covered by a housing element to 20 years and include updates every five years, and conduct random audits of housing site inventories. In addition, LAO proposes creating default zoning rules that would take effect if a city or county is found to be out of compliance with housing element law. LAO even touches the "third rail" by proposing to alter the allocation of local sales and property tax revenue to reflect population growth.
- **Funding Stick:** The Governor's budget mentions without details the prospect of withholding transportation funds or other incentives if a city or county does not meet its housing goals. While the LAO recognizes that there are factors outside the control of local governments regarding housing production, the LAO does believe success could be gauged by comparing a city with the progress of cities statewide. Using a rate of success calculation for housing permits could then be factored into how local streets and roads funds are allocated. The LAO does note that tying transportation funds to housing could undermine transportation goals, but as the LAO says, "there is no easy way to resolve this tension."

LAO on Transportation: The LAO released its review of the Governor's proposed transportation budget. Since the proposed budget does not propose any major new spending proposals the LAO's review of the proposed transportation budget confirms the spending amounts are consistent with expectations. However, the LAO notes that Governor Newsom's comments on the high-speed rail project provides the legislature an opportunity to reexamine its priorities with this project. The LAO listed the project options below produced by the peer review group for consideration. Regardless of the direction the legislature takes, the LAO urges that a decision be made soon in order to provide clear direction for the project.

High Speed Rail Authority (HSRA) Peer Review Group Alternatives

- End Project as soon as possible
- Complete Initial Construction Segment as a usable segment, which includes a segment between Madera and Shafter, including a connection to existing San Joaquin rail service.
- Complete usable segment and other activities, such as completing Caltrain improvements from San Jose to Gilroy, and extending high speed rail to Bakersfield.
- Complete Phase 1 as currently planned from San Francisco to Anaheim.

LEGISLATION

Mega Measure: Senator Beall has introduced a spot bill, SB 278, that might ultimately become the Bay Area Council's proposal for regional tax for transportation projects. As a spot bill SB 278 will remain with the Senate Rules Committee until substantive changes are amended into the bill. Given the complexity of developing a regional tax measure that has the necessary regional support to move forward, the expectation is the SB 278 will become a two-year bill while meetings with stakeholders throughout the Bay Area take place. We will continue to watch this bill closely and report on the progress of any discussions.

Release Times: Assemblyman Rob Bonta has reintroduced AB 2154, as AB 314. This bill would consolidate and uniformly apply existing laws to grant reasonable time-off with compensation for public employees for activities related to employee-employer relations. Existing law on release time does not cover public transit employees, but AB 314 would expand these release time provisions to include public transit employees. The bill would require a public employer to grant reasonable time off for employee representatives to testify at hearings before the personnel boards, participate in labor/management committees, investigate grievances, or participate at new employee orientations.

Autonomous Shuttles: Senator Dodd has introduced SB 336 on behalf of Amalgamated Transit Union (ATU) and the Teamsters. With autonomous shuttle demonstration projects expanding, SB 336 aims to address safety and customer service issues by requiring at

least one public transit employee to be present on any fully-automated transit vehicle. The public transit employee shall be trained in passenger safety, communications, emergency preparedness, and assisting the disabled and elderly.

Smart Cities: Assemblyman Mullin is renewing his effort to create the California Smart City Challenge Grant. AB 659, identical to AB 2418 from last year, requires the California Transportation Commission (CTC) to form a working group, consisting of local governments and transportation entities that would develop the guidelines and selection criteria for the Smart City Challenge Grants. The bill envisions funding projects that use intelligent transportation systems and applications that would reduce congestion, enhance mobility, safety, and spurring innovation. The bill does not currently identify or appropriate funds for this program.



March 1, 2019

Bills	Subject	Status	Client - Position
<u>AB 314</u> (Bonta D) Public employment: labor relations: release time.	This bill would consolidate and uniformly apply existing laws to grant reasonable time-off with compensation for public employees for activities related to employee-employer relations. Existing law on release time does not cover public transit employees, but AB 314 would expand these release time provisions to include public transit employees. The bill would require a public employer to grant reasonable time off for employee representatives to testify at hearings before the personnel boards, participate in labor/management committees, investigate grievances, or participate at new employee orientations.	ASSEMBLY P.E. & R. March 20	RECCOMENDED POSITION: WATCH
<u>AB 659</u> (Mullin D) Transportation: emerging transportation technologies: California Smart City Challenge Grant Program.	AB 659 requires the California Transportation Commission (CTC) to form a working group, consisting of local governments and transportation entities that would develop the guidelines and selection criteria for the Smart City Challenge Grants. The bill envisions funding projects that use intelligent transportation systems and applications that would reduce congestion, enhance mobility, safety, and spurring innovation. The bill does not currently identify or appropriate funds for this program.	ASSEMBLY TRANS.	RECCOMENDED POSITION: WATCH
<u>SB 336</u> (Dodd D) Transportation: fully-automated transit vehicles.	SB 336 aims to address safety and customer service issues by requiring at least one public transit employee to be present on any fully-automated transit vehicle. The public transit employee shall be trained in passenger safety, communications, emergency preparedness, and assisting the disabled and elderly.	SENATE TRANS.	RECCOMENDED POSITION: SUPPORT

Existing Positions

Bills	Subject	Status	Client - Position
<u>AB 11</u> (Chiu D) Community Redevelopment Law of 2019.	<p>AB 11 would enact the Community Redevelopment Act of 2019, and allow local governments to form a housing and infrastructure agency that would focus on affordable housing and infrastructure investments. The bill requires a seat on the governing board for each affected taxing entity, and it allows an affected taxing entity to elect to contribute to the Redevelopment Agency (RDA) or not. In addition, the bill also allows an RDA to capture the growth on the schools share (i.e. Educational Revenue Augmentation Fund [ERAF]) of the property tax growth.</p> <p>AB 11 does require any new RDA to be approved by the Strategic Growth Council, which must find that the redevelopment plan furthers GHG reduction goals and the fiscal impact to the state for backfilling the lost ERAF growth does not exceed a yet to be specified amount. The new RDA could finance housing, transit, transit priority projects, interchanges, bridges, parks and port infrastructure, to name a few. The projects do need to be located within the redevelopment area, but must have a nexus to the project area.</p>	ASSEMBLY H & C D.	WATCH
<u>AB 147</u> (Burke D) Use taxes: collection: retailer engaged in business in this state.	<p>AB 147 was unanimously approved by the Assembly Revenue & Taxation Committee, which would enact changes to implement the South Dakota v. Wayfair decision. Under Wayfair, the U.S. Supreme Court found that online retailers are required to collect and remit sales tax regardless of whether the online retailer has a physical presence in the state where the order is delivered.</p> <p>The California Department of Tax and Fee Administration (CDTFA) through its authority</p>	ASSEMBLY APPR	SUPPORT

<p><u>AB 147</u> (Burke D) (Continued) Use taxes: collection: retailer engaged in business in this state.</p>	<p>has issued a letter stating how it intends to comply with this decision. The CDTFA proposal will take effect on April 1, 2019. The CDTFA proposal relies the \$100,000 threshold used in South Dakota, but CDTFA would apply that dollar threshold to sales within each taxing jurisdiction. This means the state sales tax would be collected once the \$100,000 threshold is reached, but local taxes would only be collected if sales within that local tax district also reach \$100,000.</p> <p>To simplify this process, AB 147 would propose a \$500,000 statewide threshold. State and local sales taxes would both be collected once a statewide total of \$500,000 in sales is reached. This bill would also require sales tax to be collected on all sales made through an intermediary, such as eBay or Amazon. Under AB 147 an entity that sales items through “marketplace facilitator,” such as eBay, the marketplace facilitator is required to collect and remit the tax on all sales regardless of the threshold. The local sales tax revenue would be allocated to the local tax districts.</p>		
<p><u>AB 252</u> (Daly D) Department of Transportation: environmental review process: federal program.</p>	<p>AB 252 would repeal the sunset date on current law that delegates to Caltrans the authority for National Environmental Policy Act (NEPA) decision making. The existing NEPA Assignment Program authority would sunset on January 1, 2020. This program started as part of a pilot program under federal Safe, Accountable, Flexible, and Efficient Transportation Equity Act-A Legacy for Users (SAFETEA-LU) legislation and has been extended twice so far. AB 252 would make it a permanent program. The NEPA Assignment Program has streamlined the environmental process for both state and local transportation projects without compromising compliance with environmental laws and regulations.</p>	<p>ASSEMBLY TRANS, March 11</p>	<p>SUPPORT</p>

<p><u>ACA 1</u> (<u>Aguiar-Curry D</u>) Local government financing: affordable housing and public infrastructure: voter approval.</p>	<p>This constitutional amendment would lower the voter threshold for property tax increases, parcel taxes and sales taxes to 55% if the funds are used for affordable housing and infrastructure projects. This includes improvements to transit and streets and highways.</p>	<p>ASSEMBLY PRINT</p>	<p>SUPPORT</p>
<p><u>SB 5</u> (<u>Beall D</u>) Local-State Sustainable Investment Incentive Program.</p>	<p>SB 5 would allow the various forms of Infrastructure Finance District (IFD) authority to divert a portion of the ERAF property tax share to the IFD – not just the incremental growth, but the base share of ERAF. SB 5 would require any IFD that wants to capture the ERAF share to apply to the Sustainable Investment Incentive Committee, which SB 5 creates. The bill would limit the amount of ERAF tax revenue the Committee can approve to \$200 million each year, with the annual impact not to exceed \$1 billion. These limits are increased in future years.</p> <p>SB 5 generally promotes the construction of housing and infill development that promotes transit use.</p>	<p>SENATE GOV & F.</p>	<p>WATCH</p>
<p><u>SB 50</u> (<u>Wiener D</u>) Planning and zoning: housing development: equitable communities incentive.</p>	<p>SB 50 is the reintroduction of SB 827 from last year. In general SB 50 would provide development incentives such as density bonuses and eliminating height restrictions for housing projects constructed near rail transit stations, ferry terminals, or along high-quality bus corridors. The bill would also provide these development incentives to projects located in “job rich” areas, which has not been fully defined.</p> <p>While likely no less controversial than SB 827 from last year, SB 50 does make several changes in an attempt to address concerns expressed about SB 827. The bill includes provisions to delay the application of SB 50 in areas deemed to be a “sensitive community,”</p>	<p>SENATE HOUSING</p>	<p>WATCH</p>

<u>SB 50</u> <u>(Wiener D)</u> <i>(Continued)</i> Planning and zoning: housing development: equitable communities incentive.	which aims to address gentrification concerns. The bill also prohibits a project from being located at a site that would require housing to be removed, or the site included rental housing in the past 7 years. SB 50 also allows local governments to opt out of SB 50 if they develop their own plans that increase density and multi-family housing near transit.		
<u>SB 127</u> <u>(Wiener D)</u> Transportation funding: active transportation: complete streets	SB 127 would require Caltrans, starting with the 2020 State Highway Operation and Protection Program (SHOPP) to include investments that improve the safety of pedestrians and bicyclists. In particular, this bill would require Caltrans when it undertakes a capital improvement project on a state highway or a local street that crosses a state highway to include investments in or improvements to pedestrian and bicycle facilities. Caltrans is required to form a project development team for each project that include representatives from the local transportation agency, bicycle and pedestrian advisory committees, and representatives from disadvantaged communities. Bicycle and pedestrian investments are not required to be made on freeways, and Caltrans can seek to exempt a project if the investments would create an adverse impact or there is a demonstrated absence of need.	SENATE TRANS.	WATCH
<u>SB 137</u> <u>(Dodd D)</u> Federal transportation funds: state exchange programs.	SB 137 would allow any city or county to swap federal transportation funds for state funds. The current exchange program is limited to regional transportation planning agencies with a population below 200,000. This measure is sponsored California State Association of Counties (CSAC), and it is aimed at streamlining project delivery by removing the federal review process associated with using federal funds.	SENATE TRANS.	SUPPORT