

DIRIDON STATION JOINT POLICY ADVISORY BOARD

Friday, April 23, 2021 3:00 PM

TELECONFERENCE AND VIDEO CONFERENCE ONLY

Until further notice and pursuant to California Governor Gavin Newsom's Executive Order N-29-20, VTA's Diridon Station Joint Policy Advisory Board will convene a teleconference and video conference meeting only.

Zoom Meeting Link: https://us02web.zoom.us/j/85391906879
Call in (One-tap): US: +16692192599,,85391906879# or +16699009128,,85391906879#
Call in (telephone): US: +16692192599 or +16699009128 Webinar ID: 85391906879

Technology limitations may limit the ability to receive verbal public comments during the meeting. We request the public to submit their comments by 9:00 a.m. on April 23, 2021, to board.secretary@vta.org. Instructions for participating in the teleconference will be posted on VTA's website: https://bit.ly/vta-diridon-agendas

AGENDA

CALL TO ORDER

1. ROLL CALL

2. PUBLIC COMMENT:

This portion of the agenda is reserved for persons desiring to address the Committee on any matter not on the agenda. **Speakers are limited to 2 minutes.** The law does not permit Committee action or extended discussion on any item not on the agenda except under special circumstances. If Committee action is requested, the matter can be placed on the next agenda. All statements that require a response will be referred to staff for reply in writing.

3. ORDERS OF THE DAY

CONSENT AGENDA

4. ACTION ITEM - Approve the Regular Meeting Minutes of February 26, 2021.

REGULAR AGENDA

- 5. INFORMATION ITEM Receive an update on the City of San Jose Diridon Station Area Plan. (Verbal Report) (Nanci Klein, Office of Economic Development San Jose, Jessica Zenk, San Jose Department of Transportation (DOT), and Rosalynn Hughey, San Jose Deputy City Manager).
- 6. INFORMATION ITEM Receive an update on the Diridon Integrated Station Concept Plan (DISC). (Verbal Report) (Liz Scanlon, Kimley-Horn).
- 7. INFORMATION ITEM Receive Legislative Update. (Verbal Report) (Aaron Quigley)

8. ANNOUNCEMENTS

• The next Diridon Station Joint Policy Advisory Board meeting is scheduled for August 27, 2021 at 3:00 p.m.

9. ADJOURN

In accordance with the Americans with Disabilities Act (ADA) and Title VI of the Civil Rights Act of 1964, VTA will make reasonable arrangements to ensure meaningful access to its meetings for persons who have disabilities and for persons with limited English proficiency who need translation and interpretation services. Individuals requiring ADA accommodations should notify the Board Secretary's Office at least 48-hours prior to the meeting. Individuals requiring language assistance should notify the Board Secretary's Office at least 72-hours prior to the meeting. The Board Secretary may be contacted at (408) 321-5680 or board.secretary@vta.org or (408) 321-2330 (TTY only). VTA's home page is www.vta.org or visit us on www.facebook.com/scvta. (408) 321-2300: 中文/Español/日本語/
한국어/tiếng Việt/Tagalog.

There will be no physical location for the April 23, 2021, VTA Diridon Station Joint Policy Advisory Board Meeting. All reports for items on the open meeting agenda are available on VTA's website.

Zoom meeting link: https://us02web.zoom.us/j/85391906879



Diridon Station Joint Policy Advisory Board

Friday, February 26, 2021

MINUTES

CALL TO ORDER

The Regular Meeting of the Diridon Station Joint Policy Advisory Board ("Committee") was called to order at 3:00 p.m.by Chairperson Peralez via video and teleconference.

1. ROLL CALL

Attendee Name	Title	Status
Cindy Chavez	Member	Present
Dev Davis	Vice Chairperson	Present
Jim Ghielmetti	Member	Absent
Sam Liccardo	Member	Present
Raul Peralez	Chairperson	Present
Robert Raburn	Member	Present
Charles Stone	Member	Present
Rod Diridon	Ex-Officio Member	Present
Vacant	Ex-Officio Member	N/A

A quorum was not present and a Committee of the Whole was declared.

2. PUBLIC COMMENT

Roland Lebrun, Interested Citizen, commented on the Transit Oriented Development (TOD) at Gilroy. He suggested the following: 1) Caltrain purchase VTA's Caltrain parking lots and revenues from the sale be funding sources for 2000 Measure A and 2016 Measure B projects; 2) VTA focus on improving light rail stations.

3. ORDERS OF THE DAY

There were no Orders of the Day.

The Agenda was taken out of order.

REGULAR AGENDA

6. <u>California High Speed Rail Authority (CHSRA) Revised Draft 2020 Business Plan</u> issued on February 9, 2021

Boris Lipkin, Regional Director, California High Speed Rail Authority (CHSRA), provided an overview on the California High Speed Rail Authority (CHSRA) Revised Draft 2020 Business Plan issued on February 9, 2021.

Member Liccardo joined the video and teleconference meeting at 3:06 p.m.

Vice Chairperson Davis joined the video and teleconference meeting at 3:08 p.m. and a quorum was declared at 3:23 p.m.

Ex-Officio Member Diridon joined the video and teleconference meeting at 3:15 p.m.

Public Comment

Reyne Jimeno, Board Assistant, noted for the record that Blair Beekman, Interested Citizen, submitted written public comment, which was posted on the agenda portal

Mr. Lebrun commented on the following: 1) pagination of the presentation; 2) discrepancy in posting weekly average construction workers; 3) Merced to Bakersfield 171-mile Initial Service bypasses the California Proposition 1A mandate; 4) third party construction not allowed on Caltrain's Right-Of-Way (ROW); and 5) cost of Construction Packet 1 (CP1) construction area increased from \$1 billion to \$6 billion.

Mr. Lipkin addressed Mr. Lebrun's comment about correlation between third party agreement and Caltrain's ROW.

Member Stone joined the video and teleconference meeting at 3:28 p.m.

Members of the Committee discussed the following: 1) Environmental Impact Report (EIR) and Environmental Impact Statement (EIS); 2) breakdown of funds between high-speed rail and the region; 3) federal partnership opportunities; 4) options for Northern California to receive continuous federal stimulus funding for project construction; 5) collaboration among municipalities, officials and the Metropolitan Transportation Commission (MTC) in lobbying for Proposition 1A and/or federal funds; and 6) staff to draft a joint letter for agencies and cities to prioritize signing.

On order of Chairperson Peralez and there being no objection, the Committee received an update on the California High Speed Rail Authority (CHSRA) Revised Draft 2020 Business Plan issued on February 9, 2021.

CONSENT AGENDA

Public Comment

Mr. Beekman commented on the following: 1) involve the MTC, Alameda County, and officials for combined efforts, cooperation, and ideas to bringing high speed rail to the region; and 2) natural disaster preparedness.

4. Regular Meeting Minutes of November 20, 2020

M/S/C (Raburn/Davis) to approve the Regular Meeting Minutes of November 20, 2020.

NOTE: M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.

5. 2021 Diridon Station Joint Policy Advisory Board Meeting Schedule

M/S/C (**Raburn/Davis**) to approve the 2021 Diridon Station Joint Policy Advisory Board Meeting Schedule.

RESULT: APPROVED – Consent Agenda Item #s 4 -5

MOVER: Robert Raburn, Member

SECONDER: Dave Davis, Vice Chairperson

AYES: Chavez, Davis, Liccardo, Peralez, Raburn, Stone

NAYES: None ABSENT: Ghielmetti

REGULAR AGENDA (continued)

7. <u>Legislative Update</u>

Aaron Quigley, Sr. Policy Analyst - External Affairs, provided an update on the following: 1) American Rescue Plan Act of 2021 funding for transit and infrastructure; 2) H.R. 2 - INVEST in America Act [Moving Forward Act]; and 3) federal FY2022 budget.

Public Comment

Mr. Lebrun commented on the high-speed rail (HSR) project design, environmental report, and funding source. He suggested the following: 1) integrate BART and Diridon station design; and 2) apply the surplus funds from the new design to match local, state, and federal funds for BART, Caltrain, and CHSRA.

Mr. Beekman commented on the following: 1) collaboration among Capitol Corridor Joint Powers Authority's (CCJPA), BART, and MTC in building HSR auxiliary rail line; and 2) better technology and faster speed for HSR.

Members of the Committee reiterated their request for staff to draft a joint letter in collaboration with BART, MTC, and VTA to petition for federal support for the HSR project. They also requested staff to research High Speed Rail Corridor Development Act of 2020 introduced by Representative Jim Costa.

On order of Chairperson Peralez and there being no objection, the Committee received the Legislative Update.

8. <u>ANNOUNCEMENTS</u>

Ex-Officio Member Diridon noted the importance to communicate the March 10, 2021, hearing on the Revised Draft 2020 Business Plan at the Assembly Joint Hearing Budget Subcommittee No. 3 on Climate Crisis, Resources, Entergy and Transportation and Transportation Committees.

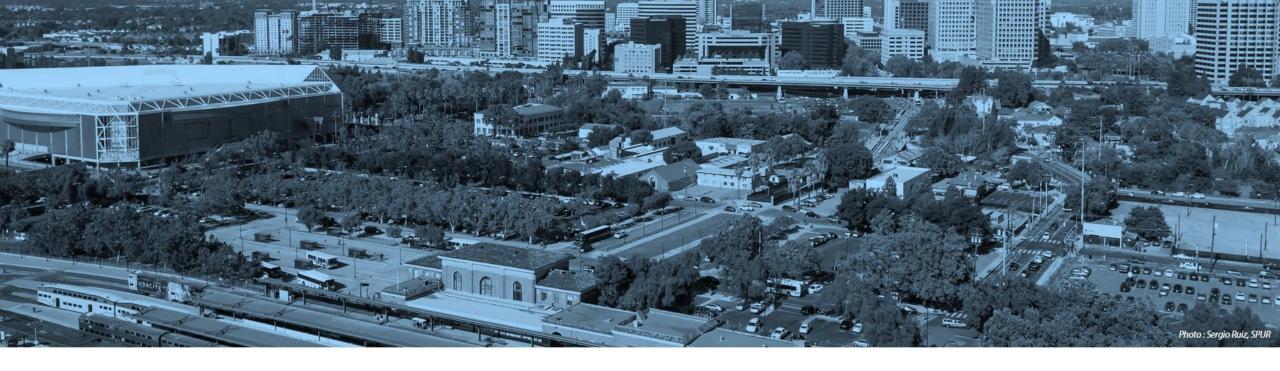
Chairperson Peralez announced that the next Diridon Station Joint Policy Advisory Board meeting is on April 23, 2021, at 3:00 p.m.

9. <u>ADJOURNMENT</u>

On order of Chairperson Peralez and there being no objection, the meeting was adjourned at 4:21 p.m.

Respectfully submitted,

Reyne Jimeno, Board Assistant VTA Office of the Board Secretary



Diridon Station Area Plan & Downtown West Project Updates

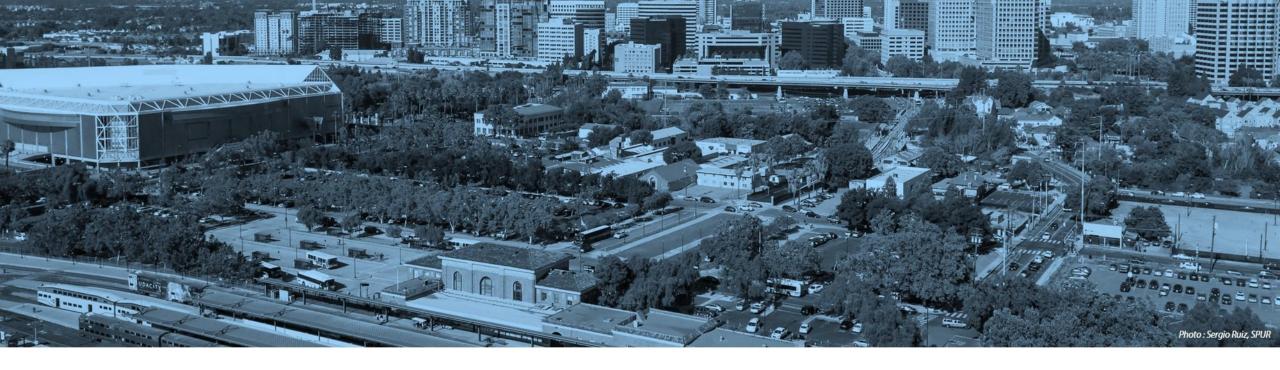
Diridon Joint Policy Advisory Board April 23, 2021





Agenda

- Process and Community Engagement
- Diridon Station Area Plan
- Downtown West Project



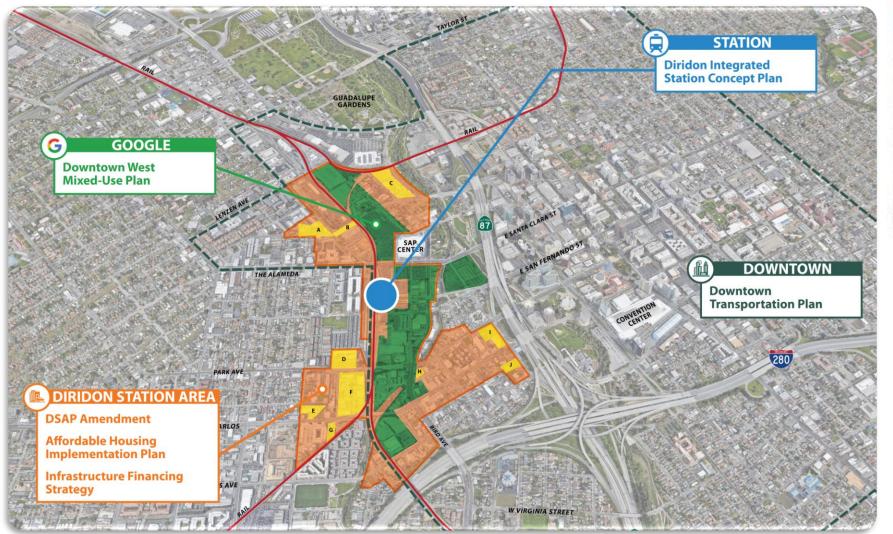
Process & Community Engagement

Rosalynn Hughey





Diridon Station Area Projects





DIRIDON STATION LOCATION WITHIN SAN JOSE

LEGEND

- Existing Heavy Rail Tracks
- Downtown Transportation Plan Boundary
- Diridon Station Location
- Diridon Station Area Plan Boundary (2014)
- Google Project Site
- Other Private Development Projects
- A Julian/Stockton Housing + Retail
- B 292 Stockton Ave Hotel + Residential
- C Akatiff Offices
- 777 Park Ave Affordable Housing
- E 777 W San Carlos Mixed Use
- F Dupont Village + McEvoy GPA Residential
- G 750 W San Carlos Residential
- H Lorraine Mixed Use + Montgomery 7 Residential
- J Park Delmas Residential + Retail
- I Delmas Apartments





Parallel Process



Google's Downtown West Project

- Development application (Oct '19, updated Oct '20, updated Spring 2021)
- Draft Environmental Impact Report (Oct. '20)
- Development Agreement, incl.community benefits (April '21)



Amended Diridon Station Area Plan

- Draft released October '20
- Revised Draft released April '21



Diridon Affordable Housing Implementation Plan

- Draft released November '20
- Revised Draft released April '21



Tentative
City Council:
May 25,
2021





Inclusive Engagement Strategies

- Mix of methods and opportunities
- Reduce barriers to participation
- Interpretation and translation
- Meet people where they are
- Community Partnership Grant Program (7 community-based organizations)
- Clear, consistent communication



Coordinated Engagement: 2018 - 2020

2018

Early 2019

Fall 2019

Spring 2020

Fall 2020

- Establish SAAG
- Public engagement
- Desired Outcomes
- Memorandum of Understanding (MOU) with Google
- Focus on
 Diridon
 Integrated
 Station
 Concept Plan
- Google preapplication input
- Google's initial "Downtown West" application and AB 900 certification
- DSAP amendment scoping

- Draft concepts for the DSAP amendment
- Online survey, including community benefit priorities
- Updated
 "Downtown
 West" submittal
 and DEIR
- Draft Amended DSAP
- Draft Diridon
 Affordable
 Housing Imp.
 Plan





Extensive City Community Engagement

Since February 2018...

- 19 SAAG meetings
- 14 SAAG small group discussions
- 30+ Community Meetings and Partner Events
- 3 online surveys with ~2,260 responses
- 200+ online feedback forms submitted
- 93,000+ page views and 36,000+ unique visitors on diridonsj.org
- 9 pop-ups at community events
- 5 virtual office hours
- Many meetings with community groups









Amended Diridon Station Area Plan

Rosalynn Hughey, Jessica Zenk





Why Amend?

- Land use changes
- Increase heights and capacity
- Align with related plans
 - Mobility
 - Parks, open space, and trails
 - Design

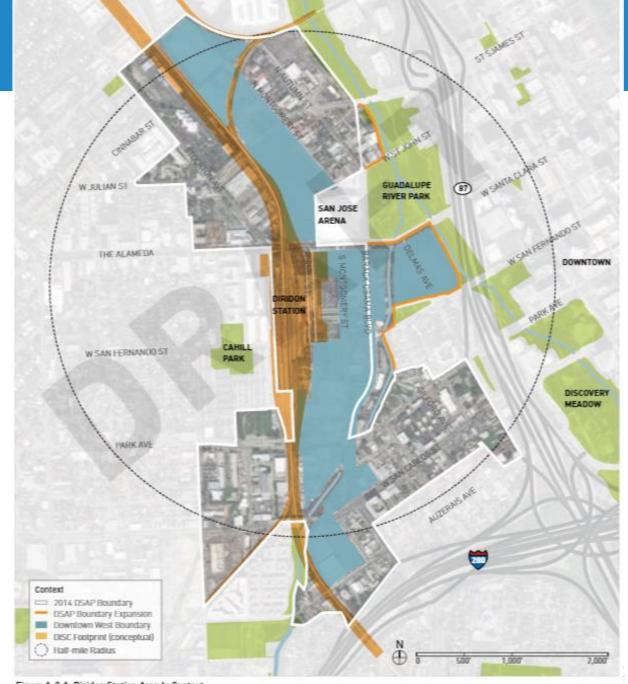


Figure 1-2-1: Diridon Station Area In Context

Approach

- 1. Affirm the general vision
- 2. Update the 2014 objectives, themes and goals to reflect input received through the 2018-20 outreach process
- 3. Explicitly consider racial equity and updated thinking on environmental sustainability
- 4. Recommend increased height limits that balance neighborhood compatibility and other goals
- 5. Provide DSAP-specific design guidelines and standards that build on the Downtown Design Guidelines and Standards (2019)
- 6. Propose new General Plan designations to support the recommended development types and levels



Viva CalleSJ Open Streets (Gehl)

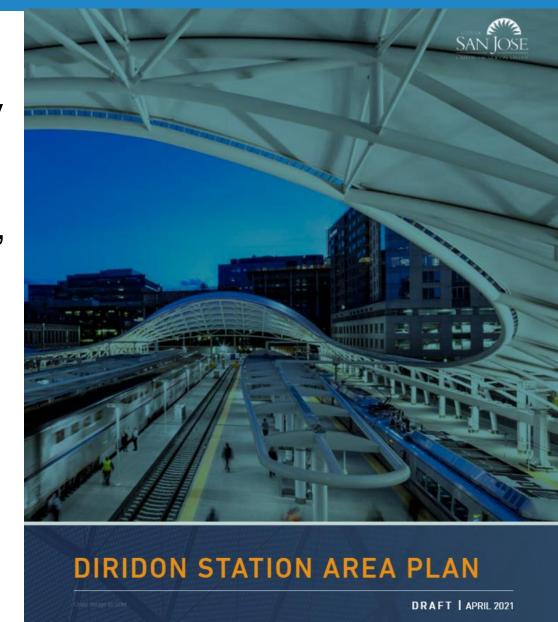


SOFA Street Fair (Team San Jose)

Orientation to the Amended DSAP

New chapters include:

- Introduction (background, community engagement, objectives, equity)
- Station Area Development (land use, building height, urban design, infrastructure, affordable housing)
- Open Space and Public Life (parks, plazas, trail links, public art)
- Mobility (transportation, parking)
- Plan Implementation



Land Use, Building Heights & Urban Design

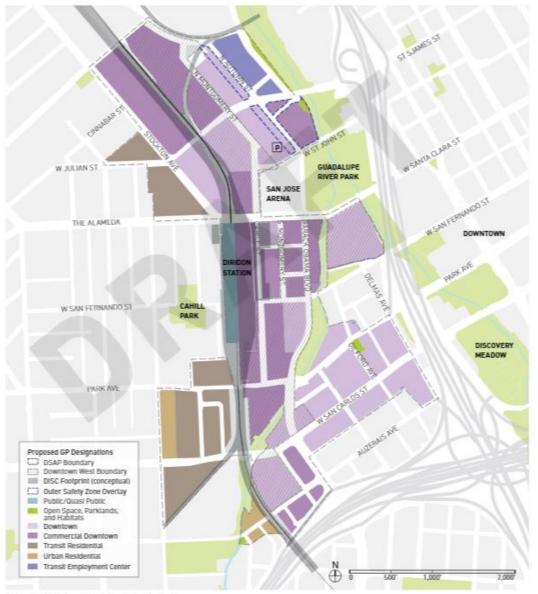








Figure 2-3-3: General Plan Land Use Designations

Mobility & Access

- Bring people together, prioritizing walking, transit, and bicycling
- Be environmentally and economically sustainable, emphasizing easy access to transportation options that are affordable and clean
- Foster community development, social interaction among people, and public life
- Promote social and economic equity, supporting inclusive access to transportation modes that provide the most economic and health benefits

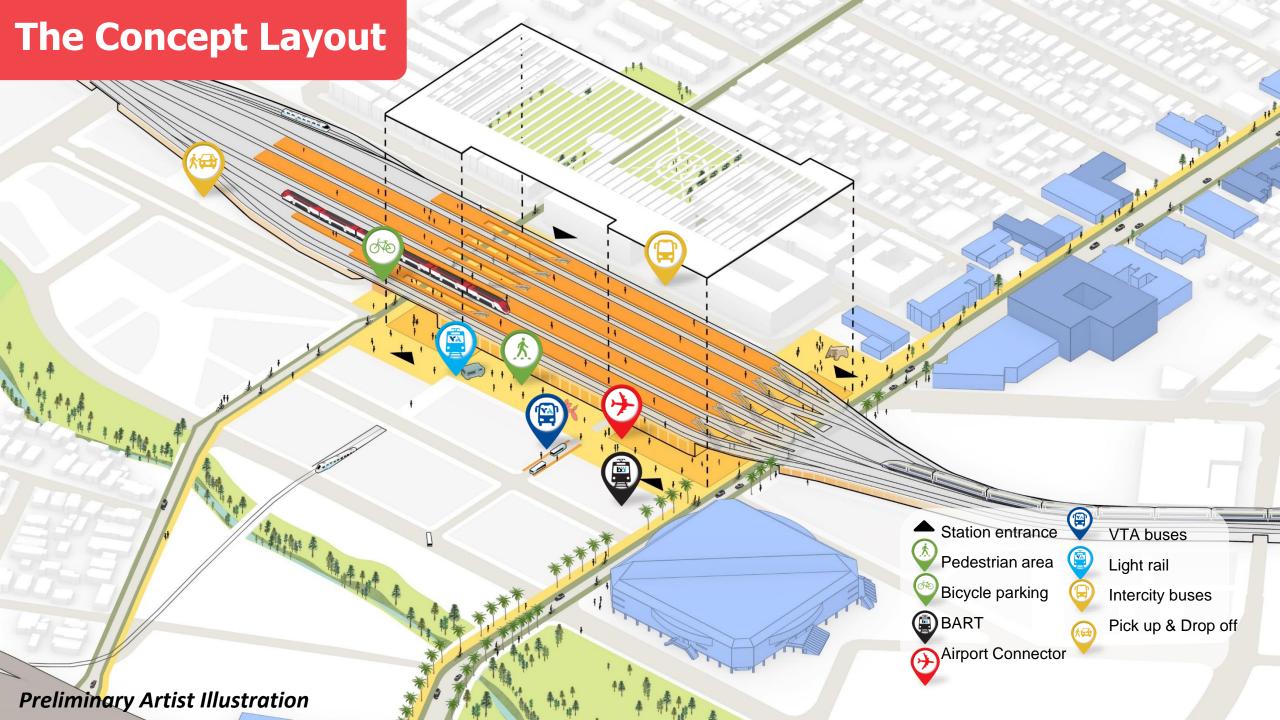


Rendering of the Underline in Miami, Florida.



Santana Row in San Jose





DSA Affordable Housing Implementation Plan

PRODUCTION

Construct new affordable units with public subsidies and private sector contributions



PRESERVATION

Preserve existing housing as permanently affordable to low- and moderate-income households



PROTECTION

Enact policies & run programs to protect vulnerable households from displacement







Focus Areas for 3Ps Approach

Study Area Boundaries

Census Study Area*

Diridon Station Area

Neighborhood Stabilization Study Area

. BART Extension Phase II

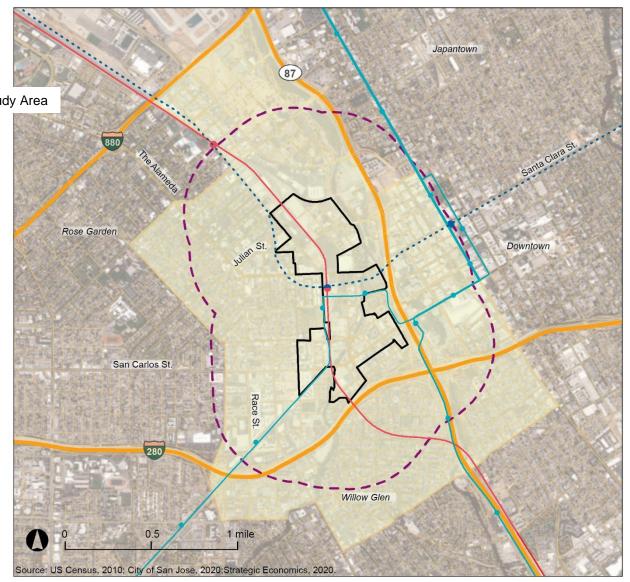
Caltrain

VTA Light Rail

*The Census Study Area comprises Census Tracts 5003, 5006, 5008, 5017, 5018, and 5019 within Santa Clara County.

**The Preservation Study Area is a half-mile buffer area from the Diridon Station Area Boundary







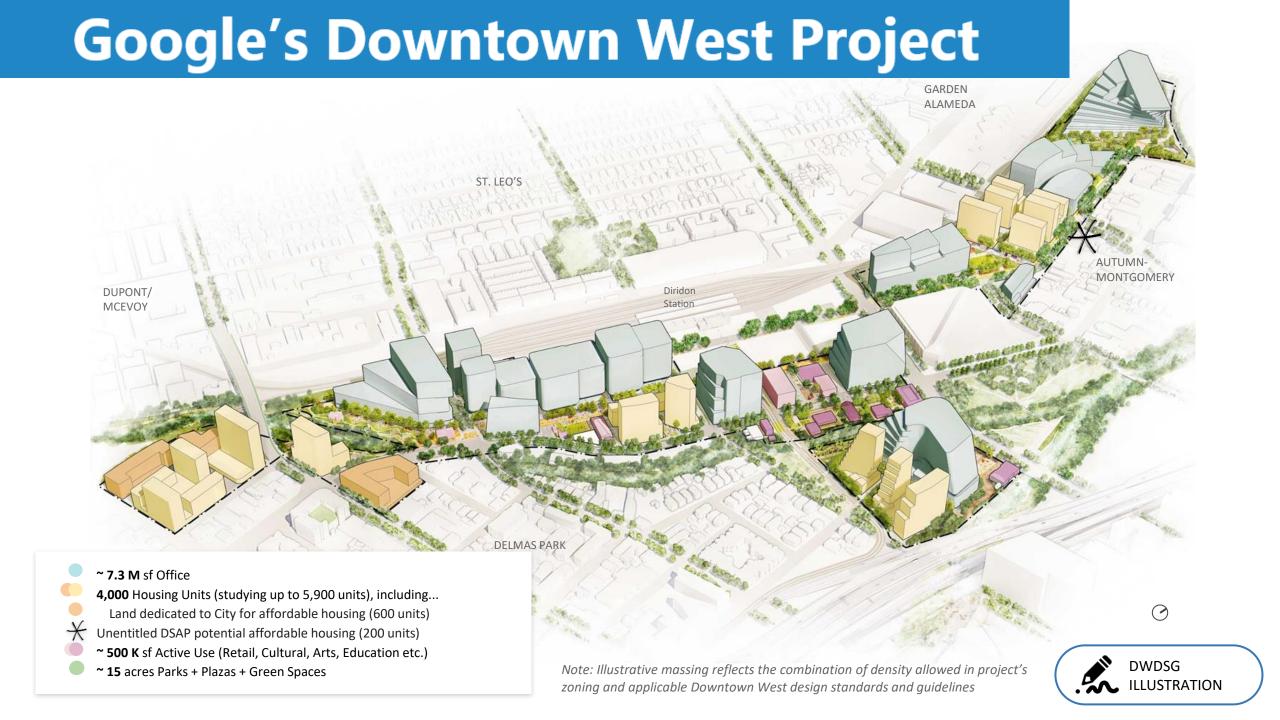
Downtown West Project

Rosalynn Hughey, Jessica Zenk, Nanci Klein









Downtown West: 3 Pathways of City Review

Development Review Environmental Review (CEQA) **Development Agreement**





Project Documents

<u>Development Review</u>

- General Plan and DSAP Amendments
- Planned Development Permit
 - Downtown West Design Standards and Guidelines
 - Conformance Review Process
- Infrastructure improvement plans (open space, transportation, and utilities)
 - Conditions of Approval
- Permits (PD, historic, tree removal, grading, building, etc.)

Environmental Review (CEQA)

- Environmental Impact Report
 (project description, analysis, mitigation)
- Responses to Comments
- Mitigation monitoring and reporting program

<u>Development Agreement</u>, including:

- Community Benefits and Project Features
- Affordable Housing
- Parkland Agreement
- Business terms





MOU Shared Goals



Create a balanced development

Capitalized on transit synergy

Optimize density & mix of uses

Grow & preserve housing

Create broad job opportunities

Pursue equitable development

Design for human scale

Enhance & connect the public realm

Pursue excellence in design

Maximize use of public transit & minimize parking

Pursue excellence in transit access & operations

Optimize sustainability

Be open to innovation

Proceed with timely implementation

Participate in fair share development

Pursue progressive hiring & wage practices

Community engagement regarding community benefits

Support & collaborate with local schools







Equitable Development Framework

Affordable Housing Production

Community Stabilization

(e.g., anti-displacement, affordable housing preservation)



Opportunity **Pathways**

(e.g., education, job training)

Employment and Small Business Opportunity





Other Community Priorities





















Sources of Public Benefits

Project will deliver on MOU, Council and community priorities through three sources:



"Community benefits" defined in MOU (Section IV.E, page 7-8) and codified in the Development Agreement





Unprecedented Public Benefits

Supports 25% Affordable Housing Goal

\$154.8M for equitydriven programs

Leadership in Sustainability, Resilience, and Ecology

Substantial Investment

- Exceeds City's baseline inclusionary requirement
- Includes land dedication, fees, and affordable units integrated on-site
- Supports production of ~1,000 units in the DSAP affordable to a range of incomes¹
- Early delivery of land to accelerate affordable housing

- \$154.8M for new Community Stabilization and Opportunity Pathways Fund
- Unique community-led fund governance model
- Early payment of \$7.5M
 for job readiness and community stabilization to support existing City strategies

- 15 acres of parks and open space
- Innovative District Systems approach to utilities
- Zero net new greenhouse gas emissions, advancing climate action and sustainability
- \$30M for transportation, plus shared parking and DISC coordination
- Includes ecological enhancements and historic preservation

- \$200M
 Community
 Benefits
 focused
 on equity and
 community
 needs
- \$1 billion in voluntary project features

(1) Includes the Autumn Street site. The City is considering changing the land use designations and zoning of the Autumn Street site (located outside of the Downtown West project site but within the Diridon Station Area) to allow for residential uses and approximately 200 affordable housing units, subject to subsequent clearances and discretionary approvals.





Locations for 1,000 Affordable Units







(1) The City is considering changing the land use designations and zoning of the Autumn Street site (located outside of the Downtown West project site but within the Diridon Station Area) to allow for residential uses and approximately 200 affordable housing units, subject to subsequent clearances and discretionary approvals.





Community Stabilization and Opportunity Fund

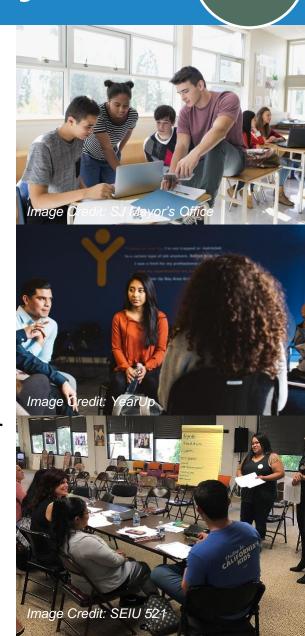
Community Benefit



Focus Areas

Community Stabilization: programs and services related to the prevention of displacement and homelessness, preservation of affordable housing, homeless services, housing innovation research, and stabilization of small local businesses

Opportunity Pathways: programs and services related to adult and youth occupational skills training, college/post-secondary scholarships, career exploration for middle and high school youth, early childhood education, and small business and entrepreneurship support



Project Commitments to Jobs & Opportunity

- Prevailing wage for all on-site construction workers
- 30% local hire goal for on-site construction positions
- Ongoing collaboration with work2future, and good faith efforts to hire local residents
- Support for disadvantaged businesses through:
 - Goal of 10% inclusion for commercial office building construction contracts
 - Working with vendors to secure ongoing service contracts for office buildings
- Promotion of Google employee volunteer/mentorship programs
- Career development workshops for underserved communities
- Ongoing monitoring and reporting



Proposed Open Space Concept







Delivering Transportation Improvements



- \$30 million for improvements identified in the Local Transportation Analysis, including:
 - Complete street improvements along Barack
 Obama Boulevard (formerly Autumn St.) –
 contributing to Bird/I-280 crossing connecting to
 Gardner neighborhood
 - Support for transit projects recommended in the Diridon Station Area Plan
 - Multimodal improvements to Auzerais Avenue (sidewalk and bikeway to trail gaps)
 - Address VTA/State Congestion Management
 Program Requirements
 - \$10 million for local needs identified in future Focused LTAs





FIGURE 6.40: Typical section of Auzerais Avenue





Delivering Transportation Improvements



- Shared, publicly-accessible parking in conjunction with commercial development (At least 4,000 spaces and up to 4,800 at full build-out)
- Residential parking will be rented or sold separately to lower housing costs for those who choose to live without a car
- Transportation Demand Management (TDM) plan to manage traffic and emissions, ultimately limiting solo occupancy vehicle trips to a maximum of 35%, with penalties up to \$5M/year for non-compliance
- Neighborhood Parking and Traffic Monitoring Plan to identify and address parking spillover and/or neighborhood traffic issues

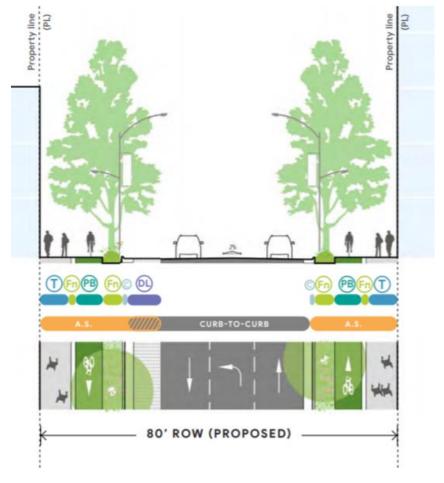


Additional Transportation Improvements



- Over 5 miles of multi-modal transportation improvements throughout the project
- Enhanced pedestrian and bikeway facilities throughout the project area, including protected, off-street bikeways and urban greening
- Electric vehicle charging stations
- Dynamic lanes flexible space that can be used for multiple purposes overtime

Typical Park Avenue Section







Coordination with Station and Rail Plans

The Development Agreement:

- Reinforces shared MOU goal and ongoing collaboration
- Establishes a Transit Project Buffer Zone
- Includes provisions on temporary construction easements, longterm park use, and community benefits

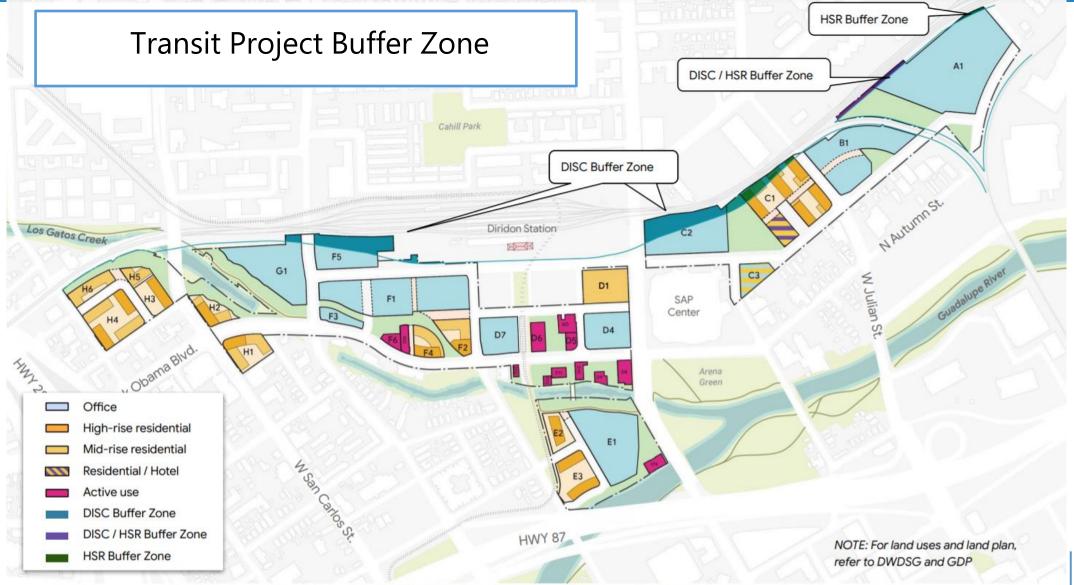


Rail & Parkland – Example from Miami, FL

Development Agreement outlines how rail and park will be implemented to maximize open space, activity under the tracks, and DISC-planned Station and Rail improvements over time.



Coordination with Station and Rail Plans





Sustainability and Ecology





City Requirements	Project Features
Compliance with San Jose Green Building codes and other regulations	Over 4.25 acres of enhanced riparian habitat
Transportation Demand Management (TDM) plan (65% non-SOV requirements)	Net zero emissions for construction and operation over 30 years
Other CEQA mitigations	2,200+ new trees and 100% native plant palette
	Replacement of San Fernando Bridge to reduce flood risk
	All-electric development





District Systems & Addressing Climate Change



- Google has proposed district systems within the 80acre project area
- The Infrastructure Plan includes:
 - Micro-grid for electrical distribution
 - Wastewater treatment with recycled water network
 - Optional garbage and recycling collection to reduce solid waste
 - District heating and cooling
- Supports resiliency and sustainability for the project area and the City

(March 25 City Council study session reviewed this topic)

Aligned with SJ Climate Goals



- Reduce per capita energy 50% by 2022
- Increase recycled water to 40,000/50,000 AFY by 2025/2035.
- Paris-compliant pathway



Community Benefits Value



	Community Benefit Value (at 7.3M SF)	\$/per GSF of Office
Community Stabilization and Opportunity Fund	\$154.8 Million	\$ 21.20
Early Payment for Job Readiness and Community Stabilization	\$7.5 Million	\$ 1.03
30 Additional Moderate-Income Units	\$7.0 Million	\$ 0.96
Land Transfer to the City (0.8 acres for consideration of affordable housing) ¹	\$8.4 Million	\$ 1.15
Currently unallocated Community Benefit Commitment	\$22.3 Million	\$ 3.06
TOTAL	\$200 Million	\$ 27.40

⁽¹⁾ The City is considering changing the land use designations and zoning of the Autumn Street site (located outside of the Downtown West project site but within the Diridon Station Area) to allow for residential uses and approximately 200 affordable housing units, subject to subsequent clearances and discretionary approvals.



Overall Public Benefits



Community Benefit Project Feature

City Requirements		Community Benefits (Negotiated)		Voluntary Project Features
IHO Land Dedication	\$40.5M	Community Stabilization and Opportunity Fund	\$154.8M	10% construction DBE goal, 30% local hire goal
IHO Moderate Units	\$39.8M	Early Payment for Jobs/Community Stabilization	\$7.5M	10.2 ac. of POPOs & funded ongoing programming
Commercial Linkage Fee	\$87.6M	30 Additional Moderate- Income Units	\$7.0M	4,000 housing units
Parks and Open Space	\$55.8M	Land Transfer to the City ¹	\$8.4M	Multi-modal transportation improvements
Transportation Improvements	\$30.0M	Currently Unallocated CB Commitment	\$22.3M	Net zero energy
Plus: Green building code, TDM program, impact fees, ongoing taxes				Infrastructure for 80 acres delivered without public financing
Subtotal	\$253.7M	Subtotal	\$200.0M	Subtotal: \$1B+

⁽¹⁾ The City is considering changing the land use designations and zoning of the Autumn Street site (located outside of the Downtown West project site but within the Diridon Station Area) to allow for residential uses and approximately 200 affordable housing units, subject to subsequent clearances and discretionary approvals.





Questions & Comments

Stay Tuned:

www.diridonsj.org







INTEGRATED CONCEPT PLAN

Joint Policy Advisory Board Item # 6





DISC in Public Review Draft of DSAP





Draft DSAP images as of April 19, 2021

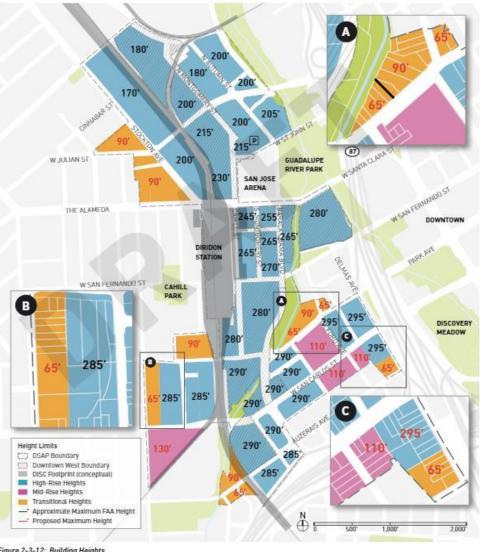
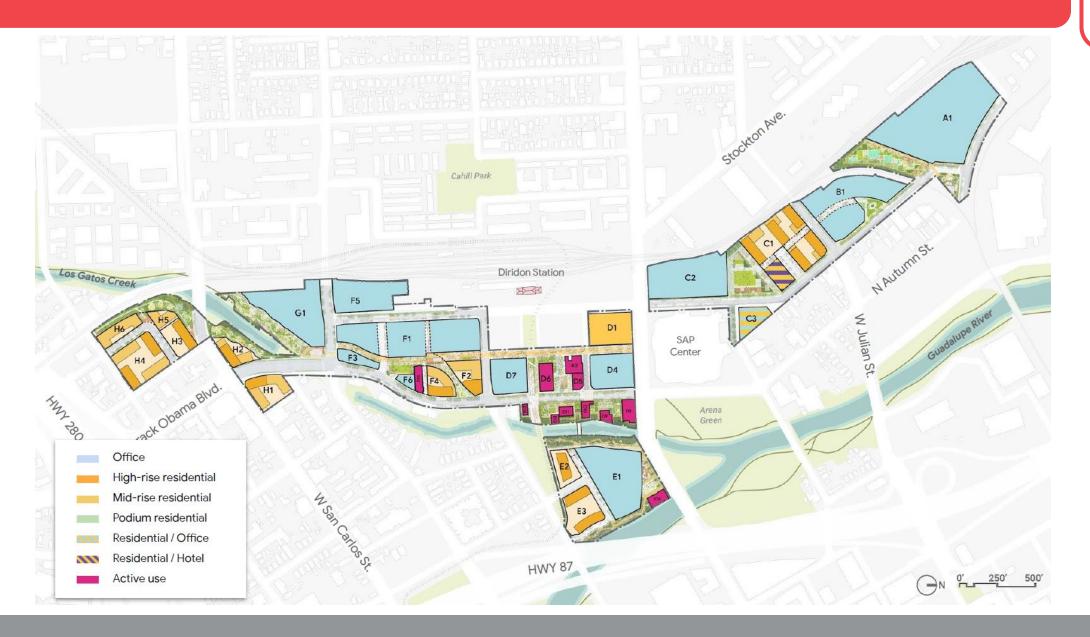


Figure 2-3-12: Building Heights

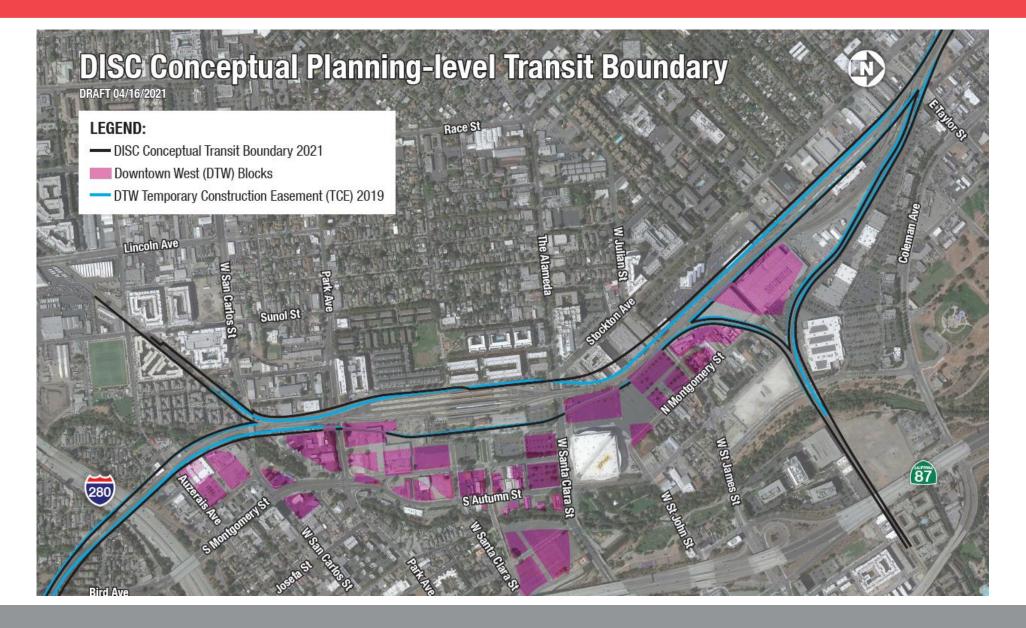
DISC & Downtown West





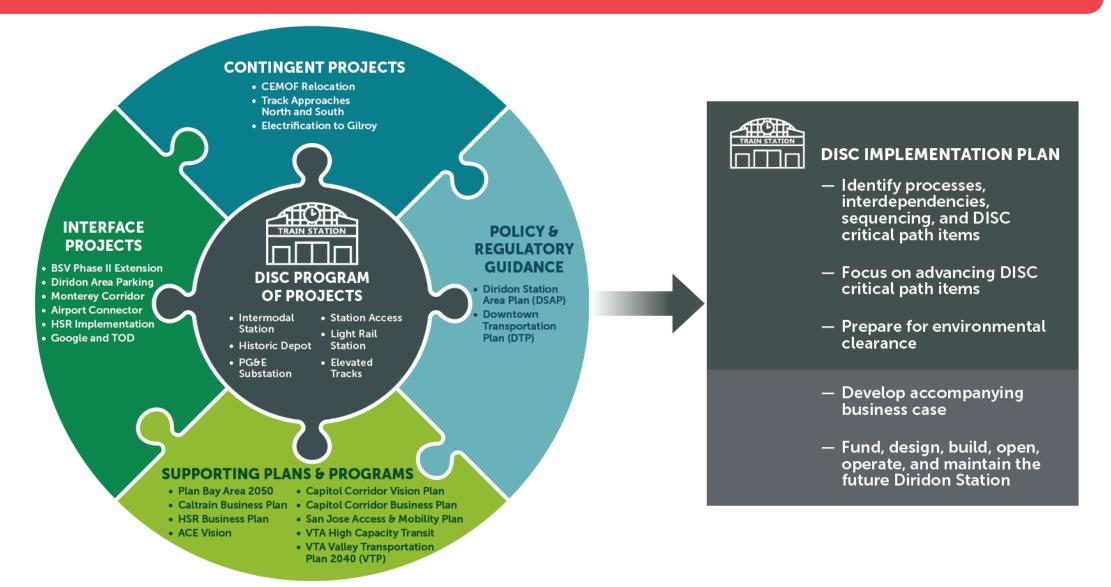
How DISC will be accommodated by DTW & DSAP





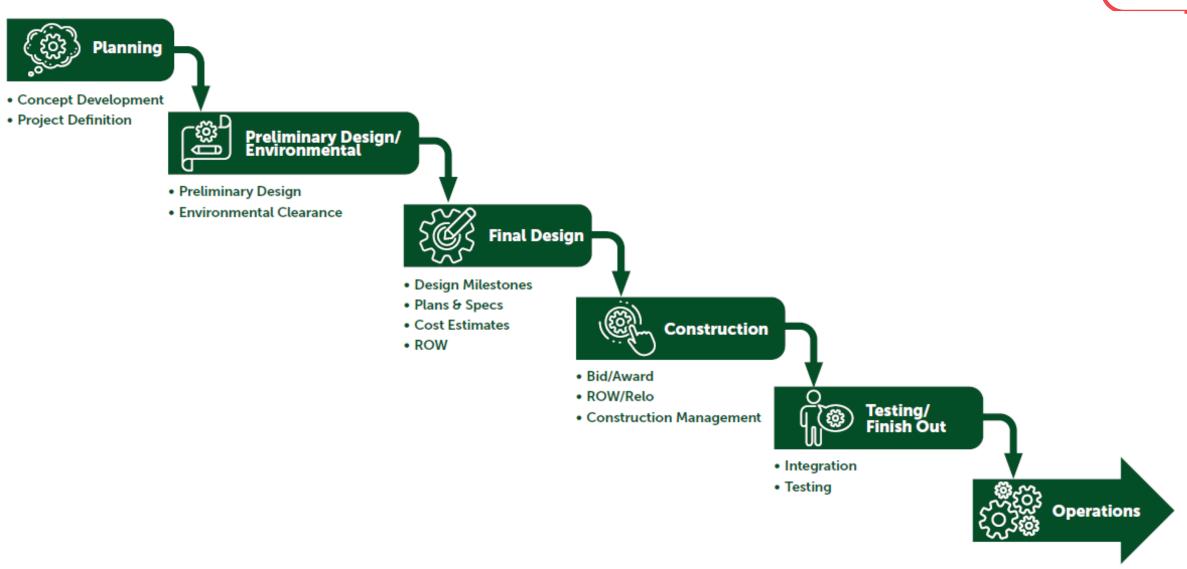
Next Steps for the DISC Program





Program Phases from Planning to Implementation







GOVERNMENT AFFAIRS REPORT

April 23, 2021

Biden Administration Unveils the American Jobs Plan: On Wednesday, March 31, 2021 President Biden unveiled the American Jobs Plan in Pittsburg, Pennsylvania. In a series of subsequent events held to promote this Plan, President Biden has made it clear that the more than \$2 trillion plan was intended to stimulate the economy today, modernize it to meet the challenges of the future but also to ensure that it functions more fairly for all Americans. A key component of these investments includes \$620 billion for transportation:

- \$115 billion to improve bridges, highways and roads.
- \$20 billion for road safety upgrades for 20,000 miles of roads and highways.
- \$85 billion to modernize public transportation.
- \$80 billion for Amtrak.
- \$25 billion for airports.
- \$17 billion for ports, inland waterways and ferries.
- \$20 billion for transportation projects for disadvantaged communities.

On Thursday, April 22, Shelly Capito (R-WV) announced the initial outline of a smaller infrastructure package than President Biden's \$2.25 trillion, eight-year plan. The \$568 billion, five-year republican counter proposal includes funding for these transportation programs:

- \$299 billion for roads and bridges
- \$61 billion for public transit
- \$20 billion for rail
- \$44 billion for airports
- \$17 billion for ports and inland waterways

The Republican proposal would be both narrower in the scope of infrastructure investments and reflect even less spending than its total funding amount would suggest. The republican package would be funded in large part through a combination of repurposed, unspent Coronavirus relief funding and vehicle user fees. The user fees would apply to electric vehicles as well.

The Biden Administration would fund the American Jobs Plan with higher corporate tax rates over 15 years. The corporate tax rate would increase from 21 percent to 28 percent, including a 15 percent minimum tax on corporate profits and the plan would impose a minimum tax on corporate profits earned overseas. Corporations would be penalized for offshoring jobs and assets. All tax preferences for the oil and gas industry would be eliminated under this plan and all companies that pollute the environment would be required to pay into the Superfund Trust Fund to cover the costs of environmental clean-ups.

<u>Surface Transportation Authorization:</u> A bipartisan group of centrist House members announced, on Friday April 23, the release of their report supporting an increase in the federal gas tax to support the long-term sustainability of the Highway Trust Fund and Mass Transit Account. The federal gas tax was set at 18.4 cents in 1993 and has not be raised since that time.

However, the proposal goes farther than a one-time increase. Instead, the proposal would index gasoline and diesel taxes to highway construction costs, inflation and fuel economy standards. The report also indicated support for a potential vehicle miles traveled tax (VMT). A VMT tax is intended to ensure that revenues to support the maintenance of the nation's highways would be generated by all drivers, including electric vehicle drivers.

The gas tax is a key funding source for federal investments in surface transportation. A bipartisan consensus on raising the gas tax would clear a significant hurdle in Congress' efforts to pass a multi-year surface transportation authorization bill to replace the Fixing America's Surface Transportation Act (FAST Act). However, the prospect of raising taxes and imposing fees on Americans that earn less than \$400,000 faces opposition from senators from across the ideological spectrum within the Democratic Party. Senators Joe Manchin (WV) and Bernie Sanders (VT) have already gone on record indicating they will not support such revenue proposals.

First passed in 2015, the five-year FAST Act was extended by one year under the Trump Administration. To develop the next surface transportation authorization, House Transportation and Infrastructure Chairman, Peter DeFazio (D-OR), is using the transportation provisions within H.R. 2, the Moving America Forward Act, as the starting point for the new bill. H.R. 2 passed the House on July 2, 2020 on a 233-188 vote and provided for \$1.5 trillion in federal spending for a number of infrastructure areas including surface transportation, water, aviation, broadband, healthcare and energy. At this time, House leaders are debating whether to try to pass standalone surface transportation authorization legislation or incorporate it into the larger American Jobs Plan. Similarly, Congress has not yet determined if funding for high-speed rail will be included in a final package. Congressman Jim Costa (D-CA) has introduced H.R.867, the High Speed Rail Corridor Development Act of 2021, to reauthorize the federal high-speed rail corridor competitive grant program. H.R. 867 would provide \$8 billion annually through FY 2025.

The American Jobs Plan represents the first phase of the Administration's overhaul of the economy. The second phase, referred to as the American Family Plan, is proposed to be paid for in part by nearly doubling the top tax rate on long-term capital gains to 39.6 percent for Americans who earn more than \$1 million. This would be an increase from the current approximate 20 percent rate and would fund child-care funding, paid leave and other social programs to be unveiled in the coming weeks. The president's combined economic stimulus package is projected to total \$4 trillion. According to the White House, increasing corporate taxes, capital gains and income taxes for the very wealthy to fund these investments would eventually lead to a reduction in the federal deficit.

REGIONAL

MTC Plans American Rescue Plan Act (ARPA) Funding Distribution: Following the signing of H.R. 1319, the American Rescue Plan Act of 2021 (ARPA), in early March, the Biden Administration moved quickly to distribute these relief funds. The \$1.9 trillion COVID-19 economic relief package includes approximately \$30 billion to support public transit. The Federal Transit Administration (FTA) published the apportionment of a majority of these funds, \$26 billion, to urbanized areas across the country on Monday March 29. The San Francisco Oakland Urbanized Area (UZA) received \$1.25 billion and the San José UZA received \$259

million in Section 5307 funding. The Bay Area received \$1.7 billion in total support transit operations in our region.

MTC plans to present a set of proposed principles to guide the distribution of these funds to their Programming and Allocation Committee in May after conducting outreach to the region's transit operators. The Commission is expected to deliberate on the distribution of ARPA funding at a workshop tentatively scheduled for June 9. The Commission's final approval of the funding is expected in July or August, 2021.