South Bay Cities Council of Governments

December 3, 2021

TO: SBCCOG Transit Operators Working Group
SBCCOG Infrastructure Working Group
SBCCOG Transportation Committee
SBCCOG Board of Directors

FROM: Steve Lantz, SBCCOG Transportation Director

RE: SBCCOG Transportation Update Covering November 2021

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

Federal Infrastructure Bill Includes Significant New Capital Funding In L. A. County
President Joe Biden signed H. R. 3684, a $1.2 trillion federal infrastructure bill, into law on November 15th, bringing billions of dollars to California for public transit projects, wildfire preparation, bridge and road repair, electric vehicle charging networks and more. The bill contains roughly $550 billion in new funding,

The new revenue will allow L. A. Metro to double its capital investment grant program to $4.6 billion. Metro will use the new funding for megaprojects like the West Santa Ana Branch and Sepulveda Transit Corridor, bus lanes and the NextGen Bus Plan network; electrifying Metro's bus fleet by 2030; restoration of Los Angeles River habitat; modernization of LAX; projects to improve the flow of goods at the Port of Los Angeles; and expansion of the electric vehicle charging network.

The bill authorizes agencies to implement local hiring preference for projects funded by the grant. The state is expected to receive at least $100 million to help provide broadband coverage across the state. More funding could be available based on federal criteria for underserved neighborhoods. It also provides new state funding for electrifying school buses, improving the resilience of the state electrical grid, and investments in Tribal communities.

In addition, the bill allows people ages 18-20 to drive commercial trucks across state lines. Currently, only drivers 21 and older can hold a commercial driver's license to operate across state lines

The bill also authorizes a two-year study of beacon technology that will expand vehicle-to-pedestrian research efforts focused on incorporating bicyclists and other vulnerable road users into the safe deployment of connected vehicles within existing spectrum allocations for connected vehicles.

Biden Freezes Billions In Funding To Punish California For An Old Pension Reform Law
Even as President Biden signed the infrastructure spending bill, his administration was preparing to block $12 billion in federal transit funding for California based on its determination that the state's 2013 pension reform law undermines workers' collective bargaining rights.

Federal law says state and local agencies must protect the interests of their employees to be eligible for federal public transit grants. A state law that took effect in 2013 made changes to California's public pension system, including making pensions less generous for new employees. The U.S. Department of Labor recently determined those changes were improper because they were imposed by law instead of collectively bargained with public employee unions.

The decision would put a freeze on emergency relief that Congress approved earlier this year to help transit agencies stay afloat after they lost ridership and revenue during the COVID-19 pandemic. Transit operators have relied on that money to keep buses and trains running, and they may have to cut service if that funding is stopped. The $9.5 billion that California is supposed to get for transit projects from the new infrastructure bill is also in question.

At the center of the issue is the state's Public Employees' Pension Reform Act of 2013, known as PEPRA. That law has faced legal challenges in the past, but was most recently upheld in a 2019 ruling. This fight stems from a pension reform effort pushed by Gov. Jerry Brown to reduce the ballooning bills for public employees' retirement benefits. The state legislature agreed to a modest overhaul that took effect in 2013. The Obama administration threatened to withhold federal transit funding on the grounds that the change violated a 1964 federal law designed to protect transit employees' collective bargaining rights. Brown fought the Labor Department's decision and won in federal court.

Biden's labor department is taking a different stance, saying PERPA "substantially diminished the affected unions' ability to bargain over future pension benefits," which violates federal labor law, making the state ineligible to receive federal transit funding. The decision was reached by the Department of Labor's Office of Labor-Management Standards (OLMS) in late October.

Governor Gavin Newsom pointed out that federal and state courts have repeatedly rejected the idea that the pension reform law impairs collective bargaining agreements. He has asked a federal court to force the Labor Department to release the funds while the issue is litigated in court, again.

US DOT Shifts IIJA RAISE Grant Priority From Rural Roads To Sustainability, Equity
Buried in the new $1.2 trillion Infrastructure Investment and Jobs Act (IIJA) is roughly $100 billion for several competitive grant programs. That figure includes an annual $1.5 billion boost for the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) program, the Biden administration's version of USDOT's multimodal grant program, which has gone by TIGER and BUILD under previous presidents.

In a significant federal policy change, only about 5% of RAISE funds will support new roads and only 10% will go to projects that increase road capacity. The federal grant program that had funded rural highway-building during the Trump administration, has pivoted a bit to allow states to use federal transportation funding for sustainable projects that benefit walking, biking and public transit.

In its first tangible infrastructure funding action, U.S. Transportation Secretary Pete Buttigieg announced on November 19th that the federal government will invest nearly $1 billion in RAISE discretionary grants program funding 90 projects that will "improve infrastructure, strengthen supply chains, make us safer, advance equity, and combat climate change to support jobs and everyday life in communities across the country." California will receive $57.7 million in 2021 RAISE funds for SR 46 improvements in Wasco, Yerba Buena Island bridge retrofits, pedestrian improvements fiber signal connections, and a new bikeway in Oakland, and a Yolo County bike network planning project .

Although the commitment to sustainability in the new IIJA is being lauded by transit and active transportation advocates, even with historic levels of support for public transit ($39 billion) and intercity rail ($66 billion), the vast majority of the $1.2 trillion is being allocated for roads and highways. Importantly, instead of issuing detailed federal eligibility rules and regulations, the USDOT will allocate the funding based on formulas which will allow state departments of transportation to determine how to spend the roughly 30% funding increase they're set to receive, with few strings attached. Although most states are expected to continue their previous priority of adding vehicle lanes, California is expected to use its new federal funding to further sustainability goals consistent with its recent change from a priority of reducing congestion to reducing vehicle miles travelled.

House Passes Build Back Better Legislation With Transportation Funding In Addition To IIJA
The U.S. House of Representatives passed a $1.7 trillion reconciliation bill called the *Build Back Better Act* (H.R. 5376) on November 19th, which now goes to the U.S. Senate where it will be considered and likely amended.

The bill includes a broad set of social spending and climate change priorities not included in the bipartisan infrastructure bill that was signed into law on Monday, November 15, 2021. Of particular interest for L. A. County, the bill includes approximately $10 billion in grants to increase access to affordable housing, including through the provision of fare-free and reduced-fare transit, new transit routes, expanded service areas, and improved frequency on existing routes. The bill also includes $10 billion in dedicated funding for planning and development of high-speed rail projects.

In addition to transportation funding, the House-passed bill would also establish universal preschool for 3- and 4-year-olds; offer four weeks of paid family and medical leave; raise the cap on the State and Local Tax deduction; enhance child care and elder care for working families; extend child tax credits; add hearing coverage to Medicare; lower the price of prescription drugs; lower carbon emissions and incentivize clean energy sources, including bolstering the deployment of electric vehicles; and invest in affordable housing.

State

No updates this month.

Region

Metro Fare Payment Enforcement To Resume January 10, 2022
Metro suspended fare payment enforcement and enabled all-door boarding during the pandemic. However, with vaccinations well underway and mask wearing required, Metro will resume front door boarding and fare enforcement on January 10th.

Metro is also promoting fare discounts including its new Low Income Fare Is Easy (LIFE) program as a way to transition from fareless to fare payment for those most impacted by the resumption of fare enforcement. More information on the LIFE program is available at: Low Income Fare is Easy (LIFE) .

L. A, County To Consider Allowing Bicycles On Sidewalks, Decriminalize Riding
The Los Angeles County Board of Supervisors is considering allowing bicyclists to ride on sidewalks and pushed back against aggressive enforcement of cycling violations as elements of the recommendations of the county's Vision Zero plan.

A Los Angeles Times investigation found that since 2017, the sheriff's department has made more than 44,000 bike stops, 70% of which involved Latino cyclists. When stopped, 85% of individuals were searched, illegal items were found 8% of the time and weapons were seized in less than 1% of stops. The Times analysis also found that residents of low-income neighborhoods were more likely to be stopped than those in affluent communities.

The Supervisors also asked the Office of Inspector General and county lawyers to review the sheriff's department enforcement practices and whether they are in line with the county's anti-racism and other policies. Staff was given 90 days to come up with plans for a diversion program for cyclists and pedestrians and to consider an ordinance allowing riders to use sidewalks.

Trends

Is The L.A. "Metro Micro" Model Foundational To The Future Of Transit or a Pandemic Opportunity?
Nearly a year ago Metro piloted a 20-month Metro Micro demonstration project funded by federal emergency recovery funds. Metro Micro vans have been providing niche public transit service within 8 zones across L. A. County. Borne out of pandemic social-distancing concerns, the on-demand services have proven to be a nimble and easily-modified pandemic transit option that uses a public-private partnership model.

The service is now operating in eight zones across the region with a ninth soon to be available. In less than a year, the program has provided some 130,000 rides for very satisfied customers. During the pandemic, riders have only been allowed to share a ride with other members of their household, increasing its safety. Metro Micro also morphed into a grocery delivery service, helping vulnerable residents in the crucial concern around food insecurity. A third pandemic innovation was to set a goal of maintaining a 10-minutes-or-less wait time.

As a result, ridership on the service declined only about 30 percent during the height of the pandemic compared to declines of about 70 percent on the fixed-route system. In addition, riders have consistently praised the service by awarding 4.8 of a possible 5 stars during surveys fielded over the first year of operations. And as an indication of driver satisfaction, 80% of first-year Metro Micro drivers will continue into the second year of the demonstration project.

The pandemic highlighted the market for non-commute trips that transit could serve and also amplified the long-term need for more diverse sources of funding, beyond the fare box, traditional public subsidy formulas and emergency federal aid.

The public transit funding formulas will need to be revised once emergency federal funding is expended if Micro Transit is to survive post-recovery. Attracting new riders with more expensive incremental service models is unsustainable without increased federal, state, and/or local operating subsidies or significantly higher fares for the customized service models.

A Metro Micro trip currently costs a flat $1 with Metro subsidizing the trip between $44 and $70 depending on the Micro Zone and allocations of vehicles, staffing and Revenue Service Hours. To put that ratio in perspective, a ride on Access Services, the on-demand paratransit service in LA County, costs a base fare of $2.75 to $3.50 depending on the trip length. with a public subsidy of approximately $51 per ride. By comparison, Metro charges a base fare of $1.75 with numerous fare discount programs on its fixed-route buses and trains, resulting in a subsidy per ride of $3.49.

Although Metro Micro has been a successful response to pandemic mobility challenges, it is much more costly per ride than traditional fixed route service. Metro and other transit agencies throughout the nation will be challenged to integrate the new mobility-on-demand, flexible-routing services into their traditional transit models once fixed route services return to pre-pandemic levels and funding is again needed for the high-demand fixed route services.

Over the long term, the Metro Board will need to decide whether Metro Micro is a premium service with a more-appropriate fare schedule or whether it continues to be an undifferentiated Metro transit option within Metro's heavily-subsidized operations and fare structure.

Portland Considers Electric-Cargo-Bike Delivery Hubs

In an effort to reduce truck traffic and parking congestion in downtown Portland and on the Portland Green Loop, the city is considering a new use for streets that would lead to cleaner and greener deliveries: a network of "micro delivery hubs" in different congested neighborhoods of the city that would allow for some of these last-mile deliveries to be done by trikes and bikes and would include charging stations.

Loop supporters see the downtown and loop hubs as playing a central role for small, electric delivery vehicles, an opportunity to rationalize the bike parking, and a staging areas for future zero emission freight zones.

As Electric Vehicles Take Off, States Test Taxing Options To Evaporating Fuel Tax Revenues

Now that the IIJA has become law, the funding debate has put a funding source problem in stark relief: electric vehicles are expected to take off and gas-powered cars will only get more efficient. The Highway Trust Fund is expected to run out in 2022, according to the Congressional Budget Office. If existing funding structures remain, the fund would have a shortfall of around $195 billion accumulated by 2031.

Some Republicans in Congress have suggested putting new federal taxes on electric vehicle drivers as a way to help make up the difference, including "user fees" such as a vehicle-miles traveled system in which motorists pay for how far they drive. Experts have estimated it would take an electric fee of $150-300 per car per year to replace the evaporating gas tax revenues.

President Joe Biden and many congressional Democrats have resisted the call to increase user fees, arguing they would disproportionately affect low-income people and violate a campaign promise not to raise taxes on people who make less than $400,000. Instead, they've argued for raising the corporate income tax rate from 21% to 28% and other taxes on the ultra-wealthy, which Republicans oppose.

Biden and a bipartisan group of senators struck a deal in the IIJA that avoids both of those potential funding options. Instead, they opted for a nearterm patchwork of solutions, including reductions in unemployment spending, public-private partnerships, and extra COVID-relief money.

Federal highway funding goes to construction and upkeep projects on the country's more than 1 million-mile highway system, which includes around 25% of all public roads in the U.S. And around 90% of that money comes from taxes on fuel, a fixed fee of 18.3 cents per gallon for gasoline and 24.3 cents per gallon for diesel that hasn't been raised since 1993. That means the amount hasn't changed to keep pace with inflation — if it had, those taxes would be around 34 cents per gallon for gasoline and 45 cents per gallon for diesel today. And the fuel tax doesn't come close to paying for all of the federal transportation spending. As a result, an increasing share of the highway improvement costs is being paid for from federal general funds.

There have been multiple attempts to raise the federal gas tax but none has been successful. The U.S. House passed a bill last year that would have created a test program for a VMT tax, but it wasn't approved by the Senate.

As discussions about long-term funding for highways sputter in Washington, states are actively experimenting with ways to move forward. Twenty-eight states have laws requiring an extra registration fee for electric vehicles. The fees range from around $50 annually in Colorado and Hawaii to $225 in Washington state. In Michigan, the electric fee is indexed to the gas tax, meaning if the gas tax goes up, so does the EV tax.

At least 10 states have launched studies to explore the possibility of a vehicle-miles-traveled tax, also known as "road user charges." Under such a system, motorists pay for the miles they drive rather than one annual fixed fee. Miles-traveled taxes can be considered a more accurate user fee because they're based on actual road use rather than a one-time charge,

A 2019 report from Congressional Budget Office estimated a national VMT tax of 5 cents per mile for trucks alone would have raised $12.8 billion in two years, while an annual EV fee of $100 would have raised around $150 million over the same time frame.