

South Bay Cities Council of Governments

March 23, 2017

TO: SBCCOG Board of Directors

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

RE: SBCCOG Transportation Update –March 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

Feds Delay Caltrain Electrification Funding; Next Stop “Sanctuary City” Funding Bans?

As one of her first official acts as Secretary of Transportation Elaine Chao on February 17th deferred \$647 million in Federal Transit Administration funding for a Caltrain climate change project that would convert the rail vehicle power source from diesel to electricity.

The grant would provide a significant part of the funding required to install a \$2-billion electrical power system on the Bay Area’s Caltrain commuter rail system, allowing the rail to retire its diesel locomotives. The power equipment will eventually also be used by the state’s high speed rail project trains from Los Angeles to San Francisco, making it a critical part of the \$64-billion program. The California High-Speed Rail Authority has pledged about \$713 million to help install the system, according to state records.

The electrification work was scheduled to begin March 1. Caltrain had completed its regulatory approvals and ordered new rolling stock that runs on electricity rather than diesel. However, Chao deferred approval of the federal funds so that the grant could be considered in the context of the federal 2018-19 budget. As of now, the FTA electrification grant is deferred, not rejected.

The deferral may have been in response to a letter sent to Chao by a delegation of California Republicans led by House Majority Leader Kevin McCarthy, a Republican from Bakersfield, where the route and funding of the \$64 billion High Speed Rail project has been controversial for years. The Republicans wrote, “...providing additional funding at this time to the [high-speed rail] authority would be an irresponsible use of taxpayers’ dollars... we request no further monies be granted to the [California High-Speed Rail] Authority or the state of California for high speed rail until a full and complete audit of the project and its finances can be conducted and those findings be presented to the public.”

Supporters of the Caltrain modernization project point out that, contrary to the language used in the letter, the FTA's grant would not go towards the high-speed rail authority—it would go directly to Caltrain, which operates independently. In addition, setting back the electrification of the Caltrain corridor doesn't halt the high speed rail project since high-speed rail construction is underway using state funds which are sufficient to shepherd the project through another several years of construction.

In an interesting side-bar story, the L. A. Times reported that Carolyn Flowers, a top Obama administration executive at the Federal Transit Administration, approved the \$647-million grant for the project in mid-January and less than two weeks later went to work for Aecom, a Los Angeles-based engineering contractor that provides program management services to Caltrain for the electrification project. Rep. Jeff Denham (R-Turlock), chairman of the House rail subcommittee, was bluntly critical of Flowers for approving the grant and then accepting a job at a company whose work would be supported by the grant money.

There may be a greater threat to federal funding of infrastructure projects in Southern California. President Trump issued an executive order on January 25th that declares a “policy” of blocking federal funds for cities, states and other jurisdictions that refuse to provide information and assistance to federal immigration authorities. Considering many major urban areas, including San Francisco, Los Angeles, and Long Beach, have declared themselves “sanctuaries” for undocumented immigrants, Trump's reprisals could end up canceling or delaying major infrastructure projects even as his administration touts a \$1 trillion proposal to rebuild the United States' roads, railroads, bridges and airports.

Although South Bay cities are not directly served by Caltrain, High Speed Rail, or other projects at the ports and airports, the Metro Long Range Transportation Plan and expenditure plans for Measure R and M prioritized projects with an assumption of continued access to federal funds for several near-term high priority regional projects. Backfilling lost federal funds may become a major challenge in the upcoming Metro Long Range Transportation Plan update process. It is not known whether Metro could exclude federal funding from “sanctuary” cities in the County and still deliver its high-priority projects. It is also unclear how the federal agencies will enforce the ban in states like California that have declared themselves statewide “sanctuaries.”

Federal Infrastructure Funding Bill Proposes Significant New Funding And Reforms

U. S. Senator. Deb Fischer, R-Neb., on February 1st introduced S. 271, a modified version of the Build USA Infrastructure bill she authored in 2015 to provide greater solvency for the Highway Trust Fund while speeding up highway construction projects.

The bill would move \$21.4 billion annually in fees collected by Customs and Border Patrol from the general fund to the Highway Trust Fund from 2021-26. Lawmakers passed the five-year Fixing America's Surface Transportation Act (FAST Act) in December to fully fund the Highway Trust Fund through 2020. The new bill is expected to cover a projected shortfall in the Highway Trust Fund between 2021 and 2026.

Customs and Border Patrol fees would come from the approximately \$46 billion collected annually from freight and passenger fees at America's ports and borders. The agency uses about \$2 billion of that money, and the rest goes into the general fund. The bill also allows states to return 10 percent of their Highway Trust Fund subventions to the federal government in exchange for being delegated control over designing a project, approving environmental permits and constructing the project.

The Highway Trust Fund is the primary way the federal government funds road improvement projects. It's funded by an 18.4 cents per gallon tax on gasoline and a 24.4 cents per gallon tax on diesel fuel. The trust fund is split into two accounts, one for highways and the other for mass transportation.

During her time in the Nebraska legislature, Fischer authored a similar bill that allowed municipalities to take their federal dollars and exchange them for 90 cents on the dollar with the Nebraska Department of Roads in order to have more local control over the projects.

U. S. Senators Try To Speed Up Deployment of Autonomous Vehicles

In the first major congressional attempt to address the advent of self-driving cars, two senators on February 13th launched a bipartisan effort to help to speed up the deployment of the vehicles on the nation's roads by addressing the existing patchwork of laws and regulations and the traditional roles of federal and state regulators. Republican John Thune of South Dakota, the chairman of the Senate Commerce, Science and Transportation Committee, and Democrat Gary Peters of Michigan, said they're exploring legislation that "clears hurdles and advances innovation in self-driving vehicle technology."

Automakers cite federal requirements that all vehicles must have steering wheels and brake pedals as examples of regulations that presume there will be a human driver and might inhibit the introduction of self-driving cars. Congressional action may be needed to make changes.

Safety advocates have urged the government to set standards that specifically address the safety of self-driving cars. The Obama administration last year issued a voluntary set of safety goals for makers of self-driving cars to meet. However, the administration realized that the complex software and technologies associated with autonomous vehicles require new enforceable federal vehicle safety standards. The National Highway Transportation Safety Administration announced its intention for "modern regulatory tools" to be adopted in the near future to meet the challenges and opportunities involved in facilitating the safe, expeditious development of Highly Automated Vehicles (HAVs).

U. S. Traffic Deaths Reach Highest Level in Nearly A Decade

A total of 40,200 people died on U.S. roads in 2016, the highest level in almost a decade, according to preliminary estimates from the National Safety Council (NSC). The number of traffic fatalities last year represents a 6 percent increase over 2015 and a 14 percent increase over 2014 — the sharpest two-year escalation in more than 50 years.

The uptick has largely been attributed to increased miles travelled due to an improved economy and lower gas prices, drunken or drugged driving and cellphone use behind the wheel. The surge

in motor vehicle fatalities comes even as more cars are being equipped with crash avoidance technology such as automatic braking, blind spot detection and automatic headlights. The NSC is calling for upgrading seatbelt and helmet laws; installing ignition interlocks in the cars of convicted drunk drivers; adopting a three-tier licensing system; and speeding up the development of autonomous technology.

STATE

ARB Postpones Greenhouse Gas Reduction Program Changes Until June

The California Air Resources Board (ARB) postponed its decision on strategies to meet 2030 greenhouse gas reduction targets until June to give staff more time to analyze alternatives and to allow more discussion. ARB staff proposals have been focused on shifting from the current “Cap and Trade” program to a new “Cap and Tax” program in response to findings that industries have been buying and selling greenhouse gas emission allowances in the program with the result that local emissions have not been reduced. The new strategy would place a cap on emissions that would decline each year, like cap-and-trade, and would tax all emissions at “the social cost of carbon” as set by the EPA, or \$50 per ton in 2030. Notably, under current auctions, cap-and-trade allowances cost around \$11 to \$12 per ton.

ARB staff said they will continue refining the models they are using to analyze the alternatives, and the assumptions they use for those models, relying on input from stakeholders at ongoing workshops. The schedule of those workshops is in flux, given ARB’s announcement.

Deadline Set for Restructuring Transportation Funding Approach in California

Governor Jerry Brown and Democratic legislative leaders on February 27th set an April 6th deadline, when the spring legislative break begins, to come to an agreement on how to restructure state transportation funding to pay for road maintenance and rehabilitation, goods movement and public transit, mostly through a mix of higher taxes and fees.

Depending on how much a person drives, their car’s mileage and other variables, the Democratic proposals would cost the typical motorist anywhere from roughly \$9 a month extra to more than \$13 above existing charges.

There are three principal legislative alternatives to reconcile.

Assemblyman Jim Frazier, D-Oakley, and state Sen. Jim Beall, D-San Jose, have put forward similar road-funding proposals (AB1 and SB1) that would raise \$6 billion annually by raising the current 18-cent gas tax by 19.5 cents and diesel taxes by 17 cents per gallon, registration fees by up to \$65, imposing a new charge on zero-emission vehicles, and other revenue.

Gov. Jerry Brown’s plan calls for \$4.2 billion in annual spending over 10 years. It includes a smaller gas tax increase than SB1, while creating a new road-improvement charge of \$65 on all vehicles. His proposal includes a mix of gas tax increases, raising the vehicle registration fee, and imposing other charges, which would require a two-thirds vote.

Republicans on February 13th introduced AB-496, a road-funding plan that contains no new taxes but generates \$5.6 billion for transportation by recapturing an estimated \$3 billion in sales tax collected on vehicle purchases from the general fund and redirecting \$1.1 billion in

truck weight fee revenue that now goes toward paying off past transportation borrowing. The Republican plan also would capture \$550 million in vehicle insurance fee revenue from the state general fund.

The current effort comes on the heels of Brown's unsuccessful transportation special session which failed to produce agreement. Democrats currently have legislative super-majorities in both chambers that would allow them to raise taxes on their own without seriously considering the Republican proposal. Despite their legislative opportunity, Democrats recognize that raising taxes is politically perilous, particularly when they involve people's cars. A restoration of higher vehicle license fees helped fuel the 2003 recall of Gov. Gray Davis.

All three proposals include institutional reforms that makes the California Transportation Commission its own agency, instead of being part of the State Transportation Agency, and that create an office of Transportation Inspector General to scrutinize projects. The proposals also extend the authority for public-private partnerships in road projects.

Any agreement would be the biggest transportation funding measure in more than a decade. In 2006, voters approved Proposition 1B, a \$19.9 billion borrowing measure to build new roads, improve goods movement and reduce congestion. Backed by then-Gov. Arnold Schwarzenegger and a bipartisan coalition, it received more than 61 percent of the vote and passed in all but two legislative districts.

The current 18-cents per gallon state gas tax is worth less than two-thirds of what it was in 1994. In addition, low gas prices mean any additional tax revenues, created by a revenue swap scheme several years ago, generate about one-half its initial rate.

Constitutional Amendment Would Lower Transportation Funding Measure Approvals From 2/3rd To 55% Voter Majority

State Sen. Scott Wiener introduced a state constitutional amendment (SCA 6) on February 13th that would allow cities, counties, and special districts to raise new revenues for transportation projects by lowering the current 66.67 voter approval threshold to pass transportation funding measures to 55% of the vote.

SCA 6 requires a 2/3 approval in the state legislature to be placed on the ballot, where it then requires majority approval by the voters. If approved, transportation funding voter approval thresholds in the state would become the same as school funding measures, which were set at 55% by California voters in 2000.

Under SCA 6, a funding measure has to be fully dedicated to transportation-related projects and programs. Transportation funding is usually classified for capital, which includes surface rail lines, subways, and roads, or operations, which includes bus maintenance, buying new buses or rail cars, upgrading existing metro lines, increasing service, and supplementing reduced fare programs. SCA 6 would encompass both capital and operating funds for transportation programs and projects if 100 percent of the net revenues from the tax, after collection and administrative expenses, is dedicated to transportation programs and projects.

REGION

L.A. Metro Advances Four Unsolicited Proposals To Accelerate Measure M Projects

L. A. Metro on February 1st announced that four unsolicited proposals that could accelerate two mega projects included in Metro's Measure M transportation ballot measure expenditure plan have advanced from Phase I to Phase II analysis.

The four proposals have passed the initial conceptual review — as outlined in Metro's new unsolicited proposal policy — and will move on to the second phase in the process: a more detailed qualitative and quantitative analysis. Following a detailed analysis of the Phase II proposals, Metro staff will decide whether to issue requests for proposals to the industry.

Two of the four successful proposals are for the West Santa Ana Branch Transit Corridor and two are for the Sepulveda Pass Transit Corridor. Each proposal suggests a different approach to bringing innovation, acceleration, cost savings and/or other benefits to the respective projects, compared with Metro's planned project delivery method.

The two proposals for the West Santa Ana Branch Transit Corridor moving forward in the process are from Skanska USA Civil West and Kiewit Infrastructure West Co. The two successful proposals for the Sepulveda Pass Transit Corridor were submitted from Parsons Transportation Group, Inc. and Cintra US Services LLC. Metro declined further review of two additional proposals: one for the West Santa Ana project from ACS/Dragados and one for the Sepulveda Pass project from Sepulveda Corridor Development Partners, led by HDR Engineering, Inc.

TRENDS

Despite Growth In New Rail Line Ridership, Metro's Overall Ridership Dropped in 2016

Trips taken on the L.A. Metro's bus and rail system dropped in 2016 by nearly 6%, driven by a continuing slide in bus ridership. Subway and light-rail boardings rose 4.4%, bolstered by the debut of the Gold Line and Expo Line extensions. But those gains did not cancel out a decline in annual bus ridership, which fell 8.9% to 304 million — the lowest in more than a decade.

Metro Chief Executive Phil Washington has said he hopes to convert 20% to 25% of commuters in the county into transit users. Right now, that number is closer to 7%. L.A.'s bus ridership losses are in line with other major cities, including New York and Washington, D.C. But the challenge is more pressing in Los Angeles County as Metro tries to serve an estimated 26 commercial hubs scattered across the region, by providing a grid of bus and rail lines. And as L.A.'s economy has steadily improved, traffic has grown worse, and so has Metro's on-time performance. Agency figures show that about 76% of buses arrived on time in the 2014 fiscal year. This year, the number is near 72%.

Some Metro officials cite security on the vast Metro bus network as a concern. In a recent survey, nearly three in 10 former passengers told Metro they stopped riding because they felt unsafe. Metro responded to the concerns at its February 23rd Board meeting by splitting up the five-year, \$645.7 million contract. The contract, which takes effect in July, will end more than a decade of Metro policing conducted exclusively by the sheriff's department. Los Angeles and

Long Beach police officers will police transit stops and vehicles within their jurisdictions and the sheriff's department will continue to police the rest of the system.

Metro officials also noted that some ridership declines are a sign that new rail investments in the system are working as they should. For example, the system's most-traveled bus route, 720 Rapid, which connects East Los Angeles and Santa Monica, saw a 13% decline in ridership from 2015 to 2016. But Metro says some of those riders on the 720 Rapid may have transferred to the Expo Line, which runs along a roughly parallel route a few miles to the south.

UPS Is Developing A Delivery Truck That Can Launch A Drone

UPS has unveiled its plan for delivery drones: build them right into trucks, and launch them at various points along their route. The delivery company ran an initial test on February 20th, in which it successfully launched a drone from the top of a truck, let it autonomously deliver a package, and then return to the truck at a different location. However, in a second test, the drone failed, aborted its own launch, and nearly getting crushed.

The drone-equipped truck looks like a relatively standard brown delivery van, but on the inside, there's space to store and load a drone. When the drone is ready for launch, the top of the truck slides open so that it can fly out. UPS says the drones can fly for up to 30 minutes and carry up to 10 pounds.

UPS wants to augment its drivers with drones to ease their workload, particularly when it comes to reaching out-of-the-way places. The company estimates that it could save up to \$50 million per year by cutting a mile off of every driver's route each day which would save about 66,000 miles per day. However, one current limitation is that the Federal Aviation Administration still requires drones to remain within their operator's line of sight, which means they can't yet depart from a truck all that far.

Google's Waze Seeks to Optimize Ride-Sharing

Google's traffic navigation app Waze is being modified to take on ride-sharing giants Uber and Lyft. Waze will work as an online carpool tool for drivers who want to make some spare change on their commute. If someone wants to add some commuters to a ride, Waze will alert the driver in real time to potential passengers along their route.

Prices are expected to be about a third of the fares charged by Uber and Lyft. And the pricing is designed to discourage drivers from relying on Waze as their main or sole income: For now, drivers will be compensated 54 cents a mile — which is the current Internal Revenue Service mileage reimbursement rate.