

Date: February 4, 2013
To: Mendocino Council of Governments board and staff
From: Dan Gjerde, MCOG boardmember
Re: Overview of State and Federal Transportation Funding in 2013

We should expect a number of changes in the way transportation projects are funded in 2013. That was my takeaway from back-to-back transportation workshops held on January 28 and 29. Here are my notes, summarizing comments from more than a dozen speakers at workshops organized by the California Association of Council of Governments and the California Transportation Foundation.

Caltrans Director Malcom Dougherty -- The proposed budget provides full funding for STIP and Prop 1B projects, with a slight decline in number of Caltrans staffing positions (as Caltrans expected). Caltrans is restructuring, delegating more decisions to the local district engineers. Caltrans has more than 600 projects underway, "including the Willits Bypass."

State Rail Plan -- Emily Burstein of Caltrans said, "This is the time to integrate high-speed rail, inter-city passenger rail and freight rail" especially now that federal government is looking for more integration. February 8 - March 11 is the timeframe for public comment on the draft rail plan. The first public meeting is February 12 in Sacramento. Caltrans will also provide an online workshop. A final State Rail Plan will be presented to the CTC in June. They have a New High-Speed "blended" Route Map of California, to implement high-speed sooner. The initial segment of high-speed will be open in the valley in 2018, connecting to Northern California inter-city rail. Californiastaterailplan.com

Planning Workshops -- CalCOG and the CSAC/League of Cities' Institute for Local Government will be holding workshops on best practices to prioritize, plan and build transportation projects.

SANDAG Documents Kids Walking to School -- For schools that participate, SANDAG provides a computer and software for school sites. Kids swipe their card for each day they walk/bike to school. In schools with high participation, they receive grants. The County Air District may also contribute funding. Contact Kim.Weinstein@sandag.org with SANDAG for details (619-699-1900).

Assembly Chair Bonnie Lowenthal -- In 2013-14, the legislature will focus on how to finance transportation projects. The governor and Chair Lowenthal want to make sure state agencies (and CEQA) are restructured to efficiently deliver projects, with a "high level of performance." If we adopt new technologies, "surely California can provide alternative means of transportation" without single-use occupancy vehicles, as we want California to be, not just as it has always existed. She wants us to trust each other and have the courage to embrace change, and prioritize the State's measurably most important projects.

Chair Mark DeSaulnier -- The voters expect us to not keep going back to them, and expect us to be responsible with the funds they have already given the State. DeSaulnier is looking at some combination of carbon tax, additional VLF and lower threshold for voter-approved taxes for self-help counties and cities. Following up on results from a questionnaire of transportation groups, Senators DeSaulnier and Gaines will hold informational hearing on how the State can reduce barriers to projects, and attempt to get consistent regulations out of the State's many different regional water quality control boards.

Finding More Financing, Finally -- Research and polling shows that at this time finding additional funding for transportation is not a high priority with California voters, according to Jim Earp of the California Transportation Commission and the California Alliance for Jobs. Earp believes California voters do not have a lot of appetite to spend more through bonds, although they do support infrastructure investments that create jobs. Don Perata says a user fee will finance the water infrastructure, so that project won't compete with transportation for infrastructure funding. "Everyone and his third cousin" is looking for a 55% vote for new, local revenues. Mark Watts, a lobbyist for transportation funding, believes all of the CTC's \$500 billion in needs cannot be funded. Voters do see that if you repair things now it is less expensive than fixing big problems later. We have reason to believe that the trucking industry would agree to support an increase in the excise tax on diesel to support the state highway account, Watts added. In contrast, voters do not support a general increase in the excise tax on gasoline, and, if they would, they would only support such a small increase it wouldn't generate a substantial source of revenue. Watts also believes California voters could support a mileage fee for registered vehicles. At 1 cent a mile, the fee could yield significant funding. With cap and trade going into effect, he believes a carbon tax is unlikely to move forward in California.

Governor Brown Administration: Secretary Brian Kelly -- California has 31 million cars and trucks. We must prepare as more Californians shift from petroleum-powered vehicles. Fourteen countries already offer high-speed passenger rail service, and California should not be left behind, Kelly said. Transportation generates 40% of California's greenhouse gas emissions. His agency, working with the Air Resources Board, will be a recipient of some of the Cap and Trade revenues for transportation projects that will help to reduce California's greenhouse gas emissions. When looking for more revenues, transportation advocates should explain what they can do to improve efficiencies and build with those funds. I see different funding sources, different partners coming forward to provide funds, for a highway project than for a high-speed train, Kelly added

Regional Plans & Reducing Greenhouse Gas -- Gary Gallegos, executive director of SANDAG, said his regional plan is being challenged in court because it does not call for reducing greenhouse gas emissions at a rate equal to AB32. Court case is also deciding whether his regional board should be required to leverage its funds to local governments in a way that funds local projects that meet emission goals. "Everyone ascribes a certainty to these plans that they probably don't deserve," because they are built on a lot of assumptions of revenues, from multiple sources, over many years into the future. Hasan Ikhate, executive director of southern California's SCAG, noted his board of 84 members unanimously voted to adopt its regional plan in 2012. In 30 years, their six counties will primarily live in multi-family housing (70%) and only secondarily live in single-family housing (30%). In 1990, their six county region had no commuter rail, and now will have a system of light rail and high-speed rail available in their six counties, especially in Los Angeles where they have a voter-approved sales tax supporting rail. In their six counties, they have a total of 24 transportation tax measures, including a vehicle miles traveled tax. Steve Heminger, executive director of the Bay Area's MTC, said we don't have to push hard to get people to want to move into an urban environment, because people are ready for it. "I realize that sometimes a carrot is a stick painted orange," but one of their best efforts is the MTC's packaging of grants to reward the production of housing in transit corridors. They also identified high-performing projects and some low-performing projects in their new plan. What they found is that most projects, like most people, are in the middle. Their conclusion is that they need to squeeze more efficiency out of the infrastructure they already have, which is why they adopted a Fix It First priority for awarding funds, directing 90% of funds to Operations and Maintenance, with two-thirds of funding going to public transit. "We're still waiting for our Lifetime Achievement Award" from the California Transit Association, he added.

Federal Transportation Law: MAP-21

Federal Highway Administrator Greg Nadeau -- Map-21 includes flexibilities that the Congress and the administration believe will allow transportation providers to thrive, Nadeau said. It was Senator Boxer's "shear force of will as chair of the EPW committee," that got us passage of a new transportation bill, rather than another extension to SAFETEA-LU. Throughout this year and onto next, the Congress will vote on rulemaking to implement MAP-21, and you should speak up during this process, he said. We're going to take the freight plans developed by each state, and in the Spring we will knit those together into a national freight strategy. MAP-21 also has a focus on accelerating delivery of construction projects, and the department of transportation has working groups to implement reforms to the way the federal government approves projects.

Active Transportation Account – Following the lead of MAP-21, which creates a single federal Transportation Alternatives Program, the Brown administration is proposing to consolidate Safe Routes to Schools, Recreational Trails, BTA and other programs in some way. Their intent is to create one application (and possibly one grant). Some urban legislators may be looking for a way to direct funds to support implementation of SB375, and that could direct funds away from rural areas. One legislative proposal would call for all funding to be allocated on a statewide competitive basis, rather than the current formulas, which seem to more or less guarantee at least one project to be funded in each of the 16 Caltrans Districts, from each of the existing transportation funding sources (Recreational Trails, Safe Routes to Schools, etc). This is a fluid conversation.

Surface Transportation Program -- Concerns were raised that if the State eliminates a 15% set-aside for rural counties, then bridge replacement grants may not reach low-population counties. The only reason the bridge replacement set-aside was not swept into the consolidated STP was due to the fact that NACO made preservation of the bridge replacement program NACO's number one priority for MAP-21.

Transportation Alternatives -- Smaller population counties are upset that MAP-21 denied them full funding through formulas. Eligible entities (local governments, RTA, transit authorities, natural resource or public land agency, school districts, or any eligible government agency that is not an MPO) can apply for Transportation Alternatives grants. Now, however, LA County will still receive full formula funding, and yet LA County will be able to compete with small population counties for funds which were formerly guaranteed for small regions. This will result in more competition for small regions. To maximize competitiveness, it's even more important to prepare projects so they are ready to go to construction, a speaker noted. Perhaps most startling, in the statewide working group meetings, Caltrans is talking about creating a minimum threshold of \$5 million per project, which would prevent many smaller communities from providing projects that serve as many people as urban areas can serve with a multi-million dollar project. Also, people are concerned that Caltrans will deduct a portion of the \$5 million for administering the grants.

MAP-21 Resource Page -- www.narc.org

MAP-22? -- If one was to speculate, one might guess that Congress will increase funding in the next transportation bill for projects that are documented to spur economic development. Many transportation projects are known to spur economic development, and the City of New York is one of the first communities to document how improving a neighborhood's liveability with transportation projects has spurred economic development in their diverse neighborhoods.