

Memorandum

To: Chairman and Commissioners

Date: October 29, 2001

From: Diane C. Eidam

File No: F 9
BOOK ITEM 4.1
ACTION

Ref: STATE LEGISLATION

The Governor had until October 14, 2001 to sign or veto bills passed at the end of the Legislative Session. Listed below are summaries of 23 measures enacted in 2001 which address Commission responsibilities. Any Signing or Veto Messages issued by the Governor are included with the corresponding bill summary. Staff will present a brief summary of actions required of the Commission by these bills at the November meeting. The Legislature is scheduled to reconvene January 7, 2002.

ACA 4 (Dutra) - Dedication of State Sales Tax Revenues on Motor Vehicle Fuels to Transportation Purposes (RESOLUTION CHAPTER 87)

This measure, upon approval of the voters, would, for the 2003-04 fiscal year and each fiscal year thereafter, require all moneys that are collected during the fiscal year under the Sales and Use Tax Law, with respect to the sale or use of motor vehicle fuel to be transferred to the Transportation Investment Fund (TIF). Specifically, the measure provides that :

- (1) For the 2003-04 to 2007-08 fiscal years, inclusive, moneys in the TIF shall be allocated, upon appropriation by the Legislature, in accordance with Section 7104 of the Revenue and Taxation Code as that section read on the operative date of this article.
- (2) For the 2008-09 fiscal year and each fiscal year thereafter, moneys in the TIF shall be allocated solely for the following purposes:
 - (a) Public transit and mass transportation.
 - (b) Transportation capital improvement projects, subject to the laws governing the State Transportation Improvement Program (STIP), or any successor to that program.
 - (c) Street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by cities, including a city and county.
 - (d) Street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by counties, including a city and county.
- (3) For the 2008-09 fiscal year and each fiscal year thereafter, moneys in the Transportation Investment Fund shall be allocated, upon appropriation by the Legislature, as follows:
 - (a) Twenty percent of the moneys for Public transit and mass transportation purposes.
 - (b) Forty percent of the moneys for transportation capital improvement projects, subject to the laws governing the STIP, or any successor to that program.

- (c) Twenty percent of the moneys for street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by cities.
- (d) Twenty percent of the moneys for street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by counties.
- (4) The transfer of revenues from the General Fund of the State to the TIF may be suspended, in whole or in part, for a fiscal year if both of the following conditions are met:
 - (a) The Governor has issued a proclamation that declares that the transfer of revenues will result in a significant negative fiscal impact on the range of functions of government funded by the General Fund of the State.
 - (b) The Legislature enacts by statute, pursuant to a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, a suspension for that fiscal year of the transfer of revenues, provided that the bill does not contain any other unrelated provision.
- (5) The Legislature may enact a statute that modifies the percentage shares set forth above by a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, provided that the bill does not contain any other unrelated provision and that the moneys described above are expended solely for the purposes specified above.

ACR 32 (Dutra) - Report on Transportation Funding (RESOLUTION CHAPTER 120)

This measure requests that the California Transportation Commission, working with the Department of Transportation and in consultation with the regional transportation planning agencies, produce and submit to the Assembly and Senate Committees on Transportation, by January 1, 2003, a study of potential decreases in transportation revenue for transportation planning agencies, including, but not be limited to, identifying all of the following:

- (1) Whether a decrease may potentially occur in transportation revenue available to transportation planning agencies under Section 7104 of the Revenue and Taxation Code, relating to the Transportation Investment Fund.
- (2) Whether transportation planning agencies in California are likely to in fact experience funding shortfalls from the potential expiration of local transportation sales taxes, a decline or leveling in state-supplied revenues and funding assistance, or shortfalls in other funding sources.
- (3) Whether transportation planning agencies are anticipating transportation funding shortfalls and how those agencies are addressing the potential shortfalls.
- (4) Whether cities, counties, or cities and counties are likely to experience transportation funding shortfalls from insufficient, declining, or expiring funding sources.
- (5) Suggested legislative and other remedies to address potential funding shortfalls.

AB 93 (Wayne) - Airports: San Diego County Regional Airport Authority (CHAPTER 946)

This bill establishes the San Diego County Regional Airport Authority as a local entity of regional government with jurisdiction throughout the County of San Diego, and requires the authority to adopt the comprehensive airport land use plan for that county and coordinate the airport planning of public agencies. The bill establishes the governing body and structure of the authority, requires the San Diego Unified Port District to transfer the San Diego International Airport to the authority, and assigns various powers and duties to the authority regarding the establishment and operation of airports within the county.

To the Members of the California Legislature:

I am signing Assembly Bill 93 with some reluctance.

This bill will create a San Diego County Regional Airport Authority and transfer operation of San Diego International Airport-Lindbergh Field from the Unified Port District to the Airport Authority.

The authors of this legislation, Assembly member Howard Wayne and Senator Steve Peace are to be commended for measurably advancing the airport debate in San Diego County. For decades, civic leaders have considered a number of sites for a new international airport, including Camp Pendleton, Carmel Valley, joint use of Rodriguez International Airport in Tijuana, Miramar Marine Air Station, North Island Naval Air Station, offshore, Otay Mesa, and an expanded Lindbergh Field.

My reluctance in signing this bill stems from three concerns:

- 1. The transfer of San Diego International Airport to the new Authority by December 2, 2002 would be premature. Planning for a new or expanded airport and a decision on its location should precede the transfer of airport operations from the Unified Port District to the Regional Airport Authority.*
- 2. This legislation fails to clearly vest land use powers in the Authority.*
- 3. The Regional Airport Authority's recommendation on the location of a new international airport or expanded Lindbergh Field should be subject to a county wide public vote.*

However, I am signing this bill because it advances the public debate on the future of Lindbergh Field. Vesting exclusive responsibility in this single Authority to determine San Diego's long term airport needs is good public policy. Transferring airport facilities and providing authority to coordinate airport related mass transit with transportation planning agencies is also a positive step towards consolidating infrastructure decision making in the county. In addition, a certified audit of San Diego International Airport, commissioned jointly by the Unified Port District and the Regional Airport authority will provide essential and objective revenue information.

The incremental approach to airport siting embodied in AB 93 is preferable to no approach at all. For this Airport Authority to successfully accomplish its mission it must have the ability to plan and site an airport, a dedicated revenue stream, and the support of San Diego County's electorate. Therefore, I have asked for and received a commitment from the authors that urgency legislation will be introduced in January 2002 to accomplish the following:

- 1. Provide the Regional Airport Authority with clear authority to plan and site a new international airport or expand Lindbergh Field.*
- 2. Require the Port of San Diego to fund all operating expenses of the Regional Airport Authority until the effective date of the transfer of San Diego International Airport.*

3. *Require a countywide public vote on the recommendation of the Regional Airport Authority for an expanded Lindbergh Field or the site of a new international airport. This vote is to occur no sooner than November 2004, and no later than November 2006.*

4. *Clarify that designating the Regional Airport Authority as the only county agency to receive state or federal grants for airport planning and improvements will not jeopardize the receipt and pass through of those grants.*

5. *Postpone the effective date of the transfer of San Diego International Airport operations and property until the voters of San Diego County have approved the site recommendation of the Regional Airport Authority.*

Sincerely,

GRAY DAVIS

AB 133 (Alquist) - Regional Transportation Plans (CHAPTER 99)

Existing law required designated transportation planning agencies to prepare and adopt a regional transportation plan that includes a policy element, an action element, and a financial element. This bill authorizes those agencies to also include other factors of local significance as an element of the regional transportation plan. The bill also deletes the requirement that all regional transportation plans be adopted by September 1, 2001.

AB 434 (Keeley) - State Route 1 : Hatton Canyon (CHAPTER 136)

This bill includes within the California freeway and expressway system, among other route segments, Route 1 from the north limits of Carmel (rather than through Carmel) to the west city limits of Santa Cruz.

This bill makes the following legislative findings and declarations relating to the sale of property within Hatton Canyon near the City of Carmel-by-the-Sea in Monterey County.

- (1) The Hatton Canyon is a scenic and environmentally sensitive area, comprised of undeveloped land that includes one of the few genetically pure Monterey Pine forests left in the world, significant coastal habitat and recreation areas, as well as diverse wildlife.
- (2) With the Department of Transportation's determination that a freeway bypass in the Hatton Canyon is not currently viable, the property located in Hatton Canyon is surplus state property located within the coastal zone, as defined in Section 30103 of the Public Resources Code, as that zone was described on January 1, 1977, and subject to Section 9 of Article XIX of the California Constitution. It is, therefore, fitting and proper, and in furtherance of the public interest, that the Department of Transportation sell its ownership interest in the Hatton Canyon for the purpose of creating or adding to a state park.
- (b) The appropriation of \$2.5 million in Item 3760-302-0005 of Section 2.00 of the Budget Act of 2000 and the appropriation of \$250,000 in Item 3760-101-0001 of Section 2.00 of the Budget Act of 2001 is for the purchase of the property owned by the Department of Transportation in the Hatton Canyon.
- (c) It is the intent of the Legislature that:
 - (1) The sale of the property in the Hatton Canyon by the Department of Transportation for conversion to a state park not adversely impact any mitigation credits that the Department of Transportation may be entitled to by making this property transfer.

- (2) A nonmotorized trail be established that runs through the Hatton Canyon property.
- (d) The route adoption, dated January 9, 1956, for the realignment of Route 1 in Hatton Canyon near the City of Carmel-by-the-Sea is hereby rescinded. Accordingly, the Legislature finds and declares that the freeway agreement, dated April 8, 1997, related to that realignment is a nullity.
- (e) The existing Hatton Canyon right-of-way for the realignment of Route 1 from Carmel Valley Road to the Pacific Grove Interchange of Route 1 and 68, as part of Route 1 since before 1977, and owned by the Department of Transportation, is located within the coastal zone. This subdivision does not constitute a change in, but is declaratory of, existing law.
- (f) The Department of Transportation shall declare the Hatton Canyon right-of-way property surplus state property.

AB 437 (Budget Committee) - Rural Transit System Grant Program (CHAPTER 133)

This bill creates the FY 2001-2002 Rural Transit System Grant Program. Also, the adopted State Budget provides \$18 million of Public Transportation Account funds in FY 2001-2002 for this program. This bill requires that:

- (A) Not later than August 31, 2001, the department shall prepare guidelines for the implementation of a Rural Transit System Grant Program and submit those guidelines to the commission for review.
- (B) Not later than October 15, 2001, both of the following shall occur:
 - (1) The commission shall adopt guidelines for the program.
 - (2) The department shall establish the program in accordance with this section and the guidelines adopted by the commission.
- (C) The guidelines prepared by the department and adopted by the commission shall include all of the following requirements:
 - (1) The department shall award grants to recipients on a competitive basis for projects that serve primarily rural areas.
 - (2) Grants shall be used for the following purposes:
 - (A) To purchase, construct, and rehabilitate transit facilities, vehicles, and equipment, including, but not limited to, energy efficiency retrofits.
 - (B) To purchase rights-of-way for transit systems.
 - (3) Grants shall be awarded based on criteria that include, but are not limited to, all of the following:
 - (A) Project need and effectiveness.
 - (B) Filling transit service gaps, including, but not limited to, connectivity to other transit systems.
 - (C) The equitable distribution of funds.
 - (D) The potential of the project to improve the safety of passengers, transit workers, and the general public.

- (E) Replacement of vehicles or equipment that have exceeded service life expectations.
- (4) Grant awards shall be limited to any claimant, as defined in Section 99203 of the Public Utilities Code.
- (5) Grants shall require all of the following:
 - (A) A project match requirement equal to the percentage of Mills-Alquist-Deddeh Act (Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code) funds expended for purposes other than transit, community transit services, pedestrian and bicycle, and transportation planning purposes, averaged over the three most recent fiscal years. The match requirement may not be less than 10 percent, and may not be more than 50 percent. However, no grant may be awarded to an applicant in any city, county, or city and county, in which funds that may be claimed by the applicant under the Mills-Alquist-Deddeh Act are expended for street and road purposes pursuant to subdivision (a) of Section 99400 of the Public Utilities Code in the same year as the year in which the application for a grant is made.
 - (B) A demonstration of maintenance of effort.
 - (C) A demonstration of financial ability to support ongoing operations of the public transportation services.
- (D) The department shall prepare a report describing the types of projects funded under the Rural Transit System Grant Program, which shall be submitted to the Legislature on or before June 30, 2002.
- (E) This section shall become inoperative on July 1, 2002, and, as of January 1, 2003, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2003, deletes or extends the dates on which it becomes inoperative and is repealed.

**AB 438 (Assembly Budget Committee) - Traffic Congestion Relief Program (TCRP)
Refinancing Plan (CHAPTER 113)**

- (1) Existing law continuously appropriates to the Treasurer the amounts identified in the Budget Act as having been deposited in the State Highway Account in the State Transportation Fund from federal transportation funds and pledged by the California Transportation Commission, for the purposes of issuing federal highway grant anticipation notes (GARVEE Bonds) to fund transportation projects selected by the commission. Projects eligible for this special funding are limited to transportation projects that have been designated for accelerated construction by the commission. This bill provides that the category of projects eligible for GARVEE financing includes:
 - (a) toll bridge seismic retrofit projects;
 - (b) projects approved for funding under the Traffic Congestion Relief Act of 2000; and
 - (c) projects programmed under the current adopted State Transportation Improvement Program or the current State Highway Operation and Protection Program.
- (2) Existing law establishes the Traffic Congestion Relief Fund (TCRF) in the State Treasury and appropriates the money in the TCRF (a) to the Department of Transportation for allocation, as directed by the California Transportation Commission, to the department and certain regional and local transportation entities for TCRP projects, (b) to the Controller for

allocation to cities and counties for street and road maintenance, rehabilitation, and reconstruction, (c) to the Commission for the purposes of a funding exchange program, and (d) to the department for rehabilitation and repaving projects on state highways. Further, existing law requires the Controller to transfer revenues from the state sales tax on motor vehicle fuels on a quarterly basis from the General Fund to the Transportation Investment Fund (TIF) in the State Treasury. The Controller, for each quarter during the period commencing on July 1, 2001, and ending on June 30, 2006, is required to transfer or apportion specified amounts from the TIF to the TCRF, to the Public Transportation Account, to the Department of Transportation, to the counties, and to the cities for specified transportation purposes. This bill :

- (a) delays the transfers from the General Fund to the TIF by requiring the transfers to commence on July 1, 2003, and end on June 30, 2008.
- (b) reduces the total amount to be transferred from the TIF to the TCRF by \$76.1 million.
- (c) for the 2006-07 and 2007-08 fiscal years, requires the transfer from the TIF to the Department of Transportation for transportation capital improvement projects to be 80% of the amount remaining after the transfer to the TCRF for the listed transportation projects and, for that same period, would delete the transfer from the TIF to the cities and counties.
- (d) for each of the 2001-02 and 2002-03 fiscal years, appropriates from the State Highway Account in the State Transportation Fund to the Controller 40% of the amount obtained by subtracting \$169.5 million from the state sales tax on motor vehicle fuels revenues, and requires the Controller to apportion the appropriated funds to cities, and counties in accordance with provisions in existing law relating to allocation of TIF funds.
- (e) until July 1, 2008, authorizes the Department of Transportation to transfer funds as short-term loans among the State Highway Account, the TIF, the Public Transportation Account, and the TCRF, subject to those terms and conditions that the Director of Finance may impose upon those transfers.
 - (1) The department shall submit quarterly and annual reports to the Joint Legislative Budget Committee, and to the fiscal and policy committees of the Legislature that consider transportation issues, on all loans and transfers authorized pursuant to Sections 14556.7 and 14556.8 for the most recent reporting period. The reports shall summarize amounts loaned and repaid during the reporting period and any outstanding balances at the end of the reporting period. The annual report required under this section shall be delivered to the Legislature by March 1 of each year and shall include information on and a discussion of the impact of all loans and transfers on project expenditures for each affected program. Additionally, the annual report shall include the amount of loans outstanding as of the end of the reporting period and any actual or projected impacts of those loan balances on funds projected to be used for projects in the latest State Transportation Improvement Program fund estimate.
 - (2) When loan balances authorized in this subdivision are outstanding, the Director of Transportation shall report the amounts of loans outstanding with respect to each fund or account as of the last business day of each quarter to the Commission. The Commission shall monitor the cash-flow loan program authorized in this

section and shall provide guidance to the department to ensure that sufficient resources will be available for all projects and all other authorized expenditures from each fund or account so as to not delay any authorized expenditure. The Commission's annual report, beginning with the report for 2001, shall include (1) a summary of loans and transfers authorized under the bill, (2) a summary and discussion on the cash-flow and project delivery impact of those loans and transfers, and (3) a summary of any guidance the Commission has provided to the department to ensure that sufficient resources will be available for all projects from each account so as not to delay any expenditures.

- (f) authorize the Director of Finance to authorize, by executive order and to the extent necessary to provide adequate cash to fund projected expenditures for the TCRP projects, the transfer of not more than \$100 million as an interest free loan, from the Motor Vehicle Account in the State Transportation Fund to the TCRF, and the transfer of any available funds, as an interest free loan, from the General Fund to the TCRF. Loans from the Motor Vehicle Account are authorized only beginning July 1, 2004, and would be required to be repaid by July 1, 2007.
- (g) also provides for loans of a maximum cumulative amount of \$280 million to the TCRF from the Public Transportation Account and \$180 million from the State Highway Account for these purposes through the annual Budget Act, to be repaid by June 30, 2008, and June 30, 2007, respectively. The Department of Transportation, upon the request of the Commission or the Director of Finance, shall provide a report projecting the cash needs of the listed projects.
- (h) authorizes money in the TCRF derived from the General Fund and not currently needed for expenditures on the listed projects to be transferred to the General Fund through the annual Budget Act, and requires the Director of Finance, upon making a determination that funds in the TCRF are not adequate to support expected cash expenditures for the listed projects, to require, by executive order, that the funds transferred to the General Fund under this provision be repaid to the TCRF. These loans to the General Fund would be required to be repaid no later than June 30, 2006.

AB 608 (Dickerson) - Regional Transportation Planning Agency Funding (CHAPTER 815)

- (1) Under existing law, each regional transportation planning agency and each county transportation commission is required to adopt and submit to the California Transportation Commission and the Department of Transportation, not later than December 15, 2001, and December 15 of each odd-numbered year thereafter, a 5-year regional transportation improvement program. Those local transportation entities may request and receive an amount not to exceed 1/2 of one percent of their STIP regional share for the purposes of transportation project planning, programming, and monitoring. Those local transportation entities that are not receiving federal metropolitan planning funds may request and receive an amount not to exceed 2% of their regional share funds for these purposes.
- (2) This bill increases the maximum amount that may be requested and received by those entities for the above described purposes to 1% and 5%, respectively.
- (3) Existing law also requires state transportation funds available for regional improvement projects to be programmed by the California Transportation Commission in the 5-year state transportation improvement program (STIP) in accordance with certain formulas,

including the north-south split and county shares. Existing law requires the programmed project amount in the STIP to be adjusted in certain cases.

- (4) This bill authorizes the adjustment by the Commission of a programmed project amount in the STIP if the construction contract award amount for a project is less than 80% of the engineer's final estimate, excluding construction engineering.

AB 631 (Oropeza) - Transportation Deficiencies Assessment (VETOED)

- (1) Existing law required the California Transportation Commission, in conjunction with the Department of Transportation, transportation planning agencies, county transportation commissions, and transportation authorities, to develop a 5-year state transportation improvement program for purposes of planning the appropriation and allocation of available transportation funds to state, regional, and local transportation projects, including a 5-year process for estimating the amount of state and federal funds to be available for those transportation projects.
- (2) This bill would have require the Commission, using information and analyses from existing plans developed by the department and regional transportation planning agencies, to prepare a statewide inventory of assessments of the condition, performance, and deficiencies of the state's transportation system, as described, every 5 years. The bill would require the commission to report to the Legislature on July 1, 2003, and on July 1 every 5 years thereafter.
- (3) The bill would have require the Commission to include a goods movement and transit equity assessment as part of the statewide inventory of assessments.

To Members of the California State Assembly:

I am returning Assembly Bill 631 without my signature.

This bill would require the California Transportation Commission (CTC), in conjunction with the Department of Transportation (Caltrans), and the state's regional transportation planning agencies, to prepare and submit to the Legislature a comprehensive transportation needs assessment every five years.

Two years ago, both the CTC and Caltrans completed and delivered an exhaustive transportation needs assessment which identified the same transportation needs that the study required by this bill would presumably identify. That study provided the public, Legislature, and my Administration, important information on the state's transportation infrastructure that is both current and relevant. To duplicate such an effort at this time would not be financially prudent.

Nonetheless, as an ongoing transportation needs assessment and report as envisioned by this bill would be useful to transportation policymakers at all levels of government. Accordingly, I am directing the Secretary of the Business, Transportation and Housing Agency and the Director of Caltrans to provide recommendations on the types of fiscal and operational requirements that would be useful in developing such a report, as well as other information that would be beneficial to transportation policymakers.

Sincerely,

GRAY DAVIS

AB 635 (Bates) - Relinquishment: State Highway Routes 1 and 126 (CHAPTER 757)

Existing law requires the California Transportation Commission to relinquish to any city or county any portion of any state highway within the city or county that has been deleted from the state highway system by legislative enactment. These relinquishments become effective upon the first day of the next calendar or fiscal year, whichever first occurs after the effective date of the legislative enactment.

This bill authorizes the Commission to relinquish to the City of Dana Point the portion of Route 1 that is located within the city limits of that city and is between the western edge of the San Juan Creek channel overcrossing and the city limits of the City of Laguna Beach, upon terms and conditions the Commission finds to be in the best interests of the state, if the Commission and the city enter into an agreement providing for that relinquishment.

The bill authorizes the Commission to relinquish to the City of Santa Clarita the portion of State Highway Route 126 that is between State Highway Route 5 and State Highway Route 14, pursuant to the terms of a cooperative agreement between the City of Santa Clarita and the Department of Transportation.

AB 910 (Wayne) - Wildlife Conservation Easements (CHAPTER 863)

This bill requires that prior to the initiation of condemnation proceedings against a wildlife conservation easement acquired by a state agency, the governmental entity shall give notice to the holder of the easement, provide an opportunity for the holder of the easement to consult with the governmental agency, provide the holder of the easement the opportunity to state its objections to the condemnation, and provide a response to the objections. In condemnation proceedings initiated by a governmental entity against a wildlife conservation easement acquired by a state agency, the condemning governmental entity shall be required to prove by clear and convincing evidence that its proposed use satisfies the requirements of Article 6 (commencing with Section 1240.510) or Article 7 (commencing with Section 1240.610) of Chapter 3 of Title 7 of Part 3 of the Code of Civil Procedure.

AB 1171 (Dutra) - Toll Bridge Funding (CHAPTER 907)

- (1) Existing law imposes a seismic retrofit surcharge equal to \$1 per vehicle for passage on the state-owned toll bridges in the region within the area of the jurisdiction of the Metropolitan Transportation Commission, except for vehicles that are authorized toll-free passage on those bridges. Revenue generated from the surcharge is required to be deposited in the Toll Bridge Seismic Retrofit Account in the State Transportation Fund, which is continuously appropriated without regard to fiscal years to the Department of Transportation for the purpose of funding seismic retrofit of currently listed bridges. The department is required to determine the date when (a) sufficient funds have been generated for the completion of seismic retrofit and the replacement of the San Francisco-Oakland Bay Bridge, as specified, and (b) sufficient funds have been generated to pay for any costs added under a specified provision relating to the San Francisco-Oakland Bay Bridge. The department is required to notify the Secretary of State of that date, immediately upon making that determination. These provisions are repealed on January 1, 2008, or on the date the Secretary of State receives the specified notice, whichever occurs first.
- (2) This bill deletes the repeal date described above and would instead provide a repeal date occurring when the California Transportation Commission notifies the Secretary of State

that sufficient funds have been generated to meet certain obligations, as defined, and thereby would make an appropriation by extending the time during which the money in the account would be continuously appropriated. The bill requires the money in the account that is in excess of those funds needed to meet the toll commitment and other elements requiring to meet the obligations of the department's financial plan to be available to the Bay Area Toll Authority for funding certain purposes and projects that are consistent with existing law requirements.

- (3) The bill requires the department to transfer the funds annually to the authority upon receiving notification from the authority's governing board.
- (4) The bill prohibits the increase in tolls beyond the level needed to complete the seismic retrofit and replacement of bay area bridges, as described above, unless the California Infrastructure and Economic Development Bank makes certain described findings and the Department of Finance confirms those findings.
- (5) Existing law sets forth the cost estimates at \$2,620,000,000 to retrofit the state-owned toll bridges and to replace the east span of the San Francisco-Oakland Bay Bridge in accordance with a schedule.
- (6) This bill revises that cost estimate to \$4,637,000,000 and correspondingly revises the schedule.
- (7) Existing law provides that the estimated cost of replacing the east span of the San Francisco-Oakland Bay Bridge is based on certain assumptions.
- (8) The bill provides that this estimated cost is based on specific conditions, rather than assumptions.
- (9) Existing law provides that it is the intent of the Legislature that specific amounts from various funds be allocated through the 2004-05 fiscal year, for the seismic retrofit or replacement of the identified state-owned toll bridges.
- (10) This bill requires the continued allocation of the funds until expended, rather than through the 2004-05 fiscal year, and revises the amount available from the seismic retrofit surcharge, subject to certain limitations, and would include the funds necessary to meet principal obligations, as defined, of not less than \$642,000,000 from the state's share of the federal Highway Bridge Replacement and Rehabilitation Program.
- (11) The bill revises the proportional reduction of funding formula provided under existing law, if the cost of retrofitting or replacement, or both, is less than the statutory cost estimate set forth above.
- (12) The bill requires the department, upon substantial completion of the retrofit work of the state-owned toll bridges, to submit a final report prepared by an independent accounting firm identifying the sources and use of the funds. The bill requires the report to serve as the basis for any proportional reduction in funding as described above.
- (13) The bill provides that if the department issues federal highway grant anticipation notes to fund the retrofitting of state owned toll bridges and the replacement of the east span of the San Francisco-Oakland Bay Bridge, certain adjustments in the state transportation improvement program county share shall not apply.

- (14) The bill authorizes the department to enter into certain financial arrangements to finance or refinance the seismic retrofit project costs which would include the issuance of revenue bonds.
- (15) The bill provides that nothing in the bill shall be construed to negatively impact any project that is programmed prior to January 1, 2002, in the state transportation improvement program.

To the Members of the California Legislature:

I am signing Assembly Bill 1171 that provides funding necessary for the completion of the Toll Bridge Seismic Retrofit Program. The much needed seismic safety program will result in the retrofit of the Benecia-Martinez, Carquinez, Dumbarton, Richmond-San Rafael, San Mateo-Hayward, San Pedro-Terminal Island, San Diego-Coronado, and west span of the San Francisco-Oakland Bay Bridges and replacement of the east span of the San Francisco-Oakland Bay Bridge.

The Toll Bridge Seismic Retrofit Program is unprecedented in its complexity and has been stalled for too many years in the struggle to balance function against aesthetics, needs against costs-at all times ensuring that the highest priority remains the safety of the motorists that use the bridges.

Retrofit of most of the bridges is already complete, save the most difficult, the San Francisco-Oakland Bay Bridge. The designs for that bridge are nearly complete and preliminary construction is underway.

This bill, AB 1171, represents yet another balance--that between statewide versus regional needs. The bill not only provides the necessary funding from an appropriate mix of transportation resources, it also vests the Department of Transportation with the sole responsibility to complete the seismic retrofit program--a responsibility I am confident the Department can achieve.

This project must proceed without further delay. I am directing the Department to implement the provisions of the bill and accelerate the program whenever and wherever possible in order to provide greater safety for the nearly 300,000 commuters who rely on the San Francisco-Oakland Bay Bridge daily.

Sincerely,

GRAY DAVIS

AB 1335 (Cohn) - Regional & Local Funds: Letter of No Prejudice (CHAPTER 908)

This bill authorizes a regional or local entity that is a lead applicant agency for a Traffic Congestion Relief Program (TCRP) project to apply to the Commission for a letter of no prejudice for the project. If approved by the Commission, the letter of no prejudice allows the regional or local entity to expend its own funds for any component of the TCRP project before funds are allocated by the Commission and be reimbursed by the state.

AB1419 (Aroner) - Transportation: San Francisco Transbay Terminal Facility (VETOED)

This bill, for the purpose of facilitating the construction by the Transbay Joint Powers Authority, of the Transbay Terminal Project, on the site of the existing transbay terminal in the City and County of San Francisco and the extension of CalTrain commuter rail, from its current terminus at 4th and Townsend Streets in the city and county to the new facility, would require the department of transportation to offer to transfer and convey to the Redevelopment Agency of the City and County of San Francisco and the authority, fee title to certain parcels of real estate owned by the department, without cost or charge to the agency or the authority, and without any requirement that the agency or the authority or any transferee refund or reimburse any of the department's costs from the proceeds of land sales, lease income, or other moneys derived from or related to the parcels.

To Members of the California State Assembly:

I am returning Assembly Bill 1419 without my signature.

This bill would provide state-owned property, currently used by the Department of Transportation (Caltrans), for a redevelopment project in the City of San Francisco. The property would generate revenue for construction of the City's proposed "Great Expectations" project, a project that includes, among other elements, a new Transbay Transit Terminal and, as required by the bill, extension of the Peninsula Commute train to the new terminal.

While I support this exciting new project, I cannot support this bill because it would jeopardize the project schedule and cost estimates for completion of the west approach seismic retrofit portion of the San Francisco-Oakland Bay Bridge seismic retrofit and replacement project. This important safety project MUST proceed without delay.

Additionally, it contains provisions that would inadvertently impact improvements previously agreed to by the author and Caltrans. Although the author has agreed to sponsor cleanup legislation, it would not take effect in time to address the identified problems.

Caltrans has existing authority that allows it to transfer state-owned property to local governments through administrative processes. These processes allow the State to address key issues affecting the seismic retrofit program, and also allow for the consideration of appropriate terms and conditions under which the property would be transferred.

Accordingly, I am directing Caltrans to initiate procedures to transfer the property administratively with the necessary protections for the State that will also allow an important regional transportation improvement to proceed.

Sincerely,

GRAY DAVIS

AB1564 (Cardenas) - Contracts With Native American Tribes (VETOED)

Existing law authorizes the Department of Transportation to enter into a cooperative agreement with a city, county, or other public entity for the performance of work by the department or by the city, county, or other public entity, or for the apportionment of the expense of the work between the department and the city, county, or other public entity, if the California Transportation Commission or other public entity has allocated any funds for the construction,

improvement, or maintenance of any portion of a state highway within the city or county. The department is authorized to enter into a cooperative agreement with a city, county, or other public entity to perform professional and technical project development services, if the department determines that the city, county, or other public entity in which the project is located has qualified and available staff to perform the necessary project services.

This bill would have included any federally recognized Indian tribe within the definition of "public entity" for the purposes of the provisions of existing law authorizing the department to enter into cooperative agreements. The bill also would have required that any such cooperative agreement with an Indian tribe contain an enforceable method of reimbursing the department for its costs and be consistent with all statutory requirements and regulations relating to highway construction, improvement, and project development or maintenance .

To Members of the California State Assembly:

I am returning Assembly Bill 1564 without my signature.

This bill would include any federally recognized Indian tribe within the definition of "public entity" for the purposes of authorizing Caltrans to enter into cooperative agreements for state highway construction, improvements, or maintenance projects. However, the bill makes no provision to ensure that projects for Indian tribes won't supercede projects planned in the State Transportation Improvement Program (STIP), and it doesn't contain sufficient safeguards or specific requirements to ensure that both local and regional transportation plans are not negatively affected by tribal funded and supported projects.

In vetoing similar legislation last year, I stated that "it is imperative that the greater community be given the opportunity to participate in the issues surrounding the proposed highway developments." This bill would interject the state into local land use and planning decisions best left to local communities and governments.

Sincerely,

GRAY DAVIS

AB 1705 (Committee on Transportation) - Funding Exchange Program (CHAPTER 512).

Existing law authorizes the California Transportation Commission to offer to exchange funds from the Traffic Congestion Relief Fund for regional surface transportation program and congestion mitigation and air quality program apportionments received as local assistance by regional transportation planning agencies. The Department of Transportation is required to repay to the fund all funds received as federal reimbursements for funds exchanged as they are received from the Federal Highway Administration.

This bill instead requires the department to repay from the State Highway Account in the State Transportation Fund to the Traffic Congestion Relief Fund all funds received as federal reimbursements, as they are received, for funds exchanged under the exchange program, except that the repayments are not required to be made more frequently than on a quarterly basis.

AB 1706 (Committee on Transportation) - Transportation (CHAPTER 597)

Existing law authorizes the California Transportation Commission to offer to exchange funds from the Traffic Congestion Relief Fund for regional surface transportation program and congestion mitigation and air quality program apportionments received as local assistance by

regional transportation planning agencies. The Department of Transportation is required to repay to the fund all funds received as federal reimbursements for funds exchanged as they are received from the Federal Highway Administration.

This bill instead requires the department to repay from the State Highway Account in the State Transportation Fund to the Traffic Congestion Relief Fund all funds received as federal reimbursements, as they are received, for funds exchanged under the exchange program, except that the repayments are not required to be made more frequently than on a quarterly basis.

Existing law authorizes the relinquishment to the City of Downey of the portion of Route 19 located between Gardendale Street and Telegraph Boulevard, upon terms and conditions the commission finds to be in the best interests of the state. This bill, instead, authorizes the relinquishment to the City of Downey of the portion of Route 19 located between Century Boulevard and Telegraph Road within that city, upon terms and conditions the Commission finds to be in the best interests of the state and pursuant to the terms of a cooperative agreement between the city and the Department of Transportation. The bill would similarly authorize the relinquishment to the City of Bellflower of the portion of Route 19 located between the southerly city limit of the City of Bellflower near Rose Avenue and Foster Road within that city. Each relinquishment would become effective immediately following the county recorder's recordation of the relinquishment resolution containing the Commission's approval of the terms and conditions of the relinquishment.

AB 1707 (Committee on Transportation) - Transportation (CHAPTER 739)

Existing law declares the Legislature's intent, commencing July 1, 1991, to allocate \$10,000,000 annually for 10 years to the Environmental Enhancement and Mitigation Demonstration Program Fund to be used for making grants to local, state, and federal agencies and nonprofit entities that undertake projects to mitigate transportation facilities. This bill requires that notwithstanding any other provision of law, the Department of Transportation shall extend the completion to June 30, 2004, for the Environmental Enhancement and Mitigation project for the Tahoe City Public Utility District (Project No. 98-38; Agreement No. 03-98-12).

SB 124 (Johnson) - Department of Transportation: Property Transfer: Department of Parks and Recreation: City of Newport Beach.(CHAPTER 761)

The California Constitution authorizes the Legislature, by statute, with respect to state surplus property located in the coastal zone and acquired by the expenditure of certain tax revenues, to transfer the property, for a consideration at least equal to the acquisition cost paid by the state to acquire the property, to the Department of Parks and Recreation for state park purposes.

This bill requires the Department of Transportation to transfer to the Department of Parks and Recreation, upon payment by the City of Newport Beach of consideration of \$1,356,485, which is at least equal to the acquisition cost paid by the state, the state-owned real property described below, for state park purposes. The funds paid pursuant to this section shall be deposited in the State Highway Account. The property to be transferred consists of approximately 15.05 acres, located in the coastal zone of the City of Newport Beach, adjacent to Superior Avenue and Pacific Coast Highway, identified by Director's Deed #040766-01-01 and known as "Caltrans West."

SB 290 (Committee on Transportation) - Transportation (CHAPTER 825)

Existing law requires the California Transportation Commission to relinquish to any city or county any portion of any state highway within the city or county that has been deleted from the state highway system by legislative enactment. These relinquishments become effective upon the first day of the next calendar or fiscal year, whichever first occurs after the effective date of the legislative enactment.

The Commission may relinquish to the City of Newport Beach the portion of Route 1 that is located between Jamboree Road and the southern city limits of the City of Newport Beach, upon terms and conditions the commission finds to be in the best interests of the state. A relinquishment under this section shall become effective immediately following the county recorder's recordation of the relinquishment resolution containing the commission's approval of the terms and conditions of the relinquishment. On and after the effective date of the relinquishment, the portion of Route 1 relinquished under this section shall cease to be a state highway and the portion of Route 1 relinquished under this section shall be ineligible for future adoption under Section 81. The City of Newport Beach shall ensure the continuity of traffic flow on the relinquished portions of Route 1, including, but not limited to, any traffic signal progression. For those portions of Route 1 that are relinquished, the City of Newport Beach shall maintain within its jurisdiction signs directing motorists to the continuation of Route 1.

Upon a determination by the Commission that it is in the best interests of the state to do so, the Commission may, upon terms and conditions approved by it, relinquish that portion or portions of Route 2 located within the City of West Hollywood or the City of Santa Monica, or both, to that city or cities, upon agreement by the city or cities to accept the relinquishment or relinquishments. A relinquishment shall be effective on the date specified in the Commission's approved terms and conditions with the respective city. Thereafter, Route 2 shall not include the portion or portions so relinquished, nor shall the portion or portions be considered for future adoption in accordance with Section 81. For portions of Route 2 that are so relinquished, the City of West Hollywood or the City of Santa Monica, or both, shall maintain within their respective jurisdictions signs directing motorists to the continuation of State Highway Route 2.

The Commission may relinquish to the City of Los Angeles the portion of Route 2 that is located between Route 405 and Moreno Drive in that city, upon terms and conditions the Commission finds to be in the best interests of the state. A relinquishment under this subdivision shall become effective immediately following the county recorder's recordation of the relinquishment resolution containing the Commission's approval of the terms and conditions of the relinquishment. The portion of Route 2 relinquished under this subdivision shall cease to be a state highway and the portion of Route 2 relinquished under this subdivision shall be ineligible for future adoption under Section 81. For those portions of Route 2 that are relinquished, the City of Los Angeles shall maintain within its jurisdiction signs directing motorists to the continuation of Route 2.

SB 670 (Poochigian) - Street and Road Maintenance (VETOED)

The bill would have required that:

- (1) The Commission, in conjunction with the department, and in cooperation with regional and local transportation planning agencies, to survey all counties to determine:
 - (A) How many county roads have been converted from a pavement surface to a gravel surface during the period from January 1, 1997, to December 31, 2001, or

- (B) Are scheduled to be converted from a pavement surface to a gravel surface during the period from January 1, 2002, to January 1, 2007, and
- (C) To request the reasons and causes for conversion from a pavement surface to a gravel surface and whether those factors are unique to the particular area of the state.
- (2) The bill would require the commission to prepare a report on its findings, to seek the cooperation and assistance of regional and local transportation planning agencies and, to the extent it determines to be feasible, to use road condition and financial data already in existence or contained in previously completed reports or surveys.
- (3) The bill would require the commission to submit the report to the Legislature on or before March 31, 2002.

To Members of the California State Senate:

I am returning Senate Bill 670 without my signature.

This bill would require the California Transportation Commission (CTC), in conjunction with the Department of Transportation (Caltrans) and regional and local transportation planning agencies, to determine how many county roads have been or will be converted from pavement to gravel and to report to the Legislature by March 31, 2002.

Chapter 91, Statutes of 2000 (AB 2928), the Traffic Congestion Relief Act of 2000, diverted the sales tax that is levied on motor vehicle fuels to transportation purposes for six years. Although the Budget Act of 2001 refinanced the Traffic Congestion Relief Program, funding for local streets and road maintenance was held harmless. The program provides nearly \$1.5 billion over six years for local streets and roads maintenance. Until the multi-year effects of this additional funding are felt, it would be premature to conduct the survey proposed in this bill.

Sincerely,

GRAY DAVIS

SB 690 (Costa) - Transportation: High-speed Rail Service (VETOED).

Existing law, known as the California High-Speed Rail Act, requires the High-Speed Rail Authority to direct the development and implementation of intercity high-speed rail service that is fully integrated with the state's existing intercity rail and bus network, consisting of interlinked conventional and high-speed rail lines and associated feeder buses.

This bill would have limited certain statutory activities of the authority, concerning high-speed rail operations, to high-speed rail systems and technologies that, have been in service for a minimum period of time, have verifiable construction methods and costs, have verifiable operating and maintenance costs, performance, and maintenance history, and can be implemented in segments.

To Members of the California State Senate:

I am returning Senate Bill 690 without my signature.

This bill would limit the activities of the California High-Speed Rail Authority to proven high-speed rail systems and technologies, thereby removing from consideration for the development of a statewide system, the deployment of other technologies such as magnetic levitation.

The bill is premature and I do not believe that we should remove from consideration, during the preliminary planning stages, any potential technology options for California's future statewide high-speed rail system.

For these reasons, I am returning the bill.

Sincerely,

GRAY DAVIS

SB 759 (Murray) - ACA 4, Transportation: Traffic Congestion Relief (CHAPTER 911).

This bill, on and after the date that Assembly Constitutional Amendment No. 4 is approved by the voters, requires the Department of Finance to prepare an annual audit report examining any expenditures made pursuant to the allocations authorized under proposed Article XIX B of the California Constitution. The bill would require the report to be made available to the public and to be submitted to both houses of the Legislature.

The bill requires all ballots for the election during which ACA 4 is submitted to the voters for approval to contain the following ballot statements and labels.

"TRANSPORTATION CONGESTION IMPROVEMENT ACT. ALLOCATION OF EXISTING MOTOR VEHICLE FUEL SALES AND USE TAX REVENUES FOR TRANSPORTATION PURPOSES ONLY. LEGISLATIVE CONSTITUTIONAL AMENDMENT."

In the same square under those words, the following in 8-point type: "Requires, effective July 1, 2003, existing revenues resulting from state sales and use taxes on the sale of motor vehicle fuel be used for transportation purposes as provided by law until June 30, 2008. Requires, effective July 1, 2008, existing revenues resulting from state sales and use taxes be used for public transit and mass transportation; city and county street and road repairs and improvements; and state highway improvements. Imposes the requirement for a two-thirds of the Legislature to suspend or modify the percentage allocation of the revenues. (At this point, the Attorney General shall include the financial impact summary prepared pursuant to Section 9087 of the Elections Code and Section 88003 of the Government Code)."

Memorandum

To: Chairman and Commissioners

Date: November 5, 2001



From: Diane C. Eidam

File No: F 9
BOOK ITEM 4.1
ACTION

Ref: NEW CTC RESPONSIBILITIES UNDER 2001 LEGISLATION

The new responsibilities of the Commission resulting from legislative measures enacted in 2001 or by actions of the Governor in vetoing bills are summarized below.

TRANSPORTATION CONGESTION RELIEF PROGRAM

TCRP Refinancing Plan (AB 438, CHAPTER 113)

The Department of Transportation (Department) is authorized, until July 1, 2008, to transfer funds as short-term loans among the State Highway Account (SHA), the Transportation Investment Fund (TIF), the Public Transportation Account, and the Traffic Congestion Relief Fund (TCRF), subject to those terms and conditions that the Director of Finance may impose upon those transfers.

(1) The Department shall submit quarterly and annual reports to the Joint Legislative Budget Committee, and to the fiscal and policy committees of the Legislature that consider transportation issues, on all loans and transfers authorized pursuant to Sections 14556.7 and 14556.8 for the most recent reporting period. The reports shall summarize amounts loaned and repaid during the reporting period and any outstanding balances at the end of the reporting period. The annual report required under this section shall be delivered to the Legislature by March 1 of each year and shall include information on and a discussion of the impact of all loans and transfers on project expenditures for each affected program. Additionally, the annual report shall include the amount of loans outstanding as of the end of the reporting period and any actual or projected impacts of those loan balances on funds projected to be used for projects in the latest State Transportation Improvement Program fund estimate.

(2) When loan balances authorized in this subdivision are outstanding, the Director of Transportation shall report the amounts of loans outstanding with respect to each fund or account as of the last business day of each quarter to the Commission. The Commission shall monitor the cash-flow loan program authorized in this section and shall provide guidance to the department to ensure that sufficient resources will be available for all projects and all other authorized expenditures from each fund or account so as to not delay any authorized expenditure. The Commission's annual report, beginning with the report for 2001, shall include (1) a summary of loans and transfers authorized under the bill, (2) a summary and discussion on the cash-flow and project delivery impact of those loans and transfers, and (3) a summary of any guidance the

Commission has provided to the department to ensure that sufficient resources will be available for all projects from each account so as not to delay any expenditures.

(3.) The Department, upon the request of the Commission or the Director of Finance, shall provide a report projecting the cash needs of the TCRP projects.

Letter of No Prejudice for TCRP Projects (AB 1335, CHAPTER 908)

Authorizes a regional or local entity that is a lead applicant agency for a Traffic Congestion Relief Program (TCRP) project to apply to the Commission for a letter of no prejudice for the project. If approved by the Commission, the letter of no prejudice allows the regional or local entity to expend its own funds for any component of the TCRP project before funds are allocated by the Commission and be reimbursed by the state.

RURAL TRANSIT SYSTEM GRANT PROGRAM (AB 437, CHAPTER 133) -

The FY 2001-2002 Rural Transit System Grant Program, (\$18 million of Public Transportation Account funds in FY 2001-2002).

- Not later than August 31, 2001, the department shall prepare guidelines for the implementation of a Rural Transit System Grant Program and submit those guidelines to the Commission for review.
- Not later than October 15, 2001, the Commission shall adopt guidelines for the program and The department shall establish the program in accordance with this section and the guidelines adopted by the Commission.
- The department shall award grants to recipients on a competitive basis for projects that serve primarily rural areas.
- Grants shall be used for to purchase, construct, and rehabilitate transit facilities, vehicles, and equipment, including, but not limited to, energy efficiency retrofits, and to purchase rights-of-way for transit systems.
- Grants shall be awarded based on criteria that include, but are not limited to, project need and effectiveness, filling transit service gaps, including, but not limited to, connectivity to other transit systems, the equitable distribution of funds, the potential of the project to improve the safety of passengers, transit workers, and the general public, replacement of vehicles or equipment that have exceeded service life expectations.
- Grants shall require all of the following:
 - (A) A project match requirement equal to the percentage of Mills-Alquist-Deddeh Act funds expended for purposes other than transit, community transit services, pedestrian and bicycle, and transportation planning purposes, averaged over the three most recent fiscal years. The match requirement may not be less than 10 percent, and may not be more than 50 percent. However, no grant may be awarded to an applicant in any city, county, or city and county, in which funds that may be claimed by the applicant under the Mills-Alquist-Deddeh Act are expended for street and road purposes in the same year as the year in which the application for a grant is made.
 - (B) A demonstration of maintenance of effort.
 - (C) A demonstration of financial ability to support ongoing operations of the public transportation services.

- The department shall prepare a report describing the types of projects funded under the Rural Transit System Grant Program, which shall be submitted to the Legislature on or before June 30, 2002.

REPORTS

Report on Transportation Funding (ACR 32, RESOLUTION CHAPTER 120)

This measure requests that the California Transportation Commission, working with the Department of Transportation and in consultation with the regional transportation planning agencies, produce and submit to the Assembly and Senate Committees on Transportation, by January 1, 2003, a study of potential decreases in transportation revenue for transportation planning agencies, including, but not be limited to, identifying all of the following:

- (1) Whether a decrease may potentially occur in transportation revenue available to transportation planning agencies under Section 7104 of the Revenue and Taxation Code, relating to the Transportation Investment Fund.
- (2) Whether transportation planning agencies in California are likely to in fact experience funding shortfalls from the potential expiration of local transportation sales taxes, a decline or leveling in state-supplied revenues and funding assistance, or shortfalls in other funding sources.
- (3) Whether transportation planning agencies are anticipating transportation funding shortfalls and how those agencies are addressing the potential shortfalls.
- (4) Whether cities, counties, or cities and counties are likely to experience transportation funding shortfalls from insufficient, declining, or expiring funding sources.
- (5) Suggested legislative and other remedies to address potential funding shortfalls.

INNOVATIVE FINANCING

GARVEE Bonds - Eligible Projects (AB 438, CHAPTER 113)

Defines the category of projects eligible for financing through the issuing of federal highway grant anticipation notes (GARVEE Bonds) to include, toll bridge seismic retrofit projects, projects approved for funding under the Traffic Congestion Relief Act of 2000; and projects programmed under the current adopted State Transportation Improvement Program or the current State Highway Operation and Protection Program.

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

County Shares Adjustment (AB 608, CHAPTER 815)

Authorizes the adjustment by the Commission of a programmed project amount in the STIP if the construction contract award amount for a project is less than 80% of the engineer's final estimate, excluding construction engineering.

PROPERTY TRANSFERS

State Route 1, Hatton Canyon (AB 434, CHAPTER 136)

The Legislature finds that it is fitting and proper, and in furtherance of the public interest, that the Department of Transportation sell its ownership interest in Hatton Canyon near the City of Carmel-by-the-Sea in Monterey County for the purpose of creating or adding to a state park. The appropriation of \$2.5 million in Item 3760-302-0005 of Section 2.00 of the Budget Act of 2000 and the appropriation of \$250,000 in Item 3760-101-0001 of Section 2.00 of the Budget Act of 2001 is for the purchase of the property owned by the Department of Transportation in the Hatton Canyon.

San Francisco Transbay Terminal Facility (AB1419, VETOED)

This bill would have require the Department of Transportation to offer to transfer and convey to the Redevelopment Agency of the City and County of San Francisco and the Transbay Joint Powers Authority, fee title to certain parcels of real estate owned by the department, without cost or charge to the agency or the authority, and without any requirement that the agency or the authority or any transferee refund or reimburse any of the department's costs from the proceeds of land sales, lease income, or other moneys derived from or related to the parcels. The transfer would be for the purpose of facilitating the construction of the Transbay Terminal Project, on the site of the existing transbay terminal in the City and County of San Francisco and the extension of CalTrain commuter rail, from its current terminus at 4th and Townsend Streets to the new facility

In vetoing this bill the Governor stated,

This bill would provide state-owned property, currently used by the Department of Transportation (Caltrans), for a redevelopment project in the City of San Francisco. The property would generate revenue for construction of the City's proposed "Great Expectations" project, a project that includes, among other elements, a new Transbay Transit Terminal and, as required by the bill, extension of the Peninsula Commute train to the new terminal.

While I support this exciting new project, I cannot support this bill because it would jeopardize the project schedule and cost estimates for completion of the west approach seismic retrofit portion of the San Francisco-Oakland Bay Bridge seismic retrofit and replacement project. This important safety project MUST proceed without delay.

Additionally, it contains provisions that would inadvertently impact improvements previously agreed to by the author and Caltrans. Although the author has agreed to sponsor cleanup legislation, it would not take effect in time to address the identified problems.

Caltrans has existing authority that allows it to transfer state-owned property to local governments through administrative processes. These processes allow the State to address key issues affecting the seismic retrofit program, and also allow for the consideration of appropriate terms and conditions under which the property would be transferred.

Accordingly, I am directing Caltrans to initiate procedures to transfer the property administratively with the necessary protections for the State that will also allow an important regional transportation improvement to proceed.

To Department of Parks and Recreation: City of Newport Beach.(SB 124, CHAPTER 761)

This bill requires the Department of Transportation to transfer to the Department of Parks and Recreation, upon payment by the City of Newport Beach of consideration of \$1,356,485, which is at least equal to the acquisition cost paid by the state, the state-owned real property described below, for state park purposes. The funds paid pursuant to this section shall be deposited in the State Highway Account. The property to be transferred consists of approximately 15.05 acres, located in the coastal zone of the City of Newport Beach, adjacent to Superior Avenue and Pacific Coast Highway, identified by Director's Deed #040766-01-01 and known as "Caltrans West."

HIGHWAY RELINQUISHMENTS

Existing law requires the California Transportation Commission to relinquish to any city or county any portion of any state highway within the city or county that has been deleted from the state highway system by legislative enactment. These relinquishments become effective upon the first day of the next calendar or fiscal year, whichever first occurs after the effective date of the legislative enactment. The Legislature authorized the following relinquishments in 2001:

to the City of Dana Point the portion of Route 1 that is located within the city limits of that city and is between the western edge of the San Juan Creek channel overcrossing and the city limits of the City of Laguna Beach, upon terms and conditions the Commission finds to be in the best interests of the state, if the Commission and the city enter into an agreement providing for that relinquishment (**AB635, CHAPTER 757**);

to the City of Santa Clarita the portion of State Highway Route 126 that is between State Highway Route 5 and State Highway Route 14, pursuant to the terms of a cooperative agreement between the City of Santa Clarita and the Department of Transportation (**AB635, CHAPTER 757**);

to the City of Downey the portion of Route 19 located between Century Boulevard and Telegraph Road within that city, upon terms and conditions the Commission finds to be in the best interests of the state and pursuant to the terms of a cooperative agreement between the city and the Department of Transportation (**AB 1706, CHAPTER 597**);

to the City of Bellflower of the portion of Route 19 located between the southerly city limit of the City of Bellflower near Rose Avenue and Foster Road within that city. Each relinquishment would become effective immediately following the county recorder's recordation of the relinquishment resolution containing the Commission's approval of the terms and conditions of the relinquishment (**AB 1706, CHAPTER 597**);

to the City of Newport Beach the portion of Route 1 that is located between Jamboree Road and the southern city limits of the City of Newport Beach, upon terms and conditions the Commission finds to be in the best interests of the state. A relinquishment under this section shall become effective immediately following the county recorder's recordation of the relinquishment resolution containing the commission's approval of the terms and conditions of the relinquishment. On and after the effective date of the relinquishment, the portion of Route 1 relinquished under this section shall cease to be a state highway and the portion of Route 1 relinquished under this section shall be ineligible for future adoption under Section 81. The City of Newport Beach shall ensure the continuity of traffic flow on the relinquished portions of Route 1, including, but not limited to, any traffic signal progression. For those portions of Route 1 that are relinquished, the

City of Newport Beach shall maintain within its jurisdiction signs directing motorists to the continuation of Route 1 (**SB 290, CHAPTER 825**),

the Commission may, upon terms and conditions approved by it, relinquish that portion or portions of Route 2 located within the City of West Hollywood or the City of Santa Monica, or both, to that city or cities, upon agreement by the city or cities to accept the relinquishment or relinquishments. A relinquishment shall be effective on the date specified in the Commission's approved terms and conditions with the respective city. Thereafter, Route 2 shall not include the portion or portions so relinquished, nor shall the portion or portions be considered for future adoption in accordance with Section 81. For portions of Route 2 that are so relinquished, the City of West Hollywood or the City of Santa Monica, or both, shall maintain within their respective jurisdictions signs directing motorists to the continuation of State Highway Route 2 (**SB 290, CHAPTER 825**),

The Commission may relinquish to the City of Los Angeles the portion of Route 2 that is located between Route 405 and Moreno Drive in that city, upon terms and conditions the Commission finds to be in the best interests of the state. A relinquishment under this subdivision shall become effective immediately following the county recorder's recordation of the relinquishment resolution containing the Commission's approval of the terms and conditions of the relinquishment. The portion of Route 2 relinquished under this subdivision shall cease to be a state highway and the portion of Route 2 relinquished under this subdivision shall be ineligible for future adoption under Section 81. For those portions of Route 2 that are relinquished, the City of Los Angeles shall maintain within its jurisdiction signs directing motorists to the continuation of Route 2 (**SB 290, CHAPTER 825**).

CONDEMNATION PROCEEDINGS

AB 910 (Wayne) - Wildlife Conservation Easements (AB 910, CHAPTER 863)

This bill requires that prior to the initiation of condemnation proceedings against a wildlife conservation easement acquired by a state agency, the governmental entity shall give notice to the holder of the easement, provide an opportunity for the holder of the easement to consult with the governmental agency, provide the holder of the easement the opportunity to state its objections to the condemnation, and provide a response to the objections. In condemnation proceedings initiated by a governmental entity against a wildlife conservation easement acquired by a state agency, the condemning governmental entity shall be required to prove by clear and convincing evidence that its proposed use satisfies the requirements of Article 6 (commencing with Section 1240.510) or Article 7 (commencing with Section 1240.610) of Chapter 3 of Title 7 of Part 3 of the Code of Civil Procedure.

Environmental Enhancement and Mitigation Demonstration Program

Project Completion Extension (AB 1707, CHAPTER 739)

This bill requires that notwithstanding any other provision of law, the Department of Transportation shall extend the completion to June 30, 2004, for the Environmental Enhancement and Mitigation project for the Tahoe City Public Utility District (Project No. 98-38; Agreement No. 03-98-12).