South Bay Cities Council of Governments

July 13, 2015

TO: SBCCOG Steering Committee

FROM: Steve Lantz, SBCCOG Transportation Director

RE: SBCCOG Transportation Update – July 2015

Adherence to Strategic Plan:
Goal A: Environment, Transportation and Economic Development. Facilitate, implement and/or educate members and others about environmental, transportation and economic development programs that benefit the South Bay.

FOLLOW THE MONEY…

FEDERAL

U. S. Senate Committee Approves 6-Year Highway Bill, Without Funding
The Environment and Public Works Committee approved a six-year, $275 billion highway bill June 24th that increases funding, adds a freight projects program that would be allocated to states on a formula basis and creates a new grant program for major projects to be selected by the Federal Highway Administration but approved by Congress on a project-by-project basis. But the Committee left to the Senate Finance Committee the task of finding funding for their six-year Highway Trust Fund authorization framework.

The Measure, S. 1647, titled the "Developing a Reliable and Innovative Vision for the Economy Act (DRIVE Act)", covers only the highway portion of any eventual highway/transit bill. It still needs safety and transit sections provided by other Senate committees. And it would need agreement on a way to cover the costs, plus similar authorization and financing action from the House.

The bill includes a 6.9 percent rise in first-year authorized funding for fiscal 2016, and annual increases of 2.1 to 2.5 percent through 2021. If it passed Congress in that form, the bill would take the total authorized level of federal-aid highway programs from just under $41 billion in 2015 to $43.8 billion in 2016 and $49 billion in 2021.

A new national freight program would be funded from the Highway Trust Fund at nearly $2 billion in the first year and reaching nearly $2.5 billion in the sixth year. That money would be apportioned to states under a formula based on the percentage of total federal-aid highway funding that a state receives.

The plan would also set aside funding that states would be required to spend on bridges that are not part of the designated National Highway System, increase the percentage of funding that is required to be spent in urban areas and allow local governments to select all projects funded under the Transportation Alternatives Program.

The bill would cut the funding for the U.S. Department of Transportation's TIFIA program that finances long-term, low-cost loans for projects that have a guaranteed repayment stream. TIFIA authorization would be reduced from $1 billion now, which leverages much more in actual loan values, to $675 million a year under the DRIVE Act. Eligibility for TIFIA loans would be expanded to include credits to capitalize state infrastructure banks.

To replace the declining TIFIA program, the measure would authorize a new infrastructure grant program called "assistance for major projects," to be administered by the FHWA. But an FHWA-generated list of recommended project grants would have to be approved by Congress, much as lawmakers approved a list of water projects in the 2014 waterways infrastructure authorization. The new grant program would have a starting authorization of $300 million in 2016, and rise steadily to top off at $450 million starting in 2019. While it would bear some resemblance to the USDOT's existing TIGER grant program, in which the awards are decided by administration officials, these congressionally approved grants would only be available for projects for which the total cost is at least $350 million.

Lawmakers face a July 31st deadline for the expiration of the current MAP-21 infrastructure measure, which has been temporarily extended 33 times since it was initially approved in 2005. Another extension is likely since legislators have yet to develop a consensus on how to pay for the multi-year DRIVE Act.

Many Republicans want another short-term extension of highway funds, while many Democrats favor President Barack Obama’s six-year, $478 billion transportation bill that calls for $317 billion in spending on roads and $143 billion on federal transit projects, to be funded by requiring U.S. corporations to repatriate overseas profits at a 14% tax rate, which would raise $238 billion in revenue, and taxing future foreign earnings at 19%.

A bipartisan group of senators, including Jim Inhofe (R-Okla.), and Barbara Boxer (D-Calif.), have proposed a less ambitious six-year, $275 billion highway bill, but are leaving it up to the Finance Committee to find a way to pay for a $90 billion funding shortfall not covered by federal gasoline and diesel taxes.

U. S. Transportation Secretary Anthony Foxx is imploring Congress to find the money. Foxx said after the Senate Committee vote that the plan is only worthwhile if lawmakers back it up with funding, noting that lawmakers approved a similar plan last year that went nowhere.

AFL-CIO TTD President Ed Wytkind said that the Senate plan does not go far enough, because it would only increase the federal government's spending on infrastructure enough to keep up with inflation.

Perhaps the most telling analysis was provided by the non-partisan Congressional Budget Office (CBO) earlier this year. In describing the challenge for adequately funding the federal Highway Trust Fund (HTF), CBO noted that without increases in estimated HTF receipts, all of the federal fuel tax receipts credited to the fund in 2016 will be needed to meet the backlog of prior obligations. CBO also estimated that prior highway obligations total three years of HTF revenue and prior transit obligations total five years of HTF revenue. So a five year authorization would fund no new projects without continued appropriations of federal General Funds or other revenue sources.

FY 2016 Transportation, HUD Appropriations Bills Passed By House, Senate Committees
The U.S. House approved its version of the fiscal year 2016 Transportation, Housing and Urban Development funding bill (H.R. 2577) on June 9th. The legislation includes $55.3 billion in funding for the Department of Transportation, the Department of Housing and Urban Development, and other related agencies. It represents an increase of $25 million above the FY 2015 level. The White House said it would reject the House measure, which is known as "THUD", on the grounds that it underfunds federal transportation and housing programs, and includes a number of policy riders involving travel restrictions between the U.S. and Cuba, and truck driver scheduling.

The Senate Appropriations Committee on June 25th approved a nearly $55.7 billion bill that includes a provision that would increase the Texas truck trailer length from 28 feet to 33 feet without making any changes to the national federal weight limit. Under the Senate's bill, Amtrak would receive nearly $1.4 billion compared to the $1.1 billion in the House measure.

S. 2544 Would Eliminate Previous Earmarks To Free Up $2 Billion For Highways
U. S. Senator Jeff Flake (R-Ariz.) has introduced S.2544 to eliminate earmarks that were included in past transportation funding bills that are still on the federal books. He claims S. 2544, which he titled the "Jurassic Pork Act" because the earmarks were approved before federal earmarks were banned in 2010. It could generate about $2 billion that could be used to pay for a new long-term transportation funding measure this year.

H. R. 2716 Would Eliminate The Federal Gas Tax
A bill filed by U. S. Senator Mike Lee (R-Utah) and Representative Ron DeSantis (R-Fla.) on June 10th would reduce the federal gas tax from 18.4 cents per gallon to 3.7 cents in five years. During the same time period, H.R. 2716, called the "Transportation Empowerment Act of 2015", would transfer authority over federal highways and transit programs to states and replace current congressional appropriations with federal block grants. Under the lawmakers' bill, the remaining 3.7 cents a gallon gas tax would be used to maintain existing interstate highways, while states would foot the bill for all their intrastate infrastructure projects.

Lee introduced a similar "devolution" measure in the previous Congress, which was sponsored in the House by Rep. Tom Graves (R-Georgia), but the session adjourned without advancing it. It was opposed by both Democrat and Republican leadership in both chambers.

U. S. Senate Committee Approves Financing For Transit-Oriented Development
The U. S. Senate Committee on Commerce, Science, and Transportation on June 25th unanimously approved the Railroad Reform, Enhancement, and Efficiency Act (S. 1626). The bill expands the availability of Railroad Rehabilitation and Improvement Financing (RRIF), a $30 billion loan program to provide needed financing for transit-oriented development infrastructure and development projects near passenger rail stations.

$14.5 Billion In TIGER Funding Requested; Only $500 Million Available
The U. S. DOT Transportation Investment Generating Economic Recovery (TIGER) program received funding requests for $14.5 billion before the close of the application deadline on June 5th. The funding requested in 950 applications was 29 times the $500 million available in the current round.

STATE

State Road Maintenance Funding Gap To Be A Special Session Topic

Most lawmakers in the California Capitol agree that state road-maintenance funding needs to rise. At his news conference announcing the budget deal in June, Governor Jerry Brown convened a special session of the Legislature to deal with a variety of such issues and noted that fuel-excise tax revenues assumed in the "balanced" budget are only sufficient to fund $2.3 billion in annual highway repairs, leaving $5.7 billion in unfunded repairs each year.

As of June 30th, Democratic legislators have yet to introduce their infrastructure proposal in the ongoing special session. But several earlier proposals are possible. Democratic Assembly Speaker Toni Atkins has proposed a road user fee to raise $2 billion over five years. Motorists would pay about $1 per week. Senator Jim Beall (D, San Jose) introduced S. B. 16 that would increase the state's approximately 47 cents-per-gallon gas tax by 10 cents. The new California fuel levy, which would be the state's first increase since 1994, would be collected on top of an 18.4-cents-per-gallon federal gas tax that is charged to all drivers in the nation. If enacted, combined state and federal gas taxes would total more than 75 cents per gallon.

The Assembly Republicans are trying to influence that legislation by offering a $6.6-billion nine-point plan of their own – designed to boost annual spending on traditional infrastructure projects without raising taxes or fees by diverting funding from current uses. For example, California currently imposes a Vehicle Weight Fee on heavy trucks to pay for the damage they cause to roads and freeways, but all of that program's revenues go into the general fund. The Assembly GOP would use all of that money for road repairs and expansion, which would generate a predicted $1 billion each year. Senate Republicans also introduced SCA 7, which would raise nearly $3 billion in ongoing transportation funding by redirecting cap-and-trade funds that support the high-speed rail program. Republicans would also eliminate more than 2,600 state jobs at Caltrans and other vacant positions statewide, and divert $200 million from a discretionary spending fund.

S. B. 9 Would Limit Cap-and-Trade Transit Funds to Projects Larger Than $100 Million

While the California legislature put off making a decision in mid-June on how to spend the remaining unallocated portions of cap-and-trade revenue, State Senator Jim Beall (D-San Jose) introduced S.B. 9 early in 2015. The bill would limit funds in the Cap and Trade Transit and Intercity Rail Program exclusively to large capital projects that cost more than $100 million. This section is allocated ten percent of all cap-and-trade revenue (approximately $200 to $230 million) to fund "capital improvements and operational investments to modernize California's rail systems" with the aims of reducing greenhouse gas emissions, expanding and improving rail services to increase ridership, and improving rail safety. S.B. 9 would also remove operating funds from the program's list of eligible uses. As currently defined, only operational costs that expand or improve service are eligible.

Beall amended the bill in April to make ten percent of the funds available for smaller projects, and then amended it again last week to allow them to apply for up to thirty percent of the pot. S.B. 9 has passed out of the Senate, and will be heard by the Assembly's Natural Resources and Transportation committees in the next few weeks.

REGIONAL

New Redondo Beach Bike Path Connects With Hermosa Beach Path
Redondo Beach inaugurated its Harbor Gateway Bike Path on Herondo Street and Harbor Drive on June 13th. Work first began on the $4.6 million project on Nov. 4, 2014 when Redondo Beach elected officials took sledgehammers to the wall that once stood between Redondo Beach and Hermosa Beach at the south-end of The Strand.

Key improvements of the innovative project include reconstruction of the City Parking Lot at the corner of Herondo Street and Harbor Drive into a welcome plaza parkette featuring public art, open space, landscaping and lighting. The project maintained a portion of existing parking to serve beachgoers but converted the spaces into a configuration in which drivers back into their space. The bi-directional bike path is separated by a landscaped buffer along Harbor Drive. The project also included resurfacing Herondo Street and Harbor Drive; replacing existing street lighting; and improving pedestrian crossings. Also, there are traffic lights that target cyclists and pedestrians on the path.

Funding for the project included more than $2.3 million in state gas tax funds; more than $1.1 million in Proposition C Transportation Funds; $225,000 in Measure R Transportation Funds; more than $535,000 from the California Bicycle Transportation Grant; approximately $260,000 from Trash Hauler Roadway Impact Fees; and, approximately $165,000 in Capital Improvement Funds.

Metro Seeks Input On A Change to Silver Line Between San Pedro And Downtown L. A.
The Silver Line currently terminates at the Harbor Gateway Transit Center (HGTC) forcing a transfer from other Metro routes that serve the HGTC and other South Bay destinations. MetroBus trips between San Pedro and downtown Los Angeles could become more direct under a proposed Silver Line service change announced at the Metro Board meeting on June 25th.

Metro will seek public comment on extending the Silver Line from the HGTC to the Carson and PCH stations on the I- 110 Freeway, and the park and ride lot near First Street and Beacon Street in San Pedro. The change would create a single-ride Silver Line service between the San Pedro and downtown Los Angeles.

Hearings are being planned for September, and if no major issues come up, the service could change could begin in December.

Metro and Zipcar Place Car-Share Cars At The El Segundo Green Line Station
Metro and Zipcar announced a new partnership on June 1st that has placed car-share vehicles at ten Metro station parking lots, including the El Segundo Green Line station in the South Bay. The new car-share program is an implementation element of Metro's First Last Mile Strategic Plan and L. A. City's sustainability pLAn which aims to increase car-share/bike-share/ride-share from its current 0.9 percent of L.A. City trips to 5 percent by 2035.

Metro Board Approves 2-year Regional Bikeshare Vendor Contract
The Metro Board on June 25th approved a two-year, $11 million contract with Bicycle Transit Systems, Inc. to launch a regional bikeshare program in Los Angeles County. The vendor initially will install almost 1,100 bikes at 65 stations in downtown Los Angeles, with an opening next spring. Pricing for the bikes hasn't been set yet, but there will be a software application that will help users access real-time information about where and when bikes and docks are available.

If the pilot program succeeds, Metro plans to expand into Pasadena by 2017 and nine other communities thereafter for a total of 4,000 bikes in 10 communities. None of the proposed locations are in the South Bay.

Two significant concerns raised during the Metro Board discussions focused on countywide compatibility of various bikeshare programs. Santa Monica and Long Beach recently embarked on bikeshare programs that use a different vendor (CycleHop) with a different way the bikes are checked out and returned. The Long Beach and Santa Monica system attaches the software and check-out equipment to the bike; Metro's approach locks the bicycle in a stationary dock. Cycle enthusiasts also would like to ensure that the payment method being developed to enable use of Metro's TAP card will be made available to all bikeshare programs in L. A. County regardless of the vendor. It would be far more complex to add TAP payment functionality to thousands of bikes than to add it to the docking stations.

Ford Tests Ford-Owner Car-Sharing Program In U. S. And England

Ford Motor Company announced on June 24th it is inviting 14,000 customers in six U.S. cities and another 12,000 in London (UK) to participate in a Peer-2-Peer Car Sharing pilot program. Ford owners that financed their cars through Ford Credit will be allowed to rent out their vehicles during the pilot program (through November 2015) to prescreened drivers using the car-sharing company Getaround. Rental rates will be between $5 and $9 per hour with Getaround taking 40% of the rate for administration. The U.S. cities in which the pilot program is being launched are Berkeley (CA), Oakland (CA), San Francisco (CA), Portland (OR), Chicago (IL), and Washington (DC). Ford follows on the heels of Daimler's pioneering Car2Go car sharing program and General Motors's car share service partnership with RelayRides, a program that since 2011 has allowed GM owners to rent out their vehicles when they're not using them.

Autonomous Vehicles, Car Sharing Will Shrink Local Government Revenues

Public policy wonks have begun to ponder the financial consequences for local jurisdictions of autonomous vehicles and car sharing becoming the prevailing mode of transportation over the next 20 years. The financial impacts may not be pretty for public sector agencies.

A May 2015 report from the Brookings Institution focused on the potential financial impacts to cities. The projected benefits: safer roads, lower emissions, reduced traffic congestion, saved energy, and reduced mobility costs. The projected costs: increased unemployment within the taxi and trucking industries, increased legal issues regarding accidents, regulatory issues relating to GPS and telemetric data generated by vehicles … and poorer local governments.

In 2014, Los Angeles generated approximately $161 million from parking violations. Red light violations have a fee of $490. Californians caught driving under the influence are fined up to $15,649 for a first-offense misdemeanor DUI conviction. If you're under 21, that amount could go as high as $22,492. Cities in California collect, on average, $40 million annually in towing fees, which they split with towing firms. And this doesn't even cover speeding tickets. The hundreds of millions of dollars generated from poor driving-related behaviors fund transportation infrastructure, public schooling, judicial salaries, domestic violence advocacy, conservation, and many others.

Given the huge popularity of the transportation sharing economy, it may become more practical for urban citizens to avoid the costs of ownership completely and since vehicles sit unused 95 percent of the time, car sharing has the potential to significantly reduce the sales tax revenues revenues collected by cities. Compounding that loss, if vehicles are busy almost every hour of the day, dropping off one traveler to pick up another based on highly predictive algorithms that harness user data to maximize efficient use of resources, then parking and towing revenue all but disappear, too.

Even more worrisome from a public sector revenue standpoint is what happens when these vehicles become truly eco-friendly. If sustainable urban planning succeeds, then what happens to local government operations? In Washington, D.C., new innovations as simple as phone apps in combination with routine improvements like smartphone meter payments have already reduced parking ticket revenue by $6 million per year as users with smartphones remotely feed their meters before they expire, submit parking ticket photos and enter violation codes to an app that provides helpful information on getting the ticket dismissed, and gain real-time GPS traffic navigation through social apps like Waze that keep their friends informed of their destination time down to the minute—so users don't need to speed to be efficient and they have less incentive to text while driving because others already know when they'll arrive.

At the moment, governments make an awful lot of money off of errant human mobility decisions. It is unclear how city councils will make up for the lost revenue.

Denver Cyclists Can Trigger More Traffic Signal Time Without Getting Off Their Bike
The Denver, Colorado Public Department began a pilot project in June 2015 at 7 intersections that allows cyclists to trigger a signal change when they approach the intersection without leaving their bike to push the button on the signal pole. Now, when bike riders stop on bright green pads at the pilot intersections, a heat-sensing camera detects the presence of the rider and the signal will lengthen the signal phase green time, giving the cyclist a few extra seconds to cross the street.

The city hopes the bicycle signal activation system will benefit vehicles and bicyclists since the extra green time will only be added when the bicyclist is detected. The Denver Regional Council of Governments provided about $100,000 to install the cameras. Denver Public School staff will monitor these intersections for about a year to determine whether or not they are beneficial. More pads could be added depending on the results.