



## *Memorandum*

TO: Commission

DATE: July 6, 2018

FR: Executive Director

RE: FY 2018-19 State Budget

On June 27<sup>th</sup>, the Governor signed the state budget for FY 2018-19, Senate Bill 840, along with over a dozen trailer bills implementing specific provisions of the spending plan. The final budget includes a significant Rainy Day Fund expected to reach \$13.8 billion by the end of the year. The budget must be signed before July 1<sup>st</sup>.

### **Senate Bill 1 Funding**

The FY 2018-19 budget includes the first full year of funding increases as a result of the state's landmark transportation bill, SB 1 (Beall, 2017). This includes an estimated \$208 million increase for Bay Area cities and counties for local streets and road improvements (approximately \$1.1 billion statewide), a \$156 million increase in State Transit Assistance funding for Bay Area transit operators (including the new State of Good Repair Program which uses the STA formula, but has more restrictive eligibility criteria), \$25 million for local planning grants administered by Caltrans and a \$100 million boost to the Active Transportation Program.

### **Homelessness**

A key point of negotiation this year was additional funding to address homelessness. The final budget provides \$500 million in one-time Homeless Emergency Aid Block Grants. A pending trailer bill (AB 1827/SB 861) would provide additional resources by seeking voter approval to resolve a legal ambiguity associated with dedicating mental health funding from Proposition 63 to build 10,000 housing units for the homeless mentally ill through the No Place Like Home Program. If that measure is approved, voters will have the opportunity to vote on it this November, along with the \$4 billion housing bond authorized by SB 3 (Beall).

### **Cap and Trade Funding**

On June 21<sup>st</sup>, after finalizing the main budget bill, the Legislature approved a \$1.4 billion expenditure plan for Cap and Trade discretionary funding in SB 856, known by budget committee staff as "budget bill junior." Of the total, \$467 million falls under the category of "low carbon transportation," focused primarily on cleaning up the passenger and heavy duty vehicle fleet. Mitigation and resilience programs, including urban greening and coastal resilience, receive \$86 million while \$240 million is provided for healthy forests. Much of this funding is for the Department of Forestry and Fire Protection (CAL FIRE). Attachment A includes a summary of the FY 2018-19 Cap and Trade Expenditure Plan.

### **High Speed Rail Bond Funds Extended**

An important item in the budget includes the reappropriation of high-speed rail bond funds, extending the timeframe for their use to June 30, 2022. This provision ensures \$140 million in such funds remain available to BART for their rail car procurement which has been delayed due to a backlog in manufacturing.

### **Funds Provided for BCDC's Move to Metro Center**

The final budget includes \$3 million for tenant improvements and moving costs the San Francisco Bay Conservation and Development Commission (BCDC) to relocate to the Metro Center contingent upon BCDC entering into a long-term lease with the Bay Area Headquarters Authority. Staff is continuing to meet with BCDC and state officials to discuss the terms of the lease given the budget provides only half of the actual \$5 million that BAHA spent on tenant improvement costs.

### **Budget Directs and Funds MTC to Conduct a New Alameda County Passenger Rail Study**

The final budget includes a \$5 million appropriation to the California State Transportation Agency (CalSTA) to provide a grant to MTC to evaluate passenger rail needs and opportunities in central and southern Alameda County. This study was funded at the request of Senator Wieckowski (D-Fremont). Since a multi-agency meeting convened by Senator Wieckowski in May, MTC Planning staff have been coordinating with staff from the Alameda County Transportation Commission on the study's scope and intend to continue this collaboration on the study itself. The final language in SB 840 describes the study as follows:

[A] passenger rail planning and feasibility analysis, evaluation of alternatives, and conceptual engineering and initial design to be completed by the Metropolitan Transportation Commission, that includes intermodal connectivity, station evaluation, and a potential new station in the Shinn Park region of Fremont connecting Bay Area Rapid Transit, the Altamont Corridor Express, and the Alameda-Contra Costa Transit District, and other station areas identified through the study with a focus on central and southern Alameda County.



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Steve Heminger

#### **Attachment:**

- Attachment A: 2018-19 Cap and Trade Expenditure Plan

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**Attachment A  
Agenda Item 2b**

Figure RES-01  
**2018-19 Cap and Trade Expenditure Plan**  
(Dollars in Millions)

Investment Category	Department	Program	Amount
Air Toxic and Criteria Air Pollutants	Air Resources Board	AB 617 - Community Air Protection	\$245
		AB 617 - Local Air District Implementation (\$50 million total, including other funds)	\$20
		Technical Assistance to Community Groups	\$10
Low Carbon Transportation	Air Resources Board	Clean Vehicle Rebate Project	\$175
		Clean Trucks, Buses, & Off-Road Freight Equipment	\$180
		Enhanced Fleet Modernization Program, School Buses & Transportation Equity Projects	\$100
	Energy Commission	Low Carbon Fuel Production	\$12.5
Climate Smart Agriculture	Air Resources Board	Agricultural Diesel Engine Replacement & Upgrades (\$132 million total, including other funds)	\$112
	Energy Commission	Energy Efficiency	\$64
	Department of Food and Agriculture	Healthy Soils	\$5
	Energy Commission	Renewable Energy	\$4
Healthy Forests	CAL FIRE	Healthy & Resilient Forests	\$160
	CAL FIRE	Forest Carbon Plan: Prescribed Fire & Fuel Reduction	\$30
	Natural Resources Agency	Forest Carbon Plan: Northern, Coastal, and Southern California Regional Forest Health Projects	\$20
	CAL FIRE	Urban Forestry	\$5
	CalOES	Local Fire Response	\$25
Short-Lived Climate Pollutants	Department of Food and Agriculture	Methane Reduction	\$99
	Air Resources Board	Woodstoves	\$3
	CalRecycle	Waste Diversion	\$25
Integrated Climate Action: Mitigation & Resilience	Strategic Growth Council	Transformative Climate Communities	\$40
	Natural Resources Agency	Urban Greening	\$20
	Multiple Departments	Coastal Resilience	\$5
	Department of Fish and Wildlife	Wetlands Restoration	\$5
	Community Services & Development	Low-Income Weatherization	\$10
	California Conservation Corps	Energy Corps	\$6
Climate and Clean Energy Research	Strategic Growth Council	California Climate Change Technology and Solutions Initiative & Technical Assistance	\$20
<b>Total</b>			<b>\$1,400</b>