



November 15, 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**

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**New Director:** Last month CalSTA Secretary David Kim swore in the next Caltrans Director, Adetokunbo “Toks” Omishakin. Director Omishakin brings with him a strong background in active transportation and multimodal planning to Caltrans at a time when the Department is working to implement a wider view of transportation by incorporating complete streets policies and an effort to reduce vehicle miles travelled. Born and raised in Tennessee, Toks previously served as the Deputy Commissioner for Environment & Planning at the Tennessee Department of Transportation, and prior to that he was the Director of Healthy Living in the Nashville Mayor’s Office. A goal of the new Director is to develop strong local partnerships to implement safe, sustainable, multimodal projects. At his swearing in ceremony, Director Omishakin stressed the need to improve multimodal operations and improve the safety of the transportation system, particularly for the most vulnerable users.

**Low Carbon Transportation Funding:** On October 24<sup>th</sup> the Air Resources Board adopted its expenditure plan for 2019-20 cap & trade funds. The 2019-20 state budget provides \$182 million for clean trucks, buses and off-road equipment programs. Of this amount CARB will dedicate \$142 million for the HVIP rebate program and \$40 million for competitive programs.

With respect to the HVIP rebates, the Board adopted the following changes:

- Discontinue voucher enhancements for infrastructure. This eliminates the only fueling infrastructure funding pot for battery charging systems or hydrogen fueling needs.
- Discontinue all vehicle voucher enhancements except for the disadvantaged community plus-up. The disadvantage community enhancement provides \$15,000 per vehicle.
- Clarify policies surrounding stacking/combining other State funds with HVIP. The proposal will keep in place the public fleet option of combining funds up to 100 percent of the vehicle cost.

- Reinstate fleet limits for zero emission vehicles. Staff proposes to reinstate the 200-voucher limit per fleet per calendar year to prevent a single fleet or manufacturer from reserving a large portion of project funds.

The \$40 million in FY 2019-20 for pilot projects is limited to freight and goods movement projects. This includes \$20 million for a Zero-emission drayage truck pilot, \$10 million for Ocean-going vessels at berth capture and control system projects, and \$10 million for a Golden State Carbon Challenge.

**HVIP Suspended:** The changes to the HVIP program adopted on October 24<sup>th</sup> took effect immediately. However, the following week CARB was forced to suspend the program due to overwhelming demand. CARB had already received \$222 million in HVIP rebate requests with only \$142 million available for the entire fiscal year. CARB has suspended allocating HVIP funds until additional funds are identified or appropriated by the legislature.

According to CARB, more than 100 truck and bus fleets requested funding for vehicles produced by more than 20 manufacturers. While this demand illustrates the success in transitioning to zero emission trucks and buses, the significant underfunding of HVIP raises serious concerns for transit operators that anticipated HVIP funds this year, and the lack of HVIP funds places pressure on transit operators' ability to meet the deadlines to transition to a zero emission fleet.

**Draft ITIP:** Following the release last month of the Governor's Climate Resiliency Executive Order, Caltrans took a step toward implementing it with the release of the draft Interregional Transportation Improvement Plan (ITIP). This document outlines how Caltrans plans to spend its share of funds on transportation improvement projects. The draft ITIP has infuriated Central Valley legislators and local officials by deleting funding for some highway expansion projects and setting aside funds for unspecified rail improvements.

The draft ITIP proposed to delete funding for three existing projects that have not started planned work. These include widening projects on Highway 99 in Madera and Tulare Counties, and a project on Highway 46 in San Luis Obispo County. This action frees up \$32.5 million for other priorities. However, at the CTC's public hearing on the draft ITIP in Fresno, Caltrans has proposed several changes in an effort to address concerns. Caltrans amendments would reinstate \$2 million in funding for environmental work Highway 99 work at Tulare City, and place in reserve \$21 million for the Highway 99 and Highway 46 projects. While speakers at the Fresno hearing appreciated the changes, it is not clear if this will appease everyone's concerns.

The initial draft ITIP also proposed to hold in reserve \$61.3 million for priority rail projects and other priorities that are consistent with Governor's Climate Resiliency Order. The ITIP does not indicate how these reserve funds would be allocated. In order to balance the addition of funds Caltrans proposed for the Highway 99 and 46 projects, Caltrans now proposes to redirect \$34 million from two Valley rail improvement projects to the rail reserve fund.

The changes to the draft ITIP proposed by Caltrans are not official but will likely be adopted as part of the CTC's actions in December.