Agenda Item No. (3)

PLATINUM | ADVISORS

Meeting of April 25, 2025

TO: Chris Snyder, Chair, Governmental Affairs and Public Information Committee
Gerald D. Cochran, President, Board of Directors
Denis J. Mulligan, General Manager

FR: Platinum Advisors, LLC

RE: STATE UPDATE FROM THE DISTRICT'S LEGISLATIVE ADVOCATES, PLATINUM ADVISORS, LLC

Fiscal Outlook: The Department of Finance released its monthly Finance Bulletin for the month of February showing revenues were $2.3 billion (24.9%) above levels assumed for the month in the January 10 Governor's budget estimates. However, this good news is slightly off set with state sales taxes continuing to be below estimates in February. For the 2024-25 fiscal year to date, through February 28, total General Fund revenues are now $4.6 billion (3.8%) above the monthly estimates in the January 10 Governor's budget estimates.

Preliminary data shows that March 2025 income taxes were on target, with combined personal and corporate income taxes at just $21 million (0.2%) above the monthly projection included in the Governor's January 10 budget package. However, with the wild ride the stock market is taking with the on again off again tariffs, this volatility will ultimately impact the state's fiscal outlook, which significantly relies on capital gains taxes.

Seismic Project: We continue to work closely with the District on obligating the $400 million in federal funds to complete the final phase of retrofitting the bridge. Currently, this involves addressing the significant cost increase associated with new regulation adopted by Cal-OSHA regarding lead exposure.

Cal/OSHA adopted a new regulation for occupational exposure to lead, effective January 1, 2025. This updated regulation lowered the Permissible Exposure Limit for lead by 80% and lowered the Action Limit for lead by 93%. It also introduced new limits on the number of hours per day that a worker can perform abrasive blasting, in spite of the fact that workers wear a hood with an airline providing clean fresh air for them to breathe while performing this work. These new requirements would more than double the current estimated cost to complete all paint work associated with the retrofit project.

To address this fiscal impact our office has scheduled meetings with the Governor's office, Senate President Pro Tempore, Mike McGuire's office, budget staff, and delegation offices. This effort involves a two-pronged request. To address the cost increase, we are seeking either $200 million in additional state funding or seeking a partial exemption to the Cal-OSHA regulation. Given the state's questionable fiscal outlook, there is interest in exploring a partial exemption specifically for the District's retrofit project. We are working with the Governor's office on this approach and will keep the District informed as these conversations develop.

Cap & Trade: Both the Senate and Assembly have formed working groups to discuss extending the sunset date on the cap & trade auction authority, and to consider changes to how the auction revenue is allocated. The current authority for the program sunsets in 2030. Governor Newsom and legislative leadership announced their intension to enact the extension this year. Acting now is necessary to bolster wanning demand for the credits and counter threats from the Trump Administration to block state and local laws that are viewed as impeding domestic energy development.

MTC, the California Transit Association and others have adopted principles advocating for maintaining funding commitments for public transit programs, such as LCTOP and TIRCP which are critical to funding the transition to zero emission transit fleets. So far, all discussions have been behind closed doors; however, the Assembly Budget Subcommittee #4 is scheduled to discuss extending the cap & trade program at a hearing on April 30th.

Permit Reform: Last year Assemblymember Buffy Wicks chaired the Select Committee on Permitting Reform, which held a series of hearings across the state to examine how state and local permitting processes cause delays and increase costs for a variety of projects including transit and transportation projects and housing developments. The Select Committee issued a report on its fundings which included the following recommendations for transportation projects:

- *Increase consistency across local permitting entities:* The report recommends greater standardization of design standards and permitting processes across local jurisdictions for transportation projects.

- *Remove inefficiencies in repeat engagements*: Transit agencies frequently need permits from the local jurisdiction for similar types of projects, such as bus shelters. The report suggests that these repeat engagements could benefit from increased standardization in the process and desired outcomes.

- *Create distinct permitting pathways for important transit projects*: The report recommends creating streamlined permitting pathways specifically for critical transit projects to accelerate their development.

Legislation: With the introduction deadline in February and the deadline to amend spot bills at the end of March, many new proposals continue to be amended as we race toward the first policy committee hearing deadline on May 2nd. The following are a few notable measures that made it in print.

<u>Domain Names:</u> Existing law requires all cities and counties to transition to using a ".gov" or ".ca.gov" domain name for all websites and email addresses by January 1, 2029. AB 810 (Irwin) was amended to expand this requirement to include special districts, joint powers authorities, or other political subdivisions to also comply with this requirement by January 1, 2031.

<u>Special Events:</u> As introduced AB 1237 (McKinnor) would allow LAMTA to include a $5 fee within the price of a ticket to attend a 2026 World Cup game, or a 2028 Olympic Games event.

The fee would allow the ticket holder fee transit service on the day of the event and the revenue would be used for transit operations.

AB 1237 was amended to remove the authority to include the fee for the 2028 Olympics, and the amendments add to the bill the authority for Santa Clara VTA to impose a $5 fee on tickets for the 2026 World Cup games that will be held at Levi Stadium, and tickets to the NCAA Basketball Championship games in 2026.

Transit Funding: Senator Scott Wiener and Senator Jesse Arreguin have amended SB 63 to contain the outline for a regional measure to fund transit operations. SB 63 would authorize a 10- to 15-year regional public transportation operations sales tax measure to be placed on the November 2026 ballot in the Counties of Alameda, Contra Costa, and San Francisco, with the option for the Counties of San Mateo and Santa Clara to be added. The bill includes the following provisions:

- To allow for this tax measure to be placed on the ballot through an initiative process, SB 63 would create a special district comprised of the participating counties. The special district would be governed by MTC.

- While the sales tax rate is not set in the bill, yet, the default rate is ½ cent and allows the rate in San Francisco to be up to 1 cent.

- The allocation of the revenue would be specified in the bill. SB 63 would allow MTC to retain 1% of the tax revenue for administrative costs. In addition, 10% of the revenue is allocated to MTC for transit transformation initiatives.

  The bill will be amended to specify the amount of tax revenue that would be allocated to AC Transit, BART, SFMTA, and Caltrain. Any remaining revenue would be subvened to each participating county. The counties of Alameda and Contra Costa could then allocate that revenue to other transit operators within the county.

  To help determine the amount of the tax proceeds allocated to the specified operators, SB 63 requires the completion of the Transit Operations Financial Responsibility and Implementation Plan (T-FRIP). This process generally envisions having the transportation authorities playing a role in helping identify the operating deficits for the transit operators and how much tax revenue would be allocated to each operator, as well as transit transformation initiatives.

- Includes financial efficiency provisions that ensure transit operators receiving any of this sales tax revenue to participate in a comprehensive financial efficiency review. Upon passage of the tax measure, a consultant would be hired to conduct an independent third party financial efficiency review of BART, Muni, Caltrain, and AC Transit to identify a menu of cost-saving efficiencies that, if implemented, would reduce one-time and ongoing fixed and variable costs for the operators subject to the review. This review would be done in cooperation with a committee specified in SB 63 that includes representatives from each operator, the MTC governing board, and representatives from labor, business, and transit advocates. Upon completion of the review, the operators in the review shall develop and implement an implementation plan.

- SB 63 states it is the intent of the legislature that MTC continue to act as the Regional Network Manager. The operators receiving sales tax money directly from MTC shall comply with the policies and programs adopted by MTC through the Regional Network Management framework. However, SB 63 does include some restrictions on what MTC can require the operators to do.

- SB 63 states that the transit operators are responsible for completing federal Title 6 reviews regarding service or fare changes. However, the bill does not specify how the findings in the review would be implemented.

Bills	**Subject**	**Status**	**Client - Position**
AB 334 (Petrie-Norris D) Operators of toll facilities: interoperability programs: vehicle information.	Current state law prohibits some toll data from being shared which has made national interoperability infeasible in California. AB 334 removes language detailing the specific information that could be shared between tolling authorities, and instead allows information to be shared that is intended to implement interstate interoperability. This will enable California to participate in national interstate interoperability.	ASSEMBLY P. & C.P.	Golden Gate Bridge - Watch
AB 394 (Wilson D) Public transportation providers.	This measure would expand existing law regarding battery of a transit operator or transit passenger to also include an employee or contractor of a public transit provider. AB 394 was amended to remove the prohibition order language; however, the amendments would allow a restraining order to be issued against an individual who commits battery against, or stalking of, a transit employee, to be enforceable across the entirety of the public transit system.	ASSEMBLY JUD.	Golden Gate Bridge - High Watch
AB 440 (Ramos D) Suicide prevention.	AB 440 requires the Office of Suicide Prevention (OSP) to identify state bridges and roadways with a history of a relatively high number of suicide-related deaths and to work with Caltrans to identify cost-effective	ASSEMBLY APPR.	Golden Gate Bridge - Watch

	strategies to reduce these suicides. Requires OSP to prepare and submit a report to the Legislature and the relevant policy committees on the strategies that it identifies on or before December 31, 2026, and repeals these provisions January 1, 2028.		
AB 810 **(Irwin D)** Local government: internet websites and email addresses.	Existing law requires all cities and counties to transition to using a ".gov" or ".ca.gov" domain name for all websites and email addresses by January 1, 2029. AB 810 (Irwin) was amended to expand this requirement to include special districts, joint powers authorities, or other political subdivisions to also comply with this requirement by January 1, 2031.	ASSEMBLY P. & C.P.	Golden Gate Bridge - High Watch
AB 1070 **(Ward D)** Transit districts: governing boards: compensation: nonvoting members.	This proposal would require ALL transit district governing board members to demonstrate that they use public transit in order to receive compensation for serving on the transit board. This would apply to any transit district created pursuant to state law. In addition, the bill would require the addition of 2 non-voting members to transit district governing boards. The seats would be reserved for a representative of transit user groups, and a seat represented by the labor organization representing the majority of employees. Both non-voting members would have two alternates each. The nonvoting members may be excluded from any discussions regarding labor negotiations.	ASSEMBLY L. GOV.	Golden Gate Bridge - Oppose
AB 1085 **(Stefani D)** License plates: obstruction or alteration.	This measure makes a critical change to existing laws to prohibit the installation or use of a shade or tint on a license plate that would interfere with the ability of electronic license plate reader to record the plate number.	ASSEMBLY TRANS.	Golden Gate Bridge - Support

AB 1250 **(<u>Papan</u> D)** Transit operators: paratransit: recertification of eligibility.	AB 1250 was gutted and amended on April 10th. As amended the bill would prohibit starting on January 1, 2027, a transit operator from requiring an individual who is eligible for paratransit services and whose condition is not expected to improve from having to recertify their eligibility. In addition, the bill would require temporary eligibility to be valid for 180 days or until the date indicated by the person's medical professional, and it would prohibit renewal of temporary eligibility more than 6 consecutive times.	ASSEMBLY TRANS.	Golden Gate Bridge - High Watch
SB 63 **(<u>Wiener</u> D)** San Francisco Bay area: local revenue measure: transportation funding.	SB 63 was amended to contain the outline for a regional measure to fund transit operations in specified counties in the San Francisco Bay Area. SB 63 would authorize a 10- to 15-year regional public transportation operations sales tax measure to be placed on the November 2026 ballot in the Counties of Alameda, Contra Costa, and San Francisco, with the option for the Counties of San Mateo and Santa Clara to be added. The bill also outlines the requirements operators must meet to receive the funds.	SENATE TRANS.	Golden Gate Bridge - High Watch
SB 71 **(<u>Wiener</u> D)** California Environmental Quality Act: exemptions: transit projects.	SB 71 was approved by the Senate Natural Resources Committee and by the Senate Transportation Committee. SB 71 would repeal the sunset date on existing law that exempts certain transit, bicycle, and pedestrian projects from CEQA. In addition to making additional clarifying changes, SB 71 would add to the list of exemptions a transit comprehensive operational analysis, transit route readjustment, or other transit agency route addition, elimination, or modification. The bill defines a transit comprehensive plan to include a plan that redesigns or modifies a	SENATE APPR.	Golden Gate Bridge - Support

	transit operator's or local agency's public transit service network, including the routing of fixed route and micro transit services. SB 71 was amended to include a January 1, 2032, sunset date on using this exemption for near-zero types of transit projects. The amendments also clarify that the exemptions do not apply to transit services operated by a transportation network company.		
SB 239 **(Arreguín D)** Open meetings: teleconferencing: subsidiary body.	The Senate Local Government Committee approved SB 239, where it was amended to include a sunset date of January 1, 2030. This bill would allow certain types of advisory or subsidiary bodies to meet using remote/teleconference participation if specified conditions are met. SB 239 would not apply to a subsidiary body that has subject matter jurisdiction over police oversight, elections, or budgets.	SENATE JUD.	Golden Gate Bridge - Watch
SB 707 **(Durazo D)** Open meetings: meeting and teleconference requirements.	SB 707 modifies the existing teleconferencing flexibility provisions that do not have to meet the general requirements for teleconferencing in the Brown Act. In general, the bill would subject all teleconferencing flexibility to the same set of basic rules.	SENATE JUD.	Golden Gate Bridge - Watch
SB 752 **(Richardson D)** Sales and use taxes: exemptions: California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project: transit buses.	This bill would extend by two years the sunset date on the existing state sales tax exemption on the purchase of zero emission transit buses. The current exemption is set to expire on January 1, 2026. This bill would push it back to January 1, 2028.	SENATE REV. & TAX	Golden Gate Bridge - Watch

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