South Bay Cities Council of Governments

February 9, 2015

TO: **SBCCOG Steering Committee**

FROM: **Steve Lantz, SBCCOG Transportation Director**

RE: **SBCCOG Transportation Update –February 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

Highway Trust Fund Extension Debate Begins In Ernest
Federal lawmakers face a May deadline to extend or modify the Highway Trust fund and its underlying 18.4 cents per gallon federal fuel taxes. U. S. Secretary of Transportation Anthony Foxx on January 12th released a report he hopes will begin a federal conversation that will lead to a 30-year comprehensive federal transportation plan including a change in the federal gas tax which has not been increased since 1993 and generates approximately $34 billion per year. The federal government typically spends about $50 billion per year on road and transit projects.

The U. S. DOT report outlines the administration's view of the dual challenges of rapid population growth, particularly the need for infrastructure expansion in the South and West and the need to replace roads, bridges and other critical systems in the aging Northeast and Midwest. Beyond those needs for expansion and repair, however, Secretary Foxx hopes Congress will address increased urban congestion, impacts of internet-generated deliveries and increased reliance on transit, bike and pedestrian mobility. The U.S. DOT report will address how the development of remote-pay systems by smartphone or E-Z-Pass may change the way people pay for transportation and the potential for autonomous cars and connected trucks. The report also advocates that the Highway Trust Fund be renamed the Transportation Trust Fund to reflect an expanded scope that would cover not just highways, transit and active transportation systems but railroads, ports and multimodal facilities.

An ASCE report two years ago concluded that it would take $134-$194 billion per year through 2035 to maintain the nation's infrastructure and an additional $3.6 trillion investment by 2020 to meet infrastructure needs caused by a growing population. The report predictably has sparked immediate reactions.

The Eno Center for Transportation has suggested a shift from the gas-tax-based Highway Trust Fund to a system that draws transportation money from general tax revenue. The U.S. Chamber of Commerce, AAA and the American Trucking Association are advocating raising the gas tax. Shipping groups, gathered for a media tour of the ports of Long Beach and Los Angeles sponsored by the American Association of Port Authorities (AAPA), said a gas tax increase would help the U.S. shipping industry as much as it boosts roads and transit because goods that come into the nation's ports are moved from ships to trains and trucks.

A group of 50 conservative organizations in Washington is mobilizing opposition to an increase in the federal gas tax and urges an alternate solution that prioritizes federal transportation infrastructure needs, reduces costly and time consuming bureaucratic hurdles, and further empowers state and local governments in conjunction with the private sector.

Although House Speaker John Boehner (R-Ohio) on January 8th killed the idea of legislation to increase the federal gas tax increase legislation, President Obama called for Congress to pass a "bipartisan infrastructure plan" in his January 13th State of the Union address but stopped short of calling for an increase in the federal gas tax to help pay for it. After President Obama's State of the Union speech on January 13th, GOP leaders in the Senate also spotlighted transportation funding as a potential opportunity for bipartisan agreement.

In a more tangible indication of a potential bi-partisan deal, Senator Rand Paul and Senator Barbara Boxer are reported to be working on a bill to provide short-term funding for highway programs by "repatriating" taxes currently being deferred on foreign corporate earnings. Federal tax policy allows U. S.-based corporations to defer payment of taxes on earnings of their foreign subsidiaries. American companies hold about $2 trillion in cash overseas for which taxes are being deferred. Boxer and Paul dusted-off the 2014 Paul proposal that would allow U.S- based corporations to "repatriate" taxes on foreign subsidiary cash earnings by providing an incentive that allows the U. S. corporations to pay a 10% U.S. tax rate for two to three years on repatriated foreign cash rather than the current 35% federal tax. The $302 billion, four-year transportation funding proposal that President Obama made in 2014 relied on $150 billion of revenue from corporate-tax repatriations.

<u>STATE</u>

Gov. Brown's 2015 Budget Proposes State Highway Repair & State Gas Tax Replacement

California Governor Jerry Brown's proposed 2015 budget bill suggests a goal to pay for a $59 billion backlog of road and bridge repairs. In addition, the Governor's budget reflects the need to deal with a significant reduction in fuel being consumed and the resultant reduction in state fuel taxes collected. However, the Governor's 2015 State budget proposal makes no mention of a connection between his Climate Change Cap and Trade priorities such as high speed rail and the transportation infrastructure repair needs.

The legislation, part of a package of budget bills Brown submitted by Feb. 1, would authorize a $9.4 million pilot program to test whether charging a fee based on miles driven works better than the current excise tax on fuel to pay for road work. His proposed budget also would allow local transportation agencies to expand carpool lanes to drivers willing to pay a toll without obtaining route-specific legislation.

Brown has previously proposed cutting the state's gasoline consumption in half by 2030 in an effort to curb carbon pollution. He also wants to expand renewable energy mandates to require utilities to obtain 50 percent of power from renewable sources, up from 33 percent. California already has the highest number of plug-in vehicles in the nation, with 118,500 sold in since 2011. Last year, the governor called for adding 1.5 million zero-emission vehicles in the state in the next decade. The conundrum: those drivers of clean-technology vehicles wouldn't pay fuel taxes because they don't buy gasoline or diesel fuel for their cars. And statewide gas consumption is down 8% in the last decade due to increased fuel efficiency in newer cars.

California now charges 36-cents-per-gallon excise tax on gasoline, a rate that hasn't increased since 1994. In addition, 9% of the state's transportation revenue is used to pay for outstanding state transportation bonds. The 2014 Local Streets and Roads Needs Assessment reported that the 10-year statewide shortfall for local streets is $78.3 billion, or $20 billion more than the $59 billion cited for state highways in the Governor's budget. At a January 29th press conference, Brown refused to discuss details about what funding for infrastructure repair and maintenance might look like or where it might come from.

CA Active Transportation Program Making Few Changes For Next Two-Year Cycle

Although Governor Jerry Brown's proposed FY 2015 budget showed a decrease in the line item for the Active Transportation Program (ATP), Caltrans Budget Chief Steven Keck assured the California Transportation Commission (CTC) at its January meeting that changes were technical and the funding level would be the same as the 2014 $350 million budget for pedestrian and bikeway improvements statewide. CTC Staff expects to present the guidelines for final approval at the next CTC meeting on March 25th unless significant comments are received. A request for applications for the new funding is expected to be released by June 2015. Comments on the proposed guidelines are still being accepted until the end of February. Mail comments to: California Transportation Commission, Will Kempton, Executive Director, 1120 N Street, MS-52, Sacramento, CA 95814.

.

REGIONAL

Cheaper Gas May Not Lead To Drop In L. A. Metro's Transit Ridership

Since the start of the summer, gasoline prices in Los Angeles County have tumbled 40%, from more than $4 to $2.52. However, L. A. Metro's transit ridership fell only 4.4% in the last quarter of 2014 compared with 2013. It's well documented that transit ridership gets a bump when gas prices soar. If prices at the pump increase by 100%, people drive about 10% less with some trips converted to transit use, many taken on foot or in a carpool, or eliminated. But drops in gas prices do not have a similar effect. Why the difference?

In Los Angeles, cheap gas alone doesn't make driving affordable for Metro's main customer base - low-income residents. Purchasing, insuring and repairing a car can cost far more than filling the tank. Of the estimated $8,835 that the average Los Angeles household spent on transportation in 2012, 40% went toward gas and transit / taxi fares while 60% was spent on other vehicle expenses, according to the most recent data available from the U.S. Bureau of Labor Statistics.

In L. A., four-in-five Metro passengers don't have access to a private vehicle, and more than half of riders live below the federal poverty threshold: $11,670 for one person and $23,850 for a family of four. That separates Los Angeles from other major U.S. cities, where subway cars and buses often show a broad cross-section of income. As a result, the margin of transit riders affected by lower gas prices is very narrow compared to New York City, Chicago or Washington D.C.

The lingering effect of lowered gas prices on Metro's transit ridership make take several months to be fully realized since Metro's ridership estimates are based on a six-month average of data samples taken across all lines in the system. In addition, Metro locked its rail turnstiles over the past year to reduce fare evasion, which may ultimately result in increased revenue with lower ridership. And a fare increase was effective in September.

Metro released its latest Quarterly Financial Update at its January Finance and Budget Committee meeting. For September through December, system-wide fare revenue is up 7.7% while ridership is down 4.4% from 30.8 million per month in 2013 to 29.3 million in 2014. One interesting post-fare-increase statistic is that bus ridership is down 5.0% while rail ridership during the same period declined only 2.7%.

TRANSFORMATIVE TRANSPORTATION PLANNING …

Not So Fast… Millennials Still Favor Cars Over Communications
Just when you thought millennials were rejecting mobility in favor of technology, a new survey from MTV finds millennials like cars more than texting or social media. The survey of 3,610 millennials, 400 generation X people and 403 baby boomers found 80 percent of millennials prefer to get around by car, as opposed to other transportation methods.

The survey found 75 percent of millennials would rather give up texting or social media for the day than give up their car; 72 percent would give up texting for a week rather than give up driving for that week. The survey also found that 8 percent get around by walking, another 8 percent use public transportation, 2 percent bike and 1 percent use car services. Three more findings: 87% wish car companies would explain how car prices are determined and make the buying process more transparent; 80% felt the process should take less time; and 50 percent didn't find car advertising relatable.

Metro Accepting Proposals for Bikesharing Services At Rail Stations
L. A. Metro is soliciting proposals for a pilot countywide bikeshare program. The bikeshare stations would allow people to pull a bike from a rack, ride it to work or a transit stop and drop it off at a different strategically placed docking station. Metro will pay one-half the capital cost and 35 percent of the operation and maintenance at 65 to 80 downtown L.A. bike stations primarily between the 101 and 10 freeways east of Figueroa Avenue. Phase 2 adds 35 bike stations in Pasadena roughly along the Metro Gold Line route, south of the 210 Freeway and east of the 710 spur.

Metro plans to roll out the program in March 2016 in L.A. and in Pasadena in summer 2017. Funding comes from a $3.8 million Express Lanes program grant. Metro will shoulder about $500,000 a year in operations costs for the downtown L.A. program. If successful, Metro plans on expanding into Venice, Marina Del Rey, Hollywood, Silverlake/Echo Park, West Hollywood, East Los Angeles, North Hollywood, Koreatown, Huntington Park and the USC area.

The cities of Long Beach and Santa Monica are pursuing their own programs. Long Beach is going out to bid in the next six weeks for a bike-share program in its downtown with 50 stations and 500 bicycles. The Orange County Transportation Authority, which was the first public agency to initiate bike sharing, on January 12th voted unanimously to cancel a pilot bike share program in Fullerton after a year-long pilot project evaluation found low ridership and taxpayer subsidies of nearly $800 per bicycle ride. The failure was variously blamed on the heavy bike design, the bike station site that incorrectly predicted college would use the bikes to access

Metrolink and Amtrak trains at the Fullerton station, and the absence of an adequate marketing campaign.

Private Parking Sharing Apps Are Trending … and Challenged
Amid the clamor about the sharing economy, shared private parking is emerging as a new potential target ripe for disruption. Despite efforts by the City of Los Angeles and other Southland to outlaw selling of public spaces, private residential and commercial spaces have been targeted for their unused revenue potential. One San Francisco study found that around 31 percent of parking spots were empty — an estimated value of $139 million in wasted construction costs. Also in San Francisco, around 30 percent of congestion reportedly comes from drivers circling as they look for a place to stow their cars. Many residential zoning mandates, even in dense areas, are still built on the assumption of a two-car garage.

For some residential and company property owners, parking sharing could become a profit center by embracing a system that facilitates dozens of short-term rentals in the style of Airbnb. Start-ups like Parking Panda, ParkatmyHouse and CARMAnation are marketing apps that allow owners of underutilized private parking spaces to allow drivers to reserve parking in an empty space or driveway. The matching services typically charge 20 percent of each transaction cost. In other words, those empty parking spaces that owners previously took for granted suddenly have value and there's an app for that.

Perhaps more important than the hourly rental revenue, developers have noticed the empty spaces and are anxious to share them to lower entitlement requirements for their new developments. The new apps may provide opportunities for developments that are not adjacent to transit stations to stay competitive with transit-oriented development. Suddenly those who already possess off-street parking have a monetize-able commodity whose value only goes up when new development lacks parking.

Urban planners see an enticing potential upside to zoning codes and permits that allow matching drivers with underused space. If the approvals could keep more expensive garages and private parking spaces from being built, emissions could be reduced, open space could be dedicated to more productive and environmentally beneficial use, and extra income could be generated for those choosing not to own a car that fills their entitled parking space.

However, it's not smooth sailing for the private parking applications. The Los Angeles City Council on January 7th approved a proposal to ban smart phone applications that allow parking spot auctions. It is unclear whether the ban is limited to public spaces or all parking spaces in the city. The Council instructed the City Attorney's Office to prepare an ordinance prohibiting the sale, lease, reservation or efforts to facilitate reservations of parking spaces and other public spaces without permission from the city. Violators of the ban would face fines of at least $250 and potential jail sentences of no more than six months. Once the measure is drawn up, it will be brought before the City Council for another vote. Santa Monica has already adopted a ban on such apps. Beverly Hills and West Hollywood also are considering bans.

Study Confirms Car-sharing Services Fill Urban Mobility Gaps
A recent study at UC Berkeley found that car sharing services like Uber and Lyft are growing rapidly for a reason. Faster than transit and more predictable than taxis, they fill a gap in the urban transportation network. Users are awarding bonus points for enabling quick and easy payment.

Researchers at the University of California, Berkeley, interviewed 380 people who used these services in San Francisco. The research team found that two-thirds of the trips taken via ride-sourcing would have been twice as long by public transportation (including waiting time). For some trips the gap was bigger; a 20-minute trip via Uber or Lyft would have required an hour on transit. In addition, while both services traveled on the same streets, the car-sharing services bested taxis on predictability. On weekdays, 93% of ride-sourcing customers waited less than 10 minutes for a ride; only 35% of taxi riders reported similar wait times.

Asked why they used these new services, 35% of respondents said “ease of payment,” while “short wait time” and “fastest way to get there” were the next most commonly cited reasons with 30% each.

L. A. City Taxi Drivers Must Have Ride-hailing App by August

Taxi drivers in Los Angeles will have to start using a car-sharing application starting in August, per a January 16th decision by the Los Angeles Board of Taxicab Commissioners. The commission plans to work with existing private apps or develop its own app to allow passengers to hail a cab electronically and to comply with city-mandated taxi franchise service standards.

Since car sharing has shown up in LA, taxi rides in the city have fallen by 20 percent. In addition, publicly-regulated taxis, unlike Ubers or Lyfts, are required to charge a fixed fare based on distance and time. The board hasn't decided which app or apps to use yet, or if it will allow flexible pricing schemes similar to peak-hour pricing to provide a more competitive market.
The board could fine drivers $200 per day fine if they don't use the app.

Uber Opens Its Data Vault To Allow Cities Access To Anonymized Trip Records

Every time Uber gives a ride, it collects several notable pieces of data: the location where a car picked you up, the time of day, the location of your destination, and the time it took you to get there. Uber on January 13th announced it plans to share quarterly anonymized trip-level data with cities in which it operates. The data will include date, time, distance traveled and origin and destination locations for individual trips, identified only by zip code tabulation area to preserve privacy. The Census Bureau often releases data using this same geography.

Once held by cities, this information will be open to public records requests, meaning that the public (and researchers) will have access to it, too. However, this data certainly won't tell cities everything they want to know. Uber's users aren't representative of the full population in any metro area. Uber also isn't offering to hand over its pricing data, which could reveal how much residents are willing to pay for better transportation, and whether the service is affordable to lower-income residents.