

To: MP&L Committee

Date: August 27, 2014

From: Kristina Vassallo, Civil Rights Administrator

Reviewed by:

SUBJECT: Legislative Update

Background:

State Legislative Update

SB 556 (Padilla)

SB 556 was introduced in 2013 to distinguish employees and services provided by contracted entities. Such legislation would require nongovernmental employees performing services for public agencies (including transit) to classify themselves through disclosures indicating they are “not a government employee” on both vehicles and uniforms.

Over the past year, this bill has been amended and does not directly affect public transit. Rather, it is intended specifically for public health and safety labor or services. The California Transit Association (CTA) originally opposed the bill when it included and directly affected public transit. However, even after its amendment, the CTA does not intend on taking a different position. County Connection is also on record for opposing this bill and recommends that the MP&L Committee sustain this position.

AB 1720 (Bloom)

AB 1720 proposed an exemption period which allowed agencies to procure transit buses through January 1, 2015 while legislators addressed the concern of the current bus axle weight limit of 20,500 lbs. AB 1720 would extend the exemption period through January 1, 2016 with predictions that buses procured during this time would still exceed the current weight limit. This also allowed adequate time to provide an in-depth study as well as offer a long term solution. In August 2014, Governor Brown signed AB 1720.

AB 69 (Perea)

In June 2014, California Legislature adopted the 2014-2015 State budget, which addressed the Cap and Trade expenditure plan. Identified within the plan was 25% which would be allocated to local and regional transit projects. AB 69 intends to delay, by three years, the application of fees to fuel distributors. This phase, originally identified in 2015 would include the purchase of fuels through auctions conducted by the California Air Resources Board (CARB) or through Cap and Trade.

The delay to 2018 will impose a significant impact to the funding allocations for public transit under the Cap and Trade Program. The portions to become eligible will be lower, although it is undetermined how much lower it will be at this point in time. Alternatively, delaying the fuel phase in the program will overall increase fuel costs will and impose an unfair burden amongst lower income individuals and families.

Should AB 69 reach Governor Brown’s desk, it is highly likely that this bill will be vetoed. The California Transit Association (CTA) has taken a “watch” position on AB 69.

AB 1783 (Jones-Sawyer)

AB 1783 is a temporary exemption for public transit employees in continuation of AB 1222 under the California Public Employees’ Pension Reform Act of 2013 (PEPRA). Pending litigation on the interpretation relative to 13(c) of PEPRA, legislature intends to provide the temporary exemption. The bill is expected to be passed and signed by Governor Brown.

Cap and Trade Program

SB 862 was signed into law as a budget trailer bill, establishing the CalRecycle Greenhouse Gas Reduction Revolving Loan Program and Fund. In essence, the program will provide financial assistance in an effort to reduce greenhouse gas emissions. The Cap and Trade Program for FY 2015 funding allocations are outlined as follows:

- \$25 million will be provided statewide for transit and intercity rail and capital programs. This program is to be administered by California State Transit Association (CalSTA) and Caltrans. The distribution is statewide under Caltrans through competitive measures. In subsequent years, 10% of auction proceeds will go to this program, as established per SB 862 guidelines.
- \$25 million will be provided statewide under the Low Carbon Transit Operations Program. Funds are to be distributed similar to Proposition 1B transit funds through the State Controller's Office, utilizing STA formulas. Projects will be subject to criteria, to be developed jointly by Caltrans and the California Air Resources Board (CARB). Alternatively, it is likely the 50% will be required to be utilized in disadvantaged communities, as defined by CARB. In subsequent years, 5% of auction proceeds will go to this program, as established per SB 862 guidelines.
- \$130 million will be provided and available to public transit under the Affordable Housing and Sustainable Communities Program. The Strategic Growth Council (SGC) will determine the distribution on a statewide basis competition. In subsequent years, 20% will be made available within this program.
- \$200 million will be provided under the Low Carbon Transportation Program, which is overseen by the California Air Resources Board (CARB). In subsequent years, \$200 million will be made available within the program.

Various state entities, including the California State Transit Association (CalSTA), Caltrans, Strategic Growth Council (SGC), California Environmental Protection Agency (CalEPA) and the California Air Resources Board (CARB) will be providing a series of workshops related to the Cap and Trade Program throughout the month of September. Workshops are intended to gather input from agencies and provide guidance on program criteria. Staff will report back to the MP&L Committee on information gathered from the workshops.

Federal Legislative Update

Highway Trust Fund

The Highway Trust Fund fix was passed by Congress at the end of July, which would ensure funding for public transit, highway, and highway safety. An estimated \$10.8 billion will be made available through the Highway Trust Fund. Programs will be funded through May 2015. Congress is expected to meet sometime next year to determine funding in subsequent years.

Action Requested:

Staff recommends that the MP&L Committee continue to "oppose" SB 556 (Padilla) and take a "watch" position on AB 69 (Perea). Information regarding the remaining legislative items above will be reported to the MP&L Committee as any additional updates become available.