South Bay Cities Council of Governments

April 1, 2014

TO: **Jacki Bacharach, SBCCOG Executive Director**

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

RE: **SBCCOG Transportation Update –March 1-31, 2014**

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.

Obama Increases Federal Transportation Budget Request for FY 15
Federal highways, bridges and transit would get billions in expanded funding under the budget proposal announced March 4th by the Obama administration. The administration has proposed $47.3 billion for federally funded highways in 2015, an increase of 18.5 percent over the $40 billion that Congress agreed to spend in 2014. The US DOT estimated it will take more than $65 billion per year to maintain federal roads and bridges at current standards. Under the proposal, the Federal Railroad Administration budget would double even with a $1.5 billion cut to Amtrak. The Federal Motor Carrier Administration would grow 14.3 percent to improve safety of the nation's trucks and truckers. New funding that would be added to existing fuel taxes and other transportation user fees would come from "business tax reforms" according to the DOT.

Highway Trust Fund Reauthorization Options "Sprouting" in Spring Policy Discussions
The Congressional Budget Office has projected that the Department of Transportation's Highway Trust Fund (HTF) will run out of money as early as July or August. The trust fund's coffers traditionally have been filled by the 18.4 cents per gallon federal gas tax, but infrastructure expenses have outpaced receipts in recent years by as much as $20 billion annually. And to bring a bit of intimacy and urgency to the posturing, a recent Federal Highway Administration report listed 2,000 bridges in California as substandard and with no money for repairs. Of those, 1,200 are located in Los Angeles County.

Because the General Fund has been bailing out the HTF since 2008, Congressional leaders are quietly considering long-term use of what has become the default year-to-year solution for replenishing the HTF - to dip into the general treasury. Although user fees have historically funded the HTF, according to the ENO Foundation, federal general funds currently make up some 27% of HTF spending. Recent proposals from the Administration and House Ways & Means Committee support transferring $125 billion of General Funds generated from "corporate tax reforms" as part of the ongoing funding for the next multi-year Surface Transportation Re-authorization bill. Their theory is that, rather than a user-funded Trust Fund, the general fund subsidy of the HTF would bring U.S. transportation policy into line with that of many other countries where segregated highway trust funds are relatively rare. Others are opposed to upending the current reliance of funding the HTF with user fees that has been the program's policy cornerstone since the 1930s.

Leaders from big labor, big business, American Association of State Highway and Transportation Officials (AASHTO), and AMTRAK have testified in various legislative forums to the importance of keeping the Highway Trust Fund (HTF) solvent and have offered "helpful" advice. The U. S. Chamber of Commerce, American Automobile Association, the American Trucking Association, and AFL-CIO advocate increasing the federal gas tax by 15 cents per gallon. AASHTO has suggested three options: 1. Additional General Fund transfers to the HTF; 2. Adjusting existing revenue mechanisms or approving new sources of revenue; or 3. Eliminating new federal highway and transit obligations in FY 2015. The International Bridge, Tunnel and Turnpike Association advocates for more tolling among state and local governments because, "it ensures that highway users bear the burden of paying for transportation projects." But the Alliance for Toll-Free Interstates disagrees claiming many businesses and communities along the interstate routes would be adversely affected. AMTRAK supports a balanced HTF but would also be happy if AMTRAK's $1 billion year subsidy were provided from sources other than the HTF (as it usually is). The American Public Transit Association (APTA) chimed in at its annual legislative conference on March 11th with a request that Congress adopt a six-year HTF Reauthorization which would grow the current $10.7 billion annual transit program to $22.2 billion dedicated to transit by 2020. Thirty-one state chambers of commerce have signed a letter urging Congress to pass a five-year surface transportation reauthorization bill that incorporates flexibility for states to invest in transportation infrastructure as they deem necessary; and freedom for states to choose their own funding options.

In a different approach, the Southern California Association of Governments (SCAG) is advocating that the federal gasoline tax be replaced with a vehicle miles travelled (VMT) tax by 2025. In the meantime, SCAG wants to see Southern California become a test site for a pilot VMT program. But Denny Zane of MoveLA, is a critic of VMT. He supports switching to a federal sales tax, which is levied on the price of the fuel purchased. Zane reasons that if gasoline prices continue to rise, so will the trust fund and enough revenue will be available for roads, bridges, trains, buses and bike lanes.

With the HTF expiring on September 30th and the political saber rattling ramping up for the November 2016 General Elections, a long-term federal transportation funding strategy is likely to face a couple of long, hot-winded summers and the, perhaps inevitable, endless string of continuing resolutions.

U. S. Supreme Court Undermines Rails to Trails Program

The U. S. Supreme Court on March 10th dealt a blow to rails-to-trails programs throughout the nation. In an 8-1 decision, the court ruled that lands granted to railroad companies by the federal government do not necessarily revert to government lands when they are abandoned. When the railroads abandon service, the adjacent property owners or former homesteading property owners have historically attempted to claim or re-claim their private property rights in the railroad properties. The decision could set up a new deluge of cases in which adjoining private property owners would claim the lands that were formerly granted to railroads were provided exclusively for railroad service.

Sacramento Update

Spending Priorities Debated for California's AB 32 Cap-and-Trade Revenue
A series of hearings in Sacramento during February and March focused on uses of revenues generated by California's Global Warming Solutions Act, Assembly Bill (A.B.) 32, which calls for a statewide reduction in greenhouse gas emissions (GHGs) to 1990 levels by 2020. Under discussion is Governor Jerry Brown's proposed spending plan for the revenue received so far from the state's cap-and-trade program, implemented as part of A.B. 32. The auction of cap-and-trade credits is producing money for the state, which, under A.B. 32, must be spent on helping further reduce GHG emissions.

Governor Brown's January 10th proposed state budget for 2014-2015 included his cap and trade recommendation for spending $850 million in expected revenue from the auctions. Of that, Brown proposes to spend $600 million for transportation-related projects and programs, with nearly half ($250 million) for high speed rail and expansion and modernization of Caltrans' intercity rail system ($50 million). The governor would also spend $200 million of the $600 million transportation budget over the next two years to encourage the use of zero-emission vehicles, including trucks, buses, and cars and $100 million for Strategic Growth Council for Sustainable Communities programs. (The SBCCOG submitted a Sustainable Communities grant application on February 28th.)

Average gas price in California hits nearly $4 a gallon; L. A. Higher and Rising Steadily
For the first time in months, most Californians are shelling out more than $4 for a gallon of regular gasoline. And with the busy summer driving season ahead, prices are likely to move even higher, fuel analysts said. A gallon of regular gasoline Thursday cost an average of $3.99 in the State, the highest since September 2013, according to the American Automobile Association's February 27th Daily Fuel Gauge report. In Los Angeles, gas stations are charging an average of $4.06 a gallon. Gas prices could remain at $4 a gallon or higher through much of the summer, when demand rises as people hit the road for vacations.

So far this year, gas stations are charging a little less compared with the same time in 2013. The U.S. average Thursday was $3.54 a gallon, about 11 cents less than a year earlier. Californians are paying 6 cents less per gallon of regular gas.

Advances in technologies such as hydraulic fracturing and horizontal drilling have unlocked previously inaccessible stores of oil. By 2015, the U.S. is forecast to surpass Saudi Arabia and Russia as the world's top oil producer and move closer to energy independence over the next 20 years. The booming domestic oil production and more fuel-efficient cars also may help keep gas prices relatively stable in the U.S.

California May Cut Gasoline Demand 9% by 2020
Demand for gasoline may drop by at least 9% through 2020 as consumers switch to greener cars and state and federal policies boost efficiency. If vehicle standards are strictly enforced, the decline could be as much as 13 percent, according to BNEF, a London-based research group. Fuel demand in California has already dropped by more than 3 billion gallons a year since 2002.

Southern California Update

Metro's Proposed New Fare Structure Gets Spirited Hearing
A public hearing on the fare proposals on March 29th, at Metro headquarters in downtown Los Angeles lasted more than four hours, attracted more than 165 speakers, and was briefly interrupted by a demonstration that resulted in the expulsion of two audience members.

The Metro Board had initially approved release of a fare restructuring proposal on January 23rd for its required public review process. The proposal would raise fares in three phases over the next eight years while also allowing riders to board an unlimited number of buses and trains for 90 minutes in any direction for a single fare rather than paying for each transfer. The ability to transfer for free within 90 minutes would only be available to those with TAP cards since TAP cards track how long people are riding the system. Staff defended the proposal as necessary to bring Metro's fare-box-recovery rate up from its current 26% to the 33% level assumed in the agency's Long Range Transportation Plan. They noted that Metro's fares are the lowest of any major urban area in the country.

The Metro proposal includes two options for restructuring fares. The first option would raise the base fare from the current $1.50 to $1.75 for the next four years and eventually to $2.25.There was no support expressed by the public speakers at the hearing for a second option that would keep the base fare at $1.50 during off-peak hours and raise it to $2.25 during peak hours for the next four years and eventually to $2 in off-peak hours and $3.25 in peak hours.

Under the proposal, the cost of daily, weekly and monthly passes would rise because pass holders tend to be the heaviest users of the system. Another significant change would be the eventual elimination of the current monthly pass in favor of the EZ pass that would allow for unlimited travel on Metro and other bus systems in Los Angeles County.

No fare changes can take effect until the Metro Board votes to approve them, which is scheduled for consideration on May 22nd. If approved, the new fares would take effect as soon as September 1st.

ExpressLanes Complete Year-Long Demonstration Period: Metro Board Faces Decisions
The federal year-long demonstration period for ExpressLanes on the I-110 and I-10 freeways concluded in mid-March and the Metro Board will consider at its April 24th meeting whether to make the ExpressLanes permanent or to revert the lanes to high occupancy lanes. In addition, the Board may decide whether to continue to waive the monthly transponder fee or to reinstate the charge to infrequent users for the transponder.

As part of the review process, a public hearing was held in Torrance on March 27th. Metro staff reported that public acceptance of the ExpressLanes has exceeded expectations; producing faster rush-hour commutes for toll-lane users while generating more revenue than anticipated. Almost 245,000 transponders needed to access the lanes have been issued, far exceeding the goal of 100,000. Eight South Bay cities are ranked among the top 15 in the county by the number of FasTrak accounts issued to motorists. Torrance residents have the second highest number of FasTrak accounts in the county by city — 8,686 — while Redondo Beach is ranked fourth with 5,186 and Manhattan Beach 4,806.

Transit ridership on the Silver Line express buses has more than doubled because the federal demonstration project grant funded enough extra buses to allow passengers to be picked up every 10 minutes rather than every 30 minutes as they previously were. Travel-time savings for toll payers has averaged 30 minutes during rush hours, with average speeds exceeding 45 mph 90 percent of the time, considered the optimal speed for reducing pollution. Staff estimated that the first-year revenues will exceed costs by up to $19 million, which will be re-invested in improving transportation adjacent to the two ExpressLane corridors.

Most of the dozen speakers of the 30 people that attended the meeting were opposed to continuing the ExpressLanes. The speakers criticized the toll lanes on philosophical grounds as "double taxation" at odds with the concept of "free"-ways. Some also claimed the ExpressLanes disenfranchise those that cannot afford the tolls and cannot ride share. Others noted the peak hour travel time on the mixed flow lanes was significantly longer than before the ExpressLanes were introduced.

Transportation Advocates Discuss Proposal For 2016 Half-Cent Sales Tax Measure

Metro is considering a measure for the 2016 ballot that would increase the Los Angeles County sales tax by another ½ cent for 45 years. . Hoping to garner voter and political support across Los Angeles County, transportation advocates were gathered by Move L. A., a transit advocacy group, in downtown on March 28th to discuss the design of the ballot measure. The new measure could raise $90 billion for various transportation projects and operations / maintenance shortfalls

The tax increase would need a super-majority of 67% to pass. Metro's preliminary polling says that 58% of residents would support the tax increase for transportation if it were on the ballot today. Because a proposed extension of the county transit sales tax fell 0.6% shy of garnering the required two-thirds supermajority of votes on the ballot in 2010, advocates are exploring what would be required to attract the suburban voters throughout the county that did not support Measure J as strongly as urban core voters did in 2010.

LA City Sales-tax Hike Proposed To Fix Streets, Infrastructure

L.A. City Administrative Officer Miguel Santana in mid-March recommended that the City Council place a half-cent sales-tax increase on the November 2014 ballot to fix the city's worst streets. The top budget advisor to the Los Angeles City Council said a tax increase is the only way thousands of miles of severely damaged roads and sidewalks will get repaired. A half-cent increase in the Los Angeles City sales tax would generate $4.5 billion over 15 years.

Neither Mayor Garcetti nor any of the 15 City Council members have taken a position on the proposal. Concern has been raised around the county that the measure might negatively impact voter support for a proposed LA County-wide sales tax measure on the 2016 ballot since either tax would require a 2/3rd majority vote. In a recent Eyewitness News poll conducted by SurveyUSA, people were asked if they would support the tax: 55 percent said no, 40 percent said yes.

Seattle Becomes The First City In Nation To Cap Uber, Sidecar And Lyft Vehicles

The Seattle City Council voted on March 17th to become the first city in the nation to place limits on the number of drivers that alternative transportation companies like Uber and Lyft can have operating at any one time. The new law also would limit three companies — UberX, Lyft and Sidecar — to 150 drivers each on the road at any given time, for a collective total of 450 drivers, a significant decrease from the 2,000 drivers the three companies estimate they have operating in the city right now. Seattle's new legislation also will require Uber, Lyft and Sidecar drivers to get commercial insurance that meets Washington State requirements.

Around the nation, the Washington, D.C. City Council in 2012 codified the companies' rights to operate. Miami, Houston, Portland, Ore., Austin, Tex., and New Orleans have refused to allow companies like Uber and Lyft to operate. Minneapolis, St. Paul, Milwaukee and Detroit have required the companies operate like taxi cabs.

Uber has also faced challenges in cities overseas trying to regulate their business. The company, and several similar French services, are challenging a new regulation that requires car services to wait at least 15 minutes between taking a reservation and picking up a customer, more than twice the average amount of time it takes for Uber to collect a customer in Paris.

Metro Experiments With Capturing Wind Energy from Passing Trains in Subway Tunnels

A March 31st report summarized an intriguing experiment conducted in the Red Line subway tunnel from August through September 2013. Metro installed a unique 10-foot multi-blade mass airflow collection equipment (MACE) in the Red Line tunnel between the North Hollywood and Universal City stations, a segment of the tunnel that sees trains reaching speeds of up to 70 mph. Each time a train left the station, the MACE fan blades would start spinning, thus capturing energy for up to a minute before and up to two minutes after the train passed by.

The amount of electricity produced by these train initiated events was nearly double the amount that had originally been anticipated; the MACE generated an average of 77.7 kilowatt hours (kWh) per day. It is projected that the 10-foot MACE section could generate more than 28,000 kWh per year – enough to power about 12 homes in California for one year, or turn out approximately $6,000 per year in electrical production. In addition, a single 10-foot MACE unit could potentially help Metro avoid using electricity that would have generated more than 17 tons of CO_2 emissions annually if created from natural gas, or more than 30 tons of CO_2 emissions annually if created by a coal-powered plant.

Due to the regularity of the speed and schedule of Metro trains, the power generated is far more reliable than above-ground wind and solar power, and the electrical power generated can be used in various ways. It can be stored within the subway electrical system for use to avoid power spikes in usage during flex alerts or high demand periods. In AC format, the power could also be stored and used to provide power for electric vehicle charging stations, station and tunnel lights, escalators and more. And because the project is entirely underground, no CEQA environmental clearance process was required.

Since the end of the pilot program, Metro staff has been analyzing the data captured. Over the next year, Metro staff will follow up with a report evaluating the best use of MACE generated power and the feasibility of installing MACE into existing and new rail line tunnels