



Board Report

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**EXECUTIVE MANAGEMENT COMMITTEE
MAY 18, 2017**

SUBJECT: STATE AND FEDERAL REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE **State and Federal Legislative Report.**

DISCUSSION

**Executive Management Committee
Remarks Prepared By Raffi Haig Hamparian
Government Relations Senior Director, Federal Affairs**

Chairman Fasana and members of the Executive Management Committee, I am pleased to provide an update on a number of federal matters of interest to our agency. This report was prepared on May 4, 2017 and will be updated, as appropriate, at the Executive Management Committee meeting on June 15, 2017.

Trump Infrastructure Plan

President Trump has announced plans to make public, this month, his plan to invest \$1 trillion in America's infrastructure. As we have shared previously with the Board, our agency has and will continue to work with the White House and Congressional stakeholders to ensure that our Board-approved priorities are reflected in any infrastructure plan advanced by the Trump Administration and then considered by the 115th Congress. We believe that with the passage of both Measures R and M, Metro is smartly positioned to benefit from most any infrastructure plan put forward by the Trump Administration and considered by Congress later this year.

Federal Budget for Fiscal Year 2018

Later this month, the President's Office of Management and Budget (OMB) is expected to release the Trump Administration's Fiscal Year 2018 Federal Budget recommendations to Congress. Earlier this year, the OMB issued what was popularly known as a "skinny" budget - that offered a broad outline of the Administration's Fiscal Year 2018 priorities. We are deeply concerned that the budget blueprint outlined in the "skinny" budget specified that the Administration is proposing to eliminate funding for

the Federal Transit Administration's Capital Investment Grant Program and the popular TIGER Grant Program. Metro has and will continue to work with our Congressional Delegation, Members of Congress, and stakeholders to build support to oppose cuts to these important programs.

Federal Grants for Fiscal Year 2017

We are continuing to await the Trump Administration's decision as to how they will handle the FASTLANE Grant Program which was created as part of the freight focused funding section of the FAST Act. Metro's FASTLANE grant applications were submitted prior to December 15, 2016 - consistent with the USDOT's stated deadline. Because Congress did not appropriate a full year of funding for transportation projects and programs last year - this second round of FASTLANE grant funding was put on hold. Metro's Government Relations team is continuing to work with our Planning Department to advocate for the applications that were submitted. We expect USDOT Secretary Elaine Chao to make a decision on FASTLANE grants in the coming weeks.

Most recently, the USDOT has announced a new federal funding opportunity - through the FTA - for \$55 million in competitive grant funds through Low or No Emission (Low-No) Bus Program. According to the FTA, "the Low-No program supports projects sponsored by local transit agencies to bring advanced, American-made bus technologies such as battery electric power and hydrogen fuel cells into service nationwide." We will, as we do with all federal grant opportunities, vigorously compete for these valuable federal funds.

Federal Appropriations for Fiscal Year 2017

This week both the House and Senate adopted a bill funding the federal government, including the USDOT, through the balance of Federal Fiscal Year 2017 (ending September 30, 2017). We are pleased that this federal spending bill includes \$100 million for the Regional Connector, \$100 million for Purple Line Extension (Segment 1), and \$100 million for Purple Line Extension (Section 2). The Appropriations process for Fiscal Year 2018 is not expected to begin until later this month - after the Trump Administration releases its formal budget.

Conclusion

Mr. Chairman - we will expand on this report at the Executive Management Committee meeting with any new developments that occur in the next month.

**Executive Management Committee
Remarks Prepared By Michael Turner
Deputy Executive Officer, Government Relations**

Chairman Fasana and members of the Executive Management Committee, I am pleased to provide an update on a number of state matters of interest to our agency. This report was prepared on May 4, 2017 and will be updated, as appropriate, prior to the Executive Management Committee meeting on May 18, 2017.

Governor signs transportation funding proposal into law

Governor Edmund G. Brown, Jr., signed a landmark road repair and transportation investment package to fix roads, freeways and bridges and to also provide funding for transit and safety projects in communities across California into law on April 28, 2017. This package will generate up to \$52.4 billion over a 10 year period for these transportation programs, including many of Metro's major funding priorities for transit, highway repair and local streets and roads maintenance.

Staff are reviewing the contents of this proposal and will identify the benefits of this legislative initiative to Metro and more broadly - to Los Angeles County. There will be significant follow up at the State level regarding implementation of SB 1.

Legislation to extend the State's Cap-and-Trade program is introduced

The California Senate has introduced a proposal, Senate Bill 775 (Weickowski), to revamp and extend the State's Cap-and-Trade program. Due to recent years of low auction proceeds, the cap-and-trade program has drawn some criticism regarding the program implementation and effectiveness at reaching GHG reduction targets. The proposal under SB 775 would extend the program, eliminates free credit allowances that are currently available and creates a price ceiling for permits. The bill would reprogram funds to support climate change research, consumer rebates and infrastructure investment. This bill would require a two-thirds vote in the legislature.

There is also legal uncertainty whether ARB has the authority to operate the cap-and-trade program beyond 2020 and whether extending the authority to auction allowances beyond 2020 would require a two-thirds vote. The Governor's budget includes provisions that propose to continue authorizing spending in Cap-and-Trade funding beyond 2020. The broader discussion about the Cap-and-Trade program will continue throughout the legislative session.

California State Legislative Process Update

May 12th is the deadline for policy committees to hear non-fiscal bills. The committees are working to hear the thousands of bills that have been introduced. During this period spot bills will continue to be amended so that they can be considered. Metro staff have been tracking amendments to identify any issues that could affect the agency.

Key State Budget Issues

Additionally key budget issues will soon be in development and under review. There have been a number of bills relating to the State's funding allocations under Senate Bill 1 and Cap and Trade programs. These bills are expected to work their way through the policy committee process and will be merged during the budget negotiations.

Conclusion

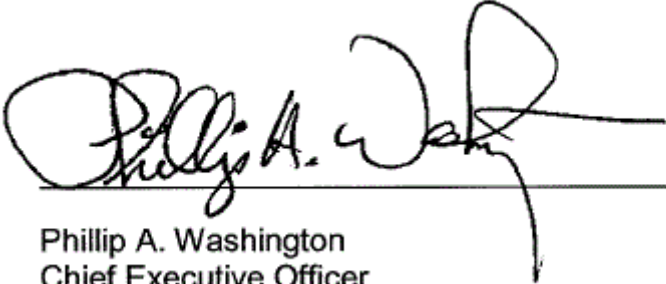
We will expand on this brief report at the Executive Management Committee meeting with any new developments that occur in the days ahead.

ATTACHMENTS

Attachment A - May 2017 - Legislative Matrix

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