



August 28, 2019

TO: Director Joe Wallace, President, and
Members of the Board
Michael Hursh, General Manager
Beverly Greene, Executive Director, External Affairs, Marketing & Communications

FR: Steve Wallauch
Platinum Advisors

RE: Legislative Update

End Of Session: The Legislature returned on August 12th from summer recess for the remaining five weeks of session. They have until September 13th to move legislation to the Governor. Bills that do not reach the governor's desk will still have the opportunity to be addressed next year. About 870 total bills will be considered by the fiscal committees by the end of August, and most of these bills are on the respective Suspense Files which will be sorted out on Friday, August 30th. After fiscal bills are dispensed with, the remaining two weeks of the legislative year will be focused on floor session.

Legislators, staff, and lobbyists are primarily focusing on amendments, fiscal committees, and working with the Administration to ensure that once bills reach them, they will be as non-controversial as possible. High profile issues left to be determined include a firearm excise tax, the gig economy, oversight of medical exemptions for vaccinations, and a possible PG&E securitization measure to assist them in paying off debt.

Clean Trucks: The California Air Resources Board started the process of developing regulations to transition medium and heavy-duty trucks to zero emission technologies. However, the scope of this undertaking is broader than anticipated. As expected, the new regulation would place zero emission vehicle production requirements on truck manufacturers, but it would also impose reporting requirements on private and government agencies, including state, local and federal entities. The reporting element seeks to gather information on the size and usage of public and private fleets, and the operating characteristics of the truck facilities. This information would be used to guide CARB on the development of future regulations. These future regulations will likely target the transition of fleets operating in urban areas to zero emission fleets.

Draft language on the reporting requirements was released at a workshop on August 21st. CARB is seeking comments on the proposed reporting requirements as well as the manufacturer requirements. The deadline to submit comments is September 21st. The formal regulatory process will commence in October with the release of the staff report and the first hearing before the CARB Board is expected in December. Adoption of the regulation is anticipated to occur in mid-2020. The reporting requirement language can be found at: https://ww2.arb.ca.gov/sites/default/files/2019-08/190821draftregle_0.pdf

Legislation:

School Start Times: SB 328 (Portantino) is currently on the Assembly Appropriations Committee's Suspense File, and it is expected to be approved by the Committee on Friday. This measure would require middle and high schools to adjust school day start times to no earlier than 8:00 a.m. for middle schools and 8:30 a.m. for high schools. This adjustment would have a costly impact to AC Transit's supplemental school service.

Due to the significant cost impacts, AC Transit has aggressively opposed this bill. During the summer recess we met with Assemblywoman Buffy Wicks and with the Governor's staff. Both understood the impacts this would have on AC Transit, as well as school districts.

Assemblywoman Wicks is going to explore amendments to move the start times for both middle and high schools to 8:00, which would address AC Transit's impacts. The Governor's staff person also analyzed this bill for Governor Brown when he vetoed it, but she is uncertain how Governor Newsom will view this proposal.

Senator Portantino, who is also the chair of Senate Appropriations, has made this his highest priority bill, and has contacted nearly every Senator and Assembly member promoting the need for this bill based on numerous studies. To expand AC Transit's opposition efforts, we have joined forces with a coalition of school entities ranging from the California School Boards Association to the California Teachers Association. This effort is an attempt to secure as many "no" votes as possible, but the reality is enactment will ultimately come down to the Governor.

Local Partnership: SB 277 (Beall) would require 85% of SB 1 Local Partnership Program (LPP) funds to be allocated by formula, and 15% for a small county competitive program. Under current CTC guidelines half the LPP funds are allocated by formula and half are reserved for a competitive program. Current law provides the CTC administrative control over LPP funds.

Given that this measure would limit the CTC's administrative control over the LPP, it is not without controversy. Recently the Carpenters Union has expressed concerns with the bill, and the Department of Finance (DOF) has adopted an oppose position. The DOF analysis states, "This bill circumvents the Commission's guideline development process, a public process through which the Commission solicits stakeholder input on proposed program guidelines and adopts the guidelines that most effectively implement the program." SB 277 is currently on the Assembly Appropriations Suspense File. Amendments are being negotiated and the bill's fate will be known at the August 30th Suspense File hearing.

Complete Streets: SB 127 is moving forward, but Caltrans has raised red flags about the potential cost. In short, SB 127 would require Caltrans to include complete street elements, such as bicycle, pedestrian and transit user safety elements, in the SHOPP for projects on state highways that serve as “Main Streets.” SB 127 does not apply to freeways or other restricted access roads, and the bill includes a process to exempt any state highway segment from the complete streets requirement.

Caltrans has recently announced that complying with the provisions of SB 127 would cost \$1 billion annually, or about \$4.5 million per center lane mile. Senator Wiener has forcefully objected to the exaggerated \$1 billion estimate, and has sent a letter to CalSTA Secretary Kim questioning the credibility of the agency. SB 127 is currently on the Assembly Appropriations Suspense File. While amendments will be made to reduce the cost of the bill, the Appropriations Committee Chair, Assemblywoman Lorena Gonzalez, has already expressed her support for the bill.