South Bay Cities Council of Governments

March 24, 2016

TO: **SBCCOG Board of Directors**

FROM: **Jacki Bacharach, SBCCOG Executive Director**
Steve Lantz, SBCCOG Transportation Director

RE: **SBCCOG Transportation Update – March 2016**

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

U.S. Transportation Department Seeks Applications in 8th Round of TIGER Program

U. S. DOT is seeking applications for $500 million that will be made available for transportation projects across the country under an eighth round of the Transportation Investment Generating Economic Recovery (TIGER) competitive grant program. The 2016 TIGER discretionary grants will fund surface transportation infrastructure capital projects that generate economic development and improve access to reliable, safe and affordable transportation for communities, both urban and rural. TIGER funding is provided in the Consolidated Appropriations Act of 2016, signed by President Obama on December 18, 2015. Applications are due April 29, 2016. For more information on how to apply, visit www.transportation.gov/TIGER

Obama's Proposed 2017 Transportation Budget Includes a New Regions Program

Buried in the President's proposed 2017 federal budget is a new program that could significantly change how the federal government provides federal transportation funding to metropolitan regions. The 21st Century Regions Grant Program is a major departure from the traditional transportation funding that is allocated through states for highway and transit programs via formula programs. First, it sends grants directly to metropolitan governments rather than the state, giving them control over spending decisions. Second, it's a competitive program that will base awards on demonstrated metropolitan need and will require documented performance measurement. Third, the program explicitly looks to fund integrated multi-modal transportation solutions and break down modal (e.g.: highway, transit, freight) silos.

Significant new funding is proposed among a wide range of Obama's proposed transportation programs that totals $300 billion over several years. If funded as requested, the new program would be among the top three federal transportation funding programs, behind the federal highway and transit programs. The Regions Grant Program funding is proposed to increase from $1 billion in 2017 to $6.5 billion in 2018, and then annually average $8.8 billion between 2019 and 2023.

To pay for the estimated $300 billion cost of the new Regions program and several other extraordinarily ambitious clean transportation initiatives aimed at improving regional mobility and

reducing carbon emissions, Obama has proposed a new $10-per-barrel federal oil surcharge fee on oil companies. That would translate into a 25-cent increase in a gallon of gas.

Despite the fact that the chances of obtaining Congressional approval in an election year are probably nil, the Obama administration is using the opportunity of his final budget to re-set the transportation agenda to better balance mobility and sustainability.

Old Federal Earmarks Never Die…
It has been several years since Congress banned earmarks, but the Federal Highway Administration (FHWA) is still paying off their old commitments to state transportation departments. The American Association of State Highway and Transportation Officials (AASHTO) reported that as of March 2015 the total amount of unused earmarks could total $2.18 billion. Although the document acquired by AASHTO doesn't offer individual state subtotals and some funding could have been spent since the 2015 report, California was the #3 state in unused earmarks ($143.5 million).

So, rather than let the unused funding sit idle indefinitely, the 2016 Federal Omnibus Spending Bill allowed state DOTs to re-program funding for any old project on which they had spent less than 10% of the original earmark to fund entirely new projects. The money will be freed by the Federal Highway Administration of its original earmarked project and come with relatively few strings attached beyond using the funding in the general area of the original project (e.g.: within the state). The spending also must go toward a federally eligible project that's been on a State DOT's transportation improvement plan.

STATE

Caltrans Opens Comment Period On Final Draft California Transportation Plan 2040
Caltrans has invited the public to help shape the state's transportation future by offering their input and comments on the *California Transportation Plan 2040* (CTP 2040), which lays out a vision for California's transportation future to provide a safe, sustainable, integrated and efficient transportation system to enhance California's economy and livability. The final draft document will be available for public review through March 29, 2016, 5:00 PM PST. To review and comment on the draft CTP 2040, visit the CTP 2040 website at: www.californiatransportationplan2040.org.

California Reduces State Gas Tax Another 2.2-Cents Per Gallon
In February 2015, the state Board of Equalization voted to reduce the state gas tax by 6-cents from 18 cents a gallon two years ago to 12 cents last year. A year later, on February 23rd, the Board decreased the state excise tax by another 2.2 cents to under 10-cents per gallon effective next July 1. The vote is required by an arcane rule, known as the fuel tax swap, that requires tax decreases when gas prices fall. And over the past two years, fuel consumption and prices have both declined. Each 1-cent adjustment to the tax is worth about $149.2 million.

So the state is looking at approximately $328.3 million less for public roads and mass transit next year. In the face of falling gas tax revenues, the California Transportation Commission announced on Jan. 22 that it will slash spending by $754 million on current projects over five years — a 38% decrease. As a result, not only will no new projects be funded, but more than 200 projects already in development also would be de-funded or delayed.

Last year, Gov. Jerry Brown called a special session to come up with a way to pay for more transportation projects. Democratic leaders, along with Brown, have proposed raising fuel taxes

between six and 22 cents a gallon and imposing a new highway user fee that would apply to all vehicles, including electric cars not subject to the gas tax. But Republican leaders have opposed tax increases, citing the state's budget surplus.

California is also developing a pilot project to test a new model — charging drivers based on how many miles they drive, rather than the gallons of gas they use. But that option could be as much as a decade away.

REGION

Santa Monica Implements Vision Zero Pedestrian Action Plan

The Santa Monica City Council voted unanimously in February to move forward with an ambitious 15-year Pedestrian Action Plan to make the city's streets a safer place to walk. The plan advances a "Vision Zero" goal for the city and outlines numerous strategies aimed at bringing the number of severe injuries and fatalities caused by traffic crashes in Santa Monica down to zero.

Vision Zero is the first of seven policy goals outlined in the document, which also includes making walking the first choice for Santa Monicans, creating a "barrier-free" walking network, focusing on equity in access, promoting walkability, coordination between city departments, and educating the community about safety and benefits of walking. The plan includes physical improvements to the street design such as curb extensions and better lighting. It also includes programs like Safe Routes to School which aims to make it safe for children to safely walk and bike to school. The plan will be implemented with community input on a project-by-project basis.

San Pedro Red Car Will Be Part Of New Ports O' Call Plans

San Pedro's popular Red Car will return as a feature of the new Ports O' Call makeover, Los Angeles City Councilman Joe Buscaino said on February 25th. The city plans to modify the replica cars so they can run on light rail — requiring the cars to have a lower, more contemporary street-level platform. The line tentatively will run from the Los Angeles Maritime Museum at Sixth Street and Harbor Boulevard to the southern end of Ports O' Call. The port has been working for more than 15 years to remake the waterfront.

Metro Holds Industry Forum To Tell Private Sector The Agency Is Seeking New Ideas

L. A. Metro held an invitation-only forum on February 11th to promote a new working relationship between the agency and the private sector. Titled "Transformation through Transportation", the event provided an opportunity for Metro to describe its more innovative programs and to seek unsolicited proposals from the private sector for new projects, technologies and innovative financing proposals that will allow the agency to reduce costs, increase safety, improve the effectiveness of Metro's mobility initiatives, and accelerate program and project delivery. The session also provided an opportunity for Metro to discuss the potential ½-cent sales tax measure being considered for the November 2016 ballot.

US Regulators Allow Self Driving Software To Be The Driver In Autonomous Vehicles

In a "small step for mankind" policy decision, the National Highway Traffic Safety Administration (NHTSA) on February 10th announced it agrees with Google that the artificial intelligence (AI) software installed in self-driving cars can legally be considered the "driver" of the vehicle under federal law. Google submitted a proposed design for one of its self-driving cars to the NHTSA in November in which it stated that the car had "no need for a human driver" since its AI systems could control the journey from start to finish. In a letter to Google, the NHTSA said, the agency will interpret "driver" as referring to the self-driving system (SDS), and not to any of the vehicle occupants.

While some have predicted that the autonomous vehicles will be commercially available within four years, NHTSA is less optimistic in the rest of its letter to Google. The key NHTSA question is whether and how Google could certify that the SDS meets or exceeds a safety standard that was developed and designed to apply to a vehicle with a human driver. For example, while it approved the concept of SDS as Driver, the Federal safety agency rejected Google's contention that its car meets other federal auto safety standards, including a requirement for hand and foot brakes.

Beyond federal safety regulations, autonomous vehicle manufacturers are facing conflicting and confounding federal and state regulations, particularly in light of the fact that NHTSA regulates vehicle safety and states regulate vehicle driver licensing. The NHTSA letter is at odds with proposed rules in California, where much of the autonomous vehicle research is taking place. In a setback to Google's autonomous car efforts, the California Department of Motor Vehicles issued draft regulations in December that would require a human driver to remain "in the loop" in a self-driving car. In other words, someone with a driver's license should be prepared to take over at any moment**.** Google then announced it would test its vehicles in Nevada.

There are still many legal and regulatory issues to be resolved. For example, who is responsible if a self-driving car gets into an accident? The human occupant? The manufacturer? The developer who coded the software? How do you license an individual car to drive? Would each car need to be road-tested at a local DMV after the owner bought it? Or could a driver license be issued to each car (or a fleet of self-driving cars) as they roll off the assembly lines?

States also control the insurance regulations. One of the burning economic questions is what might SDS technology do to auto insurers' annual premiums, currently $209 billion? It could reduce them to a fraction of that and save drivers who opt to give the wheel to a computer a similar amount. Car insurers remain skeptical that driverless cars will phase out their industry anytime soon noting there will be insurable risks related to property liability claims if the on-board computer fails, or if drivers blame the equipment for an accident rather than their own behavior. In addition, the cost to replace driverless cars or their equipment damaged in an accident will be higher.

There is no consensus in the auto industry about the degree of vehicle autonomy to pursue. Much of the industry has committed to developing autonomous technologies that assist drivers rather than following Google's lead for a driverless car. Last year, Toyota announced a $1 billion research effort adjacent to Stanford University and the Massachusetts Institute of Technology intended to focus on artificial intelligence that helps human drivers, rather than autonomous vehicles. The industry has begun to deploy a variety of automation systems as safety features, like lane keeping and so-called traffic jam assist.

The legal challenges that artificial intelligence will pose have become more complex as technology has advanced. Recent progress in artificial intelligence has largely been made with so-called deep learning algorithms. This is a branch of machine learning that is based on software composed of multiple processing layers, each with its own complex structure. The programs are "trained" by exposing them to large data sets. They are then able to perform humanlike tasks, such as categorizing visual objects and understanding speech. At this point, researchers admit that they do not completely understand how the deep learning networks make decisions.

Finally, almost as an afterthought in a high tech universe, yet to be resolved is how to modernize the current pothole-ridden highway infrastructure and antiquated signal systems to accommodate driverless cars, particularly in crowded cities.