



Memorandum

Date: 12.01.14 **RE:** Finance Committee
December 9, 2014

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

From: Amber Crabbe – Assistant Deputy Director for Policy and Programming *Ac*

Through: Tilly Chang – Executive Director *TAC*

Subject: **ACTION** – Recommend Approval of the 2015 State and Federal Legislative Program

Summary

Every year, 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 2015 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, promoting Vision Zero safety goals, and aspiring to meet environmental and greenhouse gas reduction goals. **We are seeking a recommendation to approve the 2015 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 2015 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 2015 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 2014, 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, with the Legislature adopting an overall plan for revenue distribution. Since the framework was adopted, local public agencies have been participating in scoping exercises for the various new funding programs administered by an array of state agencies. While control over cap and trade revenues remains consolidated at the state level, in 2015 we will continue to advance the proposal of local control over revenues and will advocate that transportation get its fair share of the discretionary cap and trade revenue that will be programmed through the state budget process.

In 2014, another main legislative focus was our sponsorship of Assembly Bill (AB) 141 (Ammiano) that formed the Treasure Island Mobility Management Agency (TIMMA) and transferred the Transportation Authority's responsibilities for the future management of transportation on and off the island to the new agency. This legislation firewalled the Transportation Authority's revenue streams such as Prop K and Prop AA from the TIMMA-related activities and reduced associated liability.

Our 2015 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.

New to the 2015 State and Federal Legislative Program is direct support for San Francisco's Vision Zero goals for street safety. While we do not intend to sponsor legislation, we will work with other San Francisco public agencies to support legislation required to implement and achieve Vision Zero safety goals, including legislation to permit the use of cameras for automated enforcement of traffic violations and legislation related to improving driver behavior through enhanced enforcement. We are also recommending including new language in support of the Marketplace Fairness Act which would apply state and local sales tax rates to online purchases to support local businesses and increase collection of Prop K sales tax revenue.

Attachment 1 explains in detail the Transportation Authority's proposed 2015 State and Federal Legislative Program.

We are seeking a recommendation to approve the 2015 State and Federal Legislative Program.

ALTERNATIVES

1. Recommend approval of the 2015 State and Federal Legislative Program.
2. Recommend approval of the 2015 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 December 3, 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 2015 State and Federal Legislative Program.

Attachment:

1. Draft 2015 State and Federal Legislative Program

Attachment 1
San Francisco County Transportation Authority –2015 State and Federal Legislative Program
 Last Modified: December 3, 2014

Area	Recommended Action	Comments
State Legislative Program Elements		
1. Fiscal Year 2015/16 State Budget	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 advocate that funds that should be dedicated to transportation projects are not diverted to other state budget priorities. We would also support efforts to recover weight fee revenues for transportation.
	Support efforts to change allocation formulas for state transportation funds to recognize factors other than number of registered vehicles, lane miles, or residential population	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 transit usage.
2. Cap and Trade Revenues	Support flexibility and allow local control of programming and allocation of cap and trade revenues and support efforts to dedicate a significant portion of cap and trade revenues to transportation, specifically to regional and local agencies that are implementing sustainable communities strategies	<p>We will advocate that transportation projects are given highest priority in cap and trade revenue distribution and that revenues collected on transportation fuels be dedicated to transportation projects, consistent with the public’s association of fuel fees and taxes with transportation improvements. While the general distribution of cap and trade revenue was legally established in 2014, 40% of the revenues will still be subject to programming by the Legislature.</p> <p>We will continue to advocate that cap and trade revenues are allocated through a process that is clear, streamlined, flexible, and effective. Specifically, where opportunities exist, we will advocate that revenues are distributed by formula to local and regional agencies and that revenues are allocated to the California High Speed Rail (HSR) project fund San Francisco Early Investment Program priorities such as Caltrain Electrification and the Caltrain Downtown Extension.</p>

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3. Transportation Policy Initiatives	Support efforts that would allow San Francisco to reform its accessible parking policies	Support the San Francisco Municipal Transportation Agency’s (SFMTA’s) efforts to advance its policy objectives related to improving management of accessible parking to making spaces available to those who need them, consistent with future input and guidance from our Board of Commissioners. Support SFMTA’s efforts to seek changes to state law if necessary.
	Support San Francisco’s Vision Zero policy and other efforts to improve safety for bicyclists and pedestrians	<p>Vision Zero is San Francisco’s policy commitment to eliminate all traffic-related fatalities by 2024. To achieve this safety goal, San Francisco will rely on engineering, education, enforcement, evaluation, and policy to create safe streets for all users, particularly pedestrians and bicyclists. While the state’s new Active Transportation Program (ATP) funds both infrastructure and non-infrastructure projects such as education, outreach, and enforcement activities, it is a very competitive and administratively burdensome grant program and insufficient to meet the demand for these types of projects.</p> <p>We will work with the SFMTA, Department of Public Works, Department of Public Health and other project partners to identify and secure additional state and federal funding, and seek legislative reform to support strategies that may not currently be authorized by state law such as the use of cameras for automated enforcement (e.g. don’t block the box, and photo-radar speed enforcement). Finally, every year the Legislature considers bills aimed at improving driver behavior and increasing enforcement, in particular around schools.</p>
	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 and other Congestion Management Agencies (CMAs) to improve the efficiency and effectiveness of the Caltrans project initiation document (PID) process for local projects on the state highway system. Support the implementation of National Association of City Transportation Officials design guidelines and their integration into Caltrans’s Highway Design Manual.

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	Support efforts to implement high occupancy toll (HOT) lanes and other transportation demand management (TDM) strategies	HOT lanes are tolled highway lanes that provide free or reduced-cost access for high occupancy vehicles and allow single occupancy vehicles to pay to get out of congested general purpose lanes. Existing HOT laws limit the number of allowable HOT facilities and provide that no HOT facilities can be approved after January 1, 2012. We will support new legislation – like SB 983 (Hernandez) that was considered in 2014 – to lift these restrictions and expand the ability to use pricing and express lanes to better manage congestion on state highways. We will support new HOT legislation that promotes HOT facilities in the region that could both alleviate freeway congestion and generate revenue to support travel options in the corridor. We will also support efforts to allow more flexibility in implementing other TDM measures, like cordon pricing, trip capping, and incentives for time-of-day trip shifting.
	Support state pilot of a road usage charge	In 2014, SB 1077 (DeSaulnier) initiated a state road usage charge pilot, which would design and implement a program where drivers are charged per mile traveled. We will participate as much as possible in the pilot and advocate for a fair and sustainable program that addresses the decreasing real value of the state fuel tax and the equity issues associated with the rising adoption of electric vehicles, whose owners don't pay the fuel tax.
4. Increase Transportation Funding	Support a constitutional amendment to lower the 2/3 supermajority voter approval requirement for local transportation taxes	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. Several constitutional amendments were introduced in 2014 to reduce the threshold for local transportation measures specifically or local revenue measures generally. Although regionally supported, none of these measures were ultimately enacted. In 2015, we will again advocate for lower voter approval thresholds for transportation and oppose unreasonable conditions or restrictions on local control over the use of revenues since the decreasing amount of state and federal funding for transportation make local funding measures even more critical in advancing transportation projects.

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	Support state authorization to approve new local, regional, and state revenues for transportation	<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 capital and operating needs. We are carefully monitoring a proposal for an increase in the state 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).</p> <p>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. We will also support the Metropolitan Transportation Commission’s (MTC’s) proposal to seek authorization for a Regional Measure 3 bridge toll and work closely with MTC to support San Francisco’s needs in the development of the expenditure plan.</p>
	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. In 2014, SB 628 (Beall) lowered the voter threshold to 55% for enhanced infrastructure financing districts, but that still does not restore what was lost when redevelopment was dissolved. We will support additional efforts to revive the authority of local governments to use tax-increment financing 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 a real estate transaction charge.
5. Active Transportation Program (ATP) Implementation	Support ATP guidelines that are flexible and allow local control of programming and allocation and that focus on administrative efficiency and performance-based outcomes	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 worked with stakeholders throughout 2013 and 2014 to develop program guidelines, conduct the first call for projects (March 2014), and adopt the funding commitments (August and November 2014). During the process of evaluating the first ATP grant cycle, 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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6. High Speed Rail (HSR)	Support the implementation of the memorandum of understanding for the HSR Early Investment Strategy for a Blended System on the Peninsula	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 HSR and electrified Caltrain system from San Francisco to San Jose on the Peninsula, including a terminus at the Transbay Transit Center. We will continue to work with our partner agencies to advocate that the HSR early investment projects are implemented in a manner consistent with 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. However there is still a shortfall in the budgets for the Caltrain Electrification and Downtown Extension projects. As stated above, we will advocate for the State to dedicate cap and trade revenue to the Bay Area segment of the HSR project, including blended service in the Peninsula corridor, and to resolve outstanding legal issues surrounding the overall HSR project.
	Advocate that all HSR early investment projects are fully compatible with bringing service to the Transbay Terminal, northern terminus of California's HSR system	We will work with San Francisco and regional partners and the California High Speed Rail Authority to advocate 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 and work with our regional partners to advance the Caltrain Modernization program.

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Federal Legislative Program Elements		
7. Federal Appropriations	Advocate for New Starts and Small Starts funding appropriations for San Francisco projects	Because of the federal government’s continuing inability to pass a multi-year transportation bill and the continued insolvency of the federal highway trust fund (HTF), 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 advocate 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 as needed to support timely project delivery. We will also work with city and regional partners to identify the next project priorities for future New and Small Starts funding.
	Advocate for full appropriations for federal Moving Ahead for Progress in the 21 st Century (MAP-21) programs	We will partner with other transportation stakeholders in the Bay Area and nationwide to advocate that Congress appropriates full funding, consistent with amounts detailed in MAP-21, for the remainder of federal Fiscal Year 2015 and federal Fiscal Year 2016 (assuming MAP-21 is extended).
8. New Federal Transportation Funding	Advocate for an increase in the 18.4 cent per gallon federal gasoline tax and/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 HTF, the primary federal source of funding for not only roadway projects but also transit, pedestrian and bicycle projects. We will continue to advocate for increasing the federal gasoline tax or indexing it to inflation as the simplest ways 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 road usage charges as future ways to reach a reliable increased level of funding so the federal government is paying its fair share.
	Advocate for 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 be favorable to San Francisco projects.

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	Support passage of Marketplace Fairness Act to increase local sales tax revenue	We will support efforts to apply state and local sales tax rates to online purchases to capture the full range of economic activities, bolster local business, and increase collection of the Prop K transportation sales tax and other state transportation sales taxes.
	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, and California is already leading the way with its cap and trade program. An effort to price carbon at the federal level has been endorsed by people across the political spectrum, including prominent conservatives and big businesses. We will work to support such efforts and promote transportation investments as part of the recommended expenditure plan.
9. Federal Transportation Reauthorization	Support development of the next federal surface transportation authorization law	The current federal surface transportation law, MAP-21, was approved in July 2012 and was continued through May 2015. While movement on a new reauthorization is uncertain given the current political climate, we will coordinate input from 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.
	Support reinstatement of the federal pre-tax transit fringe benefit 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. As of January 1, 2014 it reverted to \$130 per month. We will advocate for a permanent solution that puts transit pre-tax benefits on par with parking benefits.

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State and Federal Legislative Program Elements		
10. Pricing, Public-Private Partnerships, Design-Build, and Other Innovative Project Delivery and Financing Approaches	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 while state and federal fund sources are decreasing and/or suffering from unreliability. New funding and financing methods have become increasingly necessary given high demand for transportation projects – both state of good repair and new capacity to deal with growth – and the poor funding situation. We need a broader toolbox of project delivery and financing options to support more timely and cost effective delivery of projects. Local agencies should also have expanded options to use alternative delivery methods to manage risk and increase local control. We will advocate for further expansion of federal financing programs such as Transportation Infrastructure Finance and Innovation Act (TIFIA) to allow local jurisdictions to advance worthwhile transportation projects, improving mobility and creating jobs. We will 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. This includes current state efforts to develop a Managed Lanes Master Plan and the Bay Area express lane network project underway through MTC.
	Support the use of pricing as a transportation demand management tool to increase person-capacity of roads and highways	
	Coordinate with the regional and state transportation agencies on enabling legislation to reauthorize publicly managed toll facilities	
11. Environmental Policies	Support legislation to further integrate state and federal environmental impact studies and streamline permitting by state regulatory agencies	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.

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	Support efforts to implement SB 743 and advance CEQA modernization	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 Governor’s Office of Planning and Research, which is preparing guidelines for this reform.
12. Administration/ General	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	