

Agenda

2011 Statewide Transportation System Needs Assessment Workgroup Meeting

July 18, 2012

12:30 pm to 3:30 pm

Metropolitan Transportation Commission

Lawrence D. Dahms Auditorium

101 Eighth Street

Oakland, CA 94607

Teleconferencing Available

Call-in Number: 713-576-2028

Participant Code: 167338

Meeting called by: Bimla Rhinehart, Executive Director
California Transportation Commission

Attendees: 2011 Statewide Transportation System Needs Assessment Workgroup Members

Agenda topics

| | | |
|----------|---|-----------------|
| 12:30 pm | Introductions | All |
| | Meeting Purpose | Bimla Rhinehart |
| | Timeline for Report Finalization | Susan Bransen |
| | Review and Status of Action Items from June 14, 2012 Workshop Meeting | Susan Bransen |
| | - Provide information on CEQA for NEPA reciprocity proposal CSAC is pursuing in Congress (Kiana Buss) | |
| | - OCTA's Project Streamlining Recommendations Report (Will Kempton) | |
| | Summary of June 14, 2012 Workshop Meeting and Further Discussion | Susan Bransen |
| | - Prioritization and Clarification of Policy Recommendations | |
| | Action Items / Deliverables | Bimla Rhinehart |
| | Next Steps | Bimla Rhinehart |
| 3:30 pm | Adjourn | |

Future Meetings:

August 16, 2012
12:30 p.m. to 3:30 p.m.
Southern California Association of Governments
Policy Committee Room B
818 W. Seventh Street, 12th Floor
Los Angeles, CA 90017

September 19, 2012 – Wrap-Up Meeting
12:30 p.m. to 3:30 p.m.
Department of Transportation
Conference Room 2116
1120 N Street, 2nd Floor
Sacramento, CA 95814

Timeline for Report Finalization

- May 17, 2012** **Statewide Transportation System Needs Assessment Workshop**
San Diego Association of Governments, San Diego
Objectives: Identification of revenue principles, sources, & policy recommendations
- June 14, 2012** **Statewide Transportation System Needs Assessment Workshop**
Sacramento Area Council of Governments, Sacramento
Objectives: Consensus of revenue principles, sources & policy recommendations
- July 18, 2012** **Statewide Transportation System Needs Assessment Workshop**
Metropolitan Transportation Commission, Oakland
Objectives: Prioritization, clarification & identification of report writers for revenue principles, sources & policy recommendations
- August 3, 2012 Report** **Stakeholder Responses Due to CTC Staff for incorporation in Draft Report**
Responses to Susan Bransen at Sbransen@dot.ca.gov or (916) 653-2090
- August 16, 2012** **Statewide Transportation System Needs Assessment Workshop**
Southern California Association of Governments, Los Angeles
Objectives: Finalization of draft report findings & recommendations
- September 19, 2012** **Statewide Transportation System Needs Assessment Wrap-Up Meeting**
California Department of Transportation, Sacramento
Objectives: Finalization of report findings & recommendations
- October 11, 2012** **Publication of Draft Revenue Policy Report**
CTC Website: www.catc.ca.gov
- October 25, 2012** **California Transportation Commission Meeting**
TBD, Sacramento
Objectives: Presentation of Draft Revenue Policy Report to the Commission for Comment
- November 21, 2012** **Publication of Final Revenue Policy Report**
CTC Website: www.catc.ca.gov
- December 5, 2012** **California Transportation Commission Meeting**
TBD, Inland Empire
Objectives: Presentation of Final Revenue Policy Report to the Commission for Acceptance

STATEWIDE TRANSPORTATION SYSTEM NEEDS ASSESSMENT

Sacramento Workshop – June 14, 2012

Edits and Additions to May 17, 2012 Workshop Version

Workshop Notes

PRINCIPLES

1. Need a Unified statewide revenue solution
 - ~~Look at system preservation as specific focus in rural areas; projects that reduce GHG are SB 375 focus in urban areas.~~
2. Equity in distribution of new revenues, benefitting north and south, urban, suburban and rural users alike
3. ~~New revenue should be borne by all users~~ All new revenue sources should be stable and reliable; and should be generated by all users
4. Focus on system preservation and dedicate a revenue stream for operating and maintaining existing transportation systems that is directly allocated to owners and operators of those systems (i.e. SHOPP, LSR and transit)
5. Provide flexibility in use of certain funding sources in order to obtain adequate funding for needed projects
6. Identify a revenue stream for capital project needs to fund:
 - Urban mobility and congestion projects consistent with SCS
 - Rural mobility / sustainability projects consistent with Blueprint Plans or other GHG reduction strategies from RTPs outside of MPO areas
 - Recognize the need to invest in other GHG neutral projects related to safety, interconnectivity, farm to market and system preservation
7. ~~Use SCSs and other policy documents as basis for identifying high-priority (Tier-1) projects in the Statewide Transportation System Needs Assessment, and developing revenue sources that are tied directly to funding these Tier 1 projects~~
8. Consider lifecycle costs when adding any new capacity projects ~~Need to clarify how this type of prioritization would relate to priorities contained in individual RTPs~~ Make sure that funding sources are identified for operations and maintenance before new projects are build – this is important both at the state level and local level
9. Recognize that we can't build our way out of congestion through highway expansion alone
10. Consider Housing / land use connection
11. Performance metrics tied to regional transportation plans
12. Links to safety and security
13. Project delivery streamlining balanced with meeting environmental objectives
14. New revenues should consider their impact on communities of concern

POSSIBLE REVENUE SOURCES

1. Gas tax indexing
2. Sales tax on gas
3. Reducing voting threshold for local sales tax measures to 55%
4. Annual vehicle registration fee
5. VMT fee:
 - o Consider pilot projects in California
6. State infrastructure bonds
7. Local APCDs can implement vehicle license fee surcharge
8. City of San Diego can levy property tax for public transportation
9. “Pay as you drive” system
10. Support for federal programs such as New Starts and Small Starts
11. TIFIA funding
12. Airports
 - o Passenger Service Charges – Congress should increase \$4.50 cap
13. Goods movement – establish user fees (possibly based on value of cargo) to create national fund for GM projects
14. Use of cap-and-trade revenue for transportation projects that lead to reduced GHG emissions
 - o Consider that some % of cap-and-trade revenues will come from fuel surcharges
15. State legislation to enable parking fees
16. State should provide flexibility in Infrastructure Financing Districts (IFD) to allow funding to be used for transit operations
17. Flexibility to subregional financing districts for “Quality of Life” funding measures
18. Allow developer fees to count toward “match requirements” for federal and state funding sources
19. Consider revenue sources that would tie directly to strategies contained in regional SCSs; consider new models that would replace Tax Increment Financing, such as infrastructure financing districts; state tax credits to compliment federal tax credits for regional infrastructure improvement zones; focused improvements in infill target areas from California Infrastructure Bank
20. Get school districts to pay for costs of needed sidewalks for existing and new schools through incentives
21. Recognize that rural counties have unique challenges in using self-help tax measures
 - o Need to consider allocating greater share of state resources to rural roads
 - o Rural counties provide water to urban areas
22. ¼ cent sales tax on new vehicles to fund transit
23. Tire tax and oil change fees (indirectly tied to VMT)
24. Indian Reservation Road (IRR) funding requiring cooperation among tribes, local and state governments
25. New fee on bicycle sales
26. Cordon pricing

OTHER IDEAS

1. Greater focus on active transportation:
 - Consider public health benefits and possible linkages that would build public support for funding active transportation projects – collaboration with County Public Health Departments
2. Toll roads and Public Private Partnerships:
 - Need to eliminate “roadblocks” to these types of projects
3. Streamlining ideas:
 - Establish predictable and reliable process for conducting project review while meeting agency missions, including mandatory review times at all level for all required permits, accompanied by adequate staffing levels and / or greater flexibility to conduct reviews
 - Clarify state / federal permit application requirements
4. Expand County RSTP Exchange statewide into other federal programs
5. Establish federal funds buy-out program; find a continual funding source and/or incentivize larger agencies to voluntarily buy out smaller agency funds
6. Streamline auditing process; use risk-based process (federal)
7. Implement a risk based approach that allows locals to proceed with preliminary engineering on air quality neutral projects and safety projects prior to FTIP approval (locals would agree to accept risk)

POLICY RECOMMENDATIONS

- ~~1. Article 19—provide flexibility for use of gas tax funds for public transportation (Federal)~~
1. Incentivize cargo shifts from trucks to rail *(Federal, State)*
2. Establish overall user fees on cargo that can be used to expand needed Goods Movement projects regardless of mode *(Federal, State)*
3. Oppose proposed change to formula for allocating transportation funding in MAP - 21 to tribal nations that would be disadvantageous to California tribes *(Federal)*
4. Support alternative project delivery methods, such as design-build, design sequencing, and construction manager / general contractor (CMGC) *(Federal, State)*
5. Strengthen NEPA delegation to the State, and possibly delegation from State to regions and local governments *(Federal, State)*
6. Legislation to allow streamlining of CEQA implementation for transportation projects while ensuring that environmental stewardship responsibilities are fully addressed *(State)*
7. Identify effective and efficient approaches for implementing Title VI requirements *(Federal, State)*
8. Streamlining of review requirements for safety and maintenance projects by Caltrans; also streamlining for projects in existing rights-of-way (which have already received environmental review when project was first built) – possibly CEQA exemptions for these projects *(State)*
9. Pilot project at Federal level that would allow CEQA review to also meet NEPA requirements (take NEPA delegation to the next level) to apply to state, regional, and local projects *(Federal)*
10. Policies to incentivize bicycle and pedestrian projects in conjunction with highway projects, and also making sure that maintenance requirements are addressed up-front *(State, Regional)*
11. Include performance measures and performance goals relating to inclusion of bicycle and pedestrian improvements; relate to public health goals
12. Provide resources to improve all modes existing roads to make them operate more efficiently and maintain them in a state of good repair *(Federal, State, Regional)*
13. Policies that recognize unique needs of urban areas, while also recognizing needs of rural areas *(Federal, State)*:
14. Rural needs are focused on safety and maintenance of existing system
15. Revise Prop 13, pooled increase limit vs. individual, incentivize living closer to work *(State)*
16. Set minimum floor for allocation of state cap and trade revenues to transportation projects *(State)*
17. Initiate Consider a pilot project to implement a VMT fee in California in appropriate regions *(State)*
18. Policies and financial support of implementation of SB 375 and SB 391 Policy on safety and security
19. Policy on social equity

**COMMENTS RECEIVED PERTAINING TO
JUNE 26, 2012 REQUEST BY COMMISSION STAFF**

"Cartwright, Kerry" KCartwright@portla.org To 'Annette Gilbertson' Annette_Gilbertson@dot.ca.gov>,
06/28/2012 06:00 PM Needs Assessment Workgroup Members <Needs_ Assessment_Workgroup_Members@dot.ca.gov>

cc Libatique, David" <DLibatique@portla.org>,
"Inman, Fran" <FINman@MajesticRealty.com>

Subject RE: June 14 Needs Assessment Workgroup Meeting
Notes and Next Steps

Comment on "Goods Movement revenue source:"

A statewide fee is not recommended for various reasons. A national fee based upon value is not recommended either. A fee on value is the same as Customs duty and the Harbor Maintenance Tax, and as such is not a true transportation system user/use fee. The TRB recently prepared a report for USDOT evaluating fee mechanisms, and essentially recommended the following three: fuel fee increases/indexing along with our current heavy duty vehicle fees, and/or VMT (see http://onlinepubs.trb.org/onlinepubs/ncfrp/ncfrp_rpt_015.pdf). A national fee mechanism was also included in the SCAG 2012 RTP Financial Plan, which also included truck facility tolls. The RTP did not specify the type of mechanism, however, the POLA believes that most goods movement stakeholders would not support a national fee based upon value.

STATEWIDE TRANSPORTATION SYSTEM NEEDS ASSESSMENT **REVENUE POLICY & REGULATORY CONSIDERATIONS**

Introduction (Placeholder)

California must unify as one voice to address the state's transportation system needs and act swiftly to implement strategic actions to generate new sustainable revenues and eliminate costly practices across all transportation modes. Failure to address the projected shortfalls in transportation funding and increased mandates will have severe implications to the economy of California as well as the United States. Therefore, the over-arching goal of this report is to provide transportation agencies and stakeholder groups a consistent message for communicating strategies to address the transportation revenue shortfall with decision makers for much needed action.

To address the transportation need identified in the Statewide Transportation System Needs Assessment, Commission staff held a number of workshops with the transportation stakeholder community to identify process and regulatory improvements at the local, state and federal level and potential funding scenarios to present to the Governor of California, the California Legislature and the California Congressional Delegation. The information in this report represents a consensus among California's transportation stakeholders representing all transportation modes for consideration and use when formulating legislative policy and action during the next legislative session.

Statewide Transportation Needs Assessment Report (Placeholder)

The October 2011 Statewide Transportation System Needs Assessment, prepared for the California Transportation Commission (Commission), finds that California is facing a funding shortfall of approximately \$293.8 billion over the next ten years to meet the state's mobility needs. This report highlights the compounding problems that arise when investments in transportation infrastructure, maintenance, rehabilitation and operations are not keeping pace with needs. While the report identifies in detail what is needed for California's transportation system, specific recommendations for how to close the funding gap were not included.

Revenue Principles

The following basic core principles form the foundation for the revenue sources and policy recommendations set forth in this report:

1. *Equitable, Sustainable & Reliable Revenue Distribution*

Ensure (1) a unified statewide solution (2) equitable distribution of new revenues between northern and southern California benefiting urban, suburban and rural users alike, and (3) provide sources of revenue that are stable, reliable and generated by all users. *[Principles 1, 2, 3]*

2. *System Preservation*

Provide a reliable and sustainable revenue solution(s) focused on system preservation and dedicate a revenue stream for operating and maintaining existing transportation systems that is directly allocated to owners and operators of those systems (i.e. SHOPP, LSR and transit). *[Principle 4]*

3. *Capacity Enhancing & Goods Movement*

Establish a revenue stream encompassing lifecycle costs of capacity enhancing projects that link performance metrics to regional transportation plans; tie directly to strategies contained in regional Sustainable Communities Strategies; address safety and security needs; provide project delivery streamlining balanced with meeting environmental objectives; consider impacts to communities of concern; consider housing/land use connections; and recognize that we can't build our way out of congestion through highway expansion alone. *[Principles 6, 8, 9, 10, 11, 12, 13, 14]*

Projects include, but are not limited to:

- a. Urban mobility and congestion projects consistent with the sustainable communities strategies (SCS) set forth in adopted Regional Transportation Plans (RTPs) *[Principle 6]*
- b. Rural mobility / sustainability projects consistent with Blueprint Plans or other greenhouse gas (GHG) reduction strategies from RTPs outside of Metropolitan Planning Organizations (MPO) areas *[Principle 6]*
- c. GHG neutral projects related to safety, interconnectivity, farm to market and system preservation *[Principle 6]*

4. *Regulatory Requirements*

Reduce regulatory barriers to promote innovative solutions while providing flexibility in use of transportation funding sources in order to obtain adequate funding for needed projects. *[Principle 5]*

Revenue Sources

The following revenue sources are intended to identify the wide range of revenue options that should be considered to close the projected ten-year shortfall in transportation funding:

Taxes

1. Gas tax indexing *[Revenue 1]*
2. Sales tax on gas *[Revenue 2]*
3. Reduce voter threshold for local sales tax measures to 55% *[Revenue 3]*
4. ¼ cent sales tax on new vehicles to fund transit *[Revenue 22]*
5. Tire tax (indirectly tied to VMT) *[Revenue 23]*

User Fees - Public

1. Annual vehicle registration fee *[Revenue 4]*
2. VMT fee (Consider pilot projects in California) *[Revenue 5]*
3. Local APCDs can implement vehicle license fee surcharge *[Revenue 7]*
4. City of San Diego can levy property tax for public transportation *[Revenue 8]*
5. "Pay as you drive" system *[Revenue 9]*
6. Airports - Passenger Service Charges – Congress should increase \$4.50 cap *[Revenue 12]*
7. State legislation to enable parking fees *[Revenue 15]*
8. Oil change fees (indirectly tied to VMT) *[Revenue 23]*
9. New fee on bicycle sales *[Revenue 25]*

User Fees - Industry

1. Establish user fees such as fuel fee increases/indexing along with current heavy duty vehicle fees, and/or VMT to create national funding for goods movement projects. [Revenue 13 - Revised to address - Port Comment on "Goods Movement revenue source"]
2. Consider that some % of cap-and-trade revenues will come from fuel surcharges and use cap-and-trade revenue for transportation projects that lead to reduced GHG emissions [Revenue 14]
3. Get school districts to pay for costs of needed sidewalks for existing and new schools through incentives [Revenue 20]

Innovative Financing

1. State infrastructure bonds [Revenue 6]
2. TIFIA funding [Revenue 11]
3. State should provide flexibility in Infrastructure Financing Districts (IFD) to allow funding to be used for transit operations [Revenue 16]
4. Cordon pricing [Revenue 26]
5. Support for federal programs such as New Starts and Small Starts [Revenue 10]
6. Consider new models that would replace Tax Increment Financing, such as infrastructure financing districts; state tax credits to compliment federal tax credits for regional infrastructure improvement zones; focused improvements in infill target areas from California Infrastructure Bank [Revenue 19]
7. Toll Roads and Public Private Partnerships [Other Ideas 2]

Policy Recommendations

The following policy recommendations are intended to inform effective decision making at all levels of government:

Commercial/Goods Movement

1. Incentivize cargo shifts from trucks to rail (Federal, State) [Policy 1]
2. Establish overall user fees on cargo that can be used to expand needed Goods Movement projects regardless of mode (Federal, State) [Policy 2]

Incentives & Strategic Coordination – Federal/State/Local Levels

1. Greater focus on active transportation: Consider public health benefits and possible linkages that would build public support for funding active transportation projects – collaboration with County Public Health Departments [Other Ideas 1]
2. Revise Proposition 13, pooled increase limit vs. individual, incentivize living closer to work (State) [Policy 15]
3. Policies and financial support of implementation of SB 375 and SB 391 policy on safety and security [Policy 18]
4. Policy on social equity [Policy 19]
5. Policies to incentivize bicycle and pedestrian projects in conjunction with highway projects, and also making sure that maintenance requirements are addressed up-front (State, Regional) [Policy 10]
6. Include performance measures and performance goals relating to inclusion of bicycle and pedestrian improvements; relate to public health goals [Policy 11]
7. Consider revenue sources that would tie directly to strategies contained in regional SCSs [Revenue 19]

Funding Policies

1. Provide resources to improve all modes to make them operate more efficiently and maintain them in a state of good repair (Federal, State, Regional) [Policy 12]
2. Set minimum floor for allocation of state cap and trade revenues to transportation projects (State) [Policy 16]
3. Establish federal funds buy-out program; find a continual funding source and/or incentivize larger agencies to voluntarily buy out smaller agency funds [Other Ideas 5]
4. Consider a pilot project to implement a VMT fee in California in appropriate regions (State) [Policy 17]

Rural/Tribal Needs

1. Recognize that rural counties have unique challenges in using self-help tax measures [Revenue 21]
2. Consider allocating greater share of state resources to rural roads [Revenue 21]
3. Rural needs are focused on safety and maintenance of existing system [Policy 14]
4. Recognize that rural counties provide water to urban areas [Revenue 21]
5. Indian Reservation Road (IRR) funding requiring cooperation among tribes, local and state governments [Revenue 24]
6. Oppose proposed change to formula for allocating transportation funding in MAP - 21 to tribal nations that would be disadvantageous to California tribes (Federal) [Policy 3]
7. Policies that recognize unique needs of urban areas, while also recognizing needs of rural areas (Federal, State) [Policy 13]

Efficient, Effective, & Innovative Project Delivery

1. Toll roads and Public Private Partnerships: Need to eliminate "roadblocks" to these types of projects [Other Ideas 2]
2. Support alternative project delivery methods, such as design-build, design sequencing, and construction manager / general contractor (CMGC) (Federal, State) [Policy 4]

Regulatory & Process Reform

1. Flexibility to sub-regional financing districts for "Quality of Life" funding measures [Revenue 17]
2. Allow developer fees to count toward "match requirements" for federal and state funding sources [Revenue 18]
3. Expand County RSTP Exchange statewide into other federal programs [Other Ideas 4]
4. Streamline auditing process; use risk-based process (federal) [Other Ideas 6]
5. Implement a risk based approach that allows locals to proceed with preliminary engineering on air quality neutral projects and safety projects prior to FTIP approval (locals would agree to accept risk) [Other ideas 7]
6. Establish predictable and reliable process for conducting project review while meeting agency missions, including mandatory review times at all levels for all required permits, accompanied by adequate staffing levels and/or greater flexibility to conduct reviews [Other Ideas 3]
7. Streamline review requirements for safety and maintenance projects by Caltrans [Policy 8]

Environmental Streamlining

1. Clarify state/federal permit application requirements *[Other Ideas 3]*
2. Strengthen NEPA delegation to the State, and possibly delegation from State to regions and local governments (Federal, State) *[Policy 5]*
3. Allow streamlining of CEQA implementation for transportation projects while ensuring that environmental stewardship responsibilities are fully addressed (State) *[Policy 6]*
4. Identify effective and efficient approaches for implementing Title VI requirements (Federal, State) *[Policy 7]*
5. Streamline for projects in existing rights-of-way which have already received environmental review when project was first built. Consider CEQA exemptions for these projects (State) *[Policy 8]*
6. Pilot project at Federal level that would allow CEQA review to also meet NEPA requirements (take NEPA delegation to the next level) to apply to state, regional, and local projects (Federal) *[Policy 9]*

EXAMPLE: Table 1.1 Proposed Revenue Solutions to Address Projected Ten-Year Transportation Funding Shortfall

| Proposed Revenue Sources | Projected Net Revenue (2012-2021) | Mode (Example: Highways) | Impacted Party (Public, Industry) | Description of Policy, Legislative or Other Action Required | Publications Supporting Proposal |
|--|-----------------------------------|--------------------------|-----------------------------------|---|----------------------------------|
| | | | | | |
| <u>System Preservation</u> | | | | | |
| <i>System Preservation Ten-Year Shortfall Projection</i> | <i>(\$193,399,420)</i> | | | | |
| Gas Tax Indexing tied to inflation | \$ | | | | |
| Gasoline Sales Tax increase of \$XX/Gallon | \$ | | | | |
| | \$ | | | | |
| | \$ | | | | |
| Proposed System Preservation Revenues | \$ | | | | |
| | \$ | | | | |
| <u>System Expansion</u> | | | | | |
| <i>System Expansion Ten-Year Shortfall Projection</i> | <i>(\$102,267,805)</i> | | | | |
| 55% Local Sales Tax Voter Threshold | \$ | | | | |
| New Vehicle Sales Tax - \$.025 | \$ | | | | |
| | \$ | | | | |
| | \$ | | | | |
| Proposed System Expansion Revenues | \$ | | | | |
| | \$ | | | | |
| Ten-Year Projected Transportation Funding Shortfall | <i>(\$295,667,225)</i> | | | | |
| Ten-Year Proposed Revenues | \$ | | | | |
| Variance | \$ | | | | |

