January 29, 2021

TO: Director Elsa Ortiz, President, and

Members of the Board

Michael Hursh, General Manager

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FR: Steve Wallauch
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RE: Legislative Update

Although the state Capitol remains quiet with only one staffer permitted in the building per legislator, the legislative session has resumed. The start of every session is occupied with peeling away the layers of the budget proposal, analyzing newly introduced legislation, and watching budget hearings which are beginning on an expedited timeline. Not only has the Governor requested immediate action on several budget appropriations, the requirement of social distancing limits the number of hearing rooms that can be used to simultaneously run policy and budget hearings as is the usual practice. The Department of Finance is slowly releasing trailer bill language clarifying some of the Administration's proposals, and the Legislative Analyst's staff is busy examining the governor's Budget Proposal and making recommendations about how the Legislature should respond to it.

This week, in addition to the governor lifting the regional stay-at-home order, the Legislature and Administration have primarily focused on various budget issues under consideration for early action. In particular, extending the eviction moratorium which expires January 31 has been a high priority. On Monday, legislative leadership and the governor announced an agreement to extend the moratorium and create a rental assistance program to provide resources to renters and landlords impacted by COVID-19 economic hardships. The legislation, was amended on Monday, heard in budget committees on Monday and Wednesday, and approved by both houses, allowing the Governor to sign it onto law before the end of the month.

TDA Relief: The Department of Finance posted on Friday the TDA relief trailer bill language that was referenced in the Governor's budget summary. The proposal extends the freeze on the STA funding allocations an additional year, sunsettng at the end of the 2021-22 fiscal year. In addition, the language waives the TDA performance/farebox requirements until July 1, 2026, if specified conditions are met. The following outlines the content of the bill, but we are still deciphering any potential impact these changes may have.

- Extends the hold harmless provision to cover the 2021-22 fiscal year for calculation and allocation of State Transit Assistance (STA) Program, STA-State of Good Repair, and Low Carbon Transit Operations Program allocations (Local Revenue Basis Only). The current year budget imposed these provisions for the 2019-2020 and 2020-2021 budget years. Specifically, this change directs the State Controller to “freeze” for the 2019-20, 2020-21 and 2021-22 budget years the local revenue allocation factors used most recently before the pandemic; and, to allocate to transit agencies funds under these three programs using those same allocation factors, as opposed to updating the factors each year.

- Caltrans is directed to work with local transportation entities to review the current performance audit requirements to identify opportunities to streamline and identify more effective measures. A report on this work and recommendations for changes shall be published by November 30, 2021.

- Changes the definition of “operating costs” used for calculating the ratio of fare revenues to operating costs. The definition adds to the costs excluded from the calculation increases beyond the CPI for the following:

    - The exemption for the cost of providing ADA paratransit service is not limited to costs that exceeds the prior year expense, but appears to exclude the entire cost of providing paratransit service.
    - Operation of demand-response and microtransit services that expand transit service beyond fixed route corridors.
    - Improvements or cost of funding payment and ticketing systems.
    - Planning for improvements in transit operations.
    - Integration with other operators and agencies.
    - Zero emission transition costs.
    - Compliance with state and federal mandates.

- “Microtransit” is defined as *“IT-enabled private multi-passenger transportation services that serve passengers using dynamically generated routes and may expect passengers to make their way to and from common pick-up or drop-off points. Vehicles can range from large SUVs to vans to shuttle buses. Because they provide transit-like service but on a smaller, more flexible scale, these services have been referred to as microtransit (as defined in Transit Cooperative Research Program Research Report 188).”*

- New sections are added that exempt operators from the performance requirements and calculations until July 1, 2026. To remain eligible for this exemption the operator is required to expend from local funds an amount not less than the amount of local funds expended for transit operations in the 2018-19 fiscal year. Local funds are defined as any nonstate or nonfederal funds.

Under the exemption, the Controller may request fiscal data from the operator that must be furnished to the Controller within 120 days. An operator would forfeit the ability to use the exemption if the data is not provided within 120 days. The Controller may also perform performance audits to ensure compliance with the local fund expenditure requirements.

Fast Forward: While the proposal has not been introduced yet, Assemblyman Bonta plans to proceed with the "Bay Bridge Fast Forward Program." The proposal aims to improve transit service and people through-put along the Bay Bridge Corridor into San Francisco. The language defines the corridor to include points from the sales Force Transit Center to the State Route 24 and I-580 interchange, the Powell Street on-ramp to I-580 interchange, the intersection of Frontage Road and West Grand Avenue, and the I-880 and I-980 interchange.

The Fast Forward Program would be split into two phases. Starting with an initial plan, to be developed by the Bay Area Toll Authority (BATA) in consultation with Caltrans, the San Francisco Transportation Authority, Alameda CTC, and the Contra Costa Transportation Authority. This plan shall identify, plan, and deliver a comprehensive set of operational, transit, and infrastructure investments for the Bay Bridge corridor, which shall be known collectively as the Bay Bridge Fast Forward Program.

Phase 1 of the Bay Bridge Fast Forward Program shall be developed and submitted to the Legislature by January 1, 2023. It is required to address the most congested parts of the Bay Bridge corridor in order to significantly improve bus and very high occupancy vehicle movement. Very high occupancy vehicles are defined as vehicles carrying five or more people including the driver. The Phase 1 plan shall be developed by BATA in consultation with Caltrans and transit operators, which is defined to include AC Transit, Amtrak, Western Contra Costa Transit Authority, and the Solano Transportation Authority. The language defines specific elements that must be included in the Phase 1 plan and must be implemented on or before January 1, 2025.

Phase 2 of the plan shall include a conceptual design for delivering a lane on the Bay Bridge designed exclusively for bus and very high occupancy vehicles.

In addition, the proposal sets a travel speed reliability target for the corridor of 45 mph for buses and very high occupancy vehicles during the weekday morning and evening peak commute. Starting on January 1, 2025, if this reliability target is not met for six consecutive months, BATA in consultation with Caltrans may establish a pilot program that designates a lane on the Bay Bridge exclusively for bus and very high occupancy vehicles during peak commute times. BATA in consultation with Caltrans is also required to submit annual reports to the legislature on the travel speed reliability performance targets, and strategies deployed to meet the targets.

Corporate Accountability: Senator Scott Wiener has introduced SB 260 which would require large California businesses to inventory their carbon emissions and establish science-based targets to cut them. Titled the Climate Corporate Accountability Act, the requirements in the bill would apply to any corporation doing business in California and making more than a billion dollars annually. The inventory and reduction targets include three emission "scopes" as follows:

- "Scope 1 emissions" means all direct greenhouse gas emissions that stem from sources that a covered entity owns or directly controls, including, but not limited to, fuel combustion activities.
- "Scope 2 emissions" means indirect greenhouse gas emissions from electricity purchased and used by a covered entity.
- "Scope 3 emissions" means indirect greenhouse gas emissions from activities that stem from sources that the covered entity does not own or directly control and may include, but are not limited to, emissions associated with the covered entity's supply chain, business travel, employee commutes, procurement, waste, and water usage.

If enacted, CARB would be responsible for developing the accounting rules, where affected corporations would have three years to report their climate impacts, and an additional year to start taking action to reduce its carbon impacts.