



# Memorandum

**Date:** 02.05.14 **RE:** Finance Committee  
February 11, 2014

**To:** Finance Committee: Commissioners Cohen (Chair), Wiener (Vice Chair), Chiu, Farrell, Tang and Avalos (Ex Officio)

**From:** Anna LaForte – Deputy Director for Policy and Programming *all*

**Through:** Tilly Chang – Executive Director *TJC*

**Subject:** **ACTION** – Recommend Approval of the 2014 State and Federal Legislative Program

## Summary

Every year in February, the Transportation Authority Board adopts a legislative program to guide the agency's transportation advocacy efforts at the state and federal levels. The proposed State and Federal Legislative Program reflects key principles, gathered from our common positions with other local transportation sales tax authorities around the state, the Metropolitan Transportation Commission, as well as our understanding of the most pressing issues facing the region, San Francisco, and our partner agencies that deliver transportation in the city. The proposed program is presented in the form of principles, not specific bills or legislative initiatives, in order to allow staff the necessary flexibility to respond to legislative proposals and specific policy concerns that may arise over the course of the legislative session in Sacramento or Washington. Our 2014 Legislative Program continues many of the themes from the previous legislative sessions and emphasizes issues of stabilizing and protecting existing transportation funds, authorizing new transportation revenues, securing funding for San Francisco projects, advancing high-speed rail investment, supporting allocation of state cap-and-trade revenues for transportation, and aspiring to meet environmental and greenhouse gas reduction goals. **We are seeking a recommendation to approve the 2014 State and Federal Legislative Program.**

## BACKGROUND

The state and federal legislative programs, adopted annually by the Transportation Authority Board, establish a general framework to guide our legislative and funding advocacy efforts at the state and federal levels. The purpose of the legislative program is to establish general policy guidance on state and federal legislative and funding issues in transportation. The proposed 2014 State and Federal Legislative Program reflects key principles, gathered from our common positions with other local transportation sales tax authorities around the state, the Metropolitan Transportation Commission (MTC), as well as our understanding of the most pressing issues facing the region, San Francisco, and our partner agencies delivering transportation projects and services to San Francisco.

Transportation Authority staff and legislative advocacy consultants in Sacramento will use this program to communicate and plan strategy with the Mayor's Office, the legislative delegations in Sacramento and Washington, DC, the MTC, and other transportation agencies and advocates.

## DISCUSSION

The proposed 2014 State and Federal Legislative Program, detailed in Attachment 1, is presented in the form of principles rather than specific bills or legislative initiatives, in order to allow staff the necessary flexibility to respond to legislative proposals and specific policy concerns that may arise over the course of the session. Throughout the state legislative session, which extends into the early autumn or later if

extraordinary sessions are necessary, we will be reporting on the status of bills that are of significance to the Transportation Authority, and developing recommendations for Transportation Authority positions, as appropriate.

In 2013, many important fiscal and policy agendas advanced which were consistent with the Transportation Authority's adopted State and Federal Legislative Program. The major emphasis in state transportation legislation was focused on cap-and-trade revenues and modernization of the California Environmental Quality Act (CEQA). Although no cap-and-trade auction revenues were allocated to projects in the State's Fiscal Year 2013/14 budget, there has been significant activity by public agency stakeholders and other interest groups working to establish a framework for future allocations. In September 2013, Governor Brown signed Senator Steinberg's Senate Bill 743 (Steinberg) into law, a groundbreaking reform to CEQA aimed at promoting greenhouse gas reduction, development of multimodal transportation networks, and a diversity of land uses. We and other city staff have been working at the state level for years on this effort and we anticipate these revised guidelines will allow us to put in place new measures that are consistent with San Francisco's transit-first policy and to evaluate the true impact of future projects on all users of our transportation system, not just those driving cars. In 2013, we also sponsored Assembly Bill 1112 (Ammiano) which corrected an inconsistency in the Transportation Authority's enabling statute related to a 1% cap on local sales taxes and made our statute consistent with those of other Transportation Authorities across the state.

Given the increase in transportation funding proposed in the Governor's draft Fiscal Year 2014/15 state budget, including the first allocation of cap-and-trade revenue, 2014 may prove to be an exciting year for transportation. At the federal level, we anticipate Congress will consider funding levels for grant programs such as New Starts, Small Starts, and Transportation Investment Generating Economic Recovery (TIGER), as well as continue discussions about the reauthorization of the federal transportation bill, which expires in September 2014.

Our 2014 State and Federal Legislative Program continues many of the themes from the previous legislative sessions and emphasizes issues of stabilizing and protecting existing transportation funds, authorizing new transportation revenues to be put into place at the local or regional level, advancing San Francisco's priority projects and programs, supporting allocation of state cap-and-trade revenues for transportation and direction of a significant portion of those funds to regional/local agencies that are implementing sustainable communities strategies, advancing high-speed rail early investment projects to bring service to the Transbay Transit Center, working to meet environmental and greenhouse gas reduction goals, and expanding the use of pricing and other innovative project delivery and financing approaches to accommodate the growth in transportation system demands in California.

**We are seeking a recommendation to approve the 2014 State and Federal Legislative Program.**

## **ALTERNATIVES**

1. Recommend approval of the 2014 State and Federal Legislative Program.
2. Recommend approval of the 2014 State and Federal Legislative Program, with modifications.
3. Defer action, pending additional information or further staff analysis.

## **CAC POSITION**

The CAC was briefed on this item at its January 22, 2014 meeting, and unanimously adopted a motion of support for the staff recommendation.

**FINANCIAL IMPACTS**

There is no impact on the Transportation Authority's budget from the proposed action.

**RECOMMENDATION**

Recommend approval of the 2014 State and Federal Legislative Program.

Attachment:

1. Draft 2014 State and Federal Legislative Program

**Attachment 1**  
**San Francisco County Transportation Authority – Draft 2014 State and Federal Legislative Program**  
 Last Revised February 5, 2014

Area	Recommended Action	Comments
<b>State Legislative Program Elements</b>		
<b>Fiscal Year 2014/15 State Budget</b>	Protect transportation funding from diversion to the General Fund or other non-transportation uses	Proposition 22 (2010) enacted substantial protections for transportation funding within the state budget process. However, there are still opportunities for the budget to divert specific transportation fund sources to the General Fund. We will work to ensure funds that should be dedicated to transportation projects are not diverted to other state budget priorities.
	Support allocating the highest possible level of Propositions 1A and 1B bond revenues	We will advocate for the allocation of the highest possible levels of funding from state transportation bond programs that support transportation projects as a part of the Fiscal Year 2014/15 state budget. The voter approved Proposition 1A (2008), which dedicated \$10 billion for California High Speed Rail (HSR) and HSR connectivity local transit projects, and Proposition 1B (2006) which directed over \$19 billion for various transportation projects statewide, are crucial to the funding plans of numerous projects in the Bay Area. Propositions 1A and 1B have yet to allocate remaining funds to a number of important transit projects, including \$83 million in Proposition 1B funds for Central Subway and over \$600 million from Propositions 1A and 1B for the northern California HSR early investment project (Caltrain Electrification/Positive Train Control).

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 Last Revised February 5, 2014

	<p>Support efforts to change allocation formulas for state transportation funds to recognize factors other than number of registered vehicles, lane miles, or residential population</p>	<p>Many state formula-based transportation funding programs allocate funds on the basis of resident population, lane miles, or number of registered vehicles. These formulas are often disadvantageous for San Francisco because they fail to account for the full demands placed on the city’s transportation by the significant increase in daytime population with in-commuters. We will advocate for the use of factors that better tie transportation funding to the true demands placed on the system, such as daytime population or road and transit usage.</p>
<p><b>Cap-and-Trade Auction Revenues</b></p>	<p>Support efforts to dedicate a significant portion of cap and trade revenues to transportation, and to direct a significant portion of those revenues to regional and local agencies that are implementing sustainable communities strategies</p>	<p>Given that transportation is the single largest contributor to greenhouse gas emissions in California (38%), we will work to ensure transportation projects are given highest priority in cap and trade revenue distribution, which is currently being determined through the state budget process. We will also advocate that cap and trade revenues collected on transportation fuels, which will begin in 2015, be dedicated to transportation projects, consistent with the public’s association of fuel fees and taxes with transportation improvements. We will advocate that at the state level the cap and trade revenues support the California HSR project, and that a significant portion of revenues be distributed by formula to local and regional agencies that are implementing sustainable communities strategies, as mandated by Senate Bill (SB) 375 (2008). In support of Plan Bay Area, which is this region’s sustainable communities strategy, we will also advocate that affordable housing should receive its own commitment of cap and trade revenues independent of those designated for transportation. Investments in transportation and affordable housing are complementary. Both sectors need significantly more funding to implement Plan Bay Area.</p>

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 Last Revised February 5, 2014

<b>Transportation Policy Initiatives</b>	Support efforts to improve parking accessibility	Support the San Francisco Municipal Transportation Agency’s (SFMTA’s) efforts to advance its policy objectives related to improving parking accessibility. Support SFMTA’s efforts to seek changes to state law if necessary.
	Support efforts to improve pedestrian and bicycle safety	Pedestrian and bicyclist safety is a pressing concern in San Francisco, and while state funding currently supports infrastructure improvements, it is more difficult to fund non-infrastructure projects such as education, outreach, and enforcement activities. We will work with the SFMTA, Department of Public Works, Department of Public Health and other project partners to identify and secure funding, and seek legislative reform to support infrastructure and non-infrastructure projects to make San Francisco’s streets safer for pedestrians and bicyclists in particular. The use of cameras for automated enforcement (e.g. don’t block the box) is one potential strategy that may require or benefit from changes to state law.
	Support the use of best practices for coordinating with Caltrans on locally-led projects on the state highway system	Support the Self-Help Counties Coalition effort to improve the efficiency and effectiveness of the Caltrans project initiation document (PID) process for local projects on the state highway system.

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 Last Revised February 5, 2014

<p><b>Increase Transportation Funding</b></p>	<p>Support a constitutional amendment to lower the 2/3 supermajority voter approval requirement for local transportation taxes</p>	<p>Support a state constitutional amendment to lower the voter approval requirement for special taxes dedicated to local transportation projects from 66.67% to 55% or a simple majority. In light of the historically decreasing amount of state and federal funding for transportation, local funding measures will become even more critical in advancing transportation projects. Several relevant constitutional amendments were introduced in 2013 but consideration in the State Legislature was delayed until 2014. Some proposals would reduce the voter threshold for all local measures, others would just apply to transportation measures, and others would apply to bond measures but not new revenue sources such as sales taxes. We will advocate for lower voter approval thresholds for transportation and oppose unreasonable conditions or restrictions on local control over the use of revenues.</p>
	<p>Support state authorization to approve new local, regional, and state revenues for transportation</p>	<p>Support efforts to pursue new revenues for transportation at the local, regional, and state levels to help close the funding shortfalls across all modes of the transportation system, including both transit capital and operating needs. We will also advocate for legislative approval of a new state transportation bond, which with voter approval, would provide new state support to projects now that most Proposition 1B (2006) projects are underway or completed. We are carefully monitoring the potential initiative proposal (no longer under consideration for 2014) to consider a state increase in the vehicle license fee to try to avoid negatively impacting San Francisco's ability to implement its own vehicle license fee increase, as approved in 2012 through Assembly Bill (AB) 1492 (Leno). Possible new local and regional revenue sources could include fuel fees, congestion reduction charges, road pricing, local sales tax cap increases, or other user fees.</p>

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 Last Revised February 5, 2014

	Increase local funding options to replace the loss of redevelopment funding	The dissolution of Redevelopment Agencies removed a key tool to fund new sustainable development and related transportation improvements in San Francisco. We will support efforts to revive the authority of local governments to use tax-increment financing (TIF) in support of projects consistent with sustainable communities strategies.
	Increase state funding for affordable housing	We will support efforts to establish a new, dedicated state fund source for affordable housing. One possible source could be the real estate transaction charge proposed in 2013 by Senator DeSaulnier through SB 391, which will be taken up in the 2014 legislative session.
<b>Active Transportation Program (ATP) Implementation</b>	Support ATP guidelines that are flexible and allow local control of programming and allocation	The ATP was created by SB 99 and AB 101 to encourage active modes of transportation, including walking and bicycling, and to consolidate several related state grant programs into a single program under the control of the California Transportation Commission (CTC). The CTC has been working with stakeholders throughout 2013 to develop program guidelines and anticipates approving the final guidelines and releasing a call for projects in March 2014. We will continue to advocate for a programming and allocation process that emphasizes flexibility and local/regional control since this approach makes the most sense for bicycle and pedestrian projects which are typically smaller and more localized than the larger projects of statewide significance that the CTC typically considers.



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 Last Revised February 5, 2014

<p><b>High Speed Rail (HSR)</b></p>	<p>Support the implementation of the memorandum of understanding for the HSR Early Investment Strategy for a Blended System on the Peninsula</p>	<p>In Spring 2012, the Transportation Authority, the California HSR Authority, MTC, and six other local and regional agencies signed a memorandum of understanding (MOU) for the development of a blended high speed rail and electrified Caltrain system from San Francisco to San Jose on the Peninsula. We will continue to work with our partner agencies to ensure that the HSR early investment projects are implemented in a manner consistent with the MOU. We will also work with the Mayor’s Office and other stakeholders to develop a funding strategy for San Francisco to meet its financial obligations under the MOU. Each of the three Caltrain local partners (San Francisco, San Mateo, and Santa Clara) is committed to a \$60 million contribution to the early investment projects, namely positive train control and electrification. As stated above, we will advocate for the State to dedicate cap and trade revenue for the Bay Area segment of the HSR project and to resolve outstanding legal issues surrounding the overall HSR project.</p>
	<p>Ensure that all HSR early investment projects are fully compatible with bringing service to the Transbay Terminal, northern terminus of California's HSR system</p>	<p>We will work with San Francisco and regional partners and the California HSR Authority to ensure that any blended system projects are compatible with and supportive of San Francisco's goals and priorities for land use and transportation developments along the corridor. We will continue to advocate for full funding of the Caltrain Downtown Extension.</p>

**Attachment 1**  
**San Francisco County Transportation Authority – Draft 2014 State and Federal Legislative Program**  
 Last Revised February 5, 2014

<b>Federal Legislative Program Elements</b>		
<b>Federal Appropriations</b>	Advocate for New Starts and Small Starts funding appropriations for San Francisco projects	Because of the continuing national fiscal crisis, there is a risk that federal capital funding, particularly New Starts, dedicated to projects in San Francisco might not be available when needed or expected. We will work to ensure that Congress approves annual New Starts appropriations consistent with the Full Funding Grant Agreement for the Central Subway and continues to allocate Small Starts funds for the Van Ness Avenue Bus Rapid Transit project when needed to support timely project delivery.
	Advocate for full appropriations for federal Moving Ahead for Progress in the 21 <sup>st</sup> Century (MAP-21) programs	We will partner with other transportation stakeholders in the Bay Area and nationwide to ensure that Congress appropriates full funding, consistent with amounts detailed in MAP-21, for the remainder of federal Fiscal Year 2014 and federal Fiscal Year 2015.
<b>New Federal Transportation Funding</b>	Advocate for an increase in the 18.4 cent per gallon federal gasoline tax or other new fees to close the deficit in the federal Highway Trust Fund	The 18.4 cent per gallon federal gasoline tax has not been increased since 1993 and has lost over a third of its value in the subsequent two decades due to inflation and cost increases. The result has been a growing deficit in the federal Highway Trust Fund (HTF) to which federal gasoline taxes are deposited. The HTF supports not only roadway projects but also transit, pedestrian and bicycle projects nationwide. We will continue to advocate for an increase in the federal gasoline tax as the simplest way to close the HTF funding deficit and provide critical, ongoing federal support for transportation. We will also support the study of alternate user fees such as vehicle-miles-traveled fees as future ways to close the deficit.
	Advocate for future federal funds for San Francisco’s priority transportation projects	We will actively advocate for federal funding needs of all Proposition K-funded projects, consistent with the Expenditure Plan and San Francisco Transportation Plan priorities. We will work to advance projects like Geary Boulevard Bus Rapid Transit, Better Market Street, and the Caltrain Downtown Extension for future federal funding. These efforts will include advocating for guidelines for new programs such as the FTA’s Core Capacity program to ensure they are favorable to San Francisco projects.

**Attachment 1**  
**San Francisco County Transportation Authority – Draft 2014 State and Federal Legislative Program**  
 Last Revised February 5, 2014

	Support efforts to implement federal carbon pricing	There is a growing consensus that putting a price on carbon pollution has the potential to be the most effective way to fight global warming. An effort to price carbon has been endorsed by people across the political spectrum, including prominent conservatives and big businesses. Senator Barbara Boxer is spearheading an effort to implement a pricing scheme at the federal level, and emission reductions through transportation investment could be a key element of her proposal. We will work to support such efforts and ensure that transportation investments are part of the recommended expenditure plan.
<b>Federal Transportation Reauthorization</b>	Support development of the next federal surface transportation authorization law	The current federal surface transportation law, MAP-21, was approved in July 2012 it will expire in October 2014. Work is already underway on the development of the successor to MAP-21. We will coordinate input from relevant San Francisco project sponsors and the Mayor’s Office, and be actively involved in shaping the next surface transportation act through participation in policy development committees at the regional, state, and national levels, particularly through the Transportation Research Board, the American Public Transportation Association and other professional organizations that have proven track records of effectiveness advocating on behalf of transportation improvements.
	Ensure the continuation of federal pre-tax transit fringe benefits at equal levels to the parking expense pre-tax fringe benefit	As a part of the “fiscal cliff” bill approved by Congress in January 2013, the federal pre-tax fringe benefit for transit was raised to \$240 per month, the same level as the fringe benefit for parking expenses. While the parking expense pre-tax benefit is adjusted for inflation the transit benefit is not and as of January 1, 2014 it reverted to \$125 per month. We will advocate for the immediate restoration of the pre-tax transit benefit at or exceeding 2013 levels and for a permanent solution that puts transit pre-tax benefits on par with parking benefits in the next transportation authorization bill.

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 Last Revised February 5, 2014

<b>State and Federal Legislative Program Elements</b>		
<b>Pricing, Public-Private Partnerships, Design-Build, and Other Innovative Project Delivery and Financing Approaches</b>	Support legislation authorizing and expanding the use of design-build and public private partnership (P3) project delivery strategies for transportation infrastructure	The costs of building, maintaining, and expanding our infrastructure continues to increase. Innovative funding and financing methods have become increasingly necessary to accommodate the growth in transportation system demands in California. The effective use of pricing mechanisms can provide additional transportation capacity, better travel conditions, and improved transportation choices. Unlike the traditional design-bid-build delivery method, where all design aspects must be finished before construction bids can be solicited, design-build and P3 delivery strategies place design, construction, and (in the case of P3) financing responsibilities in the hands of one firm. By overlapping these phases, a project can be completed faster and typically less expensively than under the conventional delivery method. Local agencies should have expanded options to use alternative delivery methods. Encouragingly, federal financing options were increased through the newly expanded (under MAP-21) Transportation Infrastructure Finance and Innovation Act (TIFIA) program. We will advocate for further expansion of federal financing programs to allow local jurisdictions to advance worthwhile transportation projects, improving mobility and creating jobs. We will work and coordinate with other stakeholders already working toward such legislation at the state and federal level for application of these methods to transit and roadway projects.
	Support the use of pricing to increase person-capacity of roads and highways	
	Cooperate with the regional and state transportation agencies on enabling legislation to authorize publicly managed toll facilities	

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**San Francisco County Transportation Authority – Draft 2014 State and Federal Legislative Program**  
 Last Revised February 5, 2014

<p><b>Environmental Policies</b></p>	<p>Support legislation to further integrate state and federal environmental impact studies and streamline permitting by state regulatory agencies</p>	<p>While the Transportation Authority has been a leading advocate for new, cleaner transit technologies and the efficient use of transportation alternatives, compliance with both federal and state laws can result in duplicative environmental review processes increasing the cost and length of such projects. We will continue to advocate for more efficient environmental processes (both California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA)) that reduce administrative inefficiencies without reducing scope or thoroughness of environmental review, resulting in projects being delivered sooner and at a lower cost.</p>
	<p>Support efforts to implement SB 743 and advance CEQA modernization</p>	<p>In 2013 Governor Brown signed SB 743 (Steinberg) into law, a groundbreaking reform to CEQA aimed at promoting greenhouse gas reduction, development of multimodal transportation networks, and a diversity of land uses. SB 743 reduced the analysis requirements for urban infill projects and allowed alternative traffic impact analysis measures. We and other city staff have been working at the state level for years on this effort and we anticipate these revised guidelines will allow us to put in place new measures that are consistent with San Francisco’s transit-first policy and to evaluate the impact of future projects on all users of our transportation system, not just those driving cars. We will continue to work closely with the State’s Governor’s Office of Planning and Research, which is preparing guidelines to guide this reform.</p>

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 Last Revised February 5, 2014

<b>Administration/General</b>	Oppose legislation and regulations adversely affecting our ability to efficiently and effectively contract for goods and services, conduct business and limit or transfer the risk of liability	General administrative issues arise every session that could affect the Transportation Authority’s ability to operate efficiently. This element of the program would seek to protect the Transportation Authority from measures that would harm this ability and to improve the overall administrative efficiency of state and federal programs.
	Advocate for streamlining of individual administrative restrictions when multiple fund sources are used on a single project	