

South Bay Cities Council of Governments

June 22, 2017

TO: SBCCOG Board of Directors

FROM: Steve Lantz, SBCCOG Transportation Director

RE: SBCCOG Transportation Update – June 2017

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.

FEDERAL

Chao Previews FY 17-18 Transportation Budget; Congress Rejects Current FY Cuts

U. S. Transportation Secretary Elaine Chao announced on May 23rd that transportation and infrastructure projects would see a reduced federal footprint in both regulation and funding under President Donald Trump’s proposed fiscal Year 2018 budget and an accompanying infrastructure principles document.

Although federal transportation spending would be cut by 13 percent, the plan recommends setting aside \$200 billion in new budget authority for President Trump’s \$1 Trillion Infrastructure proposal for FY 17-18 that begins on October 1st. The President’s infrastructure initiative includes not only the transportation portion – bridges, roads, ports, transit – but also energy, water, possibly broadband, and possibly VA hospitals.

Chao noted that the Trump infrastructure initiative will likely be released in the summer when infrastructure earmarks will be competing with must-pass aviation, debt ceiling and other spending bills. According to Chao, the infrastructure plan would cost \$1 trillion over 10 years, \$200 billion of which would be direct federal funding. The Office of Management and Budget projects \$5 billion in outlays from that initiative in fiscal 2018, with the balance being spent in future budgets through fiscal 2026. However, Chao estimated lawmakers will need to come up with \$200 billion in offsetting budget cuts, and that the cuts would be used to leverage about \$1 trillion worth of overall investment through public-private partnerships and toll revenues. The Trump budget would eliminate funding for new TIGER grants and capital grants that support transit capital investments beyond those already in the transit administration’s pipeline. Local and state governments would be fully responsible for future public transit programs under the Trump plan.

The budget reiterates other proposals the administration laid out earlier this year in its “skinny” budget, including an end to funding for long-haul Amtrak routes and the termination of federal subsidies for commercial passenger air service to rural airports through the Essential Air Service program. An infrastructure fact sheet raises the prospect of expanding tolling on existing federal

highways, allowing private companies to build and maintain interstate rest stops and expanding a program that provides loans for surface transportation projects.

On May 2nd, Congress ignored the President's request for immediate cuts in the current fiscal year budget and passed a \$1.2 trillion federal funding bill that covers federal spending through September 30th. The bill has more than \$2.6 billion for California transportation projects, including \$1.6 billion for transit capital projects across the state and \$528 million in emergency road repair funding. In addition, \$500 million nationally was earmarked to continue the federal TIGER program that Trump proposed to eliminate entirely, and \$3 billion was allocated to the Community Development Block Grant program which the Trump administration had proposed cutting to \$1.5 billion

It is unclear if USDOT will be able to make grant awards by September 30. The bill urges the Federal Transit Administration to keep infrastructure funding moving forward by writing checks for the transit projects that already have grant agreements, and — most importantly — to set aside funding this year for the scores of projects across the nation with new grant agreements ready to sign this year. However, the Trump Administration could simply stop executing the project agreements in the federal funding pipeline that have yet to achieve executed funding agreements.

STATE

SB 775 Would Replace And Significantly Change The State Cap-And-Trade Program

California State Senator Bob Wieckowski, chair of the Senate Environmental Quality Committee, introduced SB 775 on May 2nd to significantly modify California's current greenhouse gas emission strategy—the cap-and-trade program that expires in 2020. If approved by a 2/3 vote of the legislature, the bill would establish a new program with a new set of metrics for pricing carbon dioxide; return auction revenues to consumers through a climate rebate / dividend; and, potentially, provide more legal certainty.

SB 775 would establish an entirely new trading system, starting in 2020 and continuing indefinitely. Allowances and offsets from the old program would not transfer into the new program. New allowances would be issued in 2020 and trading would begin anew. All allowances in the system would be auctioned. None would be allocated for free since there would be no carbon offsets found in the current program that allow complying with a carbon cap by paying someone else to reduce carbon.

Prices for allowances will be contained by a “price collar” that establishes both a floor and a ceiling. In 2021, the minimum credit is estimated to cost \$20, significantly higher than the last auction's results of roughly \$13. The maximum would be \$30. By 2030, the formula in the measure allows the ceiling to rise to \$100 plus inflation. The new design, unfettered with the previously accumulating credits, could generate \$6-9 billion dollars in 2021.

Revenues from the cap and trade program quarterly auctions would be allocated into three funding pots: one for climate research; one to fund climate adaptation, and infrastructure—with particular attention to disadvantaged communities; and a third pot to provide consumer rebates, on a per capita basis, to offset an expected increase in the price of gasoline and carbon-based products in California and to keep the state economy competitive with other foreign and out-of-

state companies. The proportionate allocation of the revenues to each of the three pots would be determined by subsequent state legislation that would require a simple majority vote rather than the 2/3rds vote needed to create the new fee.

The bill also includes The Economic Competitiveness Assurance program that would create a border adjustment (fees) that foreign and out-of-state companies would have to pay. The Air Resources Board would develop the carbon pricing structure for these foreign and out-of-state companies.

Caltrans Issues First Statewide Bike and Pedestrian Plan

Caltrans released the final draft of its first-ever statewide bike and pedestrian plan on May 23rd. *Toward an Active California* outlines the policies and measures that the state can take to help reach its goals of increasing bicycling and walking in California while reducing fatalities among bike riders and pedestrians.

The plan's stated vision is that, "By 2040, people in California of all ages, abilities, and incomes can safely, conveniently, and comfortably walk and bicycle for their transportation needs." It is designed to complement local and regional active transportation plans that are now at various stages of development throughout the state.

While the department does not have jurisdiction over local transportation planning or policies, Caltrans believes a statewide plan that provides a cohesive vision for safe, comfortable biking and walking in California communities is an important first step towards making that happen. It is written as a guide to planning and developing infrastructure for people who don't use cars, and, importantly, to guide future investments in the state highway system. It is also aimed at improving bike and pedestrian connections among local and regional roads, public transit, and intercity and passenger rail.

The plan includes strategies aimed at achieving targets from the Caltrans Strategic Management Plan, specifically to double the number of trips made by walking, triple the number of trips made by bike, and double transit use – all by 2020 – as well as reduce bicycle and pedestrian fatalities by ten percent per year. The plan also has a goal to increase the number of complete streets projects in California by twenty percent.

Important and innovative ideas in the plan include: creating a universal elementary school curriculum on safely traveling by bike and foot; improving data collection on collisions and near-misses, and getting a better idea how many bikers and pedestrians are out there now; training for police and diversion programs for ticketed bicyclists; setting lower speed limits; training transportation planners to think about complete networks; and, investing in new networks.

REGION

San Pedro And Wilmington Bike Share Program To Start July 31st

Just in time for end-of-summer events — including what is expected to be a strongly attended Fleet Week — the county's bike share program will debut July 31 along the LA Waterfront that runs through San Pedro and Wilmington. Payment kiosks at each station allow riders to use either their Metro TAP card or credit card to purchase an annual flex pass, a monthly pass and/or rent a bike for an individual trip.

There will be a dozen or more bike stations scattered along or near the waterline through San Pedro and Wilmington. Waterfront stations will be installed at San Pedro's Fanfare Fountain, Cabrillo Beach, the Battleship USS Iowa, Crafted at the Port of L.A. and Ports O' Call Village. In Wilmington, stations are slated for the Wilmington Waterfront Park and Banning's Landing, at Avalon Boulevard and Anaheim Street in Wilmington, and near the Crowne Plaza Hotel on Sixth Street in San Pedro

Declining ridership Prompts Metro To Consider Overhauling Regional Bus System

Amid declining bus ridership, Metro is looking into overhauling and updating its bus transit network as a way to bring more people back to its system. Metro's plan includes working with the 16 other agencies in the county on ways the systems can better integrate with and complement each other.

While train ridership has increased, the number of people using buses throughout the Metro system fell 18% percent in April, compared with the same month two years ago. The Silver Line, Metro's express bus service between San Pedro and El Monte, saw ridership fall 8% in April, compared with the same month last year.

Although Metro has had a significant investment in its rail system and has tweaked its bus routes when new rail segments have opened, there hasn't been a systemwide study of the bus network in the past 25 years. The purpose of the study is to find out from riders where the buses need to be and when they need to be there. Metro will conduct a full bus system study beginning January 2018. The results will be presented to the Metro Board in the spring of 2019, after which changes to the bus system could be implemented to overhaul the entire system.

Metro Approves Development of SmartPhone Fare Payment System

The Metro Board on May 25th approved a contract extension through 2024 with Cubic Corporation in which Cubic will develop Nextlink, a cloud-based fare payment system that will link the legacy TAP system to programs and services such as a new TAP mobile payment app, Bike Share, fare subsidy programs, parking, and ride-hailing services using a mobile and smartphone application.

Cubic currently provides Metro's fare collection systems including the TAP card. The development costs will be borne by Cubic, in exchange for sales transaction fees of 0.5-3.0%, based on use of mobile app and TAP retail fare sales for five (5) years of operation after development.

TRENDS

Amazon Creating Air Traffic Control System For Autonomous Drone Deliveries

Amazon announced on May 19th it is building a new development center in Clichy, France to create a traffic control system for the company's planned fleet of delivery drones. The new system is being developed to coordinate with other air traffic control systems to make sure that drones don't interfere with other aircraft, and that Amazon's delivery drones have the necessary on-board artificial intelligence to avoid obstacles at low altitudes such as construction cranes, rooftop antennas, and birds in flight.

Amazon has said about 85 percent of the products on its website are light enough to be delivered by drone. When making a delivery, Amazon has proposed the vehicles will fly at heights

between 200 feet and 400 feet. The drones, which will operate autonomously without a pilot, will fly at speeds up to 50 miles per hour.

In addition to building tools for managing its own drone fleet, Amazon said it has also been working with the U.S. National Aeronautics and Space Administration, European Union and other countries to develop a broader traffic control system for coordinating all drone flights in the air. Collision avoidance has been listed as one of the challenges drone delivery companies must solve before Federal Aviation Administration will approve U. S. remote-controlled or autonomous drone delivery programs.

Uber Opens Its First Public Transit Service In Innisfil, Canada

Innisfil, a Canadian town north of Toronto on Lake Superior with no local public transit service, has contracted with Uber to operate a 2-route public transit system. The town has set aside about \$74,000 US to subsidize Uber fixed route and rideshare services. On May 15th, the town inaugurated a one-year pilot program for the town's 36,000 people.

Innisfil's political leaders wanted a public transit service consisting of two bus routes through town — one north-south and the other east-west. They estimated the two routes would cost more than \$442,000 US in the first year which they decided was not financially feasible. The money will cover the difference in the cost of a ride and a fixed rate paid by passengers, as well as a discount ride for rides on other non-fixed route trips in the town.

To overcome one concern that the reliance on smartphones and credit or debit cards in these arrangements would exclude those who have neither, Innisfil's program allows passengers to send a text message to Uber if they do not own a smartphone with the Uber app, for example. Anyone in town with a mobile phone, and a credit or debit card, can summon a car, which they might share with another passenger going the same way. Town leaders say they are still working on solutions for people needing to pay cash.

In response to concerns from local taxi operators, the town changed its taxi laws to allow drivers to charge less to compete with Uber and refunded fees paid by local taxi operators for the first year of the Uber deal. One of Innisfil's taxi companies has signed a similar partnership with the town to provide service for passengers with special transit needs, such as disabled people. They can use the taxi company's 24-hour call center instead of a mobile phone and get the same subsidized service.