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Agenda Number: 12.

**REVISED
EXECUTIVE MANAGEMENT COMMITTEE
JANUARY 18, 2018**

SUBJECT: 2018 LEGISLATIVE PROGRAM

ACTION: APPROVE STAFF RECOMMENDATIONS

RECOMMENDATION

ADOPT:

- A. the proposed 2018 Federal Legislative Program as outlined in Attachment A;
- B. the proposed 2018 State Legislative Program as outlined in Attachment B; and
- C. a SUPPORT position on ACA 5 (Frazier) which seeks to protect State transportation revenues.

ISSUE

The Board of Directors adopts, on an annual basis, a legislative program for the upcoming state legislative and federal congressional sessions, which provides guidance to staff on legislative issues and policy as a means of advancing and protecting Metro's authority and the transportation interests of Los Angeles County.

In addition, recently enacted ACA 5 (Frazier) will be placed on the June 2018 ballot for voter approval. This measure seeks to protect state transportation revenues enacted under Senate Bill 1.

DISCUSSION

Policy Implications

The role of the legislative program is to clearly define Metro's goals and objectives by securing necessary legislative authority, program funding and regulatory actions needed at the state and federal levels. The program provides policy direction to our advocacy activities in Sacramento and Washington, D.C. To achieve these important goals, Government Relations staff will implement a legislative strategy of consensus building and coordination with transportation stakeholders throughout Los Angeles County, the State of California and with Federal officials.

Federal Recap

In 2017, the agency continued to pursue our Board approved federal legislative priorities in Washington, D.C. Federal transportation programs continued to be administered under the latest surface transportation authorization bill, the Fixing America's Surface Transportation Act (FAST Act), which was signed into law on December 4, 2015. While the FAST Act is authorized through 2020, the election of President Trump and his promise on the campaign trail to deliver a \$1 trillion infrastructure proposal drove the conversation within the White House and in Congress to focus on developing a broad infrastructure package. In May 2017, the White House released a short outline of principles that will likely define what the White House presents to Congress with regards to an infrastructure package. Metro has played an active role in engaging the White House and Administration officials to advocate for a strong investment in transportation infrastructure and to tell the story of how Los Angeles County is transforming the way its 10 million residents commute and travel in our region. Additionally, Metro has communicated its support for an infrastructure package to the members of the Los Angeles County Congressional Delegation as well as to members of key Congressional Committees that have jurisdiction over infrastructure matters.

Among the challenges that have carried over from the previous year, Congress continues to struggle to adopt annual appropriations bills in regular order. While the White House, Congress and transportation stakeholders debate how the nation needs to invest further in its infrastructure, one of the best ways to efficiently deliver transportation projects to the public is by having Congress provide certainty through the annual appropriations process. In Washington, D.C. it has become the norm that Federal spending decisions are made through a last minute negotiation on a comprehensive funding package often executed well after the start of a new federal fiscal year. Metro has strongly advocated for a return to regular order in the appropriations process and will continue to do so in the future.

Lastly, Metro worked hard with the previous Administration and Congress to implement and administer the Local Hire Pilot Program. The program was extended in January 2017 for a period of five years that would allow a sufficient time frame for data to be collected by the U.S. Department of Transportation to inform a potentially permanent local hire policy. Unfortunately, the current Administration has announced, through a notice published in the Federal Register, that it has ended the Local Hire Pilot Program and withdrew the rulemaking on the subject. Metro expressed strong opposition to this decision and will pursue a strategy, through legislation or through an administrative process, to allow local hire on federally funded projects.

For the remainder of the 115th Congress, we will be working hard to advocate for the INFRA grant applications we submitted to the U.S. Department of Transportation, making a concerted effort to secure a Letter of No Prejudice and Full Funding Grant Agreement for the Westside Purple Line (Section 3) and expand on our past successes by working closely with the Trump Administration and Congress on the most effective manner to leverage our local funding to advance transit, highway and other effective mobility projects across Los Angeles County. (The complete 2018 Federal Legislative Plan is outlined in Attachment A.)

State Recap

Each year, Metro successfully moves the largest legislative program of any transportation agency in

the State of California through the legislative process.

The first year of the 2017-2018 State Legislative Session was a momentous year for transportation. The California Legislature and Governor Brown took a number of bold steps to address the growing infrastructure needs in California. Firstly, after years of debate, the Legislature passed and the Governor signed into law Senate Bill 1 (Beall & Frazier), which is a package of funding and reform that is set to generate \$52 billion over the next ten years. The bill's provisions include new funding for a variety of transportation programs. This bill is the first revision of the gas tax in over 20 years. California's highway system, its local streets and road system and its public transit system has suffered from the inability of the state to address basic state of good repair needs. SB 1 is landmark legislation that not only allows the state to address those needs, it will allow the State, through a sustained funding source, to address other key needs such as freight movement, resolving key congestion chokepoints and providing funding for various other transportation needs. As a follow-up to the passage of SB 1, ACA 5 (Frazier) will be placed on the June 2018 ballot for voter approval as a constitutional amendment to ensure that these transportation revenues receive constitutional protection. (See Attachment C for additional details).

Another major accomplishment in the first year of the 2017-2018 Legislative Session was that the State's Cap & Trade program was extended and solidified by a two-thirds vote of the Legislature. The program was set to expire in 2020, and now will be enacted with stronger reforms and consumer programs until 2030 to reach the Governor's 2030 Greenhouse Gas Reduction target goals. The actions taken to extend and reform the program will provide certainty to the cap and trade program auctions, which fund many of Metro's transportation projects and programs. As a direct result of the passage of the extension of the program and the package of reforms, this year's current auction proceeds have risen and the State is beginning to program those funds. It is anticipated that there will continue to be discussions about the specific allocation of those funds in next year's session.

Also unresolved from this year is the push for the re-structuring of Metro's current Board of Directors. In 2016, two separate proposals were introduced in the Legislature by Senator Tony Mendoza (D-Artesia) to re-structure Metro's Board of Directors to include members appointed by the State Legislature and representatives from the Gateway Cities area. The agency was successful in advocating against the measures that would offset the balance of the current structure, which was established as a result of a bottoms-up process.

In 2017, there were five additional proposals that were introduced in the Legislature to re-structure the Board. These proposals included a number of different variations that aimed to offset the proportional distribution of representatives that make up our Board of Directors. The agency was again successful, with the active support of Metro's Board of Directors and several members of the Los Angeles County State Legislative delegation, in opposing and defeating the measures. A broad coalition of opposition was assembled and led by our advocacy efforts to highlight the need for a local consensus and regional approach to Board composition, similar to the approach for planning and funding projects in Measure M. Members of the labor community, environmental justice community, municipalities, private trade organizations, Los Angeles Area Chamber, and Mobility 21 supported Metro in this effort. This coalition is representative of the hard work that Metro put forward in developing Measure M to address the needs of each subregion within the populous county.

One key priority for Metro's 2017 advocacy efforts was and continues to be the continued authorization to pursue and use Public Private Partnerships (P3s). The authorization for Caltrans to use the P3 method to deliver highway projects expired at the end of 2016 and the Legislature was unable to come to an agreement over a potential extension of the statute. Metro is working closely with a coalition of stakeholders in Sacramento to continue to urge the Legislature to reauthorize this important tool and Metro's State advocacy team will continue those efforts in next year's Legislative Session. The ability to utilize P3s to deliver projects is vital to the acceleration and delivery of Metro's LRTP and Measure M Highway and Transit priorities.

During next year's legislative session, staff anticipates that we will be addressing a number of new challenges including working to oppose the two State Initiatives that have been filed with the Secretary of State in an effort to repeal the provisions of Senate Bill 1. Staff will be working, in accordance with Metro's Board-adopted advocacy program, with a coalition of Senate Bill 1 supporters to ensure that the Board's priorities and associated funding streams are preserved for the delivery of Metro's Board-adopted LRTP and Measure M Expenditure Plan.

As in previous years, our State Advocacy strategy continues to include a robust outreach and communications plan to inform and engage the members of the Los Angeles County State Assembly and Senate delegation in support of the Board-adopted Legislative program and LRTP goals. State advocacy efforts will also continue to support Metro's Planning Department policies and programs to secure discretionary and formula funding under Senate Bill 1 for Los Angeles County as administered by the CTC.

In addition to the above, staff will be working to address a variety of other specific policy issues in the Legislative process, budget process as well as in various administrative processes in Sacramento (The entire 2018 State Legislative Program is outlined in Attachment B). These include but are not limited to:

- Metro is proposing to expand the ExpressLanes network in Los Angeles which will require tolling authorization by the CTC;
- Clarifying the process by which utilities bill Metro and potentially reduce Metro's operating costs;
- Preserving funding for Metro's Freeway Service Patrol program;
- Working with the California Public Utilities Commission in leading the effort to establish Metro as a party to the proceedings and California Air Resources Board to advance Metro's Zero Emission Bus Program; and
- Supporting the allocation of cap and trade funds to Los Angeles County.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not have an impact on safety.

FINANCIAL IMPACT

A number of the proposed state and federal legislative initiatives may provide additional funding for countywide transportation programs and projects.

ALTERNATIVES CONSIDERED

The Board of Directors could determine that a legislative program is unnecessary for the agency. Failure to adopt a legislative program could result in Metro being ill prepared to address the policy and legislative challenges that will arise during the coming year.

NEXT STEPS

Government Relations staff will continue to regularly sponsor briefings in Washington, D.C. and Los Angeles County for our Congressional Delegation and other key staffers on both the House and Senate Appropriations and Authorization committees. We have and will continue to place a strong emphasis on briefings for professional staff members working for House and Senate committees with primary responsibility for authorizing and appropriations bills - in addition to advancing our plan to accelerate both our transit and highway program through our America Fast Forward initiative.

In Sacramento, we will continue to develop and strategically advance our agency's Board approved State Legislative Program through maintaining support and close relationships with the Los Angeles County State Legislative Delegation, key leaders in the Senate and Assembly Transportation Committees, as well as key stakeholders including, the Governor, Caltrans, California Transportation Commission, and the California State Transportation Agency.

Government Relations staff will initiate briefings for the Gubernatorial Administration, members of the Legislature as well as committee staff. We will also work with state legislators to author any legislative initiatives proposed by this program. At the federal level, Government Relations will keep in close contact with new and existing members of our Congressional delegation and key Authorizing and Appropriations staff to keep our projects at the forefront. Staff will continue to monitor and track legislative efforts sponsored by other transportation interests and inform the Board of that legislation. Pursuant to the Board adopted Board Advocacy Plan we will also work closely with the Board to utilize Board member's relationships and experience in legislative matters.

Government Relations will continue to ensure that our legislative priorities and efforts are coordinated with our regional transportation partners, including Metrolink, Southern California Associations of Governments (SCAG), Municipal Operators, and Southern California County transportation commissions.

In addition, Government Relations will continue to pursue state and federal legislative initiatives that promote the efficient and rapid delivery of Measure R and Measure M projects as well as leverage Measure R and Measure M funds for additional state and federal transportation resources, and to form a coalition to protect state revenues.

The 2017-2018 State Legislative Session began on December 5, 2016. The second year of the State's Legislative Session will re-convene in January 2018. The 2017 Federal Legislative Session with both the U.S. House of Representatives and U.S. Senate is scheduled to return in January 2018

to re-convene the 115th Congress.

ATTACHMENTS

Attachment A - 2018 Federal Legislative Program

Attachment B - 2018 State Legislative Program

Attachment C - ACA 5 (Frazier) Bill Language

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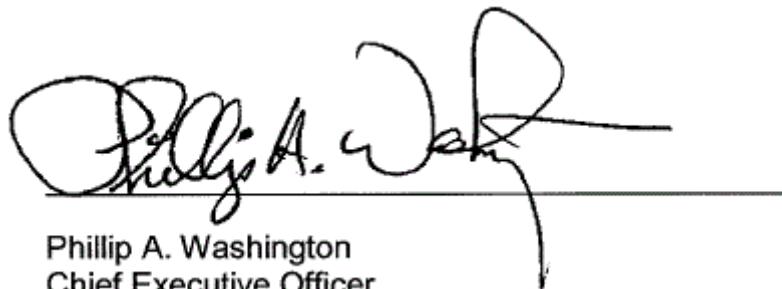
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A handwritten signature in black ink, appearing to read "Phillip A. Washington". It is written in a cursive style with a long horizontal stroke extending from the right side of the name.

Phillip A. Washington
Chief Executive Officer