

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 1/23/2019

Staff Report No. 19-032

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: Monthly Legislative Report

ACTION ITEM

RECOMMENDED ACTION(S):

Consider receiving the Monthly Legislative Report and approval of legislative positions.

BUDGETARY/FISCAL IMPACT:

There is no budgetary or fiscal impact associated with this report.

BACKGROUND/RATIONALE:

Federal Legislation Update

As of the time of this writing, a partial federal government shutdown began at midnight on December 22nd. Although the Senate passed a short-term Continuing Resolution (CR), which would have provided funding for the seven remaining Fiscal Year 2019 appropriations bills, President Trump indicated that he would not sign the bill because it did not include sufficient funding for a wall at the southern border. The partial shutdown affects the following agencies: Transportation, Housing and Urban Development, State, Agriculture, Interior, Treasury, Environment, Justice, Commerce, and Homeland Security. Congress adjourned at the end of December and returned on January 3rd, for the first session of the 116th Congress when members were sworn-in.

State Legislation Update

The Legislature reconvened on January 7th for the swearing-in of Governor Gavin Newsom. The Governor released a budget proposal on January 10th providing additional insight into his policy priorities. Leadership and committee assignments were announced at the end of December. Assemblymember Jim Frazier will continue to chair the Committee on Transportation. In the Senate, the Committee on Transportation and Housing was split. Senator Jim Beall will continue to chair Transportation, while Senator Scott Wiener will chair Housing. Below is a summary of assignments for AC Transit's state delegation:

- Assemblymember Rob Bonta
 - Assistant Majority Leader
 - Appropriations
 - Communications and Conveyance

- Governmental Organization
- Health
- Assemblymember Buffy Wicks
 - Banking and Finance
 - Budget
 - Budget Subcommittee No. 4 on State Administration
 - Privacy and Consumer Protection
 - Public Safety
 - Rules
- Assemblymember Bill Quirk
 - Environmental Safety and Toxic Materials Committee, Chair
 - Appropriations
 - Public Safety
 - Revenue and Taxation
 - Utilities and Energy
- Assemblymember Kansen Chu
 - Arts, Entertainment, Sports, Tourism, and Internet Media, Chair
 - Insurance
 - Revenue and Taxation
 - Transportation
 - Water, Parks, and Wildlife
- Senator Nancy Skinner
 - Majority Whip
 - Public Safety
 - Budget Subcommittee #5 on Corrections, Public Safety and the Judiciary, Chair
- Senator Bob Wieckowski
 - Budget Subcommittee #2 on Resources, Environmental Protection, Energy and Transportation, Chair

Innovative Clean Transit Rule

On December 14th, the California Air Resources Board (CARB) adopted the Innovative Clean Transit (ICT) rule, which requires transit agencies to begin to purchase zero-emission buses (ZEBs), as soon as 2023, with the goal of transitioning all transit buses in California to zero-emission technology by 2040. At the hearing, Sal Llamas, Chief Operating Officer, offered comments on behalf of AC Transit. The regulation initially impacts standard transit buses, postponing the ZEB purchase mandate for non-standard buses (articulated, cutaway, over-the-road coaches) until at least 2026. The main provisions of the regulation are as follows:

- Individualized ZEB Rollout Plans: The regulation requires large and small transit agencies to develop and submit a ZEB rollout plan by July 1, 2020 and by July 1, 2023, respectively.
- ZEB Purchase Mandate: The regulation requires transit agencies to acquire a minimum number of ZEBs at the time of new bus purchases, based on the following schedules:

Large Transit Agencies	Small Transit Agencies
2023 - 25 percent	2023 - N/A
2026 - 50 percent	2026 - 25 percent

2029 and after - 100 percent

2029 and after - 100 percent

The regulation does not require the purchase of zero-emission articulated or cutaway buses or over-the-road coaches until at least 2026.

- **Statewide Thresholds:** The regulation includes a mechanism for encouraging the early elective adoption of ZEBs and postponing the purchase mandate. Under this mechanism:
 - If transit agencies statewide have 850 ZEBs in operation and/or on order by December 31, 2020, the 2023 purchase mandate would be postponed until 2024.
 - And, if transit agencies statewide have 1,250 ZEBs in operation and/or on order by December 31, 2021, the 2024 purchase mandate would be postponed until 2025.

These postponements to the purchase mandate, if triggered, would allow agencies to claim access to incentive funding until 2024 or 2025.

- **Low NOx Requirement:** The regulation requires transit agencies to purchase low NOx engines, if available for conventional internal combustion engine bus purchases.
- **Renewable Fuel Requirement:** The regulation requires transit agencies to purchase renewable fuels when diesel or natural gas contracts are renewed.
- **Exemptions:** The regulation authorizes transit agencies to request a temporary exemption from the ZEB purchase mandate under limited circumstances. The board resolution that accompanies the regulation requires ARB staff to conduct comprehensive reviews of ZEB technology, cost and available funding. These reviews could lead to adjustments to the regulation.

Staff recommendations:

Transportation Related Bills

- 1) AB 11 (Chiu) Community Redevelopment Law of 2019.

Staff recommends a watch position. This bill would enact the Community Redevelopment Act of 2019, and allow local governments to form a housing and infrastructure agency that would focus on affordable housing and infrastructure investments. The bill requires a seat on the governing board for each affected taxing entity, and it allows an affected taxing entity to elect to contribute to the redevelopment agency (RDA) or not. In addition, the bill also allows a RDA to capture the growth on the schools share (i.e. Educational Revenue Augmentation Fund; ERAF) of the property tax growth.

AB 11 does require any new RDA to be approved by the Strategic Growth Council, which must find that the redevelopment plan furthers greenhouse gas (GHG) reduction goals and the fiscal impact to the state for backfilling the lost ERAF growth does not exceed a yet to be specified amount. The new RDA could finance housing, transit, transit priority projects, interchanges, bridges, parks and port infrastructure, to name a few. The projects do need to be located within the redevelopment area, but must have a nexus to the project area.

2) ACA 1 (Aguiar-Curry) Local government financing: affordable housing and public infrastructure: voter approval.

Staff recommends a support position. This constitutional amendment would lower the voter threshold for property tax increases, parcel taxes and sales taxes to 55% if the funds are used for affordable housing and infrastructure projects. This includes improvements to transit and streets and highways.

3) SB 5 (Beall) Local-State Sustainable Investment Incentive Program.

Staff recommends a watch position. This bill would allow the various forms of Infrastructure Finance District (IFD) authority to divert a portion of the Educational Revenue Augmentation Fund (ERAF) property tax share to the IFD - not just the incremental growth, but the base share of ERAF. SB 5 would require any IFD that wants to capture the ERAF share to submit an application to the Sustainable Investment Incentive Committee, which SB 5 creates. The bill would limit the amount of ERAF tax revenue the Committee can approve to \$200 million each year, with the annual impact not to exceed \$1 billion. These limits are increased in future years. SB 5 generally promotes the construction of housing and infill development that promotes transit use.

4) SB 50 (Wiener) Planning and zoning: housing development: equitable communities incentive.

Staff recommends a watch position. SB 50 is the reintroduction of SB 827 from last year. In general SB 50 would provide development incentives such as density bonuses and eliminating height restrictions for housing projects constructed near rail transit stations, ferry terminals, or along high quality bus corridors. The bill would also provide these development incentives to projects located in "job rich" areas, which has not been fully defined.

While likely no less controversial than SB 827 from last year, SB 50 does make several changes in an attempt to address concerns expressed about SB 827. The bill includes provisions to delay the application of SB 50 in areas deemed to be a "sensitive community," which aims to address gentrification concerns. The bill also prohibits a project from being located at a site that would require housing to be removed, or the site included rental housing in the past 7 years. SB 50 also allows local governments to opt out of SB 50 if they develop their own plans that increase density and multi-family housing near transit.

While train stations and ferry terminals are fixed location, applying these development incentives along bus corridors places zoning authority with the bus operator, because the bus operator can increase or decrease service in order for the SB 50 incentives to apply or not apply.

ADVANTAGES/DISADVANTAGES:

This report is provided to inform the Board of monthly legislative activities and to seek its approval to support or oppose legislation affecting AC Transit. This provides clear direction to legislators and other bodies of AC Transit's positions.

ALTERNATIVES ANALYSIS:

This report provides an update of monthly legislative activities. AC Transit could opt to defer from legislative positions and operate without making its positions known, leaving the District vulnerable to unfavorable

legislation.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Staff Report 18-003: 2018 Federal and State Legislative Advocacy Programs.

ATTACHMENTS:

1. Federal Update from Van Scoyoc Associates
2. State Legislative Report from Platinum Advisors
3. State Legislative Bill Matrix
4. 2018 Federal Advocacy Program
5. 2018 State Advocacy Program

Approved by:

Beverly Greene, Executive Director of External Affairs, Marketing & Communications

Reviewed by:

Claudia Burgos, Director of Legislative Affairs & Community Relations

Prepared by:

Estee Sepulveda, External Affairs Representative