

South Bay Cities Council of Governments

October 26, 2017

TO: SBCCOG Board of Directors

FROM: Steve Lantz, SBCCOG Transportation Director

RE: SBCCOG Transportation Update – September 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

Trump Abandons Reliance On Private Sector Investment In Infrastructure Package

President Trump told lawmakers on September 26th that he was abandoning a key element of his planned \$1 trillion infrastructure investment package, complaining that certain partnerships between the private sector and federal government simply don't work. Instead of relying on private sector initiatives, the administration now wants to force states and localities to foot most of the bill.

Originally, the administration had described a sweeping \$1 trillion infrastructure investment plan that would have provided only \$200 billion of the \$1 trillion from federal coffers. The balance would be invested by the private sector to earn more than \$137 billion in federal tax credits.

The President acknowledged the new approach during a meeting with Democrats from the House Ways and Means Committee. Trump's comments reveal an infrastructure plan that appears to be up in the air as White House officials have struggled to decide how to finance many of the projects they envision to rebuild America's roads, bridges and tunnels.

Trump also indicated the administration would seek to pay for a smaller set of infrastructure upgrades through direct federal spending — either by paying for projects with new tax revenue or by taking on debt. Such an approach would probably limit the scope of the initiative to a fraction of the President's initial \$ 1 trillion investment goal.

On September 28th, Senate Democrats launched an effort to win bipartisan support for highway infrastructure investments of \$500 billion in taxpayer dollars over 10 years (the transit component is yet to be announced). The \$500 billion goal is significantly higher than the President's \$200 billion taxpayer funding commitment.

The Congressional Democrats are considering options to raise the \$500 billion range from leaving much of the tax burden to the states, to increasing the federal tax on gas and diesel, to forcing multinational companies who have kept about \$2 trillion in profits offshore to bring the money home, using the tax revenue from that money to pay for infrastructure.

The traditional source for U.S. transportation funding has been revenue collected by the federal gas tax, which is currently 18.4 cents per gallon. The federal government usually spends about \$50 billion per year on roads, but the gas tax only brings in \$34 billion. The gas tax has not been raised since 1993.

Highway Trust Fund's Tax Receipts Flatten While Traffic Sets Record Highs

Total collections of federal excise taxes for the Highway Trust Fund (HTF) flattened in the first 10 months of the latest fiscal year, the Treasury Department has reported, even as traffic volume on U.S. roads continues to climb to ever-higher record levels.

In its July monthly budget statement, the Treasury said HTF excise tax collections net of refunds reached \$31.712 billion for October through July, slightly below the \$31.830 collected at the same point a year earlier. Meanwhile, the Federal Highway Administration reported that vehicle miles traveled on all the nation's roads increased by 1.6 percent for the first six months of the 2017 calendar, for another all-time high after another annual record high in 2016.

The HTF excise tax receipts fall far short of what Congress authorizes to spend from that fund each year on federal highway and transit programs. For example, the current five-year surface transportation law transferred \$70 billion into the trust fund from general fund resources, paid for partly by drawing on an unrelated capital surplus at the Federal Reserve.

USDOT Releases New Guidance for Vehicles With Automated Driving Systems

The U.S. Department of Transportation and its National Highway Traffic Safety Administration issued new voluntary guidance about developing vehicles using automated driving systems, in what was widely reported to be a more industry-friendly version than guidance last year by the Obama administration.

The latest voluntary guidance, dubbed 2.0, is considered more flexible in guiding industry and state governments toward bringing fully automated cars and trucks to U.S. roads than the Obama Administration's initial guidance. For example, the new guidance clears the way for automakers and suppliers to test autonomous systems on the open road without obtaining regulatory permission and clarifies the role of federal and state bodies on the issue: NHTSA will regulate vehicle safety and equipment, while states will be responsible for drivers and vehicle operation."

Among other things, the USDOT said the new document "clarifies the guidance process and that entities do not need to wait to test or deploy" their automated systems." It also "revises unnecessary design elements from the safety self-assessment, the department said, and "aligns federal guidance with the latest developments and industry terminology."

The Guidance and more information on automated vehicles can be found at:
<https://www.nhtsa.gov/technology-innovation/automated-vehicles-safety>

DOT and NHTSA are already planning for 3.0. It will now be up to Congress to mandate additional safety measures such as clear disclosure, robust validation processes prior to deployment and requirements to share data.

STATE

Bill to Clarify Pedestrian Countdown Signals Sent to Governor

A bill to correct the motor vehicle code and make it clear that pedestrians are allowed to use countdown signals the way they were intended passed both houses of the legislature on September 11th and is awaiting the governor's signature. A.B. 390 would allow pedestrians to enter an intersection and cross during a countdown signal that is accompanied by a flashing hand signal or "Don't Walk," as long as they reach the other end of the intersection before the hand or "Don't Walk" signal goes steady.

Most pedestrians assume that a countdown says, "This is how much time you have left to cross." However, current law prohibits pedestrians from starting to cross once the signal begins to flash. So police have been strictly interpreting the law consistent with how it was applied before countdown signal technology was invented. The LAPD issued more than 20,000 tickets in downtown L. A. alone between 2011 and 2015 to pedestrians who entered an intersection after the countdown started. The citations, with all the added-on court fees, can cost up to \$200.

Governor Signs Bills Clarifying How Cap-and-Trade Funding Will Be Used in FY 17-18

Sixty percent of cap-and-trade funding in the Greenhouse Gas Reduction Fund is allocated by law annually, to programs that include High-Speed Rail, Affordable Housing and Sustainable Communities, Low Carbon Transit Operations and intercity rail. But the remaining forty percent of the revenue is left to yearly budget negotiations. For 2017-2018, that amounts to almost \$1.2 billion, collected over the last few years.

An agreement was hammered out between the Governor and state legislative leaders to spend almost \$1.5 billion in FY 17-18. The details were included in A.B. 109 and A.B. 134, two "budget trailer" bills that nail down budget details that weren't finished before the June deadline. The state assembly voted 58-19 in favor of the measure, while the state senate voted 28-9 in the affirmative. On September 16th, Gov. Jerry Brown approved the bill.

Included in the bills was nearly \$1.2 billion in funding, earmarked as follows:

- \$85 m to reduce agricultural sector emissions by providing money to replace off-road equipment and heavy-duty trucks
- \$60m for energy efficiency in the food processor industry
- \$6m for renewable energy in the agricultural sector
- \$99m for dairy digester research and development and management
- \$140m for the Freight Equipment Advanced Demonstration and Pilot Commercial Deployment Project
- \$180m for Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project
- \$100m for Enhanced Fleet Modernization Program and Plus-Up Pilot Project, which provides incentives for low and moderate income electric vehicle buyers, school bus replacements, and rebates for low-income applicants to junk old dirty cars and replace them with cleaner ones
- \$26m for urban greening
- \$10m for the Transformative Climate Communities program
- \$12m for university research on GHG reduction
- \$5m for Conservation Corps

- \$325m to state and local departments for preventing and fighting wildfires, including forest health and vegetation management projects and biomass energy generation,
- \$15m for wetlands restoration
- \$20m for wildlife conservation
- \$6m for coastal conservation
- \$29m for local air quality monitoring in high-priority locations
- \$40m for waste management
- \$18m for low-income multifamily, solar, and farmworker weatherization programs

Judge Writes New Ballot Description For SB 1 Gas Tax/Fee Repeal Measure

A California court has stepped in to rebuke the state for “misleading” language on a ballot initiative that would repeal upcoming increases in vehicle taxes and fees.

Gov. Jerry Brown last spring signed into law SB 1, a 10-year, \$52 billion transportation funding deal to benefit state and local roads, trade corridors, and public transit. SB1 is slated to increase the diesel tax by 20 cents and raise the gas tax by 12 cents beginning November 1st. Other vehicle fees included in the deal will go up Jan. 1st.

Opponents of SB 1 are undertaking an initiative to repeal the tax and fee increases. The California Attorney General’s office is required to issue a title and summary for the ballot initiative and the effort must gain 365,880 valid signatures over the next six months to secure its spot on the November 2018 statewide ballot.

The ballot title submitted by Attorney General Xavier Becerra read: “Eliminates recently enacted road repair and transportation funding by repealing revenues dedicated for those purposes.” The repeal advocates took issue with the fact that the words “tax” and “fee” were omitted from the title.

Sacramento Superior Court Judge Timothy Frawley found the attorney general’s language “flawed and misleading.” He admonished the attorney general for trying to use the “amorphous and confusing” term “revenues” to refer to “taxes” and “fees.” The judge went on to say: “This is a remarkable argument since SB 1 raises new “revenues” solely by increasing taxes and fees.” After attempting to get the two parties to reach agreement on compromise language, Judge Frawley announced he will release a new title and summary for the repeal initiative.

REGION

SCAG proposes “Go Zones” Congestion Pricing Fee Program

The Southern California Association of Governments (SCAG) is proposing a program to reduce congestion on streets in overcrowded zones during the busiest times of the day by enacting a fee. The goal is to reduce traffic by giving people a powerful incentive to take alternative modes of transportation or avoid driving during rush hour.

L. A. Metro and Caltrans have already dipped their toes into freeway congestion pricing with the I-10 and I-110 ExpressLanes. SCAG is now advocating creation of congestion pricing zones, or “Go Zones,” where drivers would be charged a fee to use traffic-clogged streets at peak times. The money collected could be used to fund public transit, bicycling and pedestrian safety projects so travelers would have more convenient, safe alternatives to driving.

Congestion pricing in a central business district is a proven fast, efficient way to get people to change their behavior to help reduce traffic and air pollution. After London imposed a

congestion charge to enter the city center in 2003, car traffic dropped by nearly 40% and travel speeds on the city streets increased. The fee, now roughly \$15 per day, has generated more than \$2 billion for road and public transit improvements. In an interesting aside, speeds in London's Go Zones have slowed in recent years with the growth in car-for-hire services, like Uber, that are exempt from the charge and deliveries associated with online commerce.

Stockholm's congestion tax, which ranges from \$1 to \$4 each time you drive in or out of the city center, has reduced traffic by an average of 20% since it was implemented a decade ago. While Swedes were initially skeptical of the tax — polls showed some 70% opposed it before implementation — within a few years, public opinion flipped and 70% supported the tax.

Southern California is obviously very different from London, Stockholm and the other cities considering a congestion fee, like New York City. Because Los Angeles doesn't have a single central business district, SCAG may need to consider Go Zone strategies for congested corridors like the 405, 605 and 91 Freeways and their parallel streets. They are currently looking at the Westside of Los Angeles.

Metro Is Innovating Beyond Transit

Most think of L. A. Metro as a bus and rail transit agency. But Metro's work in bike share, joint development programs, goods movement and intelligent transportation systems all reflect a new attitude that to improve lives, we need to both expand transit and think beyond transit.

In the "beyond transit" space, Metro is working to implement an Uber-like service through an upcoming request for proposals (RFP) for a MicroTransit Pilot (MTP) project. The MTP will explore whether and how a more demand responsive local service may be able to better meet travel demand than a traditional fixed bus route. The MTP will likely utilize smaller vehicles that carry fewer passengers and may be a good way to offer services in lower density areas. Santa Monica's Big Blue Bus operates a similar on-demand rideshare option, that the agency calls its *Blue@nightservice*. Riders request a Blue at Night cab in a designated location near the 17th Street/SMC Expo Line station and are dropped off at anywhere in Santa Monica for three bucks (it works in reverse too, where people can order a \$3 cab from Santa Monica to the train station).

Another upcoming pilot will test whether mobile tolling technology could work on Express Lanes instead of fixed tolling structures. This might make it easier and cheaper to expand the ExpressLanes and offer more mobility options to more communities in L.A. County.

Metro To Use Private Investors To Accelerate 3 Major Projects

Three future Metro major capital projects may be built sooner rather than later under a privatization plan announced on September 27th. Metro is bringing private investors on board to help with three different projects:

- *Designing and building a train through the Sepulveda Pass* - Parsons Transportation Group Inc. and Cintra US Services will join with Metro on the Sepulveda Transit Corridor, but only on the 11-mile train portion. Any additional carpool or pay lanes element connecting the Westside with the San Fernando Valley would be a separate project.

- *Building a light-rail line from downtown Los Angeles to southeast L.A. County cities* - Skanska and Kiewit will work on the West Santa Ana Branch Transit Corridor, a 20-mile light-rail from Artesia to downtown Los Angeles.
- *Creating additional toll lanes on crowded freeways* - Goldman Sachs will participate in bond underwriting to help with building more ExpressLanes, freeway lanes.

Express Lane Fees To Rise October 9th

Effective October 9, 2017, the maximum ExpressLane toll rate on the I-10 and I-110 will be increased from \$1.80 per mile to \$1.90 per mile. These changes are being implemented by Metro to continue to manage congestion and provide a safe, reliable and predictable commute for ExpressLanes customers. There will be no change to the minimum toll rates of \$0.35 per mile during peak hours and \$0.10 per mile during the off-peak hours.