



**CALIFORNIA
HIGH-SPEED RAIL
AUTHORITY**

BRIEFING: MAY 2011 EXECUTIVE/ADMINISTRATIVE COMMITTEE MEETING

AGENDA ITEM #3

TO: Chairman Pringle and Committee Members

FROM: Jeffrey M. Barker, Deputy Director

DATE: April 27, 2011

RE: Legislation Update

Purpose

To update the Board on proposed legislation relevant to the high-speed rail project, and major changes to those bills that has occurred since the March 2011 presentation to the Board.

Background/Summary

There were approximately 30 bills introduced this legislative session directly affecting the high-speed rail project. On March 3, 2011, the Board voted to take an official position on seven of those bills and to monitor the remaining bills. Formal letters of either support or opposition were sent to the authors of the seven bills, as well as to the legislative committees to which they were assigned.

At this date, many of the bills have been heard in their first committees. Policy committees must hear and report on all fiscal bills by Friday, May 6, and all non-fiscal bills by Friday, May 13. June 3 is the date by which all bills must be passed out of their house of origin.

Below, the relevant pieces of legislation are categorized as follows : First, those bills that have been significantly amended or that the Board has taken a position on; secondly, bills that are new and were not previously reported on; and lastly, updates to the remaining bills we are monitoring.

Major Changes and Movement

Below are the bills on which board has an official position and their movements since March, as well as bills that have changed significantly over the same period of time.

AB 41 (Hill)

Summary: Would add members of the High-Speed Rail Authority to those specified offices who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly.

Official Board Position: Support

Update: Passed Assembly Elections & Redistricting (Ayes 7. Noes 0), Appropriations (Ayes 16. Noes 0), read third time and passed by Assembly (Ayes 60. Noes 0) to Senate Rules for assignment.

AB 58 (Galgiani)

Summary: This bill would authorize the Governor, upon the recommendation of the executive director, to appoint up to 6 additional authority officers, exempt from civil service, who would serve in specified positions at the pleasure of the executive director.

Official Board Position: Support

Update: Because this language was included in the budget bill, the author is not currently moving this bill.

AB 76 (Harkey)

Summary: This bill would reduce the amount of general obligation debt authorized pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the amount contracted as of January 1, 2012.

Official Board Position: Oppose

Status: This bill died April 25 in the Assembly Transportation Committee on a 4-9 vote.

AB 385 (Harkey) (Coauthors: Assembly Members Donnelly, Grove, Hagman, Jones, Logue, Mansoor, Nielsen, and Wagner; Senator La Malfa)

Summary: This bill has been substantially modified. It would now require the authority to approve an "investment grade analysis," to be prepared by the State Auditor, and to submit that investment grade analysis to the Director of Finance, a specified peer review group, and the transportation policy and fiscal committees of the Legislature. The analysis would have to address a wide-ranging number of topics, including overall project cost; ridership forecasts, and a ridership study completed by "an independent third party;" the types, locations, and pay range of jobs to be created; anticipated ticket costs, operations costs, and other items over a range of years; etc.

Official Board Position: Monitor

Status: Currently in Assembly Transportation. Set for hearing 05/02/11

Recommendation: Continue to monitor

AB 471 (Lowenthal)

Summary: This bill would create the position of "inspector general" over the high-speed rail project. Previously, the bill tasked the Authority with hiring the position, but has been amended to make the position independent of the Authority. The inspector general would be appointed for a 6-year term by the Governor, subject to confirmation by the Senate. The bill would require the inspector general to report quarterly to the Authority and annually to the Governor and the Legislature.

Official Board Position: Monitor

Status: Currently in Assembly Transportation. Set for hearing 05/02/11

Recommendation: Continue to monitor

AB 615 (Lowenthal)

Summary: This bill would provide to the Authority certain exceptions, authorizations, and exemptions relative to real property like those afforded to Caltrans.

Official Board Position: Support

Update: Passed from Assembly Transportation 4/25/11 (Ayes 12. Noes 0).

Status: Assembly Appropriations (on Consent)

AB 952 (Jones)

Summary: This bill has changed significantly. The bill would now add “consultants” to those prohibited from accepting any gifts or from appearing before the Authority on behalf of, or in any way representing before the Authority, any individual or private or public entity for 3 years after termination of the employment or contract relationship with the Authority. The bill continues to apply to Board members and Authority state employees. Eliminated from the bill language was the previous requirement that all gifts to the office of the Authority be approved by the state Senate.

Official Board Position: Monitor

Update: This bill passed through Assembly Transportation on 4/11/11 (Ayes 11. Noes 0).

Status: This bill is set for hearing in Assembly Elections and Redistricting 05/03/11

Recommendation: Change Board position to Oppose

SB 22 (LaMalfa)

Summary: The original language of this bill was “intent” language, stating simply that the Legislature would “re-examine” the bond funding mechanism behind the high-speed rail project. It has been amended to mirror AB 76 (Harkey), and would reduce the amount of general obligation debt authorized pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the amount contracted as of January 1, 2012.

Official Board Position: Oppose

Status: Set for hearing in Senate Transportation 5/03/11.

Recommendation: Continue to oppose

SB 50 (Correa)

Summary: The language of this bill is nearly identical to that of AB 41 (Hill). It would add members of the High-Speed Rail Authority to those specified offices who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly.

Official Board Position: Support

Update: Passed through Senate Committee on Elections and Constitutional Amendments on consent (Ayes 4. Noes 0).

Status: On consent calendar and sent to the Senate Appropriations Committee. Hearing Set For May 2, 2011.

SB 517 (Lowenthal) (Coauthor: Senator DeSaulnier; Steinberg also added as principle co-author)

Summary: This bill would place the High-Speed Rail Authority within the Business, Transportation and Housing Agency and would require the members of the authority appointed by the Governor to be appointed with the advice and consent of the Senate. This bill would vacate the membership of the current authority Board and provide for the appointment or reappointment of members as of January 31, 2012; those members would be required to have specified background or experience, as specified.

Official Board Position: Oppose

Bill History: Passed out of Senate Transportation and Housing 4/26/11 (Ayes: 7 Noes: 2).

Status: Senate Appropriations Committee Hearing not set.

New Bills

The legislation below is newly introduced or otherwise was not included in the March 2011 report presented to the Board.

AB 292 (Galgiani)

Summary: This bill would require the Authority to appoint an agricultural advisory committee with an unspecified number of members. The bill would require the Authority to consult with the committee and to reflect the committee's comments on Authority policies related to agriculture and on any agriculture-related action item brought before the board of the Authority.

Update: Scheduled for a hearing in the Assembly Transportation Committee on 5/2/11.

Recommended Position: Support

AB 1077 (Carter)

Summary: This bill would prohibit a person from developing any of the area within 2½ miles of the boundary of Colonel Allensworth State Historic Park in Tulare County in a manner that would be incompatible with the historic or recreational significance of the park. This prohibition would not apply to a development in Tulare County that was approved by the county on or before March 1, 2011.

Bill History: Passed out of Assembly Water, Parks and Wildlife 4/26/11 (Ayes: 09 Noes: 04).

Status: Assembly Appropriations. Hearing not set.

Recommended Position: Oppose Unless Amended - Work with author

SB 475 (Wright)

Summary: Would authorize a local governmental agency to enter into an agreement with a private entity for financing for specified types of revenue-generating infrastructure projects, including "commuter or light rail." Does not directly affect the Authority but could affect local projects related to the high-speed rail project, such as stations.

Status: Senate Governance and Finance. Set for hearing 4/27/11

Recommended Position: Monitor

SB 867 (Padilla)

Summary: This bill would create the California Transportation Financing Authority, and authorize that new entity to issue Build California Bonds, the proceeds of which would be used for specified transportation capital improvements, including rail projects. The bill would limit the principal amount of bonds to be issued by the authority under these provisions to \$5 billion over a 5-year period commencing January 1, 2012.

Status: Senate Transportation and Housing. No hearing set.

Recommended Position: Monitor

Other Bills Begin Monitored

AB 16 (Perea)

Summary: Would require the Authority to make every effort to purchase high-speed train rolling stock and related equipment that are manufactured in California, consistent with federal and state laws.

Update: Passed April 26, 2011 from Assembly Transportation committee (Ayes 12. Noes 1).

Status: Assembly Appropriations. Hearing not set.

AB31 (Beall)

Summary: Related to land-use planning around high-speed rail stations, this bill would authorize the high-speed rail master plan to include incentives for encouraging investment and coherent growth in the areas surrounding the high-speed rail system in each participating jurisdiction. The bill would also authorize the participating jurisdictions to collaborate with the State Air Resources Board to develop incentives to encourage development while concurrently reducing greenhouse gas emissions, consistent with or pursuant to the California Global Warming Solutions Act of 2006 or another specified

provision of law requiring the board to provide greenhouse gas emission reduction targets for the preparation of regional sustainable communities strategies.

Update: April 26, 2011 hearing cancelled per author request. No new date set.

AB 133 (Galgiani)

Summary: This bill would require federal funds made available to the state for high-speed rail purposes under the above-referenced federal acts to be available, upon appropriation, for certain work on one or more specified rail corridors approved by the Federal Railroad Administration, in a manner consistent with certain provisions of, and subject to certain conditions of, the bond act.

Update: 04/25/2011 Assembly Trans hearing canceled at author's request. No date set.

AB 145 (Galgiani) (Coauthor: Lowenthal)

Summary: This bill would create the Department of High-Speed Trains within BT&H and transfer certain of the existing powers and responsibilities of the Authority to the department and would specify additional powers and duties of the Authority and department relative to implementation of the high-speed rail project, including the annual submission of a 6-year high-speed train capital improvement program and progress report to the Legislature. The director of the department would be appointed by the Governor, who would serve at the pleasure of the authority, and the Governor would be authorized to appoint up to 10 officers of the department who would be exempt from civil service and serve at the pleasure of the director.

Update: This bill passed out of Assembly Transportation 4/25/11 but the authors acknowledged that the language is broad and "is a work in progress" (Ayes 12. Noes 0)

Status: Referred to Appropriations.

AB 277 (Galgiani) (Coauthor: Senator Kehoe)

Summary: This bill would require the California Research Bureau, by May 1, 2012, to develop an energy consumption profile that includes a forecast of the power needs of the high-speed rail system and an analysis of any recommendations for identifying a carbon-free baseline power supply for the system. The bureau's work would be done in consultation with the High-Speed Rail Authority, the Federal Railroad Administration, the Public Utilities Commission, the State Energy Resources Conservation and Development Commission, the United States Department of Energy, and the Legislative Analyst's Office.

Update: Passed from Assembly Utilities & Commerce committee 4/25/11 (Ayes 10. Noes 2).

Status: Referred to Assembly Appropriations.

AB 492 (Galgiani)

Summary: This bill would authorize the authority to consider, to the extent permitted by federal and state law, the creation of jobs in California when awarding major contracts or purchasing high-speed trains, as specified.

Update: Passed from Transportation 4/25/11 (Ayes 12. Noes 0).

Status: Referred to Assembly Appropriations

AB 650 (Blumenfeld)

Summary: This bill would establish the Blue Ribbon Task Force on Public Transportation for the 21st Century. As introduced, the bill does not mention high-speed rail. It is intended to focus on funding needs for commuter service.

Update: Passed from Assembly transportation committee 4/11/11 (Ayes 9. Noes 1.)

Status: Referred to Assembly Appropriations

AB 845 (Ma)

Summary: This bill relates to the \$950 million in Prop 1A bond funds allocated to regional commuter rail connector services. This bill would require the guidelines adopted by the CTC to determine the funding share for each eligible commuter and urban rail recipient to use the distribution factors gathered from the most current available data in the National Transit Database of the Federal Transit Administration. The bill would require the commission to accept from each eligible recipient a priority list of projects up to the target amount expected to be available for the recipient and would require matching funds provided by the recipient to be from nonstate funds.

Status: Assembly Transportation. Set for hearing 05/02/11

AB 953 (Jones)

Summary: Would require a new ridership study conducted by the Institute of Transportation Studies at the University of California at Berkeley prior to continuation of work on the ongoing environmental documents. This bill would effectively add years to the planning of the high-speed rail system and result in the state having to return federal ARRA dollars.

Update: Failed passage out of Assembly Transportation (Ayes 5. Noes 5), and scheduled for reconsideration 5/02/11.

AB 1092 (Lowenthal)

Summary: This bill would require the authority to report biannually to the Legislature beginning March 1, 2012, on the status of the project, including overall progress, the project budget, expenditures to date, a comparison of the current and project work schedule and the baseline schedule contained in the 2009 business plan, project milestones, and other related issues.

Update: Passed from Assembly Transportation 04/25/11 (Ayes 12. Noes 0).

Status: Referred to Assembly Apparitions (on consent)

AB 1164 (Gordon)

Summary: This bill would require that the five gubernatorial appointments to the Authority Board be made with the "advice and consent of the Senate."

Update: Passed Assembly Transportation 4/25/11 (Ayes 13. Noes 0)

Status: Sent to the Assembly Floor. No hearing date set.

AB 1206 (Galgiani)

Summary: This bill would require the authority to describe, and adopt, a "small emerging business enterprise program" as part of contracts to be awarded by the authority relative to development and construction of the high-speed rail system.

Update: This bill passed both Assembly Transportation (Ayes 7. Noes 2) and Assembly Business, Professions and Consumer Protection (Ayes 12. Noes 1) committees.

Status: Referred to Assembly Appropriations. No date set

SB 733 (Price)

Summary: This bill and SB 735 were merged. Previously, this required only that in the business plan to be submitted on January 1, 2012, or as an addendum to that plan to be submitted as soon as possible after that date, the authority shall include a strategy for ensuring the participation of California-certified small business in contracts awarded by the authority with state or federal funds during all phases of the project. The bill now contains a requirement for the HSRA to have a strategy for working with the Employment Development Department to ensure that at least 25 percent of the project workforce at each worksite is from the local workforce. The 25 percent requirement may pose a problem if a workforce of necessary size and skill is not available for each worksite.

Update: Senate Transportation and housing Committee. Set for hearing 05/03/11

SB 734 (Price)

Summary: This bill would require that the authority, with the assistance of the Department of General Services, prepare a small business, microbusiness, and disabled veteran business outreach and retention plan by July 31, 2012, in order to ensure that the percentage of contracts awarded meets the small business participation goals established by Executive Order S-02-06.

Status: Senate Transportation and Housing Committee. Set for hearing 05/03/11

SB 749 (Steinberg)

Summary: This bill would provide that the members of the authority appointed by the Governor are subject to appointment with the "advice and consent" of the Senate. Language nearly identical to AB 1164 (Gordon).

Status: Hearing canceled at the request of author.

Recommendation

Summary of staff recommendation related to new or changed bills:

Altered bill:

AB 952 (Jones) Recommendation: Change Board position from Monitor to Oppose

New bills:

AB 292 (Galgiani) Recommended Position: Support

AB 1077 (Carter) Recommended Position: Oppose Unless Amended - Work with author

SB 475 (Wright) Recommended Position: Monitor

SB 867 (Padilla) Recommended Position: Monitor