



MONTHLY SBCCOG TRANSPORTATION REPORT

COVERING MAY 2023

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FEDERAL

FHWA Awards Technology Grants Including \$ 7.2 Mil. For A SoCal Mobility Wallet Project

The U.S. Department of Transportation's Federal Highway Administration (FHWA) announced more than \$52 million in grants for eight states from the Advanced Transportation Technology and Innovation (ATTAIN) program that funds technology-based solutions that improve safety, reduce travel times or improve the travel experience, with expanded eligibility for projects in communities that have previously lacked investments, including rural areas and areas of persistent poverty.

The program includes \$7.2 million for Caltrans to deploy a Southern California Mobility Wallet project for open-loop payments technology to offer seamless payment to highway and transit services for Los Angeles County residents. The project area includes areas of persistent poverty and disadvantaged communities.

Remote Workers Abandon Public Transit — And Many Agencies Are Facing Fiscal Cliffs

Most of the nation's largest public transit systems are still seeing less than 80 percent of their pre-pandemic ridership as remote workers no longer need to commute to downtown on legacy transit systems.

Despite being rescued with \$55 billion in federal Covid relief money in 2020 and 2021 after watching their farebox revenue evaporate, as pandemic aid dwindles, the nation's biggest transit systems face a roughly \$6.6 billion shortfall through fiscal year 2026, according to a Bloomberg tally of the top eight US transportation agencies based on passenger trips. Rising labor costs and inflation are hitting as farebox revenue stagnates after ridership collapsed. Public transportation executives from Los Angeles to New York are warning of a fiscal cliff that risks raising ticket prices and cutting service.

Federal operating subsidies typically account for about 15 percent of transit budgets. And the federal infrastructure package Congress passed in 2021 committed \$39 billion in new funding for mass transit, but much of it is earmarked for major capital work instead of operations.

Transit chiefs have urged Congress to do another round of relief, a dim prospect in a divided Washington. Some Biden administration officials, including Transportation Secretary Pete Buttigieg, have also warned that it is too early to make major changes despite the struggle to bring riders back. That has put pressure on statehouses, where fights for cash have gotten partisan as well as geographic as rural lawmakers question why their constituents should pay to make life easier in cities that already seem to have it all.

The California Transit Association, a 220-member advocacy group, has requested \$5.15 billion over the next five fiscal years from the state to help support agencies' operating budgets.

Governor Gavin Newsom on May 26th rejected calls to further subsidize public-transit operators, while slashing funding for new rail projects as part of his revised 2023-24 budget proposal. Facing a projected \$32 billion budget deficit, Newsom proposed a \$2.2 billion reduction on transit infrastructure and no new funding for local public-transit providers.

In classic California fashion, the interconnected transit agencies in nine Bay Area counties are planning to put the funding question to voters by way of a ballot measure, said Rebecca Long, director of legislation and public affairs at the Metropolitan Transportation Commission. It would establish a tax increase to cover all or a portion of their financial shortfall — but since it won't get a vote until 2026, the commission is asking the state for funding to keep the agencies afloat until then. In contrast, New York Governor Kathy Hochul gave the Metropolitan Transportation Authority a major bailout with a last-minute deal in April to raise the payroll tax on New York City's largest businesses to bring in about \$1.1 billion for the agency.

Here are the ridership-related financial problems facing the eight biggest transit agencies:

- Los Angeles County Metropolitan Transportation Authority – weekday bus and rail ridership is about 70% of 2019 levels with weekend ridership at 88%. Metro is anticipating a \$400 million deficit in 2025, and \$1 billion shortfall in 2026.
- New York's Metropolitan Transportation Authority estimates that it may take until 2026 for system-wide ridership to reach 80% of 2019 usage.
- Bay Area Rapid Transit District - Ridership has only returned to about 40% of pre-pandemic levels with a deficit of \$340 million in fiscal year 2027-2028
- San Francisco Municipal Transportation Agency, which operates buses and cable cars in the city, has seen its ridership climb to about two-thirds of pandemic-levels and MUNI is anticipating a \$130 million deficit in fiscal 2025.
- Massachusetts Bay Transportation Authority - faces a shortfall of \$139 million in fiscal 2025 and \$475 million in fiscal 2026.
- Washington Metropolitan Area Transit Authority - weekday rail ridership has only reached about 50% of pre-pandemic levels with bus at about 80%. The authority is projecting a budget shortfall of \$738 million in fiscal 2025, a gap that will grow to more than \$900 million by fiscal year 2029.
- Southeastern Pennsylvania Transportation Authority – ridership in the Philadelphia area is back to about 60% of pre-pandemic levels with a \$240 million deficit annually and projected significant fare increases and services reductions starting in FY2025.
- Chicago Transit Authority - ridership is at about 54% of pre-Covid levels with a projecting budget gap of approximately \$400 million annually starting in FY 2026

Metro Board Urges Senator Alex Padilla To Co-Author Freedom To Move Act

L. A. Metro has sent a letter urging U. S. Senator Padilla to cosponsor the Freedom to Move Act introduced on April 24, 2023, by U.S. Senator Ed Markey (D-MA) and Congresswoman Ayanna Pressley (D-MA). The Freedom to Move Act would create a federal grant system to provide for a fare-free public transportation program.

Citing the fact that 70% of transit users in Los Angeles County have incomes below \$35,000, the letter states that providing fareless access to Metro's bus and rail transportation options will

enhance equitable access to transit, eventually increase ridership, provide positive environmental benefits by taking cars off the road, and promote economic vitality in disadvantaged communities throughout Los Angeles County.

However, the request may be rejected since it ignores the precedent that would be set for other operators across the country with far higher farebox recovery ratios if those fares were to be replaced with a nationwide federally-subsidized free fare program. While replacing the 15% of Metro's fare revenue might not be a serious drain on the Federal Transit Administration budget, the most-recently available FY 22 National Transit Database farebox recovery ratio (fares divided by operating expenses) for just eight of largest U.S. transit operators shows the magnitude of subsidy that would be required to replace farebox revenues with a national free fare program: L. A. Metro - 15%; N. Y. Metro - 23%; BART - 72%; MUNI (San Francisco) - 23%; MBTA (Boston) - 45%; WMATA (Washington D. C.) - 33%; SEPTA (Philadelphia) - 35%; and, CTA (Chicago) - 41%.

STATE

Governor Proposes CEQA Reforms To Expedite Mega-Projects

Governor Gavin Newsom on May 11th proposed CEQA legislative reforms and signed an executive order aimed at speeding big infrastructure projects. The package aims to limit the time opponents can challenge projects and programs using the California Environmental Quality Act.

Although the governor's office has yet to release any legislative text, in an executive order, Newsom noted the CEQA package of 11 bills would address the following goals:

- Streamline environmental planning by coordinating among different local, state and federal agencies;
- Limit the amount of time courts have to weigh environmental challenges to nine months;
- Provide more funding to agencies that speed up reviews;
- Cut back on the number of documents that each review requires;
- Carve out more exemptions in the law to allow favored projects to skip certain environmental reviews.

In the executive order, Newsom called out a few mega-project spending areas that would specifically be affected by the legislative changes: "transportation, energy, hydrogen, environmental remediation, broadband, water, the CHIPS and Science Act (for semiconductor development), and zero-emission vehicles."

REGION

LA Metro Approves \$9 Billion Budget for FY24

The L. A. Metro Board of Directors on May 25th approved a \$9 billion FY 23/24 budget, a 2.6% increase over the FY22/23 \$8.7 billion budget. The adopted budget includes:

- \$2.9 billion for transit operations, a 5% increase over FY23, which will allow Metro to operate 8.9 million revenue service hours of transit services in FY24 compared to the current 7.5 million revenue service hours it operates today.
- \$2.1 billion in Regional Allocations and Pass-Through funding distributed to regional transit partners and municipalities to carry out local transportation needs.
- \$2.2 billion in its Transit Infrastructure Development Program for numerous projects now in the planning and construction phases.
- \$1.9 billion for bus investments, a 6.6% increase over the previous year's budget.
- \$200 million for an expanded vehicle cleaning program, a 13% increase from FY23. Metro will create 10 roving cleaning teams on the system and plans to hire 24 full-time and 50 part-time custodians to specifically clean the Metro B and D Lines (Red/Purple). The agency is also increasing the frequency of cleaning, expanding "in-line" and mid-day bus interior cleaning, end-of-line cleanings on rail lines and station hotspots, and expanding cleaning activities at Metro's most traveled stations and terminals.
- \$290.5 million to improve safety for customers, a 3.7% increase from FY23, to implement a multi-layered public safety approach that includes a combination of Metro Ambassadors, Transit Security Officers, contract security, law enforcement and homeless and mental health outreach teams on its system. Metro is also investing in enhanced security cameras, fare gates, lighting, and other security infrastructure to make its system as safe as possible for customers.
- \$24 million for increased social services to help address the county's homelessness, drug addiction and mental health crises in partnership with People Assisting the Homeless (PATH) and Los Angeles County Department of Health Services (DHS). Metro also will invest in short-term shelters, workforce partnerships, and other strategies to help address these issues on its transit system.

New South Bay Bike Path Connects More Residents To Beach Cities

South Bay residents will soon have a new bike path to travel between Torrance and the Beach Cities that will be built in Redondo Beach. Work for the path is expected to start in early July and should open in Fall 2023. Torrance officials opted not to move forward with their city's portion of the project at this time, according to Beach Cities Health District.

The Diamond Street & Flagler Lane Bike and Pedestrian Path Project will add a bike path, pedestrian infrastructure, and improved lighting to safely connect South and North Redondo Beach to the intersection of Beryl Street and Flagler Lane in Torrance. The Beach Cities Health District secured \$1.83 million in funding from L. A. Metro to develop the Redondo Beach segment of the project adjacent to its Prospect Avenue Campus.

Metro Extends GoPass Youth Pilot Fare Program

The L. A. Metro Board of Directors on May 25th approved \$20 million to extend Metro's GoPass pilot program through June 30, 2024. The program, which provides free transit passes for K-14 students at participating schools in the form of a GoPass TAP card, is available in over 100 school districts and 1,400 schools.

Since its launch in October 2021, the GoPass program has provided over 18 million free rides and more than 241,000 students have registered as participants, representing nearly 20% of LA county's students. Approximately 80% of the students in the program are from low-income households.

According to Metro, families of K-12 students who participate in the GoPass program typically see a yearly savings of \$288 per student, while community college students save \$516 per year. A study that Metro participated in also showed that students who receive a free transit pass have up to 27% higher graduation rates.

FEDERAL, STATE & LOCAL TRENDS / INNOVATION

New Mobility Apps Could Drop U. S. Car Sales 30% By 2035

By 2035, mobility could be transformed by autonomous vehicles, the growth of micro mobility, apps that connect people to multiple transportation modes, shared mobility and government regulation, according to an April 2023 report by consultancy McKinsey & Co.

Private car sales in the U.S. could decline as much as 30% by 2035 compared with 2015 levels, as governments discourage private-vehicle use and consumers adopt new mobility options, the report says. In car-reliant metro areas like Los Angeles, private-vehicle use was 89% of the mobility market in 2022 but could fall to 51% by 2035, the report says. In rural areas, private-vehicle use will still dominate the mobility market, with McKinsey predicting their mobility share will decline slightly from 82% in 2022 to 80% in 2035.

The transition away from private vehicles may also result in land use benefits, since "... private-car congestion does more than frustrate people. It also encourages developers to build garages and public officials to install more parking spaces, gobbling up scarce, valuable urban land that could otherwise be devoted to parks or other amenities," the report says.