



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 3a

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Memorandum

TO: Legislation Committee

DATE: July 7, 2017

FR: Deputy Executive Director, Policy

W. I. 1131

RE: Fiscal Year (FY) 2017-18 State Budget Update

On June 27, 2017, Governor Brown signed AB 97 (Ting), the FY 2017-18 State Budget Act. The budget includes \$1.5 billion in local assistance and capital funding for projects under Senate Bill 1 (Beall, 2017), the Road Repair and Accountability Act of 2017. The actual budget negotiations did not include any significant changes in funding levels beyond those already assumed as a result of SB 1's passage, however trailer bills AB 115 (enacted) and AB 118 (still under consideration) provide important changes to certain SB 1 provisions, as described in further detail below.

With respect to State Transit Assistance (STA), the final budget includes a forecast of approximately \$574 million in statewide population and revenue-based funds. Of that total, the Bay Area would receive approximately \$216 million. The STA Capital funds will be subject to new rules – advance reporting to Caltrans about how funds will be used as well as eligibility restrictions that generally limit the funding to capital purposes or operating expenditures related to state-of-good repair. Because a bill to update the STA Program –AB 1113 (Bloom) – is currently pending, which will allow the formula factors for the revenue-based funds to be updated to FY 2015-16 qualifying revenue, the numbers below should be viewed as a rough estimate based on the Bay Area's historic share. Detailed estimates by operator should be published by the State Controller's Office in August.

Estimate of FY 2017-18 State Transit Assistance Funding (*Dollars in Millions*)

	Revised STA Regular	New STA Capital	Total
Statewide STA Program Funds	\$469	\$105	\$574
Estimate of Bay Area Revenue-Based Funds	\$131	\$ 29	\$160
Estimate of Bay Area Population Based Funds	\$ 46	\$ 10	\$ 56
Estimate of Total Bay Area Funding*	\$176	\$ 39	\$216

*Numbers may not sum to total due to rounding

Trailer Bills: AB 115 and AB 118

As part of the State Budget, the Legislature adopted more than a dozen trailer bills, including AB 115 which deals primarily with SB 1 implementation. The Legislature is still considering AB 118, another budget trailer bill addressing advance mitigation and the freight program authorized by SB 1. The remainder of this memo summarizes key aspects of AB 115 and AB 118.

Active Transportation Program (ATP) and Conservation Corps Set-Aside

AB 115 allows ATP project sponsors to expend their own funds in advance of receiving an allocation, making the project eligible for future reimbursement. The budget also sets aside for five years \$4 million per year from ATP for California Conservation Corps active transportation projects.

SB 1 Cleanup and Project Delivery: Riverside County Transportation Commission (RCTC)

AB 115 makes a number of technical amendments to SB 1 and clarifies that Caltrans or the California State Transportation Agency may only finalize SB 1 guidelines after a minimum of two public workshops or hearings and after draft guidelines have been posted for at least 30 days. The bill also includes various project delivery provisions to support the acceleration of transportation projects, specifically the five Riverside County Transportation Efficiency Corridor projects funded through SB 132 – the SB 1 companion bill that included several earmarks. Those measures include expanding the Caltrans pilots for Construction Manager/General Manager (adds 12 projects, with two reserved for RCTC) and Design-Build on local streets and roads (adds six projects with three reserved for RCTC; expands eligibility to include bridge replacement and railroad grade separations).

Contra Costa County Transportation Agency (CCTA) Expanded Autonomous Vehicle Testing

The budget appropriates a \$3.5 million grant to CCTA for the use of planning, construction and operations of an expanded autonomous vehicle (AV) testing facility. The goal of the grant is to support safe AV testing, expand AV-related economic development opportunity in California, and provide public access to testing and research data to guide future policy development related to AVs.

Modifications to New Zero-Emission Vehicle (ZEV) Charge

AB 115 exempts from the SB 1-authorized \$100 annual zero-emission registration fee vehicles issued a temporary permit and excludes from the definition of ZEV “flex fuel” vehicles, including those eligible to be operated on alternative fuels such as ethanol or compressed natural gas. Also related to ZEVs, the budget bill authorizes Caltrans to expend up to \$20 million from the State Highway Account (matched with up to \$20 million in federal funds) on ZEV charging infrastructure.

AB 118: New Trade Corridor Funding from SB 1 Would Be Administered by CTC

SB 1 created a new Trade Corridor Enhancement Account funded at approximately \$300 million annually. In an unusual move, the bill left the Legislature full discretion over project selection. Modeled on AB 2170 (Frazier), which was introduced last year and supported by MTC, AB 118 would provide instead that projects be selected by the California Transportation Commission (CTC) through a program similar to the Proposition 1B-authorized Trade Corridor Improvement Fund (TCIF). Federal freight funds would also be expended through this program. CTC would reserve 60 percent of the program funds for projects nominated by regional transportation agencies and other local agencies, with the remaining funds allocated to projects nominated by Caltrans. To be eligible, projects must be included in a regional transportation plan. The CTC would give preference to projects jointly nominated and funded by state and local agencies. Project eligibility would be broad but would exclude fully automated cargo handling equipment.

AB 118: Advance Mitigation Program and Workforce Development Details Added

SB 1 also provided \$30 million per year for four years for an Advance Mitigation Program, but did not include details on the program. AB 118 would authorize Caltrans or other transportation agencies to purchase mitigation credits for planned transportation improvements, excluding high speed rail-related projects. The applicable agency would be required to reimburse all advance mitigation-related costs at the time the transportation project is constructed. Caltrans would be required to track projects utilizing the program and submit a report to the Legislature.


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