

DEPARTMENT OF TRANSPORTATION

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Help save water!*

January 12, 2015

Dear California Congressional Delegation Member:

I appreciate the opportunity and privilege to provide California Department of Transportation's priorities for consideration in the upcoming surface transportation reauthorization to the California Congressional delegation. It is our understanding that deliberations might be underway and we would like to provide the department's perspective hoping it helps the delegation's input and considerations through the reauthorization debate and process. Below, I have listed some key priority items to keep in mind. I have also attached a detailed discussion of the 13 key issues for your consideration.

1. **Long-Term Reauthorization Bill:** Congress must deliver a multi-year Surface Transportation Reauthorization (four to six years) that provides stability and certainty, to foster deliberate economic investments that assure global competitiveness and job growth. The bill needs to also address current shortfalls in the Highway Trust Fund which average over \$15 billion per year.
2. **Fix-It-First and Safety:** Californians recognize that the preservation and maintenance of the state's existing system of roadways and bridges is a priority, and look for national transportation policy to also lead on 'fix-it first' philosophy. The distressed condition of our transportation assets at the State and local levels is adversely affecting mobility, commerce, quality of life, and the environment. Poor roadway conditions also affect the safety of all road users, including bicyclists and pedestrians.
3. **Funding and Finance:** We need an overall increase in federal transportation spending, including core highway formula programs. But Congress should also permanently authorize the Transportation Investment Generating Economic Recovery (TIGER) grant program and provide dedicated, sustainable funding for the Projects of National and Regional Significance (PNRS) program. Congress should also continue to expand the opportunities available to use innovative financing alternatives including through Public-Private Partnerships, tolling, and credit programs such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, and the tax-exempt Private Activity Bond (PABs) program.
4. **Freight Movement:** As the nation's international trade leader in terms of value and quantity of goods, California is committed to improving freight movement and this has to be a national priority for reauthorization. In 2006, California voters approved a set of transportation state bond programs that included the \$2 billion Trade Corridors Improvement Fund (TCIF). The TCIF program is implementing approximately 70 high priority freight projects with a value in excess of \$6 billion in total private and public funding along key

trade corridors. California urges Congress to also invest more in the national freight transportation system and authorize dedicated, sustainable funding for a multimodal freight program derived from revenue sources across all modes of transportation.

5. Sustainability and Climate Preparedness: By 2050, California is projected to grow from today's 38 million to 50 million people. To address these challenges, California has become, proudly, the national leader in climate preparedness and sustainable communities planning. California's landmark "Global Warming Solution's Act of 2006" (AB 32) regulates greenhouse gas emissions that contribute to climate change. Additionally, the "California Sustainable Communities and Climate Protection Act of 2008" (SB 375) requires that the 18 Metropolitan Planning Organizations (MPOs) representing the most urbanized areas of the state develop planning strategies to reduce emissions from cars and light trucks. Therefore, California urges Congress to enact programs and policies that will reward and promote sustainability and climate preparedness efforts. For example, Congress should authorize incentive grants for states, tribal governments, and MPOs that have adopted "Best Practices" to reduce greenhouse gas emissions. For another example, Congress should provide greater regulatory flexibility that will encourage private investment in zero-emission vehicle infrastructure.
6. Rail Reauthorization and Public Transportation: California has invested in expanding high-capacity and high-performance intercity and commuter passenger rail services for many years. California's three state-supported intercity passenger rail routes - the *Pacific Surfliner*, *San Joaquin*, and *Capitol Corridor* - are the second, third, and fifth busiest routes in the country, respectively and attracted nearly 5.4 million riders annually and Commuter rail ridership totaled 31.2 million annually. California also remains committed to high-speed intercity passenger rail as a critical component of a long-term, sustainable, multi-modal transportation strategy. We support a trust funded Rail Service Improvement Program that includes grants for high-speed passenger rail, positive train control (PTC) compliance, and highway-rail grade crossing improvements. California public transportation providers served 1.27 billion trips. California urges Congress to increase federal investment in transit programs to maintain the current system in a state of good repair and help the state meet its sustainability, economic, and social objectives.
7. Transportation Alternatives Program: We support increased funding for the federal Transportation Alternatives Program (TAP) which provides funding for pedestrian and bicycle facilities, recreational trail program projects, and safe routes to school projects. TAP supports California's consolidated Active Transportation Program which is designed to improve the quality of life and public health of Californians.
8. Streamlining Planning, Programs and Project Delivery: California supports continued efforts to streamline surface transportation project delivery through delegation programs, increasing flexibility on alternative project delivery methods, and integrating planning, project development, review, permitting, and environmental processes.

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Finally, we support the underlying principles represented in the Tribal Transportation Unity Act, and an overall increase in federal transportation spending, including an increase in funding for the Tribal Transportation Program. I respectfully request your favorable consideration of these priority items for the next transportation reauthorization bill. Please let me know if there are any questions and I thank you for your attention to these matters.

Sincerely,

MALCOLM DOUGHERTY
Director

Enclosure

Discussion Report Map 21 Reauthorization

Long-Term Reauthorization Bill

California supports a multi-year Surface Transportation Reauthorization (four to six years) that would provide stability and certainty, and allow for more deliberate economic investment that assures global competitiveness and job growth.

The conditions of the nation's surface transportation systems are deteriorating, while demand is increasing. Sixty five percent of America's major roads are rated in less than good condition, one in four bridges requires significant repair or cannot handle today's traffic, and 45 percent of Americans do not have access to transit. At the same time, America's population will grow by 100 million in the coming decades. There must be greater national investment in our transportation and infrastructure.

Moreover, a fundamental change must occur to better align revenues with the demand for a safe, reliable transportation system that moves both goods and people efficiently. According to the Congressional Budget Office (CBO), Highway Trust Fund (HTF) outlays under current law will exceed revenues by an average of just over \$15 billion per year, or \$91 billion over a six-year period. CBO also projects a cumulative shortfall in both the highways and mass transit accounts in the second half of fiscal year (FY) 2015, meaning the HTF would not have the money available to reimburse state governments and local transit agencies in a timely fashion.

To ensure the stability of the federal transportation program and address immediate transportation needs, Congress must consider user-based, pay-as-you-go funding options like increasing and indexing to inflation the excise taxes on motor fuels. The federal government should also explore innovative transportation revenue mechanisms, such as a road user charge or other user-based revenues, and provide financial support to states willing to research or pilot innovative revenue programs.

Fix-It-First and Safety

More than half of California's highway lanes are either in distressed condition or in need of preventative maintenance; more than one in four culverts necessary to manage storm water runoff are in need of repair; and more than 30 percent of the technical equipment (e.g., ramp meters, vehicle detectors, and video cameras) used to operate the highway system are not in working condition. At the same time, most California counties experience average local road conditions in an "at risk" classification, with up to 25 percent of roads projected to be in "failed" condition by 2022. This is adversely affecting the operational efficiency of our key transportation assets, hindering mobility, commerce, quality of life and the environment. Further, poor roadway conditions affect the safety of all road users, including bicyclists and pedestrians. Californians recognize that the preservation and maintenance of the state's existing system of roadways and bridges is a priority.

California also recognizes that traffic safety involves saving lives and reducing injuries. Congress must provide robust funding that can be applied to safety projects aimed at reducing fatalities, including rural areas where fatality rates are the highest.

Therefore, Congress should increase funding for all of MAP-21's core highway formula programs, and in particular the Federal Highway Administration's National Highway Performance Program (NHPP), Surface Transportation Program (STP), and Highway Safety Improvement Program (HSIP). These programs support California's State Highway Operations Protection Program (SHOPP), the preservation of local roads and bridges, and needed safety improvements for all road users throughout the state.

Funding and Finance

In addition to an overall increase in federal transportation spending, including core highway formula programs, Congress should also permanently authorize the Transportation Investment Generating Economic Recovery (TIGER) grant program and provide dedicated, sustainable funding for the Projects of National and Regional Significance (PNRS) program.

Funding for the PNRS program, which supports large-scale projects with national and regional economic impacts, was provided in the reauthorization bill reported by the U.S. Senate Committee on Environment & Public Works during the 113th Congress and was also recommended by the U.S. House Transportation & Infrastructure Committee's Special Panel on 21st Century Freight Transportation. California transportation stakeholders have expressed significant interest in this program: In 2014, the California Department of Transportation (Caltrans) compiled 53 survey responses totaling \$71 billion in California PNRS projects for a U.S. Department of Transportation (U.S. DOT) Report to Congress on this program.

California recognizes that Public-Private Partnerships (P3s) are not a substitute for robust direct federal transportation investment, nor a solution for larger federal infrastructure funding challenges. Instead, P3s are a financing and procurement tool, which in some instances, may leverage private sector resources and mitigate construction and/or operations risk for the public sector. These arrangements often involve a project-related revenue stream, such as vehicle tolling, and/or federal credit assistance programs. Congress should create a U.S. DOT clearinghouse to provide technical assistance and share P3 best practices with state, local and tribal governments.

Additionally, Congress should allow tolling for Interstate System reconstruction, and also the conversion of any existing toll-free highway lanes (including on the Interstate System) to toll facilities that manage demand through variable tolling. Further, Congress should allow toll revenues to be used for public transportation services that contribute to the improved operation of the toll facility or highway, or to mitigate toll facility related adverse impacts identified under the National Environmental Policy Act (NEPA) process.

MAP-21 significantly increased funding for the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, which provides federal credit assistance to states, local governments, toll authorities and P3s. The expansion of the TIFIA program has benefitted California "America Fast Forward" projects, and Congress should provide robust funding for this program in the next reauthorization.

Further, Congress should review tax-exempt Private Activity Bond (PABs) eligibility and consider raising the cap on qualified surface transportation projects. Additionally, Congress should consider creating a new "America Fast Forward" qualified tax credit bond, which has been endorsed by the AFL-CIO,

U.S. Chamber of Commerce, National League of Cities, National Association of Counties, National Association of Regional Councils and State Buildings and Construction Trades Council of California.

Freight / Goods Movement

California is the nation's international trade leader in terms of value and quantity of goods that are handled by its seaports, airports, railroads and roadways; and California's commitment to improving its freight system is unmatched in the U.S. In 2006, voters approved a set of transportation state bond programs that included the \$2 billion Trade Corridors Improvement Fund (TCIF). The TCIF program is implementing approximately 70 high priority freight projects with a value in excess of \$6 billion in total private and public funding along key trade corridors. California is already heavily investing its funds to improve the state's freight transportation system and attracting substantial private and public matching funds. California urges Congress to also invest more in the national freight transportation system.

Moreover, despite the critical importance of freight movement to the national economy, there are impacts to local and regional economies, the environment, and communities that must be mitigated simultaneously when making freight system improvements. Therefore, improving and sustaining the freight system is not only about system reliability, efficiency, safety, and job creation, it is also about stewardship of communities and the environment as freight is processed in and moved through those communities.

Congress should authorize dedicated, sustainable funding for a multimodal freight program derived from revenue sources across all modes of transportation.

The U.S. DOT must complete the National Freight Strategic Plan required by MAP-21, and it should be consistent with State Freight Plans.

Implementation of a National Freight Strategic Plan should be supported by a minimum \$2 billion per year grant program, possibly allocated through both competitive and formula-based criteria. The program must focus on the freight system as a whole, and include support for: major urban trade gateways and corridors; highways and local roads that make up the 'first-and-last mile' connections to seaports, cargo, airports, intermodal yards, and commercial ports of entry; and also the rural and local freight networks that enable the transport of agricultural and natural resources. Further, projects to reduce freight impacts to communities and the environment must be eligible for funding.

Sustainability and Climate Preparedness

California is home to seven of the top 10 most polluted and six of the 30 most congested cities in the nation. By 2050, California is projected to grow from today's 38 million to 50 million people. To address these challenges, California has become, proudly, the national leader in climate preparedness and sustainable communities planning.

In an effort to address climate change, California's landmark "Global Warming Solution's Act of 2006" (AB 32) gives the California Air Resources Board (CARB) authority to regulate sources of greenhouse gas emissions that contribute to climate change. Additionally, the "California Sustainable Communities and Climate Protection Act of 2008" (SB 375) requires that the 18 Metropolitan Planning Organizations

(MPOs) representing the most urbanized areas of the state reduce emissions from cars and light trucks. To meet regional greenhouse gas reduction targets established by the CARB, SB 375 requires MPOs to develop a Sustainable Communities Strategy that generally promote compact, mixed-use commercial and residential development that will be walkable, bikeable, close to public transportation, jobs, schools and recreation.

Sustainability planning often involves extensive analysis and public outreach, and both California state government and MPOs have expended a considerable amount of staff time and funding to implement SB 375. Therefore, Congress should authorize an incentive grant program that rewards states, tribal governments and MPOs that have already adopted “Best Practices” to reduce greenhouse gas emissions and integrate transportation planning and investment decisions with other land-use and economic development decisions.

Further, California supports an overall increase in federal transportation spending, including a proportional increase in funding for the Congestion Mitigation and Air Quality Improvement Program (CMAQ) to reduce congestion, improve air quality and meet the requirements of the Clean Air Act.

Rail Reauthorization

California has invested in expanding high-capacity and high-performance intercity and commuter passenger rail services for many years. These passenger rail routes and connecting transit services attract high passenger volumes. For example, California’s three state-supported intercity passenger rail routes - the *Pacific Surfliner*, *San Joaquin*, and *Capitol Corridor* - are the second, third, and fifth busiest routes in the country, respectively and attracted nearly 5.4 million riders in the state fiscal year (SFY) 2013-14 compared to 4.2 million a decade earlier. Commuter rail ridership totaled 31.2 million trips in SFY 2013-14 compared to 20.7 million trips a decade earlier. California also remains committed to high-speed intercity passenger rail as a critical component of a long-term, sustainable, multi-modal transportation strategy.

California supports Congressional efforts to reauthorize both the Rail Safety Improvement Act of 2008 (RSIA, P.L. 110-432) and the Passenger Rail Investment and Improvement Act (PRIIA, P.L. 110-432), both of which expired at the end of fiscal year (FY) 2013, as part of broader surface transportation reauthorization.

California supports Congressional efforts to fund intercity rail capital investment grants (chapter 244 of Title 49); all funding for this program must be available to eligible projects in every state.

Additionally, California supports the American Public Transportation Association’s (APTA) call for a dedicated and indexed revenue source, other than the motor fuel taxes that support the Highway Trust Fund, for planning, design and construction of High-Speed and Intercity Passenger Rail; and also the U.S. DOT’s GROW AMERICA Act proposal for a trust funded Rail Service Improvement Program that includes grants for high-speed passenger rail, positive train control (PTC) compliance, and highway-rail grade crossing improvements.

California also supports Congressional efforts to reform the Railroad Rehabilitation and Improvement Financing (RRIF) program to make it more accessible to borrowers, and to make PTC implementation

eligible for the program. California also supports Congressional efforts to provide federal grant funding for PTC implementation by both Amtrak and commuter railroads.

California supports Congressional efforts to require Amtrak to provide timely information and greater transparency into revenues and costs related to state supported rail corridors so that states can effectively manage services and verify proper implementation of PRIIA Section 209 requirements.

Congress must also provide adequate funding of Amtrak's long distance train service, which provides an important transportation alternative in and between rural communities often not served by other intercity transportation options.

Congress must also increase the federal commitment for highway-rail grade crossing safety.

Public Transportation

In recent years, California has also made significant investments in public transportation to address sustainability, economic (e.g., access to employment) and social (e.g., providing a safety net for those that cannot drive) policy objectives. From 1991 to 2010, miles traveled on all public transportation modes in California increased 141 percent, and in 2012, California public transportation providers served 1.27 billion trips. Moreover, by 2050, changing demographics are expected to dramatically expand California's "transit-dependent" population of individuals below driving age and the elderly who often rely on paratransit.

At the same time, the U.S. DOT estimates that public transportation faces an \$86 billion backlog of critical infrastructure maintenance and repair needs nationwide. The California Transportation Commission's *Statewide Transportation System Needs Assessment* and *California Unmet Transit Funding FY 2011-FY2020 Needs* report identified a 10-year unmet operating and maintenance gap \$22.2 billion and a capital gap of \$42.1 billion for California transit.

The U.S. DOT's GROW AMERICA Act proposal includes a 70 percent increase in federal funding for transit programs. California urges Congress to significantly increase federal investment in transit programs to maintain the current system in a state of good repair and help the state meet its sustainability, economic and social objectives.

Traditionally, about 80 percent of the funding for the federal public transportation program has come from the mass transit account of the Highway Trust Fund, and Congress must continue funding public transportation from the Highway Trust Fund. Additionally, Congress should restore funding for Bus and Bus Facilities program to pre-MAP-21 levels and include a transparent and efficient discretionary element as recommended by APTA.

Right-of-Way Reform

California also encourages Congress to review current federal statutory and regulatory requirements imposed on Federal-aid and Interstate right-of ways. Modest policy reforms in this area would foster greater partnership between state, local and other public agencies to establish more sustainable

communities, and facilitate additional private sector transportation investment including P3 arrangements to accelerate the deployment of “green” technology infrastructure.

For example, California is a leader of technological innovation, including environmentally-friendly “green” technologies. As such, California has adopted a policy of encouraging the development and success of zero-emission vehicles, achieving a zero-emission vehicle infrastructure that will support up to one million vehicles by 2020, and promoting private sector investment in zero-emission vehicle infrastructure (Executive Order B-16-2012).

In furtherance of these objectives, Caltrans believes that there are significant opportunities (both in California and nationally) for P3 arrangements with the private sector to deploy zero-emission vehicle infrastructure at Safety Rest Areas and Park-and-Ride facilities along Interstate and Federal-aid highways. However, current federal restrictions on commercial activity along Interstate right-of-ways (23 U.S.C. § 111), and fees that can be charged at facilities on Federal-aid highway right-of-ways (23 U.S.C. § 137), may inhibit these opportunities. California urges Congress to provide the flexibility needed to encourage private investment in zero-emission vehicle infrastructure and facilitate its successful deployment along Interstate and Federal-aid highways.

Additionally, Park-and-Ride facilities are integral parts of a multimodal transportation system. These facilities enhance the livability and sustainability of communities by supporting transit, carpools and vanpools. In many instances, California MPOs and local and public agencies have expressed interest in taking over Caltrans-owned Park-and-Ride facilities located along Federal-aid routes. Pursuant to Caltrans’ relinquishment of these facilities, these agencies plan to make capital improvements, integrate them fully into the regional transit systems, and in some cases, construct Transit-Oriented Developments around them.

However, current federal regulations (23 CFR § 620 Subpart B) do not permit Caltrans to relinquish Park-and-Ride facilities to another agency. Congress should facilitate local investment in public transportation facilities and promote transit usage by providing greater regulatory flexibility for Federal-aid right-of-way relinquishment transactions.

HOV Access and Degradation

Current federal law (23 USC § 166) authorizes state or local governments to allow low emission, energy-efficient vehicles and toll-paying vehicles to access High Occupancy Vehicle (HOV) lanes without meeting occupancy requirements. This is a powerful tool for managing congestion and promoting important public policy objectives. California allows HOV lane access to low emission and energy-efficient vehicles to incentivize their use and promote the state’s sustainability and climate preparedness objectives.

Federal law also requires state and local governments using this authority to monitor their HOV lanes and ensure that performance has not been degraded. An HOV lane is considered degraded if it fails to maintain a minimum average operating speed of 45 mph 90 percent of the time over a consecutive 180-day period during morning or evening weekday peak hour periods.

The most recent data indicates that almost 60 percent of California's HOV network is degraded under the current federal HOV degradation standard. If an HOV lane is degraded, the state or local operating agency must take steps to bring the facility back into federal compliance – such as disallowing HOV access to low emission and energy-efficient vehicles.

The current federal HOV degradation standard is too stringent, and could unnecessarily limit California's ability to use HOV access to promote green technologies. California urges Congress to revise the HOV degradation standard, and provide more flexibility for state and local agencies to comply. This would greatly reduce the number of California facilities that are out of compliance, and facilitate the continued use of HOV lane access to encourage the purchase and use of low emission and energy-efficient vehicles.

Transportation Alternatives Program

California supports an overall increase in federal transportation spending, including a proportional increase in funding for transportation alternatives. The federal Transportation Alternatives Program (TAP) provides funding for important programs and projects, including, but not limited to, on-road and off-road pedestrian and bicycle facilities, recreational trail program projects, and safe routes to school projects. TAP funding supports California's consolidated Active Transportation Program, which furthers the state's sustainability and climate preparedness objectives and improves the quality of life and public health of Californians.

Streamlining Planning, Programs and Project Delivery

California supports continued efforts to streamline surface transportation project delivery. This can be achieved by further opportunities for state stewardship through delegation programs, increasing states' flexibility for using alternative project delivery methods, and integrating planning, project development, review, permitting, and environmental processes to reduce delay.

Moreover, environmental mitigation is a component of many transportation projects. "Advance mitigation" is a compensatory environmental investment that takes place prior to the environmental review and permitting of one or more transportation projects. Advance mitigation allows for more efficient project approvals than project-by-project mitigation, where mitigation options are often sought near the end of the environmental review process. Federal policy should encourage and incentivize advance mitigation opportunities for transportation infrastructure projects because they accelerate project delivery and increase the quality of mitigation efforts. Caltrans and the California High-Speed Rail Authority are currently coordinating on potential opportunities to partner on advance mitigation efforts.

Therefore, California supports an overall increase in federal transportation spending, including funding that can be applied to advance mitigation for transportation projects. Further, Congress should authorize a federal interagency effort to provide technical assistance and identify funding opportunities, or innovative financing techniques, for large-scale advance mitigation programs.

Performance Measures

California supported the inclusion of performance measure requirements in MAP-21 and the policy of improving Federal-aid project decision making through performance-based planning and programming.

We believe performance-based decision making and performance measures are key tools for improving safety and making efficient and cost-effective investments.

In 2014, Caltrans submitted comments for four of the U.S. DOT MAP-21 performance measure rulemakings. Although these federal rulemakings have not yet been finalized, Caltrans will continue to proactively work with California transportation stakeholders to successfully implement these new performance requirements. Congress should allow these performance measure rulemakings to run their course, and avoid enacting new policies that will delay the implementation of these rules or undermine the work that has been already done.

Additionally, Congress should provide funding for training, tools and data collection related to performance monitoring.

Tribal Transportation

California supports the underlying principles represented in the Tribal Transportation Unity Act, which include easing the transfer of federal aid funds for tribal transportation projects, improving Bureau of Indian Affairs (BIA) Right of Way management, and improving the speed and efficiency in getting emergency relief funding to tribes. California supports an overall increase in federal transportation spending, including an increase in funding for the Tribal Transportation Program.