

## STAFF REPORT

**SUBJECT:** Federal Transportation Program Reauthorization

**MEETING DATE:** September 18, 2008

**AGENDA ITEM:** 9

**STAFF CONTACT:** Jim Kemp

### RECOMMENDATION:

Adopt a position of support for the California Consensus Principles for the federal surface transportation reauthorization bill.

### SUMMARY:

The current federal transportation authorization act, also known as the Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA – LU), will expire on September 30, 2009. The national debate on the form, content, and funding provisions of the next authorization has already begun. California will best be able to influence the debate at all levels if it can present a unified opinion on principles for the next authorization. A set of consensus principles has been developed by transportation stakeholders from around the state. Staff is recommending that the board adopt a position of support for these principles.

### DISCUSSION:

The attached document represents the consensus of a broad group of California's transportation stakeholders on statewide principles for the next federal transportation act. This document was developed through a series of open meetings and workshops that began in December 2007. The California Department of Transportation and Business, Transportation and Housing Agency led the effort with extensive input from the State's metropolitan planning organizations, regional transportation planning agencies, other transportation agencies, the private sector, and multiple public interest groups.

In general, the group reached consensus on the following seven principles:

- ***Ensure the financial integrity of the Highway and Transit Trust Funds.***
- ***Rebuild and maintain transportation infrastructure in a good state of repair.***
- ***Establish goods movement, as a national economic priority.***

- ***Enhance mobility through congestion relief within and between metropolitan areas.***
- ***Strengthen the federal commitment to safety and security, particularly with respect to rural roads and access.***
- ***Strengthen comprehensive environmental stewardship.***
- ***Streamline Project Delivery.***

Attachment 1 is a copy of the complete consensus principles.

In the next several months, the adopting stakeholders will use this document to raise awareness of California's intentions for the next authorization with the State's Congressional delegation, other statewide and national organizations, and candidates for national office working on authorization policy and positions. The group is timing the release of this document to influence committee staff before they begin drafting of proposals, which is expected to begin in the middle of November 2008.

Many public agencies and other organizations have formally taken a position of support on these consensus principles and staff is recommending that the SBCAG board do the same. Following are the organizations that have adopted support positions to date:

California State Association of Counties  
 San Luis Obispo Council of Governments  
 California Transportation Commission  
 Bay Planning Coalition  
 Solano Transportation Authority  
 Shasta Co Regional Transportation Planning Agency  
 Merced County Association of Governments  
 El Dorado County Transportation Commission  
 Modoc County Local Transportation Commission  
 Contra Costa County Transportation Authority  
 Lake County/City Area Planning Council  
 Sacramento Area Council of Governments  
 San Luis Obispo Council of Governments  
 Santa Cruz County Transportation Commission  
 Mendocino County Council of Governments  
 California Association of Councils of Governments  
 California Maritime/Intermodal Trans System Advisory Committee  
 Regional Council of Rural Counties  
 Alameda Co. Congestion Management Agency  
 Automobile Club of Southern California  
 Transportation Agency for Monterey County

### Boxer Field Hearings

Senator Boxer is the current Chair of the Environment and Public Works committee which is the committee responsible for developing the Senate's version of the new surface transportation reauthorization legislation. This positions California well to have the consensus principles and other issues of importance to the state incorporated in the new bill.

Senator Boxer held field hearings on Sept 3 in Sacramento and Sept 4 in Los Angeles. The Senator invited some transportation officials, business leaders and others to present testimony

to assist her and the committee staff to gather input and recommendations on the next transportation bill. The SBCAG executive director was invited to be a witness on one of two panels at the LA hearing. Attachment 2 is a copy of the remarks made by Senator Boxer at the beginning of the hearings. Attachment 3 is a copy of the testimony presented at the hearing by the executive director.

Senator Boxer stated at the hearing that the record will remain open for another two weeks and invited others to submit written testimony.

**COMMITTEE REVIEW:**

TTAC reviewed the draft taken and discussed the process for selecting federal demonstration projects but took no action on the principles.

The LOSSAN Board considered this item at its meeting in September and unanimously agreed to send a letter to Caltrans indicating that while they like the principles they do not express the need for rail service improvements in a time of need.

**ATTACHMENTS:**

Attachment 1: California Consensus on Federal Transportation Authorization 2008

Attachment 2: Statement of Senator Boxer: Transportation Field Briefing in Sacramento, CA

Attachment 3: Testimony Presented at Boxer Field Hearing on Sept 4

## Attachment 1

### **California Consensus on Federal Transportation Authorization 2008**

Under the leadership of Governor Arnold Schwarzenegger, the California Business, Transportation and Housing Agency, and the California Department of Transportation, stakeholders from across California have united on a basic set of principles that we ask our delegation in Washington, DC to adopt in the upcoming debate on the future of this nation's transportation policies.

#### ***1. Ensure the financial integrity of the Highway and Transit Trust Funds***

The financial integrity of the transportation trust fund is at a crossroads. Current user fees are not keeping pace with needs or even the authorized levels in current law. In the long-term, the per-gallon fees now charged on current fuels will not provide the revenue or stability needed, especially as new fuels enter the marketplace. This authorization will need to stabilize the existing revenue system and prepare the way for the transition to new methods of funding our nation's transportation infrastructure.

- Maintain the basic principle of a user-based, pay-as-you-go system.
- Continue the budgetary protections for the Highway Trust Fund and General Fund supplementation of the Mass Transportation Account.
- Assure a federal funding commitment that supports a program size based on an objective analysis of national needs, which will likely require additional revenue.
- To diversify and augment trust fund resources, authorize states to implement innovative funding mechanisms such as tolling, variable pricing, carbon offset banks, freight user fees, and alternatives to the per-gallon gasoline tax that are accepted by the public, and fully dedicated to transportation.
- Minimize the number and the dollar amount of earmarks, reserving them only for those projects in approved transportation plans and programs.

#### ***2. Rebuild and maintain transportation infrastructure in a good state of repair.***

Conditions on California's surface transportation systems are deteriorating while demand is increasing. This is adversely affecting the operational efficiency of our key transportation assets, hindering mobility, commerce, quality of life and the environment.

- Give top priority to preservation and maintenance of the existing system of roads, highways, bridges and transit.
- Continue the historic needs-based nature of the federal transit capital replacement programs.

#### ***3. Establish goods movement, as a national economic priority.***

Interstate commerce is the historic cornerstone defining the federal role in transportation. The efficient movement of goods, across state and international boundaries increases the nation's ability to remain globally competitive and generate jobs.

- Create a new federal program and funding sources dedicated to relieving growing congestion at America's global gateways that are now acting as trade barriers and creating environmental hot spots.
- Ensure state and local flexibility in project selection.

- Recognize that some states have made a substantial investment of their own funds in nationally significant goods movement projects and support their investments by granting them priority for federal funding to bridge the gap between need and local resources.
- Include adequate funding to mitigate the environmental and community impacts associated with goods movement.

**4. *Enhance mobility through congestion relief within and between metropolitan areas.***

California is home to the six of the 25 most congested metropolitan areas in the nation. These mega-regions represent a large majority of the population affected by travel delay and exposure to air pollutants.

- Increase funding for enhanced capacity for all modes aimed at reducing congestion and promoting mobility in the most congested areas.
- Provide increased state flexibility to implement performance-based infrastructure projects and public-private partnerships, including interstate tolling and innovative finance programs.
- Consolidate federal programs by combining existing programs using needs, performance-based, and air quality criteria.
- Expand project eligibility within programs and increase flexibility among programs.

**5. *Strengthen the federal commitment to safety and security, particularly with respect to rural roads and access.***

California recognizes that traffic safety involves saving lives, reducing injuries and optimizing the uninterrupted flow of traffic on the state's roadways. California has completed a comprehensive Strategic Highway Safety Plan.

- Increase funding for safety projects aimed at reducing fatalities, especially on the secondary highway system where fatality rates are the highest.
- Support behavioral safety programs – speed, occupant restraint, driving under the influence of alcohol or drugs, road-sharing, etc. -- through enforcement and education.
- Address licensing, driver improvement, and adjudication issues and their impact on traffic safety.
- Assess and integrate emerging traffic safety technologies, including improved data collection systems.
- Fund a national program to provide security on our nation's transportation systems, including public transit.

**6. *Strengthen comprehensive environmental stewardship.***

Environmental mitigation is part of every transportation project and program. The federal role is to provide the tools that will help mitigate future impacts and to cope with changes to our environment.

- Integrate consideration of climate change and joint land use-transportation linkages into the planning process.
- Provide funding for planning and implementation of measures that have the potential to reduce emissions and improve health such as new vehicle technologies, alternative fuels, clean transit vehicles, transit-oriented development and increased transit usage, ride-sharing, and bicycle and pedestrian travel.

- Provide funding to mitigate the air, water and other environmental impacts of transportation projects.

#### **7. Streamline Project Delivery**

Extended processing time for environmental clearances, federal permits and reviews, etc. add to the cost of projects. Given constrained resources, it is all the more critical that these clearances and reviews be kept to the minimum possible consistent with good stewardship of natural resources.

- Increase opportunities for state stewardship through delegation programs for NEPA, air quality conformity, transit projects, etc.
- Increase state flexibility for using at-risk design and design-build.
- Ensure that federal project oversight is commensurate to the amount of federal funding.
- Require federal permitting agencies to engage actively and collaboratively in project development and approval.
- Integrate planning, project development, review, permitting, and environmental processes to reduce delay.

## Attachment 2

### Statement of Senator Boxer: Transportation Field Briefing in Sacramento, CA

September 3, 2008

#### *Remarks as prepared for delivery*

Thank you, everyone, for joining me here today to discuss the next authorization of the Federal highway, transit, and highway safety programs. This legislation will impact all Americans because it sets the policy and provides funding for surface transportation nationwide.

The current authorization bill will expire on September 30, 2009. As Chair of the Senate Environment and Public Works Committee, I am leading the effort to develop the new transportation bill.

The Committee has already begun the authorization process by holding several hearings in Washington, D.C. We will continue to hold hearings, meetings, and listening sessions to make sure all points of view are considered.

I am here today to hear from Californians about their priorities so that I can incorporate them into our legislation. I will leave the record open for two weeks following this briefing so those who are not testifying can submit testimony in writing.

I have been working with the leadership of the Environment and Public Works Committee to develop a set of principles for the next bill. These principles include:

- o Maintaining the National character of the interstate and federal highway system
- o Efficient movement of people and goods (including intermodal)
- o Safety (including condition and design of infrastructure)
- o Reducing congestion and its impacts
- o Sustainable funding (Trust Fund Including Alternatives)
- o Consolidating programs substantially to refocus the program
- o Establishing funding and performance criteria

These principals are reflected in the title for the bill, "MAP 21" (Moving Ahead for Progress in the 21st Century).

One of my primary goals for this bill is to improve air quality. All of these goals are critical to improving the quality of life and flow of commerce in California and across the Nation.

Nowhere is the need to improve goods movement more obvious than in California. For example, 45% of all containerized cargo destined for the continental U.S. passes through California's ports.

The high volume of cargo truck traffic has a huge impact on roads and communities in California. Freight handled by trucks is projected to double by 2035. Traffic through West Coast ports alone could nearly triple over the same period.

Not only does congestion cost time and money due to delays, it is a major contributor to increased transportation related pollution.

The movement of goods has a serious impact on air quality and global warming. Freight transportation is still largely driven by fossil fuel combustion. With that combustion comes emission of greenhouse gases, carbon dioxide, nitrous oxide, and particulate matter.

According to the California Air Resources Board (CARB), approximately 75 percent of diesel particulate emissions in California are related to goods movement.

In addition, CARB has attributed 2,400 premature deaths to diesel emissions, and estimates that the cumulative health costs of diesel emissions from 2005 through 2020 are an astonishing \$200 billion dollars.

Reducing congestion will improve air quality and public health. We need to find a way to reduce congestion while our population is growing and placing new and greater demands on the existing transportation systems.

According to the Census Bureau, by the middle of the Century, the Nation will have grown to 420 million people from the 300 million mark hit in 2007. This equates to 11 new Los Angeles metropolitan areas and a population increase of 50 percent in 50 years nationwide.

In addition to addressing congestion and improving our transportation systems, the transportation projects included in our bill will create good jobs and stimulate our economy. According to the Federal Highway Administration, every \$1 billion in Federal funding for highways supports 35,000 jobs.

Another challenge that must be addressed in the next bill is that the Highway Trust Fund, which funds the legislation primarily through gas tax receipts, is expected to run out of funding before the end of the 2009.

The tragic bridge collapse in Minneapolis demonstrated the need to increase investment in infrastructure, not decrease it. The discussion of funding options will be a key element of the next bill.

We have great challenges before us. It's time to start rebuilding America. Investing in our transportation infrastructure helps America compete in the global economy and maintain our quality of life. It is that basic.

At the end of the day it's a matter of setting the right priorities and crafting innovative and effective means to address them. The next transportation bill provides an opportunity to take a fresh look at these programs and make the changes necessary to ensure our transportation system will meet the Nation's needs in the coming years.

I look forward to hearing your perspectives and working with you in the year ahead.

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Attachment 2

**Senate Environment and Public Works Committee  
September 4, 2008 Field Hearing  
Los Angeles, California**

**Testimony of Jim Kemp, Executive Director  
Santa Barbara County Association of Governments**

Good morning. My name is Jim Kemp and I am the Executive Director of the Santa Barbara County Association of Governments. Let me begin by thanking you and your staff for reaching out to our region and seeking input from the Central Coast of California. As your committee and Congress undertakes deliberations toward enactment of a new surface transportation bill, it is important that the needs of all areas in the country are considered. Santa Barbara County is part urban and part rural. Our area has unique qualities and, in some respects, our transportation needs differ from those in the metropolitan areas represented by my colleagues on this panel. .

You are undoubtedly aware that under the leadership of the Governor's Business, Transportation and Housing Agency and Will Kempton and his staff at Caltrans, transportation agencies throughout California have worked together to reach a consensus on principles that will best serve our state and we believe need to be incorporated in the next federal transportation bill. Many of the consensus principles are in my view, obvious and imperative such as securing and stabilizing the integrity of the Highway and Transit Trust Funds.

Other principles represent a departure from the norm and will require new thinking about the federal government's role in transportation. Programs and policies that have been in place or emerged during the past half century while the federal focus has been primarily on building out the interstate highway system, will need to be revamped or, in some cases may need to be abandoned altogether.

I would like to focus my brief comments on two principles that are closely related: performance-based decision making and funding flexibility. According to the Transportation Policy and Revenue Study Commission, there are over 100 distinct federal surface transportation funding programs that are currently authorized. Each program represents a "silo" with its own narrowly defined objectives and set of rules and regulations that limit the types of projects that can be funded.

This model for the federal role in transportation is obsolete and creates many problems:

- It skews transportation planning and encourages states and local governments to chase after dollars that are available rather than making sound investment decisions and implementing the best solutions
- Complying with the tangle of regulations diverts resources and slows down project delivery
- Many projects are funded from multiple sources and creating a coherent funding plan which meshes these sources becomes an enormous challenge.
- Smaller jurisdictions—including some that I represent—are effectively shut out of most federal programs because they don't have the resources to manage these projects

The current compartmentalized and cumbersome federal transportation programs are, in many cases, not geared to achieve the desired policy goals. Let me illustrate with a local example: Prior to 2003, the Santa Barbara County region was designated as a non-attainment area for federal air quality standards and, consequently, received apportionments of \$3 to \$4 million annually in federal Congestion Mitigation Air Quality (CMAQ) program funds. These CMAQ funds were used as intended to implement transit and ridesharing programs that reduced mobile source emissions and eventually helped us to meet federal standards. The air quality in our region had improved so that we achieved the performance-based standard established in federal law and our region was redesignated as a “maintenance” area and eventually as an “attainment” area.

Unfortunately, attainment areas are not eligible to receive CMAQ apportionments and Santa Barbara County lost a critical source of revenue that we had relied on to help us reduce emissions and meet the standard. In short, instead of rewarding us for meeting a federal policy goal, we were kicked out of the funding program that had helped us to achieve that goal. This is counterproductive and wrong. Today, our region is teetering on the brink of slipping back into non-attainment status and many of us are left wondering why our federal partners would design a program that disincentivizes attainment of the program goals.

Increased flexibility in funding programs can speed up project delivery and allow us to be more responsive to emerging transportation needs. This point can be demonstrated by a local success story: SBCAG assumed responsibility for operating the Clean Air Express regional commuter bus system 7 years ago. The system has been enormously successful in attracting riders, recovering costs through fares and reducing the number of cars on the roads. We began operating this service primarily with federal CMAQ funds which can be used for operations for no more than 3 years—another one of those many arcane and maddening rules I spoke of. When the CMAQ grant ran out, we were facing the prospect of ending a successful and popular service unless new funding could be found. Fortunately, Santa Barbara County—like many others in the state—is a self help county and has access to flexible funding from a local transportation sales tax that was approved by county voters. Although the Clean Air Express did not exist when this sales tax was adopted in 1989 and the need for funding to keep this system in operation could not have been anticipated, SBCAG was able to quickly allocate the funding needed to keep the buses running. This was only possible because of the flexibility and availability of local sales tax funds.

In conclusion, I would urge that federal funding programs in the next surface transportation bill be designed to address broad policy goals: reducing congestion, goods movement, safety, reducing greenhouse gas emissions. Reduce the regulations and the number of programs and increase flexibility. Unfetter states and local governments and empower them to make sound decisions on the most effective strategies for meeting federal policy goals. And finally, hold us accountable for the use of these funds by establishing performance standards and focusing investments on outcomes. Federal programs should be designed encourage desired results and to incentivize appropriate investments in transportation at the state and local level.

We value our partnership with the federal government and believe that there are national interests served by a continued strong federal role in transportation policy and funding. It is our hope that these interests will be better addressed through new thinking as Congress crafts the next surface transportation authorization bill. Thank you.