

Metropolitan Transportation Commission

July 28, 2021

Agenda Item 11a - 21-1011

Update on FY 2021-22 State Budget Funding of High-Speed Rail and Other Transportation Programs

Subject: Update on negotiations in Sacramento as it relates to high-speed rail funding and funding for the Transit and Intercity Rail Capital Program (TIRCP).

Background: To date, the Legislature has approved and the Governor has signed two budget bills, AB 128 (the main budget bill) and SB 129 (known as “budget bill junior”). Neither of these bills include the \$4.2 billion appropriation from Proposition 1A bond funds requested by Governor Newsom for the California High-Speed Rail Authority (HSRA) to continue its construction of the Central Valley segment. Disagreements remain between the Assembly, the Senate, and the Governor’s office over this topic and it is unclear how they will be resolved. Assembly Speaker Rendon and a number of his colleagues have expressed concerns about the project’s progress as well as the purposes for which the \$4.2 billion will be spent. He seeks modifications that would invest some of the funds in projects within the HSRA alignment that would provide near-term mobility benefits to California’s major population centers.

SB 129 appropriated \$2.5 billion in General Fund revenues to “plus up” the TIRCP program, but included language specifying that the availability of those monies is contingent on enactment of *additional* legislation by October 10, 2021, specifying how they will be allocated. It is widely understood that this provision was included to provide some “negotiating funds” as it relates to the appropriation for high-speed rail.

How Much Funding Is In Play? The Governor’s May Revise request specified the following uses for the \$2.5 billion:

- \$1 billion to deliver critical projects ahead of the Los Angeles 2028 Olympic Games as a set aside within the TIRCP program
- \$1 billion for TIRCP funding statewide
- \$500 million for high priority grade separation and grade crossing improvements

While the budget bills themselves do not include this level of detail, given the Legislature appropriated the \$2.5 billion requested by the Governor, staff has assumed that the Legislature intends to go along with this framework, leaving up to \$1.5 billion available for statewide competition, including \$1 billion for transit and rail projects and \$500

million for grade-crossing funds. Notably, the Bay Area has consistently outperformed our “population share” in the highly competitive TIRCP program which is administered by the California State Transportation Agency, receiving an average of 41 percent over four funding cycles. If the Los Angeles region is made ineligible (by virtue of its \$1 billion Olympics set aside) for the \$1 billion statewide share, Bay Area projects could potentially receive on the order of \$500+ million under a traditional competitive grant program approach.

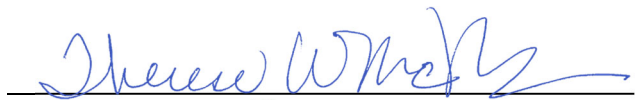
In addition, there is the possibility that additional funding could become part of the negotiation, such as tax receipts that are coming in higher than budget forecasts. Proposals have been circulating in the Legislature to invest such funds in a further augmentation of the Active Transportation Program and the Solutions for Congested Corridors Programs. The situation remains fluid; the Legislature’s continuing debate has been noted with concern by our Senators in Washington D.C. (see Attachment B).

Staff Proposal

Amidst this uncertainty for high-speed rail and how other funds may be distributed, staff recommends the following: 1) we reiterate our support for the Legislature appropriating the \$4.2 billion to keep the high-speed rail project on track (see Attachment A); and 2) we communicate support for *all projects included within the Final Blueprint of Plan Bay Area 2050*, as the candidate basis for any additional transportation funding emerging from state budget negotiations, including augmentations to existing programs like TIRCP, SHOPP or active transportation.

Recommendation: Direct staff to send a letter to the Bay Area State Legislative Delegation addressing the points outlined above.

Attachments: Attachment A: MTC Letter of Support on including High-Speed Rail funding in FY 2021-22 State Budget
Attachment B: Letter from Senator Feinstein and Senator Padilla to legislative leadership and Assembly and Senate Transportation Committee chairs



Therese W. McMillan



**METROPOLITAN
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COMMISSION**

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June 9, 2021

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Nick Josefowitz, Vice Chair
San Francisco Mayor's Appointee

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Cities of Santa Clara County

Eddie Abn
San Francisco Bay Conservation
and Development Commission

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San Mateo County

Cindy Chavez
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Damon Connolly
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Deputy Executive Director, Operations

Brad Paul
Deputy Executive Director,
Local Government Services

The Honorable Toni G. Atkins
Senate President Pro-Tempore
California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Nancy Skinner
Chair, Senate Budget and Fiscal Review Committee
California State Senate
State Capitol, Room 5094
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker, California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Committee on Budget
California State Assembly
State Capitol, Room 6026
Sacramento, CA 95814

Re: Support for High-Speed Rail Funding in FY 2021-22 State Budget

Dear Pro Tempore Atkins, Speaker Rendon, Chair Skinner and Chair Ting,

As you work to finalize the FY 2021-22 State Budget, the Metropolitan Transportation Commission respectfully requests that you include the \$4.2 billion in Proposition 1A voter-approved bond funds for the California High Speed Rail Authority as proposed in the Governor's May Revise. These funds will enable the Authority to complete high-speed rail construction in the Central Valley, advance work to launch service between Merced and Bakersfield, advance planning and project design for the entire HSR project, and leverage potential federal funds. Additionally, these funds are critical to ultimately extending HSR to the San Francisco Bay Area in the future.

MTC is currently in the final phase of our update to our Sustainable Communities Strategy, Plan Bay Area 2050. The Plan envisions over \$10 billion in investments in the shared Caltrain/High-Speed Rail corridor, which would enable High-Speed Rail service at major Bay Area job centers and key transit hubs, including San Jose Diridon Station and Salesforce Transit Center in downtown San Francisco. Bringing high-speed rail to the Bay Area is critical to meeting the climate and equity goals outlined for Plan Bay Area 2050, but will only happen through the completion of the initial operating segment in the Central Valley. Accordingly, we respectfully request your inclusion of the \$4.2 billion in the budget. If you have any questions, please contact Randy Rentschler, Director of Legislation and Public Affairs at rrentschler@bayareametro.gov.

Sincerely,

Therese W. McMillan
Executive Director

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United States Senate

July 19, 2021

The Honorable Toni Atkins
Senate President Pro Tempore
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker of the Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Lena Gonzalez
Chair, Senate Transportation
Committee
State Capitol, Room 2209
Sacramento, CA 95814

The Honorable Laura Friedman
Chair, Assembly Transportation
Committee
1020 N Street, Suite 112
Sacramento, CA 95814

Dear Senator Atkins, Speaker Rendon, Senator Gonzalez, and Assemblymember Friedman:

We write to urge swift action on Governor Newsom's transportation funding plan for the 2021-22 fiscal year, including advancing the nation's first high-speed rail system with \$4.2 billion from the Proposition 1A bond issue.

California's continued commitment is especially important in light of renewed support for rail, high-speed rail in particular, under the new Biden administration. President Biden has made the construction of a national high-speed rail network a priority, stating his support for "the cleanest, safest and fastest rail system in the world." Earlier this year, we helped push the U.S. Department of Transportation to restore the \$929 million high-speed rail grant to California that the Trump administration had inappropriately rescinded. Just this month, we joined eighty of our fellow members of Congress, including members from throughout California, in urging the inclusion of dedicated funding for high-speed rail in a federal infrastructure package. Indeed, the bipartisan infrastructure framework currently being considered in Congress includes \$66 billion for passenger and freight rail.

Now is not the time for California to step back from its commitment to high-speed rail, a mode of transportation that is critical to reducing congestion and meeting our critically important climate goals.

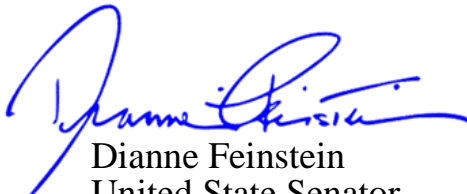
Appropriating the remaining authorized bond funds will allow the California High-Speed Rail Authority to continue construction of the Central Valley segment

and complete environmental clearance for both the Northern and Southern California segments. In addition, shared use projects, like Caltrain electrification in the Bay Area, are dependent on continued high-speed rail funding.


Thousands of Californians are working on the project, dozens of structures are under construction, with the workload is expected to peak when the remaining projects move into construction. Continued Cap-and-Trade proceeds and Proposition 1A bond funds are key to this employment and to keep this project moving forward in 2021 and 2022.

We are going to bat at the federal level for the funding necessary to build this first-in-the-nation high-speed rail system, and we urge the State Legislature to maintain its commitment at the state level.

Sincerely,



Dianne Feinstein
United State Senator



Alex Padilla
United State Senator