

Meeting Agenda

Joint MTC ABAG Legislation Committee

Jesse Arreguin, Chair Sam Liccardo, Vice Chair

Members

*Eddie Ahn, David Canepa, Carol Dutra-Vernaci,
Pat Eklund, Victoria Fleming, Barbara Halliday,
Dave Hudson, Gordon Mar, Karen Mitchoff,
Alfredo Pedroza, David Rabbitt, Belia Ramos,
Libby Schaaf, Jim Spering, and Vacant*

Non-Voting Members

Dorene M. Giacomini and Vacant

Friday, December 9, 2022

9:45 AM

REMOTE

In light of Governor Newsom's State of Emergency declaration regarding COVID-19 and in accordance with Assembly Bill 361's (Rivas) provisions allowing remote meetings, this meeting will be accessible via webcast, teleconference, and Zoom for all participants.

A Zoom panelist link for meeting participants will be sent separately to Committee members.

The meeting webcast will be available at <http://mtc.ca.gov/whats-happening/meetings>. Members of the public are encouraged to participate remotely via Zoom at the following link or phone number. Committee Members and members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial *9. When called upon, unmute yourself or dial *6. In order to get the full Zoom experience, please make sure your application is up to date.

Attendee Link: <https://bayareametro.zoom.us/j/86112812903>

iPhone One-Tap: US: +13462487799,,86112812903# or +12532158782,,86112812903#

Join by Telephone (for higher quality, dial a number based on your current location) US:
888 788 0099 (Toll Free) or 877 853 5247 (Toll Free)

Webinar ID: 861 1281 2903

International numbers available: <https://bayareametro.zoom.us/j/kK71J7cfA>

Detailed instructions on participating via Zoom are available at:

<https://mtc.ca.gov/how-provide-public-comment-board-meeting-zoom>

Members of the public may participate by phone or Zoom or may submit comments by email at info@bayareametro.gov by 5:00 p.m. the day before the scheduled meeting date. Please include the committee or board meeting name and agenda item number in the subject line. Due to the current circumstances there may be limited opportunity to address comments during the meeting. All comments received will be submitted into the record.

1. Call to Order / Roll Call / Confirm Quorum

Quorum: A quorum of this body shall be a majority of its regular voting members (9).

2. Consent Calendar

- 2a. [22-1603](#) Approval of Joint MTC ABAG Legislation Committee Minutes of the November 4, 2022 Meeting

Action: Committee Approval

Attachments: [2a 22-1603 2022-11-04 Joint MTC ABAG Legislation Committee Meeting](#)

3. Election Update

- 3a. [22-1611](#) November 2022 Election Update

Readout of November 2022 local, state, and national election results, including an analysis of housing and transportation ballot measures.

Action: Information

Presenter: Rebecca Long

Attachments: [3ai 22-1611 Summary Sheet November 2022 Election Update.pdf](#)
[3aii 22-1611 Attachment A November 2022 Election Update.pdf](#)

4. State and Federal Legislation

- 4a. [22-1610](#) Proposed Final 2023 Joint Advocacy Program

Final 2023 Joint Advocacy Program for MTC and ABAG outlining the agencies' state and federal legislative priorities.

Action: ABAG Executive Board Approval
MTC Commission Approval

Presenter: Georgia Gann Dohrmann

Attachments: [4ai 22-1610 Summary Sheet Final 2023 MTC and ABAG Joint Advocacy](#)
[4aii 22-1610 Attachment A Final 2023 MTC and ABAG Joint Advocacy P](#)

- 4b. [22-1694](#) State Budget Strategy to Address Transit Agency Fiscal Cliff

Overview of the strategy to secure multi-year funding to stave off the transit operating fiscal cliff and rebuild ridership.

Action: Information

Presenter: Rebecca Long

Attachments: [4bi 22-1694 Summary Sheet State Budget Strategy to Address Transit Ac](#)
[4bii 22-1694 Attachment A Transit Ridership Recovery Program Summary.](#)
[4biii 22-1694 Attachment B Doomsday scenarios for BART SFMuni Caltra](#)

- 4c.** [22-1695](#) Sacramento and Washington, D.C. Visits
- Update on preparations for MTC/ABAG's 2023 Sacramento and Washington D.C. legislative advocacy trips.
- Action:** Information
- Presenter:** Georgia Gann Dohrmann
- Attachments:** [4c 22-1695 Summary Sheet Sacramento and Washington D.C. Visits.pdf](#)
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- 4d.** [22-1612](#) Washington, D.C. Legislative Update
- November 2022 report on key legislative, funding, and political developments over the past month from Washington, D.C. prepared by the Summit Strategies team.
- Action:** Information
- Presenter:** Georgia Gann Dohrmann
- Attachments:** [4d 22-1612 Summit Strategies Report.pdf](#)

5. Public Comment / Other Business

*Committee Members and members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial *9. When called upon, unmute yourself or dial *6.*

6. Adjournment / Next Meeting

The next meeting of the Joint MTC ABAG Legislation Committee will be Friday, January 13, 2023 at 9:45 a.m. Any changes to the schedule will be duly noticed to the public.

Public Comment: The public is encouraged to comment on agenda items at Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Committee may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Committee meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章: MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Titulo VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Committee members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Committee. Actions recommended by staff are subject to change by the Committee.

Meeting Minutes - Draft

Joint MTC ABAG Legislation Committee

Jesse Arreguin, Chair Sam Liccardo, Vice Chair

Members

*Eddie Ahn, David Canepa, Damon Connolly,
Carol Dutra-Vernaci, Pat Eklund, Victoria Fleming,
Barbara Halliday, Dave Hudson, Gordon Mar,
Karen Mitchoff, Alfredo Pedroza, David Rabbitt,
Belia Ramos, Libby Schaaf, and Jim Spering*

Non-Voting Members

Dorene M. Giacomini and Vacant

Friday, November 4, 2022

9:45 AM

REMOTE

1. Call to Order / Roll Call / Confirm Quorum

- Present:** 12 - Committee Member Hudson, Committee Member Halliday, Committee Member Eklund, Committee Member Spering, Committee Member Ahn, Committee Member Pedroza, Committee Member Mitchoff, Committee Member Ramos, Committee Member Canepa, Committee Member Dutra-Vernaci, Committee Member Schaaf and Committee Member Rabbitt
- Absent:** 5 - Vice Chair Liccardo, Chair Arreguin, Committee Member Connolly, Committee Member Mar and Committee Member Fleming

Non-Voting Member Present: Commissioner Giacomini

Ex Officio Voting Members Present: Commission Chair Pedroza and

Commission Vice Chair Josefowitz

Ad Hoc Non-Voting Members Present: Commissioner Rabbitt and Commissioner Worth

2. Consent Calendar

Upon the motion by Committee Member Spering and second by Committee Member Rabbitt, the Consent Calendar was unanimously approved. The motion carried by the following vote:

Aye: 11 - Committee Member Hudson, Committee Member Halliday, Committee Member Eklund, Committee Member Spering, Committee Member Ahn, Committee Member Pedroza, Committee Member Mitchoff, Committee Member Ramos, Committee Member Dutra-Vernaci, Committee Member Schaaf and Committee Member Rabbitt

Absent: 6 - Vice Chair Liccardo, Chair Arreguin, Committee Member Connolly, Committee Member Mar, Committee Member Canepa and Committee Member Fleming

- 2a. [22-1510](#) Approval of Joint MTC ABAG Legislation Committee Minutes of the October 14, 2022 Meeting

Action: Committee Approval

Attachments: [2a 22-1510 2022-10-14 Joint MTC ABAG Legislation Committee Meeting Minutes Draft.pdf](#)

Commissioner Canepa arrived after the approval of the Consent Calendar.

3. State and Federal Legislation

- 3a. [22-1511](#) Draft 2023 MTC and ABAG Joint Advocacy Program

Draft 2023 Joint Advocacy Program for MTC and ABAG, expressing the agencies' state and federal legislative priorities.

Action: Information

Presenter: Georgia Gann Dohrmann

Attachments: [3ai 22-1511 Draft Advocacy Program Summary Sheet.pdf](#)
[3aii 22-1511 Attachment A 2023 DRAFT MTC ABAG Advocacy Program.pdf](#)

Vinay Pimple spoke on this item.

Rich Hedges spoke on this item.

- 3b. [22-1512](#) Washington D.C. Legislative Update

Report on key legislative, funding and political developments over the past month from Washington, D.C. prepared by the Summit Strategies team.

Action: Information

Presenter: Georgia Gann Dohrmann

Attachments: [3b 22-1512 MTC Report October 2022.pdf](#)

4. Public Comment / Other Business

5. Adjournment / Next Meeting

The next meeting of the Joint MTC ABAG Legislation Committee will be Friday, December 9, 2022 at 9:45 a.m. Any changes to the schedule will be duly noticed to the public.

Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee

December 9, 2022

Agenda Item 3a

November 2022 Election Update

Subject:

Readout of November 2022 local, state, and national election results, including an analysis of housing and transportation ballot measures.

Overview:

The November 2022 election delivered some significant wins for MTC/ABAG priorities, including several measures at the local level to sustain and increase resources available for transportation improvements and affordable housing. With respect to outcomes at the state and national level, this election is the first since California completed its redistricting process following the 2020 Census and includes new district boundaries for Congressional districts as well as the Assembly and Senate. The Bay Area has six new members of our congressional and state legislative delegation, as follows:

- Congressional District 15: Kevin Mullin, Assemblymember (currently held by Jackie Speier)
- Senate District 10: Aisha Wahab, Hayward City Council
- Assembly District 12: Damon Connolly, Marin County Board of Supervisors
- Assembly District 20: Liz Ortega, Statewide Political Director for AFSCME Local 3299
- Assembly District 21: Diana Papan, San Mateo City Council
- Assembly District 28: Gail Pellerin, former Santa Cruz County Clerk & legislative staffer

At the national level, Democrats defied expectations for a so-called “red wave,” managing to retain control of the Senate while losing control of the U.S. House of Representatives by a smaller margin than predicted by many pundits. A split Congress will make annual appropriations less favorable to Democratic priorities, including infrastructure and housing, but fortunately, much of the discretionary funding within the 2021 Bipartisan Infrastructure Law was front-loaded, so there is less opportunity to scale back on funding levels approved in the bill.

Recommendation:

Information

Bay Area Local Measure Highlights

Oakland Housing & Transportation Bond Approved, City of Berkeley Measure Falls Short

City of Oakland voters approved Measure U, a general obligation bond for affordable housing preservation (\$350 million), transportation projects (\$290 million), and other facility upgrades (\$210 million). As of November 28, county election results show 75 percent of Oakland voters voted “yes” on the measure. Despite 59 percent of City of Berkeley reported voters supporting its ambitious \$650 million affordable housing and infrastructure bond (Measure L), the measure fell short of the challenging 2/3 vote threshold required.

San Francisco Transportation Tax Renewal

San Francisco voters approved Proposition L, with 72 percent in support as of November 28, renewing for another 30 years an existing half-cent sales tax dedicated to transportation. The measure funds a host of projects from local road repairs to paratransit to transit maintenance and electrification, as well as providing funding for major regional priorities like the Caltrain Downtown Extension, or DTX, and BART Core Capacity.

San Francisco Voters Affirm Keeping Golden Gate Park Roadway Car Free

Voters supported Proposition J, affirming the Board of Supervisors’ vote earlier this year to keep a 1.5-mile stretch of the John F. Kennedy Drive in Golden Gate Park car-free and rejected the competing measure placed on the ballot via signature, Proposition I.

Affordable Housing Authorizations Approved

Three “Article 34” affordable housing authorization measures were on the ballot across the Bay Area this election. All three passed in Berkeley, Oakland, and South San Francisco (Measures N, Q, and A.A., respectively). Article 34 of the California Constitution requires that local governments secure majority voter approval for the development of affordable housing projects for which over 49 percent of the units are restricted to affordable housing. Voters statewide will have an opportunity to repeal this outdated 70-year-old requirement in the November 2024 statewide election.

Tenant Protection Measures and Vacancy Taxes Passed

Several local measures aimed at reducing evictions were approved, including Measure P in the City of Richmond, which caps annual rent increases at 3 percent or 60 percent of the inflation rate, whichever is lower. In the City of Oakland, voters approved Measure V to prohibit no-fault evictions of children and educators during the school year and extend eviction protection to tenants in RVs and tiny homes on wheels on private property. In Berkeley and San Francisco, voters approved vacancy taxes aimed at getting more existing units on the market.

General Local Tax Measures Approved

About a dozen Bay Area cities successfully pursued general taxes subject to a simple majority vote across a range of sources (sales tax, transit occupancy tax, business license tax) with advisory language referencing infrastructure, such as street repairs and affordable housing. Many of these measures are reporting “yes” votes in the 70 percent or above ranges. Notably, Vallejo voters approved a general 0.875 percent sales tax that will generate approximately \$18 million per year titled the “Safe Streets and Essential Services Measure” and which highlights other purposes including keeping public spaces healthy, maintaining fire protection/emergency medical response and more.

Voters Reject Proposition 30 – Zero Emission Vehicle/Fire Prevention Measure

Proposition 30 – endorsed by ABAG and MTC – went down to a defeat, with 58 percent of voters rejecting it. The measure was supported in Alameda County, the City and County of San Francisco, and neighboring Santa Cruz and Monterey counties along with Alpine, Humboldt, Mendocino and Yolo counties. The measure would have provided approximately \$3.5 billion to \$5 billion annually for 20 years to assist with the transition to zero-emission vehicles (passenger and medium-heavy duty) and wildfire prevention and response. Governor Newsom’s opposition to the measure was a fatal blow. His opposition was based on the grounds that it was primarily a “special interest” measure to benefit the ridesharing company Lyft.

Menlo Park Voters Reject Measure Aimed at Limiting Rezoning

As of November 28, about 62 percent of Menlo Park voters had rejected Measure V, which would have prohibited the city council from rezoning or redesignating properties that were zoned

and designated for single-family detached homes and instead reserved any such changes to be made by the voters.

Competing San Francisco Housing Streamlining Measures Rejected

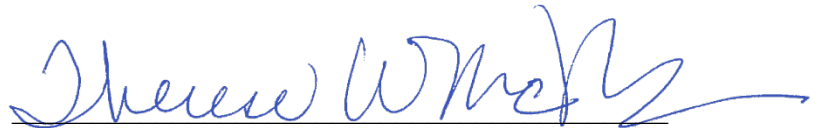
In San Francisco, votes on competing measures (Proposition D sponsored by Mayor Breed and Proposition E backed by the Board of Supervisors) aimed at expediting affordable housing production both fell short of a majority.

Marin Voters Tax Themselves to Preserve Scenic Vista for Public Open Space

In Tiburon and Belvedere, voters approved Measure M, instituting a \$335 annual parcel tax to enable Marin County to purchase a 110-acre property known as the Martha Property on Tiburon Ridge and preserve it for open space/recreation. Located on the Tiburon Peninsula with coveted views of San Francisco Bay, the property was entitled for the development of 43 houses but has been held up in multiple lawsuits. The owners agree to sell the land to the nonprofit Trust of Public Land, which would then sell it to the County.

Attachments:

- Attachment A: Summary of Bay Area Local Ballot Measure Results in November 2022 Election



Therese W. McMillan

| County | City/County | Measure Name | Description | Topic | Outcome | Votes as of Nov 20 | |
|--------------|------------------------------|--------------|---|---|---------|----------------------|--------------|
| Alameda | Alameda County | Measure D | The measure would allow more buildings for agricultural production and larger equestrian riding arenas in the county's unincorporated area. Agricultural production buildings on rural parcels would be allowed to take up 2.5% of the land area. Currently, non-residential construction on rural parcels is limited to 1% of the land area. It requires a simple majority to pass. | Environment/open space | Passed | Y - 67.8% N - 32.2% | |
| Alameda | City of Alameda | Measure F | The measure would raise \$700,000 to \$910,000 of funding for city services by increasing the city's transient occupancy tax, the tax paid by guests at hotels, motels and short-term rentals. Repairing potholes/ deteriorating streets would be addressed, among other needs. The transient occupancy tax would increase from 10% to 14%. It requires a simple majority to pass. | Infrastrucutre and services, including transportation | Passed | Y - 59.3% N - 40.6% | |
| Alameda | City of Berkeley | Measure L | The measure would authorize the city to issue \$650 million of general obligation funds to create affordable housing, repair streets and sidewalks , underground utilities, as well as enhance buildings, infrastructure and safety. It needs a two-thirds vote to pass. | Infrastructure, including housing and transportation | Failed | Y - 59.3% N - 40.7% | 2/3 Required |
| Alameda | City of Berkeley | Measure M | The measure would tax property owners who leave residential units (condominiums, duplexes, single family dwellings and townhouses) vacant for more than 182 days per year. Owners would be taxed \$3,000 for the first qualifying unit and \$6,000 for each additional one; those taxes increase to \$6,000 and \$12,000 respectively after the first year. It requires a simple majority to pass. | Housing - Vacancy tax | Passed | Y - 64.8% - 35.4% | |
| Alameda | City of Berkeley | Measure N | The measure requests authorization to develop up to 3,000 more units of low-rent housing in the city . Under the California Constitution, citizens are required to vote before any local, state or federal public entity develops or acquires additional low-rent housing. It requires a simple majority to pass. | Housing - Production | Passed | Y - 71.2% N - 28.8% | |
| Alameda | City of Emeryville | Measure O | The measure would raise \$5 million annually in funding for general city services by increasing the city's real property transfer tax, the tax on home sales. Street/sidewalk maintenance is addressed , among other needs. It requires a simple majority to pass. | Infrastructure, including transportation | Passed | Y - 71.2% N - 28.72% | |
| Alameda | City of Oakland | Measure Q | The measure would allow the city to develop, construct or acquire 15,000 affordable rental housing units by removing a state barrier that prevents local governments from developing or buying "low-rent" housing without a majority vote from taxpayers. But it does not include funding sources. It requires a simple majority to pass. | Housing - Production | Passed | Y - 75.4% N- 24.6% | |
| Alameda | City of Oakland | Measure U | The bond measure would be put toward infrastructure priorities. Staff recommended that the city set aside \$350 million for affordable housing preservation , \$290 million for transportation projects and \$210 million for citywide facility upgrades. It requires a two-thirds vote to pass. | Infrastructure, including housing and transportation | Passed | Y - 75.3% N - 24.7% | 2/3 Required |
| Alameda | City of Oakland | Measure V | The measure would amend its eviction ordinance to promote no-cause evictions of children and educators during the school year and extend eviction protections for tenants in RVs and tiny homes on wheels on private property. It would also remove "failure to sign a new lease" as grounds for eviction. It needs a simple majority to pass. | Housing - Protection | Passed | Y - 62.4% N - 37.6% | |
| Alameda | Union City | Measure Z | The measure would extend the existing voter-approved city sales tax of 0.5%. The city sales tax would raise \$6.6 million annually for nine years. This revenue would fund street/pothole repairs , among other needs. It requires a simple majority to pass. | Infrastructure, including transportation | Passed | Y - 74.4% N - 25.5% | |
| Contra Costa | City of Richmond | Measure P | The measure would amend the Richmond rent control ordinance to cap rent increases on rent-controlled units to 60% of the inflation rate or 3%, whichever is lower. Currently, annual rent increases are capped at the inflation rate. It requires a simple majority to pass. | Housing - Protection | Passed | Y - 56.2 N - 43.8 | |
| Marin | City of San Anselmo | Measure J | The measure would increase the city sales tax from 0.5% to 1% for nine years, providing \$2.4 million annually. The revenue would fund repairing potholes and roads , among other needs. It requires a simple majority to pass. | Infrastructure, including transportation | Passed | Y - 71.7 N - 28.3 | |
| Marin | City of Sausalito | Measure L | The measure would increase the city sales tax from 0.5% to 1% for 10 years, starting in April 2023. It would provide \$2.8 million annually to fund pothole repairs street/sidewalk maintenance , among other needs. It requires a simple majority to pass. | Infrastructure, including transportation | Passed | Y - 66.8 N - 33.2 | |
| Marin | Tiburon Peninsula Open Space | Measure M | The measure would provide funding for the county to buy a privately owned 110-acre property on the Tiburon Peninsula. It would allow the county to issue \$23 million in bonds and enact an annual parcel tax of \$335 until the bonds are repaid. It requires a two-thirds vote to pass. Parcel has long been debated for housing. | Infrastructure, including housing | Passed | Y - 77% N - 23% | 2/3 Required |

| County | City/County | Measure Name | Description | Topic | Outcome | Votes as of Nov 20 | |
|---------------|-----------------------------|---------------|---|--|---------|-----------------------|--------------|
| Napa | City of American Canyon | Measure J | If approved, the measure would add 157 acres owned by Green Island Property, LLC to the City of American Canyon's Urban Limit Line. If annexed into City limits, taxes and assessments on this property could be used for road improvements on Green Island Road, a western connector running south from Green Island Road, or a connector to the extension of Newell Drive, which would allow drivers to bypass traffic on the Highway 29 city corridor. It requires a simple majority to pass. | Land use and economy | Failed | Y - 47.73% N - 52.3% | |
| San Francisco | San Francisco | Proposition C | Creates the Homelessness Oversight Commission to oversee the Department of Homelessness and Supportive Housing. | Homelessness | Passed | Y - 67.4 % N -32.6% | |
| San Francisco | San Francisco | Proposition D | The Mayor Breed-backed measure seeks to shorten the approval timeline for qualifying housing projects that are 100% affordable , are for teachers or are mostly market-rate but have 15% more below-market-rate units than the city would otherwise require under affordability mandates. It needs a simple majority to pass. | Housing - Production | Failed | Y - 49.2% N - 50.8% | |
| San Francisco | San Francisco | Proposition E | The supervisor-backed measure also seeks to streamline the creation of affordable homes but differs in the details from Prop. D in what kinds of projects would qualify for the faster timeline, how affordable they would be and whether supervisors retain control over approving city funds for each project. It needs a simple majority to pass. | Housing - Production | Failed | Y - 46.0% N - 53.9% | |
| San Francisco | San Francisco | Proposition I | The measure, placed on the ballot by a successful signature-gathering campaign, would reverse the supervisors' vote to keep a 1.5 mile stretch of JFK Drive car-free seven days a week . The road would only be closed to cars on holidays, Sundays and Saturdays from 6 a.m. to 6 p.m. between April and September. Prop. I would also require private cars to be allowed on the Great Highway in both directions at all times. It needs a simple majority to pass. | Transportation - multimodal access | Failed | Y - 34.9% - N - 65.1% | |
| San Francisco | San Francisco | Proposition J | Prop. J is a rival measure to Prop. I, that would affirm the supervisors' prior vote on JFK Drive, allowing the section of road in question to stay car-free in perpetuity . It needs a simple majority to pass. | Transportation - multimodal access | Passed | Y - 63.0% - N - 36.9% | |
| San Francisco | San Francisco | Proposition L | This measure would extend the city's 0.5% sales tax that helps fund transportation projects for 30 years . The city Transportation Authority would be allowed to issue up to \$1.19 billion in bonds to be repaid with proceeds from the tax. It needs a two-thirds majority vote to pass. | Transportation infrastructure | Passed | Y - 71.79% N - 28.2% | 2/3 required |
| San Francisco | San Francisco | Proposition M | The measure would impose a new tax on vacant homes in an attempt to improve the city's housing shortage by getting more existing units onto the market. According to a city analysis, the tax could make about 4,500 vacant units available over a two-year period and generate more than \$38 million in annual revenue. It needs a simple majority to pass. | Housing - Vacancy tax | Passed | Y - 54.5% N - 45.5% | |
| San Mateo | City of Belmont | Measure K | The measure would increase the transient occupancy tax from 12% to 14%. The tax is paid by hotel, motel or other short-term rental lodging guests. The measure would provide an additional \$600,000 annually for use toward general city services such as fixing potholes , among other needs. It requires a simple majority to pass. | Infrastructure and services, including transportation | Passed | Y - 77.2% N - 22.8% | |
| San Mateo | City of East Palo Alto | Measure L | East Palo Alto voters will consider a ballot measure this November that would place a 2.5 percent tax on rental residential properties in an effort to fund affordable housing . It requires a simple majority to pass. | Housing - Production | Passed | Y - 69.1% N - 30.9% | |
| San Mateo | City of South San Francisco | Measure AA | The measure asks voters to authorize the city to develop, construct or acquire low-rent housing in an amount up to 1% of the total number of existing housing units in the city. The measure would be in effect for eight years, with any year's unused units being carried over each year. The California Constitution requires a city's voters to grant approval before any federal, state or local public entity develops low-rent housing projects. It requires a simple majority to pass. | Housing - Production | Passed | Y - 57.2% N - 42.8% | |
| San Mateo | City of Menlo Park | Measure V | The measure would prohibit the City Council from rezoning or redesignating properties that were zoned and designated for single-family detached homes as of April 15, 2022. Currently, all land in the city, including properties zoned and designated for single-family use, can be rezoned and redesignated by City Council. It requires a simple majority to pass. | Housing - Production (prohibiting rezoning of properties designated for single family homes) | Failed | Y - 38.13% N - 61.87% | |
| San Mateo | City of Millbrae | Measure N | The measure would increase the transient occupancy tax from 12% to 14%, effective January 2023. The tax is paid by hotel, motel or other short-term-rental lodging guests. The measure would provide an additional \$1.5 million annually for use toward general city services such as fixing potholes and streets , among other needs. It requires a simple majority to pass. | Infrastructure and services, including transportation | Passed | Y - 77.2% N - 22.8% | |

| County | City/County | Measure Name | Description | Topic | Outcome | Votes as of Nov 20 | |
|-------------|---------------------|--------------|---|---|---------|----------------------|--|
| San Mateo | City of San Mateo | Measure CC | The measure would increase the city's existing transfer tax on property sales of \$10 million or more from 0.5% to 1.5%. The property sales transfer tax is paid by the buyer and seller of a property. It would generate approximately \$4.8 million annually for use towards general city services such as street repairs , among other needs. It requires a simple majority to pass. | Infrastructure and services, including transportation | Passed | Y - 71.5% N - 28.25% | |
| Santa Clara | City of Palo Alto | Measure K | Local business tax. The measure would raise funds for public safety, affordable housing, rail crossing safety, homeless services , and general city services, by levying a tax on businesses in the City of Palo Alto at a monthly rate of 7.5 cents per square foot occupied by a business, up to \$500,000 per business, with annual 2.5% adjustments for inflation and exemptions for grocery stores and businesses under 10,000 square feet, raising approximately \$9.6 million annually for 35 years. It requires a simple majority to pass. | Infrastructure and services, including housing and transportation | Passed | Y - 67.1% N - 32.9% | |
| Santa Clara | City of Santa Clara | Measure H | Business license update/tax equity measure. To protect Santa Clara's financial stability and maintain essential services and fund pothole repair . The measure would increase Santa Clara's 1992 business license tax on businesses to \$45 per employee and on landlords to \$15 per rental unit, generating approximately \$6 million annually. It requires a simple majority to pass. | Infrastructure and services, including transportation | Passed | Y - 59.4% N - 40.6% | |

Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee

December 9, 2022

Agenda Item 4a

Proposed Final 2023 Joint Advocacy Program

Subject:

Final 2023 Joint Advocacy Program for MTC and ABAG outlining the agencies' state and federal legislative priorities.

Overview

Attachment A is the proposed Final 2023 Joint Advocacy Program, which incorporates adjustments based on the Committee's feedback last month as well as feedback from partner agency staff and other stakeholders. Text changes are shown in italics and strikeout. Changes include:

- Addition of transit operations advocacy to the federal program to complement advocacy efforts in Sacramento. (See Federal Item 1B, p. 9)
- New federal advocacy item related to ensuring the Bay Area Toll Authority (BATA) and other Build America Bond issuers continue to receive federal subsidy payments, which are at risk of being eliminated beginning in 2023. (See Federal Item 1C, p. 10)
- Revise state advocacy item related to regional transportation revenue measure preparation to indicate the intention to "develop" such legislation with target for enactment in 2024 versus "explore."
- Expansion of the description of the Bay Area Housing Finance Authority (BAHFA) clean-up bill, including specifying that the bill should authorize BAHFA to purchase land and/or buildings where it will advance established objectives to produce and preserve affordable housing. (See State Item 3A, p. 4)
- Addition of a provision recommending support for legislation to enable the State Department of Housing and Community Development the option to provide an extension to the deadline for certifying a local jurisdiction's housing element if it determines the extension is justified. (See State Item 5B, p. 7)

- Clarification in the item description that enhancing customer communication is a key aim of state advocacy item 6B related to toll agency operations. (See State Item 6B, p.8)
- Clarification that supporting local governments in meeting state housing goals is an overarching objective within the Joint Advocacy Program's state housing advocacy priorities. (See State Items 3A, p. 4 and 5A, p. 6)
- Revise state advocacy item related to supporting a range of strategies to help localities meet housing goals to "support" (vs. "explore") legislation that would reduce the upfront subsidy local governments or other funding partners must invest in affordable housing projects. (See State Item 5B, p. 7)

Outreach to Date

In addition to seeking feedback from the Joint Legislation Committee last month, the draft advocacy program was presented to MTC's Policy Advisory Council, MTC's Partnership Legislative Committee comprised of staff in Bay Area transportation agencies and other advocacy organizations involved in transportation policy, housing partners from around the region and legislative staff from the Bay Area's delegation in Sacramento for feedback. Additionally, in developing advocacy priorities staff conferred with Bay Area regional agency partners, regional transportation planning agencies from across the state, and state and national transportation and housing groups.

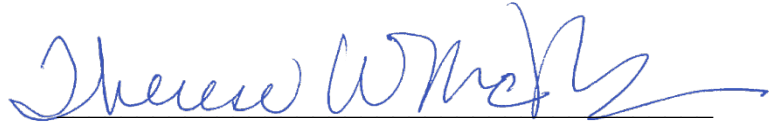
A wide range of stakeholders, including members of the Policy Advisory Council, conveyed that transit operating assistance should be a top priority this year, which is reflected in the final advocacy program. Housing partners voiced BAHFA clean up legislation, statewide ballot measure advocacy, and federal Low Income Housing Tax Credit (LIHTC) reform as top state and federal priorities. A revision was made to the Brown Act reform recommendations to clarify that the item aims to expand flexibility for participation from advisory board members (in addition to MTC/ABAG board members), based on comments from the Policy Advisory Council (State Item 10, page 10).

Recommendation:

Staff recommends this committee refer the final 2023 MTC ABAG Joint Advocacy Program to the ABAG Executive Board and the Commission for approval.

Attachments:

- Attachment A: Final 2023 Joint Advocacy Program



Therese W. McMillan

2023 ~~FINAL DRAFT~~ ADVOCACY PROGRAM

Note: This is an updated version of the 2023 Draft Advocacy program presented at the November Joint Legislation Committee. Text additions are displayed in *italics* and text removals are indicated with ~~strikethroughs~~.

State Advocacy Objectives and Goals

1. **Transportation Funding:** Advocate for resources to support the implementation of Plan Bay Area 2050, including funding for operating and maintaining the transportation network, transit modernization and expansion, equitable mobility improvements, decarbonizing the transportation system, and improving the resilience of our transportation network.

| Transportation Funding Items | Goals |
|--|---|
| A. Transit Operations and Ridership Recovery | Pursue a unified statewide advocacy strategy for new ongoing (multi-year) state funding to address transit operators' fiscal cliffs as well as other improvements needed to attract riders back to transit, including investments to improve the customer experience and address workforce shortages. Partner with the region's transit operators, the California Transit Association, and other state and regional partners to develop and implement the strategy. Explore a range of revenue sources, including the General Fund and Greenhouse Gas Reduction Fund (funded by Cap and Trade). Support legislative proposals to extend Cap and Trade beyond 2030. Consistent with 2A, advocate for inclusion of funding to support timely implementation of the Transit Transformation Action Plan adopted by the Blue Ribbon Transit Recovery Task Force and MTC. |
| B. Transit, Rail and Port Investments Committed in 2022 Transportation Package | Advocate for General Fund investments at levels consistent with commitments in the \$10.8 billion multi-year, multimodal transportation package that was approved in the fiscal year (FY) 2022-23 state budget and pursue provisions that ensure the Bay Area's priorities are addressed in FY 2023-24 budget bill. |

| Transportation Funding Items, cont. | Goals |
|--|---|
| C. Zero-emission Transit Fleets | Building on <u>Executive Order N-79-20</u> , support additional funding to help transit operators transition bus, ferry and rail fleets to zero emission vehicles, accelerating the decarbonization of the transportation system and supporting the implementation of the Innovative Clean Transit rule and zero-emission ferry and rail regulations. Specifically, seek up to \$1.25 billion for zero-emission vehicle investments in the FY 2023-24 budget, consistent with the level identified in AB 211 (2022), part of the multiyear climate commitment in the 2022-23 budget. Ensure zero-emission transit vehicles and infrastructure are eligible uses of the public transit funds referenced in 1B. |
| D. Regional Transportation Revenue Measure Preparation | Convene key Bay Area stakeholders and engage with the Bay Area delegation to <i>develop</i> explore state authorizing legislation for a future regional <i>transportation</i> revenue measure, with a target of legislative approval in 2024. Central to the discussion will be developing consensus around the purpose/goals of the measure, expenditure plan priorities and potential sources of new revenue. A key consideration will be the interplay between a request for state “bridge” funding to address the impending transit operations’ fiscal cliffs and a future regional measure. Engage with the public to inform <i>contents of enabling legislation</i> for a future regional <i>transportation</i> revenue measure discussions . |
| E. Tolling Authorization Clarification | Support legislation to clarify the California Transportation Commission’s (CTC) authority to authorize conversion of existing roadways to toll roads and toll discounts for low-income motorists. Specifically, work with partners to advocate for modest near-term clarifications and monitor statewide Road Usage Charge Technical Advisory Committee recommendations; advocate to hold off pursuing broader roadway pricing policy changes until after the completion of MTC’s <u>Next Generation Bay Area Freeways</u> study. |
| F. Equitable Access to Opportunity/ Equity Priority Communities | Support broadening eligibility requirements in existing and/or new transportation funding streams to enable their use as a subsidy for low-income transportation system users (e.g., discounted fares for public transportation or shared mobility services). Ensure that legislation aimed at incorporating equity considerations into funding distribution does not rely exclusively on communities defined by the state’s CalEnviroScreen method, which disproportionately excludes the Bay Area low-income communities relative to other parts of the state. |

2. **Public Transit:** Support policies aimed at ensuring public transit is an affordable, reliable, safe and convenient transportation option that is provided equitably and accessibly.

| Public Transit Items | Goals |
|--|--|
| A. Transit Transformation Action Plan Implementation | Support policies and funding that will help advance the goals of the Transit Transformation Action Plan adopted by the Blue Ribbon Recovery Task Force and MTC and explore opportunities for legislative or administrative changes to remove barriers to transit priority implementation. |
| B. Commuter Benefits | In partnership with the Bay Area Air Quality Management District, explore opportunities to secure updates to the state parking cash out program to further incentivize transit commuting in the Bay Area. Building on AB 2206 (Lee, 2022), which closed a compliance loophole and thus expanded the reach of the parking cash out program, consider updates that would provide employers subject to the state program the option to either offer a cash out at the full value of the parking spot or a transit subsidy (i.e., a transit pass or transit benefit subsidy) at an amount lower than the cash out value. |
| C. Transportation Development Act (TDA) Performance Standards Update and State Transit Assistance (STA) Revenue Calculations | <p>Continue to engage in California Transit Association-led efforts to explore a new approach to Transportation Development Act (TDA) performance measures. Support focus on incentivizing transit agencies to pursue actions aimed at increasing ridership versus measures focused on efficiency.</p> <p>As a stop gap measure, support efforts to extend through FY 2024-25 statutory relief for TDA farebox requirements and explore continuation of a “hold harmless” provision for calculation and allocation of State Transit Assistance (STA) revenue-based funds.</p> |

3. **Bay Area Housing Finance Authority (BAHFA):** Advocate for policies that *enable* ~~empower~~ BAFHA to efficiently and effectively support Bay Area cities and counties *in investing in solutions to addressing the* Bay Area’s chronic housing affordability challenges. Maximize the affordable housing production, preservation and protection resources BAHFA can deliver to Bay Area jurisdictions.

| BAHFA Items | Goals |
|---|---|
| A. Update BAHFA Authorizing Legislation (AB 1487, Chiu, 2019) | <p>Sponsor BAHFA “clean up” legislation to address unintended statutory limitations on BAHFA’s ability to effectively finance affordable housing and support preservation and protection in the Bay Area. Since standing up the new authority and beginning work on the BAHFA Business Plan, staff have identified the following statutory changes as needed in advance of a 2024 regional revenue measure to maximize BAHFA’s financing potential, <i>including</i>:</p> <ul style="list-style-type: none">• Clarify that BAHFA’s lending authority includes the ability to issue bonds and other indebtedness backed by rent payments.• Conform BAHFA’s powers and duties to the California Constitution. This will enable BAHFA to fund tenant protection programs with bond proceeds if voters approve an amendment to the state’s constitution, as contemplated by a potential statewide ballot measure in 2024.• Ensure that implementation of any commercial linkage fee allows for coverage of administrative expenses.• <i>Authorize the purchase of real property and use it to advance the agency’s established objectives.</i>• Other minor technical changes. |
| B. Support BAHFA Pilots | <p>Monitor legislation impacting BAHFA pilot programs and, if opportunities arise, support policies that enhance ongoing pilots, both operationally and financially. If legislation is introduced related to a statewide rental application portal, ensure it complements BAHFA’s Doorway program.</p> |

| BAHFA Items, cont. | Goals |
|---|---|
| C. Regional Housing Revenue Measure Preparations | Coordinate with key Bay Area stakeholders regarding placement of a regional housing measure on the November 2024 ballot, in accordance with BAHFA/ABAG board direction. |
| D. Lower the Vote Threshold for Regional and Local Affordable Housing Bonds | Engage in regional and statewide efforts to pursue a statewide ballot measure in November 2024 to amend California's State Constitution to enable local and regional affordable housing bonds to be approved by a simple majority. This modification would greatly increase the likelihood of passage for a 2024 regional housing bond pursuant to AB 1487 (Chiu, 2019), as well as local affordable housing bonds. Collaborate with partners to explore the merits of pursuing ballot placement via legislative authorization versus solely via the initiative process. |

4. **Sustainable and Equitable Mobility:** Consistent with SB 375 (Steinberg, 2008) and California's Climate Action Plan for Transportation Infrastructure (CAPTI), support policies aimed at reducing vehicle miles traveled and associated greenhouse gas emissions (GHGs) and traffic congestion. Advocate for policies and funding tools that support regions in implementing state mandated sustainable communities strategies (e.g., Plan Bay Area 2050).

| Sustainable and Equitable Mobility Items | Goals |
|--|--|
| A. SB 375 Implementation | Advocate for policies and funding tools that support regions in implementing state-mandated sustainable communities strategies (SCS), including, but not limited to, support for travel demand management tools, support for enforcement tools including automated speed enforcement (see 6A), and aligning state programs to support high-impact GHG-reduction projects. |
| B. SB 375 Reform | While continuing to support ambitious regional GHG reduction targets, continue to engage in legislative activity related to revisions to the now 14-year-old law, SB 375 (Steinberg, 2008). Pursue changes to incentivize near-term, real-world progress on GHG emission reduction over the current approach, which places too great an emphasis on long-term modeling, and seek changes to provide greater alignment, rather than competition, between regional and state GHG reduction strategies. |

5. **Housing Production, Preservation and Protection (“3 Ps”)**: Improve access to opportunity *and support local governments in meeting housing goals* by supporting policies aimed at increasing production of housing and increasing funding to produce and preserve affordable housing and associated infrastructure to help build complete communities. Protect tenants and low-income communities from unjust evictions and displacement.

| 3Ps Housing Items | Goals |
|--|---|
| A. Housing, Homelessness and Community Development Funding | <p>In partnership with regional and statewide organizations, seek state funding for <i>local</i> affordable housing production, preservation, and prevention and other supportive infrastructure. Support FY 2023-24 state budget investments at levels that meet or exceed the multi-year commitments in the FY 2022-23 budget for affordable housing production – including investments in the state Low Income Housing Tax Credit (LIHTC) program and the Housing Accelerator and Multifamily Housing Programs to advance state-supported housing projects into production and to tee up the next round of affordable housing developments – as well as in infill infrastructure and <i>local</i> homelessness assistance programs. Additionally, support the following new investments:</p> <ul style="list-style-type: none">a) Creating the Community Anti-Displacement and Preservation Program (CAPP), for which BAHFA would be eligible.b) Support legislation modeled after ACA 14 (Wicks, 2022) which would have dedicated five percent of general fund revenues to housing and homelessness programs for 10 years. The bill would have explicitly protected existing constitutional commitments, including funding for schools and the Rainy Day Fund. |

| 3Ps Housing Items, Cont. | Goals |
|--|---|
| <p>B. Bay Area Regional Housing Needs Allocation</p> | <p>Support a range of strategies to help <i>localities</i> meet the Bay Area’s Regional Housing Need Allocation (RHNA) goals, including proposals <i>to support ongoing housing element planning efforts and</i> to drive down the cost of affordable housing development and accelerate housing production. Specific goals include:</p> <ul style="list-style-type: none"> • <i>Support efforts to provide local jurisdictions with greater flexibility on housing element deadlines to avoid application of the so-called “Builder’s Remedy,” whether by providing for a “grace period,” providing the State Department of Housing and Community Development the option to extend deadlines if it determines that the extension is justified, or other means.</i> • <i>With regional and statewide partners, support explore legislation to provide upfront savings on affordable housing projects by revising the welfare tax exemption from a rebate to an upfront savings. This could reduce the amount of upfront subsidy local governments and other funding partners must provide for affordable housing projects. to affordable housing developers as it relates to applications for welfare tax exemptions. Currently, affordable housing developers must pay first and then receive a rebate wait approximately one to two years before receiving a rebate.</i> |
| <p>C. Low Income Housing Tax Credits</p> | <p>Explore options to support California’s low-income housing tax credits (LIHTC) program in reflecting the intersecting (and sometimes competing) state goals related to climate and equity, including ensuring that the program supports housing production near high-quality transit and affordable housing production and preservation across income categories.</p> |

6. **Transportation System Safety and Effectiveness:** Advocate for policies that improve transportation system safety for all road users and the effectiveness and service delivery of the Bay Area’s transportation system, including improved compliance with traffic laws while protecting users’ privacy. Expand the ability of transportation agencies to communicate with their customers to provide relevant transportation-related information and quality service while following industry best practices with regard to enabling customers to opt-in to receive non-essential communications.

| Transportation System Safety and Effectiveness Items | Goals |
|--|---|
| A. Zero traffic fatalities goal (Vision Zero) | Building on the recommendations of the Zero Traffic Fatalities Task Force, support legislation aimed at achieving the Vision Zero goals of no roadway-related deaths or serious injuries by improving safety for all road users, including through continuing to support authorization of automated speed enforcement technology to enforce speed limits. |
| B. <i>Toll Agency Operations and Customer Communication</i> Toll Bridge and Toll Road Operations | Monitor legislation related to toll operations to protect the independence of toll agency operations. Seek opportunities to expand the ability of toll agencies to communicate with their customers about mobility options in the corridor, including public transit (e.g., allow communication about Clipper START in FasTrak® communications as strategy to encourage mode shift to transit) and generally improve customer communications. |
| C. High-Occupancy Vehicle Lanes (HOV) and Express Lanes Performance | Oppose legislation that could impede the operation and/or performance of HOV or express lanes. Support legislation that could authorize the piloting of technology to enforce vehicle passenger occupancy requirements and other strategies to improve performance of the lanes. |

7. **Climate, Resilience and Environment:** Support funding and policy strategies to help achieve and better coordinate state and regional climate goals, advance energy efficiency and improve the Bay Area’s resilience to natural hazards and the impacts of climate change, including earthquakes, sea level rise and fire. Support proposals for funding to improve the health of the San Francisco Estuary.

| Climate, Resilience and Environment Items | Goals |
|---|---|
| A. Climate Adaptation Planning and Implementation Funding | <p>Pursue funding for regional and local climate adaptation funding in the FY 2023-24 state budget, including at least \$75 million for regional planning and implementation through the Integrated Climate Adaptation and Resiliency grant program, \$150 million for the State Coastal Conservancy (SCC) for protection and restoration, including for San Francisco Bay restoration and the SCC Climate Ready program, and another \$97 million for the Climate Ready program. These funding amounts are consistent with the FY 2023-24 funding level specified in SB 155 (2021), the 2021 multi-year climate adaptation trailer bill, and AB 211 (2022), a component of the 2022 multi-year climate commitment.</p> <p>Additionally support ongoing investment in the new state and local Transportation Infrastructure Climate Adaptation Programs established in SB 198 (2022).</p> |
| B. Seismic Safety | <p>Support policies and funding to enhance seismic safety and earthquake preparedness in the Bay Area, including through advocating for \$250 million in the FY 2023-24 budget for soft story retrofits of multifamily homes, consistent with the 2022-23 budget agreement.</p> |

8. **Transportation Project Delivery:** Monitor legislation related to transportation project delivery and support strategies to speed up the delivery of transportation projects and at a lower cost, including expanding flexibility in contracting and public private partnerships.
9. **Transportation Innovation and Shared Mobility:** Engage in regulatory and legislative efforts to facilitate the deployment of new mobility technologies to accelerate their safety, accessibility, mobility, environmental, equity and economic benefits, including opportunities to increase access to transit and reduce the share of single-occupancy vehicle (SOV) trips.

10. **Brown Act Reforms:** Monitor and support legislation to provide long-term flexibility for regional and multijurisdictional agencies to conduct their business remotely outside of emergency conditions as a means of increasing board member, *advisory council* and public participation while also reducing the time and expenses associated with travel, vehicle miles traveled and the greenhouse gas and other tailpipe emissions from driving.

Federal Advocacy Objectives and Goals

1. **Transportation and Housing Funding:** Support robust federal investment in Bay Area transportation and housing infrastructure.

| Transportation and Housing Funding Items | Goals |
|--|---|
| A. MTC's Bay Area Infrastructure Grants Strategy: Maximize Bay Area Funds from Bipartisan Infrastructure Law (BIL) Discretionary Transportation Grants | <p>Consistent with MTC's Bay Area Infrastructure Grant Strategy and the Major Project Advancement Policy, engage with the U.S. Department of Transportation and the Bay Area Congressional Delegation during Bipartisan Infrastructure Law (BIL) grant development to advocate for program policies and funding eligibilities that enhance Bay Area competitiveness. Coordinate with regional, state and federal partners to unify support for "regional target" grants behind regional BIL priority projects and advocate for grant awards for projects consistent with the regional grants strategy.</p> <p>Regarding Capital Investment Grants (CIG), continue to pursue sufficient annual appropriations to meet the funding needs of Bay Area projects with existing full funding grant agreements (FFGA) and to secure FFGAs for the Bay Area's next generation of transit projects.</p> <p>Additionally, update the Bay Area Infrastructure Grants Strategy as needed, including to reflect the priorities outlined in the upcoming Bay Area Regional Zero Emission Bus Transition Strategy.</p> |
| B. <i>Explore Federal Support for Transit Operations and Ridership Recovery</i> | <p><i>In coordination with transit leaders across the country, explore a federal transit recovery assistance program to complement the state transit assistance advocacy described in 1A. Recovery assistance funds should be distributed based on demonstrated need and with the expectation that they will be matched with commensurate new state or local revenues. Like the Bay Area, transit operators in big cities across the state are discussing new revenue streams with their state and local leaders, but given the projected financial challenges, a federal backstop may become necessary.</i></p> |

| Transportation and Housing Funding Items, cont. | Goals |
|--|---|
| C. BATA and Build America Bonds | <i>Advocate for Congress to maintain Build America Bonds (BABs) subsidy payments to BATA and other bond issuers, which are at risk of being eliminated. BABs – created in 2009 under the American Reinvestment and Recovery Act – are similar to other government issued municipal bonds, but instead of the interest being tax exempt, the bond issuer receives a credit payment from the U.S. Department of Treasury. BATA and thousands of state and local agencies around the country issued BABs and depend on the annual credit payment to balance budgets. However, mandatory spending cuts triggered by federal “pay as you go” rules could reduce BABs payments to zero, beginning in 2023. With partners around the country, support Congressional action to exempt from mandatory spending cuts BABs credit payments to issuers, including BATA.</i> |
| D. Low Income Housing Tax Credits | Support efforts to modify and expand the federal Low Income Housing Tax Credit (LIHTC) Program, California’s largest source of federal funding for affordable housing construction and rehabilitation. Prioritize policy changes to increase California’s LIHTC financing capacity, including lowering the LIHTC bond financing threshold to 25 percent from 50 percent. Under current law, California’s LIHTC allocations are effectively capped by the federal rule requiring 50 percent of construction costs be funded from a state’s limited allocation of private activity bonds (PABs). Demand for PABs in California significantly exceeds supply. Lowering the required “state match” for bond-financed LIHTCs could unlock tens of thousands of new affordable units in California that are ready to go but awaiting federal tax credits. |
| E. Transportation Appropriations (FY 2023 and FY 2024) | Partner with local, regional and statewide transportation agencies as well as national stakeholders to ensure that Congress funds highway and transit formula programs consistent with levels authorized by the surface transportation law. Support robust CIG funding, consistent with 1A, and prioritize BIL grant augmentations for programs that support Plan Bay Area 2050 implementation - including investments in transit, rail, complete streets, state of good repair and innovative mobility options. |

| Transportation and Housing Funding Items, cont. | Goals |
|--|---|
| F. Housing and Community Development Appropriations (FY 2023 and FY 2024) | Support regional, state and national partners in advocating for increased federal investment in affordable housing and homelessness programs, including Section 8 Housing Choice vouchers, HOME Investment Partnership Program (HOME), Community Development Block Grant Program (CDBG) and McKinney-Vento Homelessness Assistance programs. Pursue new policies and resources within the Department of Housing and Urban Development (HUD) that support regional approaches to housing, consistent with <i>IH 4F</i> . |
| G. Transit Transformation Action Plan Implementation | Seek opportunities to accelerate the Transit Transformation Action Plan early action items—namely transit fare integration, mapping and wayfinding, real time data and transit priority – by advocating that those activities are eligible for existing and new funding programs. |
| H. Bay Area Housing Finance Authority (BAHFA) | Lead efforts to enable BAHFA to compete for HUD discretionary grant funding to expand resources available to BAHFA for affordable housing and/or homelessness prevention projects. Seek to include regional planning agencies as eligible recipients of new HUD discretionary grants proposed in the reconciliation bill and, in the case that the bill is enacted, work with HUD on grant development. |
| I. PEPPRA: Preserve Bay Area Transit Operator Access to Federal Transit Grants | Support efforts spearheaded by the California Transit Association to monitor ongoing issue that Bay Area federal transit grants may be withheld because of a 2021 U.S. Department of Labor interpretation that state pension law known as “PEPPRA” may impede federally guaranteed transit union collective bargaining rights. If necessary, seek a legislative solution. |

2. **Surface Transportation Authorization Implementation:** Continue to work with the U.S. Department of Transportation to ensure the new surface transportation law – enacted as part of the 2021 Bipartisan Infrastructure Law – is implemented consistent with our reauthorization and Plan Bay Area 2050 priorities.

3. **Climate, Resilience and Environment:** Advocate for a strong federal partner in the Bay Area’s efforts to improve air quality, reduce greenhouse gas (GHG) emissions, and make our communities and transportation networks resilient to a changing climate, especially in communities of concern that are most vulnerable to the impacts of climate change.

| Climate, Resilience and Environment Items | Goals |
|---|---|
| A. Climate Change Mitigation | Seek opportunities to support the federal government in taking bold action to reduce greenhouse gas emissions and limit the magnitude of the climate crisis. Consistent with 1B and 1C, support investments in transit, rail, complete streets, smart growth and other sustainable infrastructure investments in federal spending bills. Additionally, defend investments in the 2022 Inflation Reduction Act and 2021 BIL that accelerate the deployment of zero-emission infrastructure and technologies. |
| B. Disaster Mitigation and Resilience | Seek opportunities to secure resources for the Bay Area to invest in disaster mitigation and resilience, including investing in strategically placed green and grey infrastructure to protect our communities and residents that are most vulnerable to the adverse effects of climate change. Support a strong regional role in disaster mitigation and resilience planning. Support policies to break down federal silos and encourage coordination of federal resources to support communities and regions in comprehensively addressing a climate threat. |
| C. San Francisco Estuary | Monitor National Estuary Partnership program funding and defend investments in the 2021 BIL that increase resources for the health and resilience of the San Francisco Estuary. |

4. **Transportation Innovation and Shared Mobility:** Support policies that enable technological innovations to improve mobility, including connected and automated vehicle (CV/AV) deployment, shared mobility and mobility on demand, while protecting the public’s interest.

Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee

December 9, 2022

Agenda Item 4b

State Budget Strategy to Address Transit Agency Fiscal Cliff

Subject:

Overview of the strategy to secure multi-year funding to stave off the transit operating fiscal cliff and rebuild ridership.

Overview:

Staff's proposed top MTC/ABAG advocacy priority in 2022 is to secure multi-year funding to stave off the fiscal cliff facing many Bay Area transit agencies (and agencies statewide) while also investing in proven strategies to attract more riders to public transit. This item provides an update on current discussions, an overview of the Bay Area coalition and statewide advocacy work underway, and a summary of the proposed request.

No Funding Details Yet

Note that specific funding details are not yet incorporated into the request summary (Attachment A). This is for several reasons. First, operators are still refining their estimates of budget deficits by fiscal year and the final version of the Short Range Transit Plans, which provide service-impact details on a range of budgetary scenarios, is not due to MTC until the end of December. Second, prior to publicly releasing a specific target for state funding, we must coordinate with our statewide allies, including the California Transit Association, so as to develop a coordinated statewide ask.

With respect to the funding source, the preferred target is a portion of Cap and Trade funds that are subject to appropriation each year but could be secured in a specified amount or percentage for multiple years through legislation rather than subject to the annual budget process as is the case with funding from the state's General Fund. Moreover, the Legislative Analyst's Office recently forecasted that the General Fund may face a \$25 billion deficit next year and recommends the Legislature consider pausing, delaying or reassessing recent augmentations, which make any additional demands on that fund especially challenging at a time when we will also be advocating to protect \$2 billion proposed for FY 2023-24 for transit capital purposes as

part of last year's transportation package. While staff believes Cap and Trade to be the preferred approach, we are exploring all options with key stakeholders as well as the Bay Area delegation.

Preliminary Conversations Have Begun in Sacramento

Given what's at stake for the Bay Area's transit systems, staff have already begun preliminary conversations with many key stakeholders in Sacramento, including the Governor's Office, staff within the California State Transportation Agency, staff at the California Transportation Commission, staff with the Assembly and Senate transportation and budget committees, and Bay Area state delegation staff. Feedback to date has reflected general recognition that the success of transit is integral to the state's climate and equity goals; the question is whether transit will be able to make a case that it is more important than competing requests. At the same time, we received questions about the best metrics to determine (and drive) success and hold operators accountable for results.

Coalition Building and "Campaign" Organization is Underway

Staff is coordinating this advocacy strategy closely with Bay Area transit operators. Staff meets with large transit operator legislative staff on a biweekly basis and intends to update and consult with transit agency general managers (large and small operators) regularly. In addition, we are collaborating with non-governmental organizations, including SPUR, the Bay Area Council, the Silicon Valley Leadership Group, and Transform to ensure a cohesive communications message, develop an ever-expanding set of allies within the Bay Area and statewide, and coordinate on Sacramento legislative strategy.

Timing – What's Next?

With the Governor's Budget released the second week of January, staff is working with transit operators and other partners to continue raising the issue's profile this month. We do not anticipate the January budget to include any supplementary funding for transit operations, but we do want the topic to be top of mind when budget hearings begin in February. Recent news coverage in the East Bay Times/San Jose Mercury News spotlighted the issue (See Attachment B), attracting some helpful attention. We plan to build on this coverage through OpEds and other means.

We look forward to hearing the Committee's feedback on the strategy summary and answering any questions you may have.

Recommendation:

Information

Attachments:

- Attachment A: Transit Recovery Package
- Attachment B: "*Doomsday Scenario for Sinking Bay Area Transit*," by Eli Kamisher, Bay Area News Group



Therese W. McMillan

Transit Recovery Package

DRAFT

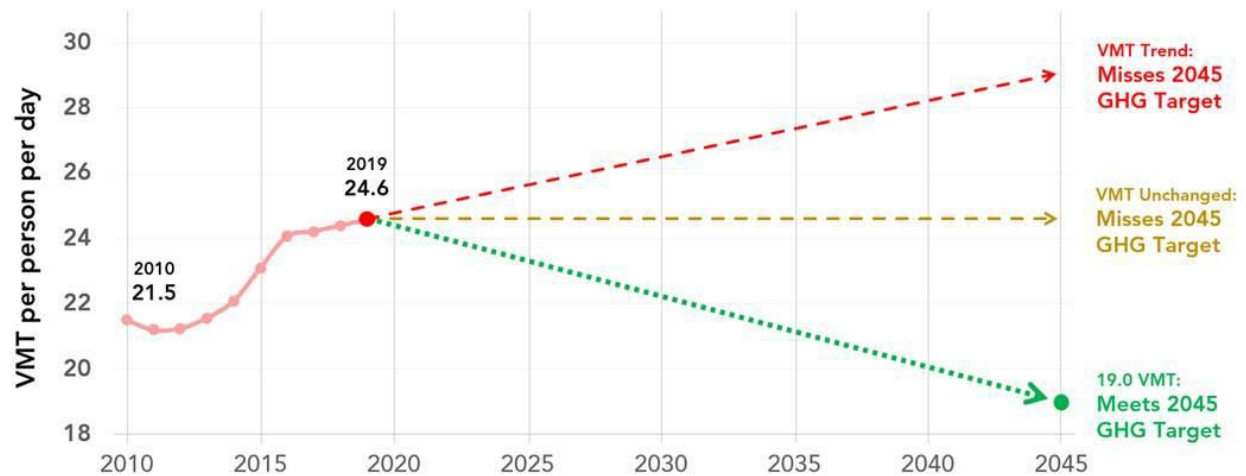
Proposal: Secure California’s at-risk transit systems and invest in customer-focused enhancements to accelerate transit’s climate protection benefits.

Background

A strong public transit system is vital to creating an equitable and climate friendly future in the San Francisco Bay Area and California as a whole. We are fortunate in the Bay Area to have a solid foundation upon which to build. In the wake of the COVID 19 pandemic, the Bay Area’s transit systems have committed to pursuing a more unified, convenient and seamless transit system to attract new riders. However, without a multi-year commitment of state funds, the Bay Area is at risk of having many of its transit systems (including its two largest – BART and SFMTA) faced with no choice but to make severe cuts that would cut off reliable access to work, school, health care, shopping and other daily needs to hundreds of thousands of residents each day. These cuts would cause severe hardship to individual households and result in gridlock on our roadways with devastating long-term economic and environmental impacts, including severe job cuts, negative impacts on access to jobs, and worsening air quality.

Transit is Key to State’s Climate Strategy

Transportation contributes 42 percent of the state’s greenhouse gas emissions according to the Air Resources Board (ARB)’s 2022 Draft Scoping Plan (Scoping Plan). ARB notes that zero emission vehicles are not enough to solve the climate crisis; a significant reduction in driving is required (shown on page 2). To achieve this, Californians need a reliable and attractive transit system that offers clear benefits over driving. The ARB recommends investing in “making public transit a viable alternative to driving by increasing affordability, reliability, coverage, service frequency, and consumer experience.”



Source: 2022 Draft Scoping Plan, Air Resources Board, Appendix E, Sustainable Communities, Figure W.

Transit is an Essential Service; Protecting it Should be a Core Pillar of State's Equity Agenda

Public transit remains a core public service, a critical lifeline as fundamental as schools, water, roads and electricity. Based on 2021 U.S. Census data, almost 60 percent of California residents who commute via public transit have a household income below \$35,000. Deep cuts to public transit will disproportionately impact the state's low-income and Black, Indigenous and People of Color (BIPOC) residents who are the most reliant upon public transit. Over half-million California households own no vehicle and count on public transit for their daily needs, including access to K-12 education and college. Sustaining our transit systems is a core task of any meaningful equity agenda as it serves as a cornerstone of our social safety net and ladder of economic opportunity. At a time of record inflation and high gas prices, public transit also provides a rare option to meaningfully cut down on household expenses.

Federal Funds Were a Temporary Lifeline; New Gap Funding is Needed to Avert Fiscal Cliff

Congress stepped in within months of the COVID 19 pandemic to provide billions of dollars in assistance and thanks to these resources, transit agencies have been able to sustain their service, albeit at reduced service levels in many cases. In September 2022, California residents took over 65 million trips aboard transit, up almost 40 percent from the prior year, albeit only 58 percent of pre-COVID levels. With the rise of remote work, many bus operators have redesigned their routes to better meet demand and some agencies are experimenting with enhanced weekend schedules. Nonetheless, a growing fiscal cliff is on the horizon as ridership (and consequently passenger fare revenue) remains far below 2019, while the cost to run transit is subject to the same inflation pressures affecting the rest of the economy. Looking to FY 2023-24 and beyond, transit systems across California are facing multi-million dollar shortfalls as they approach the day when their federal COVID relief funds run out.

State Budget Proposal: Secure & Revive Public Transit

Public transit is a lynchpin of California's transportation system; it's also vital to the achievement of our climate, social equity and economic goals. To prevent major service cuts and job losses that will disproportionately hurt those who continue to rely on transit the most, the state should begin a five-year Transit Recovery Program in FY 2023-24 to shore up the financial solvency of transit systems most at risk, while also providing competitive funding to address high priority, customer-focused improvements with a strong potential to attract new riders and thereby accelerate transit's climate protection benefits.

Track 1: Secure – Transit Service Preservation

These funds would be limited to operators forecast to face a fiscal cliff within the next two fiscal years that cannot be addressed without significant and unacceptable service cuts to routes with a demonstrated demand for transit service. Funding would be made available to operators on the basis of need. Objective criteria would be identified to determine eligibility.

Track 2: Revive – Retooling for the Future

It's time to retool. Transit ridership was declining even before the pandemic and the reasons riders give today for not wanting to ride transit are familiar ones. They want systems that are convenient, reliable, safe, and clean. To assist operators in retaining existing riders and attracting new riders – a critical goal for transit to deliver on its role in the state's climate strategy – the state should establish a new program to fund proven strategies that address the unique, pressing needs of different systems. Eligible expenditures to enhance the transit rider experience, should include, but aren't limited to:

- Service reliability and frequency improvements, including workforce development incentives to assist with a severe workforce shortage that is hampering transit's ability to deliver enhanced service levels (some agencies face vacancies as high as 30%)
- Transit priority projects to help buses bypass traffic and offer a travel time advantage, a proven strategy for boosting ridership
- Reliable, real-time transit information equipment and software
- Transit fare integration/transit passes that make transit more convenient and affordable
- Mapping/wayfinding enhancements to make it easier to navigate transit
- Enhancements to passenger facilities (e.g., stations and shade at bus stops to make them safer and more comfortable in the face of a changing climate)
- Resources to help transit riders experiencing homelessness access the services they need
- Public safety and cleanliness, top concerns of current customers and factors that surveys have indicated are deterrents for those who don't currently ride transit

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Doomsday scenario for sinking Bay Area transit: No weekend BART, bus lines cancelled or a taxpayer bailout.

Bay Area 'death spiral' outlined in newly obtained transit-planning documents



SANTA CLARA, CALIFORNIA – JULY 14: A passenger boards a northbound Caltrain train at the Santa Clara Caltrain Station in Santa Clara, Calif., on Tuesday, July 14, 2020. (Nhat V. Meyer/Bay Area News Group)

By [ELIYAHU KAMISHER](#) | ekamisher@bayareanewsgroup.com | Bay Area News Group

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In an apocalyptic vision of Bay Area public transit, BART cancels its weekend service and shuts nine stations just to keep the lights on elsewhere. Trains run once an hour, instead of every 15 minutes. San Francisco's Muni buses crawl around on life-support, and the East Bay's AC Transit eliminates "numerous local lines." Ferry service across the bay is halved.

This is not a doomsday fantasy, conjured up on a paper napkin. These are real scenarios drafted by the region's transit agencies in a series of federally mandated planning documents obtained through a public records request by the Bay Area News Group. The grim projections come as the region's commuter trains, buses and boats struggle to recover from massive ridership declines during the COVID pandemic and burn through the remaining federal relief funds that have helped keep them operating.

"People don't understand the transit system is so close to collapse," said Ian Griffiths, who heads Seamless Bay Area, a transit advocacy group. "They're on the brink."

How bad could it get? A closer look at the documents sent by each agency to the region's umbrella transit group, the Metropolitan Transportation Commission, provide a rare regionwide accounting of what service cuts could look like under dire fiscal outlooks. This is what is possible, they say, unless Bay Area taxpayers and state leaders in Sacramento pony up more money to revive the ailing system.

- **BART:** Terminating two of five train lines – Red and Green – meaning no more direct trains from Richmond and Berryessa to San Francisco.
- **Caltrain:** Slashing service amid a \$50 million deficit, even as its \$2.4 billion electrified trains hit the rails.
- **AC Transit:** "Numerous local lines" reduced or fully discontinued.
- **Ferries:** Major midday and weekend services slashed across the bay. Service expansions to Berkeley, Redwood City and Mission Bay halted.
- **Muni:** Entire network returns to pandemic-era levels with frequency reductions starting on bus lines 2, 6 and 21

The [scenarios](#) – akin to transit planning war games – also provide a window into alternative versions of the Bay Area's post-pandemic future.

In the most optimistic scenario, Bay Area commuters return to pack trains and buses every day. Connections are fast and reliable as city centers and tech campuses hum with life. But a darker picture is emerging as downtown San Francisco and Silicon Valley slog through growing tech layoffs and warning signs flash of an impending recession.

Service cuts could dwarf those seen during the Great Recession and the dot-com bubble. Canceled trains leave people stranded. Car owners flee transit and pack highways. Only the Bay Area's most desperate residents rely on the [crumbling network](#).



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Bobbie Barlet would be among those stuck riding a curtailed BART. She relies on the train every workday to commute from Antioch to Oakland International Airport. “People have no other option. This makes a huge difference,” said Barlet. Her request to agencies who may soon be eyeing service cuts: “Please don’t.”



SAN JOSE, CA – JUNE 13: Passengers board the first train to depart the new BART Berryessa station to open in San Jose, Calif., on Saturday, June 13, 2020. (Anda Chu/Bay Area News Group)

At the heart of these transit planning scenarios is a clarion call from the region’s transportation planners: They need more money – a lot of it – not to build [shiny new stations](#), or fashion a second tunnel under the bay, but just to [keep their systems running](#). In the coming five years, the Bay Area’s seven largest operators face a cumulative \$2 billion operating deficit, according to the MTC, which oversees regional transit financing.

What is driving the crisis? One of the nation’s worst ridership collapses. Agencies like Caltrain, BART and Golden Gate Ferry built their existence on funneling commuters in and out of [downtown San Francisco](#), but now many of us are comfortably working at home. “It’s not just a potential recession. This is a real change in behavior and ridership,” said Jason Baker of the Silicon Valley Leadership Group. “Transit as we know it is in serious jeopardy.”

But pandemic-era ridership losses, while significant, are just one part of the problem. There are issues that have long plagued transit budgets, including rising labor costs, inflationary pressures and a history of [overspending and inefficiencies](#). Prior to the pandemic, taxpayers subsidized operating costs for Bay Area transit systems by roughly 50% to 85% depending on the transit agency in charge, sending billions each year through sales and property taxes, bridge tolls and even parking tickets.



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"You add up all these problems, and for them to step forward and say 'there is a doomsday scenario, give us your taxes' – it's a hard pill to swallow," said state Sen. Steve Glazer from Orinda. "Now they want to basically ignore the meal and have taxpayers pay the check."

At San Francisco's Muni for instance, even in the best-case scenario – where riders pack buses and will soon crowd the Central Subway, the \$1.95 billion light rail project that opened on Saturday – the agency is projecting long-term service cuts of 21% across bus and rail, compared to pre-pandemic levels.



San Francisco Chinatown's Rose Pak Station is part of the Central Subway, which opened on Nov. 18. October 20, 2022. (Jeremy Menzies, SFMTA)

"The cost of the service has increased," said Jonathan Rewer, the chief financial officer at SFMTA, which runs Muni. He cited a labor contract that increased wages by 11% over three years starting in 2019, rising fuel costs and other inflationary pressures.

Each agency now faces its own financial deadline, known as a [fiscal cliff](#), when the billions of dollars in federal assistance they received over the pandemic run dry. Their cliffs differ in time and size depending on how efficiently the agencies stretched relief dollars, along with their own unique budgetary puzzles and the impact of byzantine federal funding formulas.

First comes Caltrain, which is projected to open up a \$25 million budget hole as soon as [next year](#), followed by Muni and the Golden Gate bus and ferry district. BART's fiscal cliff is likely in 2025. The VTA's is pushed to 2027 due to healthy sales tax revenue, according to their financials, but funding for the Santa Clara County agency could be upended by recessionary pressures.



Officials are quick to emphasize that their doomsday projections are a “paper exercise,” not a policy decision and did not account for the prospect of fare hikes. There are often budgetary moves transit operators can make to stave off the worst cuts. Still, officials said the trends summarized in the exercises hold true.

Potential cuts are biggest at BART, the regional rail spine, where service could plummet by 80% in what transit planners refer to as a “death spiral.” The severity is caused by the high fixed costs of running a train system, the agency said. In order to cut its way out of a budget crisis, BART would need to slash service so deep that riders would flee causing even deeper budgetary wounds and a cycle of ridership losses.

“You’re cutting service until people can’t get on the train,” said Michael Eiseman, BART’s financial planning director.

Buses, which are more readily able to scale service, could see cuts ranging from 15% at AC Transit, the East Bay’s biggest bus operator, to 25% for San Francisco’s Muni, compared to pre-pandemic levels. “Ten percent cuts have happened before and even they were pretty grim,” said Peter Straus, a former service planner for SFMTA, which runs Muni. “There’s no way that San Francisco could swallow a 20% cut in service without some pretty drastic impacts on people’s lives.”



SAN JOSE, CALIFORNIA – DECEMBER 9: VTA buses wait to pick up passengers at the Berryessa BART station in San Jose, Calif., on Wednesday, Dec. 9, 2020. (Nhat V. Meyer/Bay Area News Group)

The future of the Bay Area’s transportation network – one that forms a vital social safety net, and reduces traffic and carbon emissions – is at stake, according to transit advocates. But there’s also a key tension to agencies’ calls for more money: Will the state and local taxpayers be willing to invest more dollars in a lagging transit system that is [moving fewer people](#) and taking fewer cars off the road?



State Sen. Scott Wiener is among the lawmakers pushing to rescue transit as budget negotiations restart in January. Regional transit officials are hoping the state will provide a bridge over the fiscal cliff for the next five years as they prepare a multibillion-dollar local ballot measure for 2026 or 2028. But they face headwinds. The state of California is now facing a projected [\\$25 billion budget shortfall](#).

The loss in transit service would “completely explode congestion on our roads, it would undermine our economic recovery and it would deeply harm low-income workers,” said Wiener. “We can’t let that happen.”

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Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee

December 9, 2022

Agenda Item 4c

Sacramento and Washington D.C. Visits

Subject:

Update on preparations for MTC/ABAG's 2023 Sacramento and Washington D.C. legislative advocacy trips.

Overview:

Preparations began this month for in-person MTC and ABAG advocacy visits to Sacramento and Washington, D.C., Staff recommends the MTC/ABAG delegation visit Sacramento twice. First during the week of February 27 to introduce 2023 advocacy priorities and again in mid-to-late May after the Governor releases the May Revise, which jumpstarts budget negotiations. Given the range of MTC/ABAG budget-focused priorities, it will be essential to have a strong presence in Sacramento during that budget negotiation window.

Regarding Washington, D.C. advocacy, we recommend a March visit for the MTC/ABAG annual advocacy trip, with the last week of March (March 26 – March 29) as a preferred option. Although this is later than our usual mid-March visit, the leadership changes in Washington, D.C., make it more likely that key items we typically schedule our visit around – namely appropriations schedules – will shift at least a few weeks backward. This date also aligns with the National League of Cities conference, which works well for our southern California partners who jointly host the California Transportation Reception. We will wait to finalize a date with MTC and ABAG leadership until after the Congressional Calendar is released – typically in late December or even January after an election year – so we can be sure to schedule our visit while Congress is in session.

As in previous trips to Washington, D.C., we expect the trip would extend from Sunday evening to Wednesday afternoon and would include meetings with the Bay Area Congressional delegation, officials within the U.S. Department of Transportation and U.S. Department of Housing and Urban Development, partner organizations, and relevant committee staff. We additionally propose that MTC again co-host the annual California Transportation Reception, a long-standing tradition placed on hold in previous years due to COVID. The reception is

typically held in the House Transportation & Infrastructure Committee (House T&I Committee) Room in the Rayburn House Office Building. However, as we engage with our southern California partner agencies who typically co-sponsor the event and get a better handle on the expected number of guests, we will explore whether it makes sense to consider a larger space for the reception since the House T&I Committee Room can get very crowded.

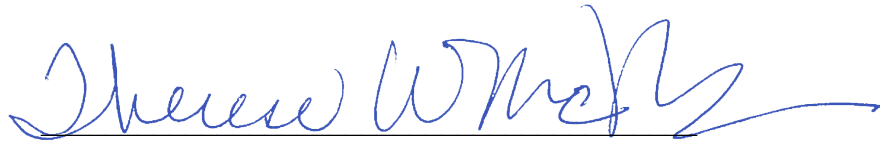
We look forward to hearing the Committee's feedback and answering any questions you may have.

Recommendation:

Information

Attachments:

None

A handwritten signature in blue ink, reading "Therese W. McMillan", with a long horizontal flourish extending to the right.

Therese W. McMillan

Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee

December 9, 2022

Agenda Item 4d

Washington D.C. Legislative Update

Subject:

November 2022 report on key legislative, funding, and political developments over the past month from Washington, D.C. prepared by the Summit Strategies team.

Issues:

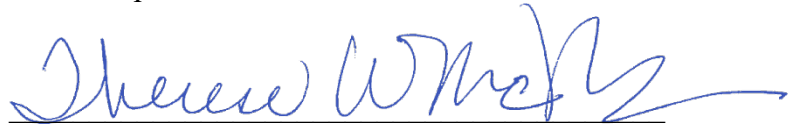
None identified.

Recommendations:

Information

Attachments:

- Attachment A: Summit Strategies Team Report – November 2022



Therese W. McMillan



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Summit Strategies Team Report – November 2022

From: Summit Strategies Team

To: Therese McMillan, Executive Director

Date: November 30, 2022

Subject: November Federal Policy Monthly Report

- **Midterm Results in a Divided Congress**
 - **Working with the Federal Railroad Administration (FRA) to Support Grant Applications**
 - **Supporting MTC Funding Opportunities in the Omnibus Spending Package**
 - **Build America Bonds: A Bay Area Toll Authority Issue**
 - **What the Midterm Results Mean for the Lame Duck Session & Financial Data Reporting Requirements**
 - **Agency Actions and Competitive Grant Update**
 - **National Transportation News Roundup**
-

Below is a status update on issues of interest to MTC and the actions that we have taken to date.

Midterm Results in a Divided Congress

The 2022 midterms again defied predictions, with the widely anticipated "red wave" failing to materialize. Democrats have maintained control of the Senate after winning close races in Arizona, Nevada, New Hampshire, and Pennsylvania. The Georgia Senate runoff on December 6 will determine if Democrats hold 50 or 51 seats. Republicans will hold a slim majority in the House, where current Minority Leader Kevin McCarthy (R-CA) is predicted to become Speaker of the House. A slight majority in the House means that the Republican conservative wing will have outsized influence in policymaking as Congressman McCarthy will need their votes to pass any of the Conference's legislative priorities.

With Republicans controlling the House, it's widely expected that reducing federal spending will be a top House priority during the 118th Congress, which commences in January 2023. This may include efforts to reduce funding authorized in the American Recovery Plan (ARP), Bipartisan Infrastructure Law (BIL), and Inflation Reduction Act (IRA). While it is very unlikely that funding provided in the BIL will be rescinded, the parts of the law that did not receive guaranteed advanced appropriations are subject to annual appropriations and could be reduced during the annual appropriations process. We can also expect oversight and possibly legislation to block the U.S. Department of Transportation (USDOT) from regulating surface transportation greenhouse gas (GHG) emissions. As a reminder, USDOT issued a draft rulemaking earlier this year proposing to add GHG emissions to the federal transportation performance regime.

Working with the Federal Railroad Administration (FRA) to Support Grant Applications

The DC team has been working with the FRA to support MTC priority rail projects included in MTC's BIL Infrastructure Grants Strategy. FRA is getting ready to release the first round of the Federal State Partnership for Intercity Passenger Rail grant program funds, including high-speed rail. As part of the conversation with the FRA, the D.C. team has sought details on how to help enhance competitiveness for the region's BIL grant priorities and mitigate challenges that could reduce competitiveness. These conversations can help MTC work with partners to best structure their applications moving forward.

Advocacy Supporting MTC's Regional BIL Priority Projects

USDOT is in the thick of reviewing grant applications for several BIL regional priority grants. The MEGA and Bridge Investment Program Grant awards are expected to be announced any day. It's our understanding that MTC's regional BIL priorities for those awards – 680 Forward, Oakland's Waterfront Mobility Hub, Golden Gate Bridge Seismic Retrofit (priority for bridge funds), and the Bay Bridge Rehabilitation project are candidates that made it to the late rounds of review. Congressional leaders raised other Bay Area candidates – notably the Downtown Extension project – as a top MEGA priority. Of course, final decisions will not be known until USDOT makes grant announcements. The Rural Surface Transportation Grant program – the target grant for the State Route 37 project – is expected to be announced in December. The DC team has supported MTC staff's advocacy for the MTC BIL priority projects.

Supporting MTC Funding Opportunities in the Omnibus Spending Package

The DC team continues to work to support key MTC funding opportunities in the omnibus spending package. The House appropriations bill includes \$600 million in supplemental funding for Capital Investment Grant (CIG) projects with full funding grant agreements (FFGA) and impacted by supply chain disruptions and inflation. Of that \$600 million, \$110 million would be directed to Caltrain and BART. Other key beneficiaries would be Seattle's Sound Transit, LA Metro, New Jersey Transit, and Phoenix's Valley Metro. We have been working closely with transit operators and impacted manufacturers in the Bay Area and across the country to build support for this provision, including securing letters of support from members of Congress from key districts and states to their respective House and Senate appropriations leadership. We are also regularly engaging with House and Senate leadership on the issue and advocating for this priority directly with House and Senate appropriations committee staff.

The DC team also continues to engage with Transportation, Housing, and Urban Development, and Related Agencies (THUD) staff supporting funding and report language in both the House and Senate. The new \$200 million "Yes In My Backyard Incentive Grant Program," for which the Bay Area Housing Finance Authority (BAHFA) would be an eligible recipient and "Regional Councils of Government," report language recommending that USDOT and the Department of

Housing and Urban Development consider making regional agencies – like MTC, ABAG and BAHFA – eligible for a wider range of funding programs than is the case today.

In addition, we are supporting partner efforts to protect funding (\$50 million) in the House bill to help transit agencies implement smart mobility pilots. This includes fare improvement projects and Fare Integration report language encouraging the FTA to assist transit agencies through technical assistance and best practices on successfully establishing integrated fare systems to provide seamless transfers between transit agencies within a region.

Build America Bonds: A Bay Area Toll Authority Issue

Your DC team is working with coalitions across the country advocating for Congress to take action to exempt from sequestration's mandatory spending cuts and Build America Bonds (BABs) credit payments to issuers. Without this exemption, the Bay Area Toll Authority and other BABs issuers would – beginning in 2023 – see annual cost increases (from the lost subsidy) in the tens of millions of dollars (or more).

While sequestration isn't new, and BABs payments have been subject to haircuts over the years, the *scale* of the potential subsidy loss is unprecedented. The COVID relief bills passed by Congress had high expenditures; thus, the offsets needed to meet "pay as you go" budgetary requirements also jumped. They were so high that they dropped BABs credit payments to zero. It's good news that Congress already addressed this once, averting potential cuts that faced BABs issuers in 2022. However, that was just a one-year fix, so we're in the same situation again this year.

We have been engaging with Congressional leadership, Budget committee staff and national associations and it's encouraging that it's widely considered a "must pass" issue. The earliest we could see a resolution is this December, during the lame-duck session. If Congress does not address the issue in December, they could address it retroactively next year.

What the Midterm Results Mean for the Lame Duck Session & the Bay Area Toll Authority's Financial Data Reporting Requirements

There is bipartisan interest in clearing the deck before the start of the 118th Congress. Democratic leadership has floated the idea of combining the omnibus spending package with the National Defense Authorization Act (NDAA) to expedite the process. The NDAA authorization has widely been viewed as a potential legislative vehicle for [The Financial Data Transparency Act of 2022](#) (S. 4295), which would set a two-year deadline for BATA and other government agencies (including transit agencies and state and local governments) that issue debt to comply with a fully revamped set of uniform financial data reporting requirements. BATA and others are concerned the proposed metrics are too narrow and that the timeline for compliance is too tight. Your DC team is partnering with others to encourage more time for discussion and refinement before such a comprehensive overhaul is enacted.

Other Democratic priorities for the lame-duck session, including raising the debt ceiling and extending the Childhood Tax Credit, are very up in the air. While Republican leaders appear interested in clearing the deck so they can focus on new legislative priorities in the House in the 118th Congress, some conservatives want the omnibus and NDAA blocked so they can have control of writing the legislation in the new Congress.

Agency Actions and Competitive Grant Update

FRA Announces Hearing on Train Crew Safety Requirements

On Thursday, October 27, 2022, the Federal Railroad Administration announced a public hearing and extension of the public comment period for a notice of proposed rulemaking (NPRM) that would establish minimum safety requirements for the size of train crews, depending on the operation. The public hearing is scheduled for December 14, 2022, from 9:30 AM to 4:00 PM in Washington, DC. [More information on the announcement can be found here.](#)

EPA Seeks Public Input on IRA Programs to Fight Climate Change

On Friday, November 4, 2022, the U.S. Environmental Protection Agency (EPA) announced the initial public engagement and input opportunities for new and existing programs under the Inflation Reduction Act (IRA). These programs focus on funding climate projects addressing clean energy, transportation, greenhouse gas emissions, and more. The published Request for Information (RFI) seeks feedback on IRA programs. [More information on the announcement can be found here.](#)

Build America, Buy America Waiver Set to Expire

On Tuesday, November 7, 2022, the U.S. Department of Transportation announced that they would not extend a temporary waiver on "Buy America" requirements for construction materials. The "Buy America" requirements went into effect on Thursday, November 10, 2022. The Build America, Buy America Act, which was included in the Bipartisan Infrastructure Law, seeks to maximize the use of domestic products for federally funded projects. As part of the announcement, USDOT proposed two new waivers. One waiver would be for narrow categories of contracts and solicitations to help with the procurement transition for construction materials. The other waiver would be for small grants and other components to allow USDOT and grant recipients to focus domestic sourcing on products that would have the most significant economic effect. [More information on the announcement can be found here.](#)

Notice of Final Agency Action on Proposed Railroad Project in California

On Tuesday, November 10, 2022, the Federal Railroad Administration (FRA) issued a notice to the public to announce a time limit on filing a claim seeking judicial review on the actions surrounding the California High-Speed Rail San Francisco to San Jose Project Section. A claim seeking judicial review of the agency actions on the project must have been filed on or before November 12, 2024. [More information on the notice can be found here.](#)

Requests for Comments on Bus and Bus Facilities Program

On Tuesday, November 10, 2022, the Federal Transit Administration (FTA) issued a notice to announce the intention of the FTA to ask the Office of Management and Budget (OMB) to approve an extension on a request for comments for the Buses and Bus Facilities Formula, Competitive and Low or No Emissions Program. Comments must be submitted before January 9, 2023. [More information on the notice can be found here.](#)

National Transportation News Roundup (links to articles)

- [The infrastructure lobbying frenzy is just getting started. \(Politico\)](#)
- [High Stakes for Transportation in Governors Races. \(Route Fifty\)](#)
- [Cities Turn to Transit Improvements to Shape Their Future. \(Governing\)](#)
- [Cities and States Bristle Over Proposal to Change How They Report on Finances. \(Route Fifty\)](#)
- [USDOT Expands Financing for Certain Transit Projects. \(The National Law Review\)](#)