



October 14, 2021

TO: Director Elsa Ortiz, President, and
Members of the Board
Michael Hursh, General Manager
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FR: Steve Wallauch
Platinum Advisors

RE: Legislative Update

Governor Gavin Newsom wrapped up his signings and vetoes of legislation October 9, prior to the deadline of October 10 at midnight, possibly keeping the day clear to celebrate his October 10 birthday. In total, the governor acted on 836 bills (not including resolutions) during 2021, signing 770 (92%) and vetoing 66, or about 8%. With respect to AC Transit, the Governor signed both of the District's sponsored measures, AB 784 (Quirk) and AB 917 (Bloom) For a history of gubernatorial signings and vetoes, the Senate Office of Research has updated their [annual document](#).

In addition to AC Transit's legislative efforts, the 2022 session was a success for transit operators statewide. This included budget trailer bills that provided fiscal relief for transit operators by extending through the 2022-23 fiscal year the hold harmless and penalty waivers in TDA law, thereby making it easier to meet farebox and efficiency requirements. This trailer bill also extended the flexibility to use the SB 1 state of good repair funds for operations through 2022-23. The Administration proposed and the legislature approved significant long-term changes to TDA law regarding the operating cost calculation to include such expenses as public safety contracts, pension costs, and the cost of providing ADA paratransit service. Finally, the budget included specific appropriations for public transit operators for HVIP rebates and zero emission infrastructure.

While an agreement on over \$1 billion in additional transit invest failed to materialize this year, the commencement of negotiations to resolve this impasse and the forecast of continued budget surpluses will bring another successful session next year.

Another Special Election: San Francisco Mayor London Breed has selected Assemblyman David Chiu to be the City's next City Attorney. With this appointment, Assemblyman Chiu is expected to resign from his Assembly seat on October 31st. Governor Newsom will then have 14 days to declare a special election to fill this vacancy, and the special election must occur within 126-140 days after the Governor calls for the special election. This will likely occur between March 22 and April 12th. It's looking to be a crowded

ballot, so if a runoff is needed then that election will likely be combined with the June 7th primary election. With the special election occurring during an election year, it will require all candidates to run in both special and general elections.

The departure of Assemblyman Chiu leaves in limbo two measures we have been closely following. This includes AB 550 that would create a pilot program to test the use automated speed enforcement systems. The other bill is AB 629 that aimed to enact numerous changes to improve transit coordination and regional oversight of transit operations in the Bay Area. It is unclear if other legislators will pick-up the baton and introduce legislation next year to move these proposals forward.

Fiscal Outlook: The Legislative Analyst's Office released its fiscal outlook report, and the future remains bright. The LAO's projections estimate another healthy budget surplus in the range of \$5 billion-\$25 billion in the coming budget year. As usual, the LAO tempers this outlook by stressing income volatility, particularly with respect to the stock market and capital gains, is always a risk. However, the Department of Finance's monthly revenue reports already show that revenue for the first three months of the fiscal year is already \$4.78 billion above projections.

Clean California Grants: Caltrans has held two public workshops on the development of guidelines for the Clean California Local Grant Program. The draft guidelines and the recorded workshops are available [here](#). While a third workshop is not scheduled, Caltrans is expected to schedule a workshop or allow for comments on the final guidelines. For now, the timeline estimates for the call for projects being released in December and the application deadline in February.

This program will provide approximately \$296 million as part of a two-year program to beautify and improve streets and roads, tribal lands, parks, pathways, and transit centers. Local governments and transit districts are eligible to apply for these funds. The maximum grant amount is set at \$5 million and 50% of the awards must benefit of be located in underserved communities.

TIRCP 2022 Cycle: While at least \$1 billion in additional funds for the Transit and Intercity Rail Capital Program (TIRCP) are pending legislative negotiations, CalSTA is proceeding with the development of the guidelines for the 2022 award cycle, also known as Round 5. The base amount of TIRCP funding for this round is estimated to total \$500-\$600 million. Additional information can be found [here](#).

The 2022 TIRCP grant cycle will program projects starting with the 2022-23 fiscal year and ending with the 2026-27 fiscal year. The formal guidelines were released on September 30th, and workshops have been scheduled for November 2nd focusing on large project applications, and on November 3rd focusing on rural and small applications. The deadline to submit comments is November 10th and the planned release of the call for projects is November 19th. CalSTA will once again provide opportunities to meet and discuss specific projects in December and January if needed. The application deadline is set for March 3rd, 2022.