



Board Report

File #: 2019-0275, File Type: Federal Legislation / State Legislation (Position)

Agenda Number: 35.

REVISED
EXECUTIVE MANAGEMENT COMMITTEE
MAY 16, 2019

SUBJECT: STATE LEGISLATION

ACTION: ADOPT STAFF RECOMMENDED POSITION

RECOMMENDATION

ADOPT staff recommended positions:

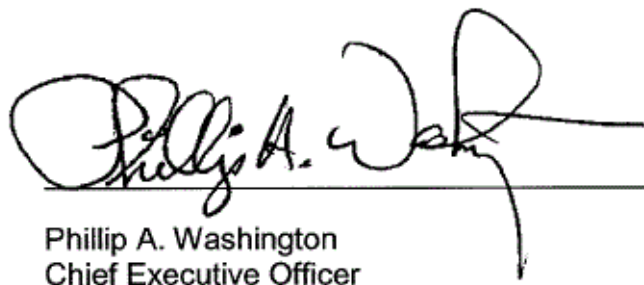
- A. Senate Bill 498 (Hurtado) - Trade Corridors Improvement Fund: Grant Program: Short-Line Railroads **OPPOSE**
- B. Assembly Constitutional Amendment 1 (Aguiar-Curry) - Local Government Financing: Affordable Housing And Public Infrastructure: Voter Approval **SUPPORT**

ATTACHMENTS

- Attachment A - SB 498 (Hurtado) Legislative Analysis
- Attachment B - ACA 1 (Aguiar-Curry) Legislative Analysis

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Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

BILL: SENATE BILL 498
AS AMENDED APRIL 22, 2019

AUTHOR: SENATOR MELISSA HURTADO (D- SANGER)

SUBJECT: TRADE CORRIDORS IMPROVEMENT FUND: GRANT
PROGRAM: SHORT-LINE RAILROADS

STATUS: SENATE APPROPRIATIONS COMMITTEE
HEARING SCHEDULED: MAY 6, 2019

ACTION: OPPOSE

RECOMMENDATION

Staff recommends that the Board of Directors adopt an OPPOSE position on Senate Bill 498 (Hurtado).

ISSUE

This bill was amended on April 22, 2019 to authorize the California Transportation Commission (CTC) to establish a State-funded grant program using Trade Corridor Improvement Funds for short-line rail infrastructure improvements.

Specifically the bill would:

- Make findings and declarations regarding the California State Rail Plan and short-line rail operators;
- Require CTC to establish a short-rail line grant program. Specifies the program is to be funded by project savings generated from prior TCIF allocations;
- Authorize the grant program to be implemented from fiscal year 2020/21 to 2021/22;
- Provide that the grant program will fund short-line rail improvement projects such as rail reconstruction, maintenance, upgrade, and replacement;
- Require CTC to adopt guidelines, in consultation with representatives from specified government and industry entities, by July 1, 2020, to be used by CTC to select grant projects;
- Prohibit using grant funds for operational purposes; and
- Require grant recipients to meet various funding and matching requirements, as specified.

DISCUSSION

SB 498 (Hurtado) would reallocate goods movement funds away from projects in Los Angeles County. Under the current framework of the TCIF program project savings are

to stay within the region in which they are generated. This bill would eliminate that practice, which dates back to Proposition 1B which was passed in 2006. The immediate impact of this bill would be to divert approximately \$20 million away from two Alameda Corridor East projects and reallocate the funds to projects elsewhere in California.

TCIF Background

The Trade Corridors Improvement Fund was approved via Proposition 1B in 2006. Prop 1B allocated \$2 billion to fund the TCIF. The California Transportation Commission (CTC) is charged with allocating the funding for projects throughout the state to support freight improvements along the state's federally designated Trade Corridors of National Significance and other high volume trade corridors. The CTC currently sets the program guidelines and administers the TCIF program. There is currently \$12 million in overall cost savings that would be made available to support this newly established grant program.

Los Angeles County is home to the State's busiest port complex and some of the nation's most heavily traversed freight corridors. The County's freight infrastructure funding needs are in the billions – and every dollar invested in goods movement has a sustained and critical impact on the state, and the nation. With over 44 percent of the nation's freight originating in Los Angeles County – this region demonstrates a critical and immediate need for sustained funding. Proposition 1B represents the State's commitment to funding transportation infrastructure and SB 498 (Hurtado) runs counter to the goals outlined in the TCIF program. Reallocating funds away from this region will only exacerbate the impacts of freight movement in our region by reducing air quality and increasing congestion.

Staff therefore recommends that the Board adopt an OPPOSE position on the measure SB 498 (Hurtado).

DETERMINATION OF SAFETY IMPACT

There is no determined safety impact due to the enactment of the proposed legislation.

FINANCIAL IMPACT

The estimated financial impact of this action would be to eliminate approximately \$20 million from two Alameda Corridor East projects.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Staff recommendation supports strategic plan goal # 4.2: Metro will help drive mobility agendas, discussions and policies at the state, regional and national levels.

ALTERNATIVES CONSIDERED

Staff has considered adopting either a support or neutral position on the bill. A support or neutral position would be inconsistent with Metro's Board approved 2019 State

Legislative Program Goal #7 to actively work with State, Regional and local transportation interests to enhance transportation and infrastructure funding and programs statewide.

NEXT STEPS

Should the Board decide to adopt an OPPOSE position on this legislation; staff will communicate the Board's position to the author and committees and work to oppose the bill. Staff will continue to keep the Board informed as this issue is addressed throughout the legislative session.

ATTACHMENT B

BILL: ASSEMBLY CONSTITUTIONAL AMENDMENT
AS AMENDED MARCH 18, 2019
REVISED MAY 16, 2019

AUTHOR: ASSEMBLYMEMBER CECILIA AGUIAR-CURRY (D-WINTERS)

SUBJECT: LOCAL GOVERNMENT FINANCING: AFFORDABLE HOUSING
AND PUBLIC INFRASTRUCTURE: VOTER APPROVAL

STATUS: ASSEMBLY APPROPRIATIONS COMMITTEE
APPROVED 11-7

ACTION: SUPPORT

RECOMMENDATION

Staff recommends that the Board of Directors adopt a SUPPORT position on Assembly Constitutional Amendment 1 (Aguiar-Curry).

ISSUE

This bill was amended on March 18, 2019 to amend the California State Constitution to include provisions related to voter thresholds and general obligation bonds.

Specifically the bill:

- Lowers the necessary vote threshold from a two-thirds majority to a 55 percent majority to approve local (city, county and special district) general obligation (GO) bonds and certain special taxes for affordable housing, public infrastructure and permanent supportive housing projects.
- Provides requirements for voter protections, public noticing and fiscal accountability by requiring a local proposition involving general obligation Bonds or a special tax include all of the following:
 - A requirement that the proceeds from the bonds or taxes be used only for the purposes specified in the ACA, and not for employee salaries or other operating expenses.
 - A list of specific projects to be funded and a certification that the city, county or special district has evaluated alternative funding sources.
 - A requirement that the city, county or special district conduct both an annual performance audit and an independent financial audit that is then posted and easily accessible to the public.
 - A requirement that the city, county or special district appoint a citizens' oversight committee to ensure that the proceeds of the bonds or special tax are expended only for the purposes described in the measure approved by the voters.

DISCUSSION

ACA 1 was introduced by Assemblymember Aguiar-Curry and has a number of co-authors, including members of the Los Angeles County Assembly delegation. The bill was amended in the Assembly on March 18, 2019, and the Assembly Appropriations Committee made additional revisions on May 16, 2019. The measure would make various changes in voting thresholds for various local government funding measures. There is a specific provision that would lower the vote threshold for local sales taxes for special taxes including those related to transportation. ACA 1 will facilitate the ability of various local governments to raise needed revenue and finance important infrastructure projects.

Metro has supported similar measures in the past to reduce the vote threshold specifically for special transportation related sales taxes. ACA 1 includes a provision reducing the threshold specifically for these taxes. A number of counties have gone to the ballot and receive over a majority support for such taxes but have fallen short of the two-thirds threshold. Additionally, a number of counties with existing measures will need to go to the ballot in the future to reauthorize their measures.

For these reasons, staff recommends that the Board adopt a SUPPORT position on the measure ACA 1.

DETERMINATION OF SAFETY IMPACT

There is no determined safety impact due to the enactment of the proposed legislation.

FINANCIAL IMPACT

The estimated financial impact of this action is still being evaluated. Potential sales tax measures that would increase funding for public infrastructure projects would have a direct, positive benefit to Metro's programs, projects and budget.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Staff recommendation supports strategic plan goal # 4.2: Metro will help drive mobility agendas, discussions and policies at the state, regional and national levels.

ALTERNATIVES CONSIDERED

Staff has considered adopting either an oppose or neutral position on the bill. An oppose or neutral position would be inconsistent with Metro's Board approved 2019 State Legislative Program Goal #7 to actively work with State, Regional and local transportation interests to enhance transportation and infrastructure funding and programs statewide.

NEXT STEPS

Should the Board decide to adopt a SUPPORT position on this legislation; staff will communicate the Board's position to the author and work to ensure inclusion of the Board's priorities in the final version of the bill. Staff will continue to keep the Board informed as this issue is addressed throughout the legislative session.