M e m o r a n d u m

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 7, 2013

Reference No.: 4.1 (Revised)
Action

From: ANDRE BOUTROS
Executive Director

Subject: **STATE AND FEDERAL LEGISLATION**

ISSUE:

Should the California Transportation Commission (Commission):

1) **Provide direction to staff with respect to the legislation identified and monitored by staff?**
Forty-seven bills, identified in Attachment A, met the criteria approved by the Commission. The bills included in the summary below are highlighted in this report for purposes of identifying proposed legislation that may be of greater impact or interest to the Commission.

2) **Adopt a support position for Assembly Bill (AB) 14?**
AB 14, authored by Assemblymember Lowenthal, is an important bill for goods movement statewide. The development of a comprehensive freight plan that is consistent with federal requirements will ensure that the state is well-positioned to inform federal policy decision-makers of California's goods movement infrastructure needs and will give the state a competitive advantage to receive federal funding.

3) **Provide recommendations to further the objectives of Senate Bill (SB) 486?**
SB 486, introduced by Senator DeSaulnier and Co-Authored by Senator Liu, seeks to increase transparency, accountability and efficiency in the administration and delivery of California's transportation program by establishing an Office of Legal Compliance and Ethics that would report to an Audit Committee. The Audit Committee is to be comprised of the Commission and the Transportation Agency Secretary. This legislation is a means towards maintaining and strengthening public confidence. To ensure that this legislation is well-positioned to achieve the identified objectives, modifications are necessary to (1) clarify that the legislation does not supplant Caltrans' responsibility for acting to prevent, detect, and report misconduct; (2) ensure compliance with the United States Government Accountability Office's Generally Accepted Government Auditing Standards; (3) require Caltrans to implement and report corrective actions within specified time period(s); and (4) clarify provisions for Audit Committee decision making processes.

RECOMMENDATION:

Staff recommends that the Commission:

1. Accept the staff report,
2. Adopt a support position for Assembly Bill (AB) 14 (Lowenthal) and approve communication of the Commission's support to Assemblymember Lowenthal as presented in Attachment B,
3. Provide comments to Senators DeSaulnier and Liu in response to Senate Bill (SB) 486 as presented in Attachment C,
4. Provide direction to staff on legislation of interest to it.

SUMMARY:

May 3, 2013 was the last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house. May 10, 2013 is the last day for policy committees to meet and report to the floor non-fiscal bills introduced in their house. May 31, 2013 is the last day for bills to pass out of the house of origin. Bills that may be of greater impact or interest to the Commission are summarized below:

Senate Bill 110 (Steinberg)
This bill would establish specific procedures that the Commission would be required to utilize when it adopts guidelines, except as specified, and would exempt the adoption of those guidelines from the requirements of the Administrative Procedures Act.

Senate Bill 486 (DeSaulnier & Liu)
This bill would create the Office of Legal Compliance and Ethics (Office) within the Transportation Agency (Agency) and require the Director of the Office to organize the office with the approval of the Audit Committee, as defined. The bill would vest the Office with responsibility for, among other things, acting to prevent and detect serious breaches of Department of Transportation (Department) policy, fraud, waste, and abuse within the Department, including any acts of criminal conduct within the Department. The bill would require the Office to conduct internal audits of the Department, and would provide that the Office have access to specified records and personnel, and other material necessary to conduct audits and investigations. The bill would require the Director of the Office to report quarterly, at a noticed public hearing of the Commission, regarding performance of and activities related to investigations and to report annually to the Governor and the Legislature with a summary of his or her investigations. The bill would require the summary to be posted on the Agency' s Internet Web site. The bill would require the Director to provide information and evidence relating to criminal acts to the State Auditor' s office and appropriate law enforcement officials and to refer matters for further civil, criminal, and administrative action to appropriate administrative and prosecutorial agencies, including the Attorney General.

Senate Bill 731 (Steinberg)
This bill would enact the "CEQA Modernization Act of 2013" and would revise the Public Resources Code to, among other things, provide greater certainty for smart infill development and provide funding annually to the Strategic Growth Council for the purposes of providing planning incentive grants to local and regional agencies to implement Sustainable Communities Strategies.

Senate Bill 791 (Wyland)
This bill would eliminate the requirement that the State Board of Equalization adjust the rate of the excise tax on motor vehicle fuel, and instead would require the Department of Finance to annually calculate and report the rate to the Joint Legislative Budget Committee. This bill would require that increases in the gasoline excise tax attributable to price increases would require a two-thirds vote of each house of the Legislature, but decreases would occur as an administrative process.

Assembly Bill 14 (Lowenthal)
This bill would require the Transportation Agency (Agency) to prepare a State Freight Plan with specified elements to govern the immediate and long-range planning activities and capital investments of the state with respect to the movement of freight. The bill would also require Agency to establish a Freight Advisory Committee which would include participation from the Commission. The initial State Freight Plan would be submitted to the Legislature, the Governor, and certain state agencies, including the Commission, by December 31, 2014, and updated every 5 years thereafter. AB 14 is an important bill for goods movement statewide as the development of a comprehensive freight plan that is consistent with federal requirements will ensure that the state is well-positioned to inform federal policy decision-makers of California's goods movement infrastructure needs and will give the state a competitive advantage to receive federal funding. Therefore, staff recommends support of AB 14. The text of AB 14 and a draft letter of support for the Commission Chair's signature have been provided in Attachment B.

Assembly Bill 528 (Lowenthal)
Existing law requires the Department of Transportation to prepare a 10 year State Rail Plan biennially for submission to the Legislature, Governor, and specified entities including the Commission. This bill would remove the requirement that the Department submit the State Rail Plan to the Commission for advice and consent. This bill would instead require the final State Rail Plan to be submitted to the Transportation Agency for approval, and would require the final approved plan to be submitted to the Legislature, the Governor, the Public Utilities Commission, the High Speed Rail Authority and the Commission on or before March 17, 2017.

The plan consists of two elements, a passenger rail element and a freight rail element, and sets forth various items that are required to be included in each element. Existing law requires the High Speed Rail Authority to prepare, publish, adopt, and submit to the Legislature, not later than January 1, 2012, and every 2 years thereafter, a specified business plan, with specified elements, and to publish, at least 60 days prior to the publication of the plan, a draft business plan for public review and comment, as specified. This bill would revise and recast the items required to be included in the two elements of the State Rail Plan and would change the date to May 1, 2014, by which the High-Speed Rail Authority is required to prepare, publish, adopt, and submit to the Legislature, and every 2 years thereafter, a specified business plan. The bill would make changes to the specified elements required to be included in the business plan.

Assembly Bill 574 (Lowenthal)
This bill would require the Air Resources Board to establish standards for the use of moneys allocated in the Greenhouse Gas Reduction Fund for sustainable communities projects. This bill would require the Air Resources Board to establish the criteria for the development and implementation of regional grant programs. This bill would also require the Commission to designate the regional granting authority within each region of the state to administer the allocated moneys for regional grant programs.

Assembly Bill 749 (Gorrell)
This bill would extend the sunset date on provisions that authorize public-private partnership (P3) agreements for transportation projects from January 1, 2017 to January 1, 2022 and would set forth legislative intent that P3 projects have the following characteristics: 1) projects should have revenue sources, 2) projects should be for the purpose of constructing additional capacity for the transportation system, and 3) for projects that are regionally sponsored and funded without state funds, project risks and liability should be borne entirely by the regional transportation agency and its P3 partner.

Assembly Bill 1290 (J. Perez)
This bill would:

- Provide 2 additional voting members of the Commission to be appointed by the Legislature, and for the Secretary of the Transportation Agency, the Chairperson of the State Air Resources Board, and the Director of Housing and Community Development to serve as ex officio members without a vote.
- Require the Governor to make every effort to assure that expertise in the transportation community that has not traditionally been represented on the Commission is reflected in future appointments to the Commission with a particular emphasis on stakeholders involved and engaged in efforts to make the State's transportation system more sustainable.
- Require the Commission's Planning Committee to monitor land use and transportation outcomes in accordance with regional Sustainable Communities Strategies.
- Require each Metropolitan Planning Organization to make a biennial report to the Commission describing progress in implementing the Sustainable Communities Strategy and in attaining greenhouse gas emissions reductions, beginning on or before October 15, 2014.
- Require the Commission to include in the Annual Report, the Commission and the Strategic Growth Council's assessment of state progress in achieving greenhouse gas emissions reductions from land use and transportation planning.
- Require transportation planning agencies to provide reports that include an assessment of the region's progress made and challenges faced in implementing policies and projects in the Sustainable Communities Strategy.
- Require Regional Transportation Improvement Programs to include a discussion of how the program relates to the Sustainable Communities Strategy.

BACKGROUND:

The Commission approved criteria to guide Commission staff in monitoring legislation and selecting bills that should be brought forward for Commission consideration. An over-arching criterion is that a bill must directly affect transportation on a statewide basis. Bills meeting one or more of the criteria, provided below, will be brought forward to the Commission for consideration.

- Funding/Financing - funding or a funding mechanism for transportation (capital and operations)
- Environmental Mitigation - implementation of greenhouse gas emissions reduction and transportation (e.g., AB 32), and/or involve the environmental process and transportation (e.g., CEQA)
- Planning - implementation of transportation and land use and planning (e.g., SB 375)
- Project Delivery - changes to the way transportation projects are delivered

Additional criteria for bringing a bill forward include:

- Direct Impact to Commission - changes in Commission responsibility, policy impact or operations
- Commissioner Request - recommended by a Commissioner for consideration by the Commission at its next regularly scheduled meeting

The Commission adopted policy to 1) consider legislation in relation to its overall policy by topic area prior to taking a position on legislation addressing that topic; and 2) remain selective in its use of watch, support or opposition on a bill. The rationale for a policy by topic area is it permits the Commission to address a suite of legislative proposals dealing with the same topic by commenting to the author(s) without necessarily taking a position. Rather than taking specific positions on bills in their initial state, the Commission can advise the Legislature on a bill's policy and/or technical aspects, as well as how it helps or hinders transportation. The intent of the Commission's comments is to alert the Author of the bill's impact on a policy and/or technical aspect related to transportation planning, programming, financing, mitigation, or project delivery.

Further direction will be provided to staff, by the Chair, on bills that meet the aforementioned criteria.

Attachment A - Status of State and Federal Legislation
Attachment B – AB 14 Draft Letter & Bill Text
Attachment C – SB 486 Draft Letter & Bill Text

Bill #	Author	Title	Subject	Description	Status
AB 14	Lowenthal	State Freight Plan	Direct Impact to CTC Planning	This bill would require the Business Transportation and Housing Agency (Agency) to prepare a state freight plan with specified elements to govern the immediate and long-range planning activities and capital investments of the state with respect to the movement of freight. The bill also requires the Agency to establish a freight advisory committee which will include participation from the Commission. The initial state freight plan would be submitted to the Legislature, the Governor, and certain state agencies, including the Commission, by December 31, 2014, and updated every 5 years thereafter.	***Last Action*** Passed from Assembly Transportation Committee April 29, 2013 ***Current Location*** Assembly Second Reading File and Appropriations Committee
AB 204	Wilk	Green Vehicles: Fees	Funding/Financing	This bill would express the intent of the Legislature to enact legislation to impose a fee in conjunction with registration on green vehicles to address the costs of those vehicles using public roads and highways.	***Last Action*** Introduced in Assembly January 30, 2013 ***Current Location*** Not Yet Assigned to Committee
AB 243	Dickinson	Local Government: Infrastructure Financing Districts	Funding/Financing	This bill would authorize the creation of an infrastructure and revitalization financing district and the issuance of debt with 55% voter approval. The bill would authorize a district to finance projects in redevelopment project areas, former redevelopment project areas and former military bases if special conditions are met. The bill would authorize a district to fund various projects including: highways, interchanges, ramps and bridges, arterial streets, parking facilities and transit facilities.	***Last Action*** Passed from Assembly Appropriations Committee May 1, 2013 ***Current Location*** Assembly Second Reading File
AB 317	Hall	Transportation: State Highways	Direct Impact to CTC	This bill would make a non-substantive change to provisions requiring the Transportation Commission to program interregional and regional transportation capital improvement projects through the State Transportation Improvement Program process.	***Last Action*** Introduced in Assembly February 12, 2013 ***Current Location*** Not Yet Assigned to Committee
AB 401	Daly	Public Contracts: Design Build: Highway Route 405	Project Delivery	This bill would authorize the Orange County Transportation Authority Design Build Program which would authorize OCTA, until January 1, 2018, *based on either best value or lowest responsible bid*, to utilize the design-build procurement for the Interstate Highway 405 Improvement Project. Requires the Department of Transportation to provide inspection services. Requires the reimbursement of the Department of Industrial Relations for performing prevailing wage monitoring and enforcement of a public works project.	***Last Action*** Read second time and amended, re-referred to Appropriations Committee May 2, 2013 ***Current Location*** Assembly Appropriations Committee

Bill #	Author	Title	Subject	Description	Status
AB 431	Mullin	Transportation: Sustainable Communities Funding	Funding/Financing Planning	This bill would authorize a Metropolitan Planning Organization to impose a transaction and use tax, as specified, at a rate of no more than 0.5% even if the combined rate of this tax and other specified taxes imposed in the county exceeds 2%, if certain requirements are met. This bill would require an expenditure plan to be prepared with the revenues of the plan to be available for transportation, affordable housing, and parks and open space, with the remainder of funding to be spent to help attain the goals of the Sustainable Communities Strategy.	***Last Action*** In Assembly, passed first committee, read second time and amended, re-referred to Committee April 15, 2013 ***Current Location*** Assembly Transportation Committee
AB 528	Lowenthal	State Rail Plan: *High Speed Rail Authority Business Plan*	Direct Impact to CTC Planning	Existing law requires the Department of Transportation to prepare a ~~10 year~~ State Rail Plan biennially for submission to the Legislature, Governor, and specified entities including the Commission. This bill would remove the requirement that the Department submit the State Rail Plan to the Commission for advice and consent, this bill would instead require the Final State Rail Plan to be submitted to the Transportation Agency for approval, and would require the final approved plan to be submitted to the Legislature, the Governor, the Public Utilities Commission, the High Speed Rail Authority and the Commission on or before March 17, 2017. The plan consists of 2 elements, a passenger rail element and a freight rail element, and sets forth various items that are required to be included in each element. Existing law requires the High Speed Rail Authority to prepare, publish, adopt, and submit to the Legislature, not later than January 1, 2012, and every 2 years thereafter, a specified business plan, with specified elements, and to publish, at least 60 days prior to the publication of the plan, a draft business plan for public review and comment, as specified. This bill would revise and recast the items required to be included in the 2 elements of the State Rail Plan and would change the date to May 1, 2014, by which the High-Speed Rail Authority is required to prepare, publish, adopt, and submit to the Legislature, and every 2 years thereafter, a specified business plan. The bill would make changes to the specified elements required to be included in the business plan.	***Last Action*** From Assembly Transportation Committee, do pass as amended April 22, 2013 ***Current Location*** Assembly Second Reading File, Appropriations Committee

Bill #	Author	Title	Subject	Description	Status
AB 574	Lowenthal	Greenhouse Gas Reduction Fund: Sustainable Communities	Direct Impact to CTC Planning Environment	This bill would require the Air Resources Board to establish standards for the use of moneys allocated in the Greenhouse Gas Reduction Fund for sustainable communities projects. This bill would require the Air Resources Board to establish the criteria for the development and implementation of regional grant programs. This bill would also require the Commission to designate the regional granting authority within each region of the state to administer the allocated moneys for regional grant programs.	***Last Action*** Passed from Assembly Natural Resources Committee April 29, 2013 ***Current Location*** Assembly Appropriations Committee
AB 603	Cooley	Public Contracts: Design Build: Capitol Southeast Connector Project	Project Delivery	*Existing law, until January 1, 2014, authorizes certain state and local transportation entities, if authorized by the California Transportation Commission, to use a design-build process for contracts on transportation projects, as specified. Existing law establishes a procedure for submitting bids that includes a requirement that design-build entities provide a statement of qualifications submitted to the transportation entity that is verified under oath, subject to penalty of perjury. This bill would authorize the Capitol Southeast Connector Joint Powers Authority to utilize design-build procurement for the Southeast Connector Project in Sacramento County, subject to authorization by the commission. The bill would require a transportation entity, as defined, awarding a contract for a public works project pursuant to these provisions, to reimburse the Department of Industrial Relations for costs of performing prevailing wage monitoring and enforcement of the public works project and would require moneys collected to be deposited into the State Public Works Enforcement Fund, a continuously appropriated fund. By depositing money in a continuously appropriated fund, the bill would make an appropriation. This bill would make legislative findings and declarations as to the necessity of a special statute for Sacramento County.*	***Last Action*** Amended April 16, 2013 ***Current Location*** Assembly Transportation Committee Not Heard in Committee April 22, 2013 as scheduled

Bill #	Author	Title	Subject	Description	Status
AB 680	Salas	~~Transportation Funds~~ Transportation: Interregional Road System	As amended, no longer impacting Funding/Financing	~~This bill would make a technical, non-substantive change to provisions of existing law requiring funds in the State Highway Account to be programmed, budgeted, and expended to maximize the use of federal funds and according to specified sequence of priorities, and to provide information to the Legislature to substantiate the department's proposed capital outlay support budget.~~ *Existing law requires certain transportation funds made available for transportation capital improvement projects to be programmed and expended in specified amounts for interregional improvements and regional improvements. Existing law specifies the state highway routes that are included in the interregional road system and the state highway routes that are eligible interregional and intercounty routes. This bill would include State Highway Route 43 as an eligible interregional and intercounty route.*	***Last Action*** From Assembly Transportation Committee, do pass to Appropriations April 15, 2013 ***Current Location*** Assembly Appropriations Committee
AB 690	Campos	Jobs and Infrastructure Financing Districts: Voter Approval	Funding/Financing	This bill would revise and recast the provisions governing infrastructure financing districts and provide for the creation of jobs and infrastructure financing districts (JIDs) with 55% voter approval. This bill would authorize a public financing authority to enter into joint powers agreements with affected taxing entities with regard to non-taxing authority or powers only. This bill would authorize a district to fund various projects including: highways, interchanges, ramps and bridges, arterial streets, parking facilities and transit facilities.	***Last Action*** In Assembly, read second time and amended. Re-referred to Local Government Committee ***Current Location*** Assembly Local Government Committee

Bill #	Author	Title	Subject	Description	Status
AB 737	Fox *Assembly Co-Authors: Bonilla, Brown, Daly, Garcia, Harkey, Roger, Hernandez, Muratsuchi, Perea, Torres, Wagner, Wieckowski, Williams* *Senate Co-Author: Berryhill*	Unmanned Aircraft Systems: Test Sites	Aeronautics	This bill would require the director to prepare a proposal to establish a test site in California and would authorize the director to consult with *the Governor's Military Council and other* specified ~~state departments and private~~ entities in developing the proposal. ~~This bill would require a local government that submits a proposal to the FAA to also send a copy of the proposal to specified state entities, thereby imposing a state-mandated local program. This bill would require the director to submit the proposal to the FAA if a local government does not submit a proposal to the FAA by a specified date. The bill would create the Unmanned Aircraft Systems Test Site Account in the State Treasury to accept public and private contributions to the Governor's Office of Business and Economic Development for the purposes of the bill, and would continuously appropriate the moneys in the account to the office to fund the development and completion of the application and designation process for a test site in California, with any moneys remaining in the account after test sites are designated to be allocated by the office to the infrastructure and development of the test site in the event a test site is designated in California. The bill would provide that no moneys may be allocated after 2 years from the enactment of the bill.~~ *This bill would require the director to coordinate with any local government that submits a proposal.*	***Last Action*** In Senate, referred to committee May 2, 2013 ***Current Location*** Senate Committee on Business, Professions, and Economic Development
AB 749	Gorell	Public Private Partnerships	Project Delivery	This bill would extend the sunset provision from January 1, 2017 to January 1, *2022. This bill would also state the intent of the Legislature for a project developed under these provisions to have specified characteristics.*	***Last Action*** In Assembly Transportation Committee, not heard April 29, 2013 ***Current Location*** Assembly Transportation Committee

Bill #	Author	Title	Subject	Description	Status
AB 823	Eggman	California Farmland Protection Act	Environment	This bill would enact the California Farmland Protection Act, which would require that ~~an applicant for~~ *a lead agency reviewing a development project,* as defined, ~~that involves the conversion of agricultural land to a permanent or long-term nonagricultural use, including a residential, commercial, civic, industrial, infrastructure, or other similar use, at a minimum, mitigate the identified environmental impacts associated with the conversion of those lands through the permanent protection and conservation of land suitable for agricultural uses, and would require that an adopted mitigation measure providing for the protection of agricultural land meet specified requirements. The act would require that any lands identified and proposed for conservation and protection meet specified criteria. The act would provide that a project is deemed to have fully mitigated all identified significant project-level and cumulative impacts on agricultural resources and no further mitigation is required if specified conditions are met. The act would require the Office of Planning and Research, no later than December 31, 2014, to promulgate regulations covering projects subject to the act.~~ *require that all feasible mitigation of the identified significant environmental impacts associated with the conversion of agricultural lands be completed by the project applicant, as prescribed, and would require the lead agency to consider the permanent protection or replacement of agricultural land as feasible mitigation for identified significant effects on agricultural land caused by a development project* . By imposing new duties on a lead agency with regard to the review and approval of the mitigation measures required by the act, the bill would impose a state-mandated local program.	***Last Action*** Passed from Assembly Natural Resources Committee April 29, 2013 ***Current Location*** Assembly Agriculture Committee
AB 863	Torres	Transit Projects: Environmental Review Process	Environment	Authorizes the Department of Transportation to assume responsibilities for federal review and clearance under the National Environmental Policy Act for a transit project that is subject to the act. Provides that the state consents to the jurisdiction of the federal courts in that regard, and provides that the department may not assert immunity from suit under the U.S. Constitution with regard to actions brought relative to those responsibilities under federal law.	***Last Action*** Referred to Committee March 4, 2013 ***Current Location*** Assembly Transportation and Natural Resources Committees

Bill #	Author	Title	Subject	Description	Status
AB 886	T. Allen	California Transportation Finance Authority: Tax credit certificates for exporters and importers: Income tax credit	Funding/Financing	This bill would authorize the California Transportation Financing Authority to award tax credit certificates to exporters and importers that demonstrate that they have increased their cargo tonnage or value through state ports and airports by specified amounts or have a net increase in qualified full-time employees hired in the state or have incurred capital costs for cargo facilities in the state. *The bill would require the authority to provide a report to the Legislature regarding the tax credit certificate program, as provided.* This bill would allow credits under the Personal Income Tax and Corporation Tax laws.	***Last Action*** In Assembly, read second time and amended, re-referred to Committee April 16, 2013 ***Current Location*** Assembly Revenue and Taxation Committee
AB 963	Levine	State Contracts: RFP Procedures	Project Delivery Environment	This bill would require a bidder's record of environmentally preferable purchasing to be a factor in awarding a contract under a request for proposal.	***Last Action*** In Assembly, passed first committee April 17, 2013 ***Current Location*** Assembly Appropriations Committee Suspense File
AB 1002	Bloom	Vehicles: Registration Fees	Funding/Financing Planning	This bill would, in addition to any other taxes and fees specified in the Vehicle Code and the Revenue and Taxation Code, impose a tax of $6 to be paid at the time of registration or renewal of registration of every vehicle subject to registration under the Vehicle Code in a county that is in a metropolitan planning organization required to prepare a sustainable communities strategy as part of its regional transportation plan, except as specified. This bill would require the Department of Motor Vehicles, after deducting all reasonable administrative costs, to remit the money generated by the tax for deposit in the Sustainable Communities Strategy Subaccount, which the bill would establish in the Motor Vehicle Account. The bill would make funds in the subaccount available, upon appropriation by the Legislature, for specified purposes.	***Last Action*** In Assembly, read second time and amended, re-referred to Local Government Committee April 23, 2013 ***Current Location*** Assembly Local Government Committee

Bill #	Author	Title	Subject	Description	Status
AB 1046	Gordon	Department of Transportation: Innovative Delivery	Project Delivery	~~States the intent of the Legislature to enact legislation that would facilitate the implementation of the master agreement executed by the Department of Transportation and the Santa Clara Valley Transportation Authority for the Innovative Delivery Team Demonstration Program.~~ *This bill would authorize the department's District 4 director to direct existing District 4 resources to the Innovative Delivery Team Demonstration Program and to authorize department staff to perform reimbursed work for projects on and off the state highway system within the boundaries of the County of Santa Clara pursuant to the master agreement, as defined, and accompanying work programs, as defined.*	***Last Action*** Passed from Assembly Appropriations Committee May 1, 2013 ***Current Location*** Assembly Second Reading File
AB 1070	Frazier	California Transportation Financing Authority	Funding/Financing	This bill relates to the Transportation Financing Authority Act and the Transportation Financing Authority. This bill would provide for the roles of the authority and an issuer of bonds under the act if the project sponsor, rather than the authority, is the issuer of bonds.	***Last Action*** Passed from Assembly Appropriations Committee May 1, 2013 ***Current Location*** Assembly Second Reading File
AB 1081	Medina	Economic Development: Goods-Movement Infrastructure	Funding/Financing Planning	Existing law requires the Governor, in conjunction with the Governor's Budget, to submit annually to the Legislature a proposed 5-year infrastructure plan containing specified information concerning infrastructure needed by state agencies, public schools, public post secondary educational institutions and a proposal for funding the needed infrastructure. This bill would require the infrastructure plan to include information related to infrastructure identified by state and federal transportation authorities and recommendations for private sector financing as specified.	***Last Action*** From Assembly Transportation Committee, do pass to Appropriations Committee April 29, 2013 ***Current Location*** Assembly Appropriations Committee
AB 1179	Bocanegra	Regional Transportation Plan: Sustainable Communities Strategy	Planning	This bill would additionally require the sustainable communities strategy to identify, in consultation with each local educational agency in the region, ~~future facilities sites, or existing facilities that may be modernized or expanded~~ *how the sustainable communities strategy may impact school enrollments and capacities and the need for new school site or expansion or modernization of existing school sites,* as specified.	***Last Action*** Amended and re-referred to Committee March 21, 2013 ***Current Location*** Assembly Local Government Committee

Bill #	Author	Title	Subject	Description	Status
AB 1194	Ammiano and V.M Perez	Safe Routes to School Program	Funding/Financing	This bill would *provide that the program may fund both construction and noninfrastructure activities, as specified. The bill would* require the program to be funded by an annual appropriation in the budget act of not less than $46,000,000, consisting of federal and state transportation funds eligible to be expended for this purpose. *The bill would require 20% of program funds to be used for noninfrastructure activities, as specified.* The bill would authorize the transfer of the responsibility for selecting projects and awarding grants from the Department of Transportation to the California Transportation Commission, at the discretion of the Transportation Agency. *The bill would require the Department of Transportation to employ a full time coordinator to administer the program.* The bill would also delete references to a superseded federal transportation act.	***Last Action*** Moved to Suspense File May 1, 2013 ***Current Location*** Assembly Appropriations Committee

Bill #	Author	Title	Subject	Description	Status
AB 1290	J. Perez	Transportation Planning	Direct Impact to CTC	This bill would provide 2 additional voting members of the California Transportation Commission to be appointed by the Legislature, and for the Secretary of the Transportation Agency, the Chairperson of the State Air Resources Board, and the Director of Housing and Community Development to serve as ex officio members without a vote. *This bill would also require the Governor to make every effort to assure that expertise in the transportation community that has not traditionally been represented on the Commission is reflected in future appointments to the Commission with a particular emphasis on stakeholders involved and engaged in efforts to make the State's transportation system more sustainable.* Would require the Planning Committee to monitor land use and transportation outcomes in accordance with regional Sustainable Communities Strategies. Would require ~~the Regional Transportation Plan Guidelines to contain minimum requirements relating to alternative land use scenarios and corresponding transportation systems.~~ Would require each Metropolitan Planning Organization to make an *biennial* report to the Commission describing progress in implementing the Sustainable Communities Strategy and in attaining greenhouse gas emissions reductions, *beginning on or before October 15, 2014* . Would require the Commission to include in the Annual Report, *the Commission and the Strategic Growth Council's assessment* of state progress in achieving greenhouse gas emissions reductions from land use and transportation planning. *The bill would require each transportation planning agency's report to include an assessment of the region's progress made and challenges faced in implementing policies and projects in the Sustainable Communities Strategy.* Would require the Regional Transportation Improvement Plan to ~~identify the relationship of each project~~ *include a discussion of how the program relates* to the Sustainable Communities Strategy.	***Last Action*** From Assembly Transportation Committee, do pass to Appropriations Committee April 29, 2013 ***Current Location*** Assembly Appropriations Committee
AB 1369	~~Patterson~~ *Achadijan*	~~Transportation Capital Projects: Intercity Rail~~ *Vehicles: Farm Pickup Trucks*	As amended, no longer impacting Funding/Financing	~~This bill would make a non-substantive change to existing law that provides for programming of various transportation funds that are available for transportation capital projects through the state transportation improvement program process administered by the California Transportation Commission.~~ Amended to relate to farm pick-up truck registration, inspections weight limits and emissions inspections.	***Last Action*** Amended and re-referred to Transportation Committee March 21, 2013 ***Current Location*** Assembly Transportation Committee

Bill #	Author	Title	Subject	Description	Status
ACA 8	Blumenfield	Local Government Financing: Voter Approval	Funding/Financing	This measure would lower to 55% the voter-approval threshold for a city, county, or city and county to incur bonded indebtedness in the form of general obligation bonds to fund specified public improvements and facilities including transportation infrastructures, streets and roads, sidewalks, transit systems, highways, freeways etc.	***Last Action*** Amended and re-referred to Committee April 4, 2013 ***Current Location*** Assembly Local Government and Appropriations Committees
AJR 6	Fox	Unmanned Aircraft Systems: Test Sites	Aeronautics	This measure would request the Federal Aviation Administration to consider California as one of the 6 planned test sites for unmanned aircraft systems and integration of those systems into the next generation air transportation system.	***Last Action*** In Assembly, read third time, passed to Senate April 29, 2013 ***Current Location*** Senate Rules Committee
SB 1	Steinberg	Sustainable Communities Investment Authority	Funding/Financing Planning	This bill would authorize certain public entities of a Sustainable Communities Investment Area, as described, to form a Sustainable Communities Investment Authority (authority) to carry out the Community Redevelopment Law in a specified manner. The bill would require the authority to adopt a Sustainable Communities Investment Plan for a Sustainable Communities Investment Area and authorize the authority to include in that plan a provision for the receipt of tax increment funds provided that certain economic development and planning requirements are met. The bill would authorize the legislative body of a city or county forming an authority to dedicate any portion of its net available revenue, as defined, to the authority through its Sustainable Communities Investment Plan. The bill would require the authority to contract for an independent financial and performance audit every 5 years.	***Last Action*** Read second time and amended re-referred to Appropriations Committee May 2, 2013 ***Current Location*** Senate Appropriations Committee
SB 15	Padilla	Aviation: Unmanned Aircraft Systems	Aeronautics	This bill would, under existing civil and criminal provisions, provide that engaging in the prohibited activities with devices or instrumentalities affixed to or contained within an unmanned aircraft system is included within the prohibitions. With respect to the criminal provisions, the bill would impose a state mandated local program by changing the definition of a crime. This bill would also provide that an unmanned aircraft system may not be equipped with a weapon. This bill would define "unmanned aircraft system" for all of these purposes. *This bill would additionally require that an application for a search warrant specify if an unmanned aircraft system, as defined, will be used in the execution of the search warrant, and the intended purpose for which the unmanned aircraft system will be used.*	***Last Action*** From Senate Public Safety Committee, do pass to Appropriations Committee April 30, 2013 ***Current Location*** Senate Appropriations Committee

Bill #	Author	Title	Subject	Description	Status
SB 33	Wolk *and Frazier*	Infrastructure Financing Districts: Voter Approval	Funding/Financing	This bill would revise provisions governing infrastructure financing districts. This bill would eliminate the requirement of voter approval for creation of the district and for bond issuance, and would authorize the legislative body to create the district subject to specified procedures. This bill would authorize the creation of such district subject to specified procedure and would authorize a district to finance specified actions and projects including: : highways, interchanges, ramps and bridges, arterial streets, parking facilities and transit facilities.	***Last Action*** In Senate, read third time, passed to Assembly April 11, 2013 ***Current Location*** Assembly
SB 110	Steinberg	California Transportation Commission: Guidelines	Direct Impact to the Commission	This bill would establish specific procedures that the commission would be required to utilize when it adopts guidelines, except as specified, and would exempt the adoption of those guidelines from the requirements of the Administrative Procedures Act. Similar Bills: SB 1348 (Steinberg, 2010) – Vetoed by Governor on September 30, 2010 and SB 126 (Steinberg, 2011) – Amended to relate to agriculture labor relations	***Last Action*** In Senate, read third time, passed to Assembly April 22, 2013 ***Current Location*** Assembly
SB 408	De Leon	Transportation Funds	Funding/Financing	This bill relates to transportation funds available for capital improvement projects. This bill would provide that remaining funds are available for the study of, and development and implementation of, capital improvement projects.	***Last Action*** Referred to Committee February 28, 2013 ***Current Location*** Senate Rules Committee
SB 444	De Leon	State Highway Route 86: Relinquishment	Direct Impact to the Commission	Note: the legislative authority for this relinquishment is now being undertaken in SB 788. This bill would authorize the Commission to relinquish to the cities of Brawley, El Centro, and Imperial and the County of Imperial, specified portions of State Route 86 under certain conditions. This bill redesignates a specified portion of such route as part of State Route 78 following relinquishment and requires the relinquishments to be done at no cost to the state, unless the Commission makes a finding of need.	***Last Action*** Referred to Committee April 11, 2013 ***Current Location*** Senate Transportation and Housing Committee

Bill #	Author	Title	Subject	Description	Status
SB 486	DeSaulnier	Office of Legal Compliance and Ethics	Direct Impact to the Commission	This bill would create the Office of Legal Compliance and Ethics ~~(office)~~ within the agency and require the director of the office to organize the office with the approval of the audit committee, as defined. The bill would vest the office with responsibility for, among other things, acting to prevent and detect serious breaches of Department of Transportation ~~(department)~~ policy, and fraud, waste, and abuse within the department, including any acts of criminal conduct ~~within the department~~. The bill would require the office to conduct internal audits of the department, and would provide that the office have access to specified records and personnel, and other material necessary to conduct audits and investigations. The bill would require the director of the office to report quarterly, at a noticed public hearing of the commission, regarding performance of and activities related to investigations and to report annually to the Governor and the Legislature with a summary of his or her investigations. The bill would require the summary to be posted on the agency' s Internet Web site. The bill would require the director to provide information and evidence relating to criminal acts to the State Auditor' s office and appropriate law enforcement officials ~~and to~~ , and refer matters for further civil, criminal, and administrative action to appropriate administrative and prosecutorial agencies, including the Attorney General.	***Last Action*** From Senate Transportation and Housing Committee, do pass to Appropriations Committee April 30, 2013 ***Current Location*** Senate Appropriations Committee
SB 731	Steinberg	Environment: California Environmental Quality Act	Environment	This bill would enact the "CEQA Modernization Act of 2013" which would revise the California Environmental Quality Act to, among other things, provide greater certainty for smart infill development. States the intent of the Legislature to provide funds annually to the Strategic Growth Council for the purposes of providing planning incentive grants to local and regional agencies to implement Sustainable Communities Strategies.	***Last Action*** Passed from Senate Environmental Quality Committee May 1, 2013 ***Current Location*** Senate Appropriations Committee and Second Reading File
SB 788	Senate Transportation and Housing Committee	Transportation	Direct Impact to CTC	This bill would make changes to several sections of law relating to transportation. Specifically of interest to the Commission, this bill would allow the Commission to relinquish the following State Routes: 25, 68, 74, and 86. This bill also specifies that the relinquishments must be done at no cost to the state unless the Commission makes a finding of need.	***Last Action*** Passed from Senate Transportation & Housing Committee April 30, 2013 ***Current Location*** Senate Appropriations Committee

Bill #	Author	Title	Subject	Description	Status
SB 791	Wyland	Motor Vehicle Fuel Tax: Rate Adjustment	Funding/Financing	This bill would eliminate the requirement that the State Board of Equalization adjust the rate of the excise tax on motor vehicle fuel and would require the Department of Finance to annually calculate that rate and report that calculated rate to the Joint Legislative Budget Committee. Provides the rate for the state's next fiscal year would remain the same as the rate of the current fiscal year or would decrease. Provides the rate may increase upon a future act by the Legislature.	***Last Action*** Referred to Committee April 11, 2013 ***Current Location*** Senate Committees on Transportation and Housing and Governance and Finance Not heard in Transportation and Housing Committee April 30, 2013
SB 810	Price	~~California Transportation Financing Authority~~ *Franchise Tax Board*	As amended, no longer addresses Funding/Financing under purview of the Commission	Authorizes the Franchise Tax Board to award tax credit certificates to exporters and importers that demonstrate they have increased their cargo tonnage or value through state ports and airports by specified amounts or had a net increase in full-time employees. Amends the Personal Income Tax Law and the Corporation Income Tax Law. Allows a credit against the taxes imposed by those laws if a taxpayer receives a tax credit certificate.	***Last Action*** Withdrawn from Senate Committees on Government and Finance and Transportation and Housing, re-referred to Rules Committee April 23, 2013 ***Current Location*** Senate Rules Committee
SB 811	Lara	~~California Transportation Commission~~ State Highway Route 710	~~Direct Impact to the Commission~~ Project Delivery	~~This bill would make a non-substantive change to provisions of existing law creating the Transportation Commission as the successor to the Highway Commission.~~ *The bill would impose various requirements on the Department of Transportation with respect to the proposed program of improvements for the State Highway Route 710 Corridor in Los Angeles County. The bill would require a public transportation plan, comprehensive pedestrian and bicycle improvement elements, certain program and projects regarding the Los Angeles River and its tributaries, community benefits to schools and other facilities, certain job training, workforce development and hiring activities.*	***Last Action*** From Senate Transportation and Housing Committee, do pass to Appropriations Committee April 30, 2013 ***Current Location*** Senate Appropriations Committee

Bill #	Author	Title	Subject	Description	Status
SCA 1	Wyland	State Auditor: Duties	Direct Impact to the Commission	This measure would require the California State Auditor to biennially conduct a specified financial audit and performance evaluation of each state program, including the administration or oversight of that program by the department or agency that is responsible for the program, and submit a report of the results of that financial audit and performance evaluation to the Legislature, as prescribed. This measure would require the committee that considers the budget in each house of the Legislature to meet and consider recommendations made in each performance evaluation within 90 days of submission by the California State Auditor. This measure would require the California State Auditor to make each financial audit and performance evaluation available to the public on an Internet Web site and in hardcopy format and require the Legislature to appropriate to the California State Auditor's Office funds as necessary to implement these provisions	***Last Action*** Re-referred to Committee February 7, 2013 ***Current Location*** Senate Committees on Governmental Organization and Elections & Constitutional Amendments
SCA 4	Liu *Senate Co-Author: Pavley* *Assembly Co-Author: Bonilla*	Local Government Transportation Projects: Special Taxes: Voter Approval	Funding/Financing	This measure would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition. *This measure would prohibit a local government from expending any revenues derived from a special transportation tax approved by 55% of the voters at any time prior to the completion of a statutorily identified capital project funded by revenues derived from another special tax of the same local government that was approved by a 2/3 vote.* The measure would also make conforming and technical, non-substantive changes.	***Last Action*** Amended and re-referred to Committee March 19, 2013 ***Current Location*** Senate Governance & Finance Committee ***Commission Adopted Position*** Support position adopted 1-8-13 Support letter issued 1-14-13
SCA 6	DeSaulnier	Initiative Measures: Funding Source	Funding/Financing	This measure would prohibit an initiative measure that would result in a net increase in state or local government costs, other than costs attributable to the issuance, sale or repayment of bonds, from being submitted to the electors or having any effect unless and until the Legislative Analyst and the Director of Finance jointly determine that the initiative measure provides for additional revenues in an amount that meets or exceeds the net increase in costs.	***Last Action*** Moved to Suspense File April 8, 2013 ***Current Location*** Senate Appropriations Committee

Bill #	Author	Title	Subject	Description	Status
SCA 8	Corbett	Transportation Projects: Special Taxes: Voter Approval	Funding/Financing	This measure would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for transportation projects requires the approval of 55% of its voters voting on the proposition. The measure would also make conforming and technical, non-substantive changes.	***Last Action*** Referred to Committee February 14, 2013 ***Current Location*** Senate Rules and Governance & Finance Committees ***Commission Adopted Position*** Support position adopted 1-8-13 Support letter issued 1-14-13
HR 711	Foxx	Federal Transportation Projects and Wage Requirements	Project Delivery	This bill would enact the "Highway Trust Fund Reform Act of 2013" and would amend Titles 23 and 49 of the United States Code to repeal wage requirements applicable to laborers and mechanics employed on Federal-aid highway and public transportation construction projects	***Last Action*** Referred to Committee February 15, 2013 ***Current Location*** House Committee on Transportation and Infrastructure: referred to Subcommittee on Highways and Transit
HR 1419	Hahn	Bridge Repair and Reconstruction Grants	Funding/Financing	This bill would enact the "Bridge to Jobs Act" and would provide funding to each state to cover all the costs to repair or reconstruct a bridge determined by the Federal Highway Administration to be structurally deficient.	***Last Action*** Referred to Committee April 10, 2013 ***Current Location*** House Committee on Transportation and Infrastructure: referred to Subcommittee on Highways and Transit

Bill #	Author	Title	Subject	Description	Status
HR 1544	Petri	Urban and Regional Rail Corridor Development	Funding/Financing	This bill would enact the "National High Performance Passenger Rail Transportation-Oriented Development Act of 2013" which would promote transportation-oriented development and encourage dedicated revenue sources for urban and regional rail corridor development.	***Last Action*** Referred to Committee April 15, 2013 ***Current Location*** House Committee on Transportation and Infrastructure: referred to Subcommittees on Highways & Transit and Railroads, Pipelines & Hazardous Materials
S 208	Feinstein	Helicopter Noise Reduction Regulations	Aeronautics	This bill would require the Federal Aviation Administration to prescribe regulations to reduce helicopter noise pollution in residential areas in Los Angeles County, California.	***Last Action*** Referred to Committee February 4, 2013 ***Current Location*** Senate Committee on Commerce, Science, and Transportation

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 14

Introduced by Assembly Member Lowenthal

December 3, 2012

An act to add Section 13978.8 to the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 14, as introduced, Lowenthal. State freight plan.

Existing law creates the Business, Transportation and Housing Agency in state government, consisting of various departments, including the Department of Transportation, which, among other things, is responsible for the state highway system. Existing law also requires the department to prepare a state rail plan, which contains a freight element. Existing law provides for the state and regional agencies to engage in various transportation planning activities, including goods movement planning activities. Existing federal law provides certain incentives to the states for developing a state freight plan consistent with federal guidelines.

This bill would require the Business, Transportation and Housing Agency to prepare a state freight plan with specified elements to govern the immediate and long-range planning activities and capital investments of the state with respect to the movement of freight. This bill would require the agency to establish a freight advisory committee with various responsibilities in that regard. The initial state freight plan would be submitted to the Legislature, the Governor, and certain state agencies by December 31, 2014, and updated every 5 years thereafter.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 13978.8 is added to the Government Code, to read:

13978.8. (a) The Business, Transportation and Housing Agency shall prepare a state freight plan. The state freight plan shall comply with the relevant provisions of the federal Moving Ahead for Progress in the 21st Century Act (MAP-21), Public Law 112-141. The agency shall develop a state freight plan that provides a comprehensive plan to govern the immediate and long-range planning activities and capital investments of the state with respect to the movement of freight.

(b) (1) The agency shall establish a freight advisory committee consisting of a representative cross section of public and private sector freight stakeholders, including representatives of ports, shippers, carriers, freight-related associations, the freight industry workforce, the California Transportation Commission, the Department of Transportation, the Public Utilities Commission, the State Lands Commission, the State Air Resources Board, regional and local governments, and environmental, safety, and community organizations.

(2) The freight advisory committee shall do all of the following:

(A) Advise the agency on freight-related priorities, issues, projects, and funding needs.

(B) Serve as a forum for discussion for state transportation decisions affecting freight mobility.

(C) Communicate and coordinate regional priorities with other organizations.

(D) Promote the sharing of information between the private and public sectors on freight issues.

(E) Participate in the development of the state freight plan.

(c) The state freight plan shall include, at a minimum, all of the following:

(1) An identification of significant freight system trends, needs, and issues.

(2) A description of the freight policies, strategies, and performance measures that will guide freight-related transportation investment decisions.

(3) A description of how the state freight plan will improve the ability of California to meet the national freight goals established under Section 167 of Title 23 of the United States Code.

(4) Evidence of consideration of innovative technologies and operational strategies, including intelligent transportation systems, that improve the safety and efficiency of freight movement.

(5) In the case of routes on which travel by heavy vehicles, including mining, agricultural, energy cargo or equipment, and timber vehicles, is projected to substantially deteriorate the condition of roadways, a description of improvements that may be required to reduce or impede the deterioration.

(6) An inventory of facilities with freight mobility issues, such as truck bottlenecks within California, and a description of the strategies California is employing to address those freight mobility issues.

(d) Notwithstanding Section 10231.5, the state freight plan shall be submitted to the Legislature, the Governor, the California Transportation Commission, the Public Utilities Commission, and the State Air Resources Board on or before December 31, 2014, and every five years thereafter. The state freight plan shall be submitted pursuant to Section 9795.

(e) The state freight plan required by this section may be developed separately from, or incorporated into, the statewide strategic long-range transportation plan required by Section 135 of Title 23 of the United States Code.

(f) The freight element of the state freight plan may be developed separately from, or incorporated into, the state rail plan prepared by the Department of Transportation pursuant to Section 14036.

CORRECTIONS:

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STATE OF CALIFORNIA

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May __, 2013

DRAFT

The Honorable Bonnie Lowenthal
Member of the Assembly
State Capitol, Room 3152
Sacramento, CA 95814

Re: Support for Assembly Bill 14

Dear Assemblymember Lowenthal:

As part of its statutory charge, the California Transportation Commission (Commission) advises the Administration and the Legislature in formulating and evaluating state policies and plans for California's transportation programs.

The Commission recognizes that Assembly Bill (AB) 14 is an important bill for goods movement statewide. The development of a comprehensive freight plan that is consistent with federal requirements will ensure that the state is well-positioned to inform federal policy decision-makers of California's goods movement infrastructure needs and will give the state a competitive advantage to receive federal funding.

I am writing to inform you that the Commission, at its May 7, 2013 meeting, formally adopted a support position on AB 14. The Commission applauds your leadership on this issue and looks forward to continuing to work with you on this bill.

If you have any questions, please call the Commission's Executive Director, Mr. Andre Boutros, at 916-654-4245.

Sincerely,

JAMES C. GHIELMETTI
Chair

c: The Honorable Mark DeSaulnier, Senate Transportation & Housing Committee Chair
California Transportation Commissioners

AMENDED IN SENATE APRIL 15, 2013

SENATE BILL **No. 486**

Introduced by Senator DeSaulnier
(Coauthor: Senator Liu)

February 21, 2013

An act to add Chapter 1.5 (commencing with Section 13985) to Part 4.5 of Division 2 of Title 2 of the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 486, as amended, DeSaulnier. Office of Legal Compliance and Ethics.

Existing law establishes the Transportation Agency ~~(agency)~~ in state government with various duties and responsibilities.

This bill would create the Office of Legal Compliance and Ethics ~~(office)~~ within the agency *and require the director of the office to organize the office with the approval of the audit committee, as defined. The bill would vest the office* with responsibility for, among other things, acting to prevent and detect serious breaches of Department of Transportation ~~(department)~~ policy, and fraud, waste, and abuse *within the department*, including any acts of criminal conduct ~~within the department~~. *The bill would require the office to conduct internal audits of the department, and would provide that the office have access to specified records and personnel, and other material necessary to conduct audits and investigations.* The bill would require the director of the office to report quarterly, at a noticed public hearing of the commission, regarding performance of and activities related to investigations and to report annually to the Governor and the Legislature

with a summary of his or her investigations. The bill would require the summary to be posted on the agency's Internet Web site.

The bill would require the director to provide information and evidence relating to criminal acts to the State Auditor's office and appropriate law enforcement officials ~~and to~~, *and* refer matters for further civil, criminal, and administrative action to appropriate administrative and prosecutorial agencies, including the Attorney General.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 1.5 (commencing with Section 13985) is added to Part 4.5 of Division 2 of Title 2 of the Government Code, to read:

CHAPTER 1.5. OFFICE OF LEGAL COMPLIANCE AND ETHICS

13985. (a) There is within the Transportation Agency an Office of Legal Compliance and Ethics.

(b) As used in this chapter, the following terms shall have the following meanings:

(1) "Agency" means the Transportation Agency.

(2) "Audit committee" means a committee comprised of the commission and the secretary.

~~(2)~~

(3) "Commission" means the California Transportation Commission.

~~(3)~~

(4) "Department" means the Department of Transportation.

~~(4)~~

(5) "Director" means the Director of the Office of Legal Compliance and Ethics.

~~(5)~~

(6) "Office" means the Office of Legal Compliance and Ethics.

~~(6)~~

(7) "Secretary" means the Secretary of the Transportation Agency.

13985.1. (a) For purposes of administration, the ~~secretary~~ *director* shall organize the office with the approval of the ~~Governor and the commission~~ *audit committee*.

(b) The Governor shall appoint the director for a six-year term, subject to advice and consent of the Senate. The director may not be removed from office during that term, except for good cause. The director shall report directly to the ~~commission~~ *audit committee*.

(c) The ~~agency~~ *director* shall be responsible for developing a proposed budget for the office in consultation with the department~~,~~ ~~the commission, and the office~~ *and the audit committee*. Funding for the office shall come from savings related to the reduction of staff in the Division of Audits and Investigations within the department due to the division's transferred workload to the office.

(d) The director and office staff shall perform their duties and functions in accordance with generally accepted audit standards developed in consultation with the State Auditor.

(e) In the process of conducting audits and investigations, the office shall have access to any and all department records to which the Division of Audits and Investigations has access, including information determined to be confidential and protected from disclosure. The office shall have access to all employees, contractors, subcontractors, and third-party books, records, documents, and any other material necessary to conduct audits and investigations. At the request of the office, copies of any records or documents shall be provided.

13985.2. The office shall be responsible for all of the following as they relate to the department:

(a) Acting to prevent and detect serious breaches of departmental policy, fraud, waste, and abuse, including any acts of criminal conduct within the department.

(b) Independently and objectively reviewing and investigating conduct described by subdivision (a), including, but not limited to, all of the following:

(1) Criminal activity in the department or committed on department property.

(2) Allegations of wrongdoing by department employees.

(3) Serious breaches of department policy.

(4) Significant issues relevant to the effectiveness of the department.

(c) Conducting internal audits of the department to identify potential improvements in efficiency and performance.

~~(c)~~

(d) Ensuring that members of the commission and department employees receive appropriate ethics training *by recommending appropriate ethics policies and periodically reporting to the commission on the status of the department's ethics training program*.

~~(d)~~

(e) Performing other duties assigned to the office by the ~~commission~~ *audit committee*.

13985.3. (a) The director shall report quarterly, at a noticed public hearing of the commission, regarding performance of and activities related to investigations.

(b) The director shall report annually to the Governor and the Legislature with a summary of his or her investigations. The summary shall be posted on the agency's Internet Web site and shall otherwise be made available to the public upon its release to the Governor and Legislature. The summary shall include, but need not be limited to, significant problems discovered by the office and whether recommendations of the office relative to investigations have been implemented by the department. The report shall be submitted pursuant to Section 9795 and is not subject to the provisions of Section 10231.5.

13985.4. (a) The director shall provide information and evidence relating to criminal acts to the state auditor's office and appropriate law enforcement officials.

(b) The director shall refer matters for further civil, criminal, and administrative action to appropriate administrative and prosecutorial agencies, including the Attorney General.

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JAMES C. GHIELMETTI, Chair
CARL GUARDINO, Vice Chair
BOB ALVARADO
DARIUS ASSEMI
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Andre Boutros, Executive Director

STATE OF CALIFORNIA

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DRAFT

May __, 2013

The Honorable Mark DeSaulnier
Member of the Senate
State Capitol, Room 5035
P.O. Box 942849
Sacramento, CA 94249-0070

The Honorable Carol Liu
Member of the Senate
State Capitol, Room 5097
P.O. Box 942849
Sacramento, CA 94249-0069

Re: Senate Bill 486, Office of Legal Compliance and Ethics

Dear Senators DeSaulnier and Liu:

The California Transportation Commission (Commission) advises the Administration and the Legislature in formulating and evaluating state policies and plans for California's transportation programs. As part of this charge, at its May 2013 meeting, the Commission considered Senate Bill 486 that proposes an Office of Legal Compliance and Ethics (Office) within the Transportation Agency (Agency). This legislation is a means towards maintaining and strengthening public confidence by providing increased assurance that those charged with governance of carrying out California's transportation program act within the public interest.

In an effort to ensure that this legislation is well-positioned to achieve the stated objectives, the Commission encourages you to consider modifications to (1) clarify that the Office does not supplant Caltrans' responsibility for acting to prevent, detect, and report misconduct; (2) require compliance with requirements set forth in the U.S. Government Accountability Office's Generally Accepted Government Auditing Standards; (3) require Caltrans to implement and report corrective actions within a specified period to the Office; and (4) include provisions for Audit Committee decision making processes.

The Commission commends you for your efforts to increase transparency, accountability and efficiency in the administration and delivery of California's transportation program. Please be assured that the Commission looks forward to working with you as this bill continues through the legislative process.

If you have questions concerning the Commission's perspective on SB 486 please do not hesitate to contact Andre Boutros, Commission Executive Director, at (916) 654-4245.

Sincerely,

JAMES C. GHIELMETTI
Chair

c: Honorable Bonnie Lowenthal, Assembly Transportation Committee
California Transportation Commissioners