South Bay Cities Council of Governments

October 22, 2020

TO: SBCCOG Board of Directors

FROM: Steve Lantz, SBCCOG Transportation Director

RE: SBCCOG Transportation Update Covering September 2020

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

Congressional Continuing Resolution Extends Funding Through 12/11 & Extends FAST Act
Congress passed a continuing resolution (CR) with bipartisan support on September 30th sending the measure to President Donald Trump, who had just hours to sign the bill before the midnight close of the federal fiscal year. The CR that would fund federal government programs from the beginning of fiscal year 2021 on October 1st until December 11th by stretching about $1.4 trillion in current government funding levels.

According to the American Association of State Highway and Transportation Officials (AASHTO), a FAST Act extension included within the CR provides:

- Obligation limitation through December 11, estimated to be $9.1 billion for the Federal-aid Highway Program.
- An extension of FAST Act funding and provisions from FY 2020 to all of FY 2021, including contract authority formula apportionments to states.
- A $10.4 billion general fund transfer to the HTF's Highway Account and a $3.2 billion transfer to the Mass Transit Account.
- A $14 billion general fund transfer to the Airport and Airway Trust Fund, making up for the aviation excise tax holiday included in the $2 trillion CARES Act passed in March.
- Suspension of the Rostenkowski fiscal solvency test for the Mass Transit Account for FY 2021. Without suspending that "test" – crafted by the late Rep. Dan Rostenkowski (D), who served as chairman of the House Ways and Means Committee in the 1980s – significant reductions in transit obligation funds would occur in FY 2021. The test requires the Secretaries of the Treasury and Transportation to monitor the amount of unfunded authorizations at the end of the next fiscal year, in this case FY2021, against estimated receipts of the following four fiscal years (FY2022 through FY2025). If these estimated receipts are less than the unfunded authorizations in either account, the Secretary of Transportation must reduce apportionments associated with the relevant account by the unfunded amount. The same percentage reduction is applied equally across all the programs affected. In the case of the mass transit account, the largest affected programs are the Urbanized Area Formula Program, State of Good Repair

Grants, Bus and Bus Facilities Formula Grants, Formula Grants for Rural Areas, and the Enhanced Mobility of Seniors and Individuals with Disabilities Program

- An increase to the "multimodal cap" within the U.S. Department of Transportation's Infrastructure for Rebuilding America or INFRA discretionary grant program from $500 million to $600 million.
- An extension of 2017 and 2018 Better Utilizing Investments to Leverage Development or BUILD grant program obligation deadlines through September 30, 2021.
- A federal statute guarantees that "each State receives an aggregate apportionment equal to at least 95 percent of the estimated tax payments attributable to highway users in the State" deposited in the Highway Account in the most recent year. To reach the base, two state's allocations had to be increased to their 95% minimum return of payments. Texas got an additional $447.4 million and Colorado got an additional $118,224. To offset their additional allocations the rest of the states took a haircut of 0.625%. Even with the cut, California received $4,018 billion, 9.26% of the national funding.

According to analysis performed by the American Public Transportation Association (APTA), the surface transportation extension in the bill authorizes at least $12.6 billion for public transit investment and includes other transit priorities:

- Authorizes public transit funding for FY 2021 at amounts equal to the FY 2020 authorization as provided by the FAST Act (P.L. 114-94) and distributes the funds in the same manner as the prior year;
- Prevents a $6 billion (or 60 percent) across-the-board cut of FY 2021 transit formula funds to each public transit agency by prohibiting application of the Rostenkowski Test;
- Deposits $3.2 billion in the Mass Transit Account (MTA) of the Highway Trust Fund to ensure that the MTA will not run out of funds and FTA will be able to process grants in the upcoming fiscal year; and
- Extends the authorization for transit-oriented development (TOD) projects for Railroad Rehabilitation and Improvement Financing (RRIF) loans and loan guarantees to Sept. 30, 2021.

After the election that will decide who controls Congress and the White House, both House and Senate leaders want to negotiate a massive spending deal by mid-December that would boost federal agency budgets for the remainder of fiscal 2021, which begins on October 1st.; however, securing bipartisan, bicameral agreement on a slate of appropriations bills in a lame-duck session of Congress after the November election would be an enormous lift for lawmakers, possibly coinciding with a presidential transition and an exodus of lawmakers eager to leave town after losing reelection.

House Republicans Unveil NEPA Reform Bill

Legislation aimed at updating the50-year-old federal environmental review process related to infrastructure projects was introduced on September 22nd by House Republicans.

The Building U.S. Infrastructure through Limited Delays and Efficient Reviews, or BUILDER, Act seeks to reduce the costs of big-ticket projects by promoting coordination between stakeholders and federal agencies, eliminating redundant provisions, requiring the use of reliable data sources, and clarifying National Environmental Policy Act requirements.

Besides proposing to streamline environmental permitting guidance, the plan calls for expanding high-speed internet and rebuilding surface transportation.

Survey: U. S. Mayors To Prioritize Infrastructure, Tech Investments In COVID Recovery

While nearly all mayors expect drops in their operating budgets in the next 12-18 months due to COVID-19, most mayors also believe investing in infrastructure and technology can spur an economic recovery, according to a survey from the U.S. Conference of Mayors (USCM) and Siemens USA.

Of the 124 mayors surveyed, 69% said infrastructure is their top investment priority to create jobs and economic growth amid recovery, while 63% said they will prioritize the expansion of virtual and online city services. Meanwhile, 67% of mayors said now is the right time to invest in transit-related projects that will help with longer-term needs.

As they ready their cities for the return of in-office workers, 97% of mayors said there will need to be investments in technology to reimagine and adapt how commercial buildings are used. Ninety-four percent of mayors also called on the federal government to provide emergency fiscal assistance to cities to mitigate budget shortfalls. With municipal budgets likely to be tight in the coming years, those involved in the survey said they expect public-private partnerships (P3s) and similar cooperation to take on even more importance.

State

Governor Newsom Signs CEQA Streamlining Bill (SB 288); Vetoes Legal Relief Bill (SB 757)
Governor Gavin Newsom signed a CEQA streamlining bill (SB 288) on September 29th. The new law, which includes provisions to expand statutory exemptions in the California Environmental Quality Act (CEQA) for key active transportation, bus rapid transit and other capital projects, will become law on January 1st, 2021. The bill will help expedite projects involving bike lanes, pedestrian routes, bus rapid transit, bridge repairs and the installation of vehicle charging infrastructure by removing the ability to file requests for review under CEQA.
The Governor also vetoed Senate Bill 757, an L. A. Metro-sponsored measure which would have granted the AB 900 (2011) shortened CEQA litigation period to key environmental leadership transit projects. SB 757 contained a provision that tied its implementation to the passage of Senate Bill 995, a bill that would have extended the sunset provision for the AB 900 process. Because SB 995 did not meet the legislative deadline for passage, even if SB 757 had been signed, it would not have taken effect.

LAO Releases Report On State Transportation Revenue Impacts
The California Legislative Analyst's Office (LAO) has released a report detailing how the COVID-19 pandemic is currently affecting state transportation revenues, and how estimated declines in transportation revenues will affect state transportation programs. LAO finds that transportation revenues are impacted through the reduction in vehicle miles traveled (VMT), reduced fuel consumption and reduced revenue from fuel taxes. Total VMT in April 2020 was 41% lower than April of last year. While VMT began to increase following April, VMT in June was still down 14% compared to last June. This reduction in VMT is contributing to a reduction in revenues of $619 Million in 2019-2020, or 5%, mostly due to lower revenues from gasoline excise taxes.

As for impacts to specific SB 1 programs, allocations for the State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP) remain stable. However, the State Transit Assistance (STA) program, which provides funding to support transit agencies through a number of programs like the Low-Carbon Transit Operations Program (LCTOP), faces a potential 40% reduction in funding in 2020-2021. The LAO emphasized that due to the shifting nature of the pandemic, these estimates are subject to change as the state moves into economic recovery.

Governor Newsom’s Long-Range Goal: Phase Out New Gas-Powered Cars, Truck & Buses
An executive order signed on September 23rd by Governor. Gavin Newsom aims to ban the sale of new gasoline-powered cars and light trucks in the state by 2035. Heavy-duty trucks and buses would have to meet the 100% zero-emission standard by 2045.

The order gives responsibility for developing the necessary regulations to the state Air Resources Board. The order takes aim at auto emissions because they’re still the largest single source of air pollution in the state, accounting for nearly 50% of greenhouse gases such as carbon dioxide. Moreover, vehicular emissions have been rising in recent years. The first-in-the-nation policy is far more stringent than anything the state has implemented before. But given that a dozen states accounting for 40% of the American market already conform to California’s auto rules, the policy could spread quickly.

Newsom’s order doesn’t impose a hard stop on sales of gas-powered vehicles, but sets a goal that “100% of in-state sales of new passenger cars and trucks will be zero-emission by 2035.” At that point, existing vehicles could still be driven in the state and bought and sold in the used car market. Electric vehicles comprise only about 2% of the 17 million cars and light trucks sold in the U.S. last year.

In California, which accounts for about half of all domestic EV sales, the share is still less than 10%. Opponents point out that achieving the governor’s goal will require increasing consumer demand for zero-emission vehicles which will require increased infrastructure, incentives, fleet requirements, building codes, and more, including the State’s ongoing emissions regulatory battle with the Trump administration over a requested waiver from the federal Clean Air Act to allow more stringent state standards.

<u>Region</u>

New Gerald Desmond Bridge To Open October 5th
After six years of construction, the $1.5-billion replacement for the aging Gerald Desmond Bridge is scheduled to open to the public on October 5th. Spanning nearly two miles between Terminal Island, Long Beach and the I 110 freeway, the structure will accommodate six lanes of automobile traffic as well as a bicycle and pedestrian path. With a pair of 515-foot-tall concrete towers anchoring 80 steel cables, the new Gerald Desmond ranks among the tallest bridges of its type in the United States. The increased height permits 205 feet of clearance above the water, allowing the Port of Long Beach to accommodate larger cargo ships.

LA Metro's $400B Long-Range Plan Aspires to Provide More Transit, Less Congestion
The L. A. Metro Board of Directors approved an aspirational, long-term transportation plan on September 24th that envisions better transit, less congestion, safer streets and more equitable access to opportunity. Metro envisions the $400 billion, 30-year plan would create a "more mobile, sustainable and vibrant future for Los Angeles County."

<u>The financially-unconstrained plan</u> calls for more than 100 miles of new rail in the next three decades, continued investment in arterial and freeway projects to reduce traffic congestion, as well as bicycle and pedestrian projects to improve biking access throughout the county.

The plan also calls for prioritization of bus travel on the county's busiest streets and implementation of its NextGen Bus Plan to make service faster, more reliable, and more frequent. The agency seeks to invest in technology, telecommuting, bus electrification, and to promote services like micro-mobility, which it expects will improve sustainability and resiliency in a bid to curb emissions.

If all the goals are achieved, 21% of county residents and 36% of jobs would be within a 10-minute walk of high-quality rail or bus rapid transit options, a dramatic increase from the 8% of residents and 16% of jobs being within that same distance today. The long-range plan also estimates an 81% increase in daily transit trips, a 31% decrease in traffic delays and a 19% decrease in overall greenhouse gas emissions in the county.

Understanding that the Long-Range Transportation Plan is a strategic guidebook for future priorities, the Board also approved creation of a financially-constrained 10-Year Transportation Plan over the next year.

L.A. Metro Adopts $6 Billion FY 20-21 Budget; Continues COVID 19 Service Reductions
Metro's directors voted 12 to 1 on September 24th to approve a $6-billion budget for the 2021 fiscal year, a $1.2-billion reduction from 2020. The plan extends previously cuts to bus and rail service made in response to dramatic reductions in ridership during the stay at home orders related to the COVID 19 pandemic, and rescinds accelerated completion schedules for dozens of other Metro initiatives, including new rail lines and behind-the-scenes planning work. Metro's new budget calls for about 5.6 million hours of bus service and 1 million hours of rail service through June 2021. Ridership is still at roughly half of pre-pandemic levels.

The Board also authorized the Metro CEO to add service in response to overcrowding within the adopted budget and approved a plan that requires the agency to report back every two months with a plan to gradually restore lost service hours "as appropriate."

Metro has estimated that fare revenue in 2021 will plunge nearly 79%, from $284.5 million in 2020 to $60 million this year. That's due to very low ridership during the pandemic, and a policy that allows riders to board at the back door, circumventing the fare box, to protect drivers from COVID-19 exposure. However, the budget provides a 4.5% salary increase for employees covered by collective bargaining labor agreements and only cuts overtime by 40%, but it does not call for layoffs or fare increases.

TAP Card Application Now Available To L.A. Metro Riders Via iPhone And Apple Watch
The regional Transit Access Pass (TAP) card is now available on iPhone and Apple Watch for Los Angeles County Metropolitan Transportation Authority (L.A. Metro) passengers. This new contactless way to pay transit fare allows L.A. Metro and 25 TAP transit agencies in L.A. County to offer easy, contactless bus and rail fare payment to riders that choose to use their iPhone or Apple Watch rather than a tradition Metro TAP Card.

With the TAP application installed on their iPhone or Apple Watch, riders can load a Metro pass or cash onto their device, then hold their device near the TAP pad upon boarding a bus or through a fare gate and fare medium is validated or a fare is deducted immediately from a cash purse in the device. There's no need to use Face ID, Touch ID or wake the device.

Riders can either add the TAP application directly through Apple Wallet and load Stored Value or download the TAP mobile app for account management, regional trip planning and access to all passes, including L.A. Metro Bike Share. The TAP app also supports Reduced Fare, Low Income Fare is Easy (LIFE) and cash paying customers. And, riders can transfer an existing physical TAP card to their iPhone or Apple Watch via the TAP app. The app is compatible with iPhone 8 and later and Apple Watch Series 3 and later. An Android version of the app is expected to launch later this year.

L.A. Metro Receives FTA Grant To Develop A Pilot Travel Rewards Program
L.A. Metro is partnering with the Harvard School of Business, the Duke Center for Advanced Hindsight and private sector technology and mobility partners to identify and test the most effective incentives to persuade travelers to skip driving alone and instead choose transit, ridesharing, walking, bicycling or telecommuting.

The Los Angeles County Metropolitan Transportation Authority (L.A. Metro) has received a $700,000 grant from the Federal Transit Administration (FTA) to develop a $1.3-million Travel Rewards Research Pilot Project. The approximately $1.3-million budget includes $412,000 of in-kind development from private technology partners. The FTA grant was awarded as part of its Accelerating Innovative Mobility program, which is designed to drive innovation by promoting forward-thinking approaches to improve transit financing, system design and service.

The percentage of people in L.A. County who telecommute to work is about the same as those who take transit (5.6 percent telecommuting vs. 5 percent transit per the 2018 Journey to Work Census) and based on experiences during the pandemic it may be an efficient and welcomed way to keep more commuters out of traffic during peak times. The task force expects to release draft recommendations and seek further input from the public this fall.

TRENDS

NACTO Predicts Micro-mobility Is Here To Stay
NACTO is releasing its 2019 Shared Micro-mobility Report, which shows scooter ridership continuing its growth trajectory, and large bikeshare systems expanding usage at a healthy clip. American cities played host to 136 million shared micro-mobility trips in 2019, including station-based bikeshare, dockless bikeshare and shared e-scooters. To put those numbers in perspective: Two thirds of all shared micro-mobility trips since 2010 have been made in the last two years. 2019's shared micro-mobility ridership alone would be the equivalent of the fifth-busiest subway or light rail system in the country.

However, 2020 ridership is expected to take a major hit in 2020 due to the pandemic stay-at-home orders. Most of the micro-mobility growth has come from e-scooters. Scooter ridership increased from 38.5 million in 2018 to 88.5 million in 2019, a growth rate of more than 100%, while station-based bikeshare ridership increased 10%, from 36.5 million to 40 million. The six largest scooter markets, Atlanta, Austin, Dallas, Los Angeles, San Diego and Washington, D.C., accounted for a bit more than a third of all scooter ridership.

During a micro-mobility business reckoning at the end of 2019, Lime and Lyft (which also owns most of the country's largest bikeshare systems) pulled their scooters out of several cities in order to focus on their most popular markets. Around the same time, Uber handed off its JUMP dockless electric bikes business to Lime.

The NACTO report sheds more light on how different kinds of sites favor various forms of shared micro-mobility. Shared bikes and scooters also tend to be used for different trip types. Scooter rides in 2019 averaged only one mile, were often concentrated in entertainment districts, and tended to be more common in the afternoons, evenings and weekends. Station-based bikeshare members' trips averaged 1.5 miles and were highly concentrated during commuting hours. Of course, the 2019 figures are just a snapshot of the Before Times. Patterns of work and leisure have since been upended by the pandemic, and 2020 is shaping up to offer a very different picture.

According to the report's brief speculation about this year, trip length and type are some of the biggest changes shared micro-mobility has seen since the coronavirus arrived. Since June, ridership has bounced back to close to normal, as more people hop on bikes for neighborhood errands, exercise, or to avoid public transit. For both bikes and scooters, rides have grown longer during the pandemic, and have shifted from downtowns to more residential neighborhoods.8
The July issue of the Federal Highway Administration's Traffic Volume Trends says that total vehicle miles-traveled (VMT) on U.S. roadways in July 2020 was only down 11.2% from the July 2019 level. Although the metric lags by two months, a two-week lagging estimate of gasoline production provides a rough indicator of producers' expectations for recovery.

Gas production plummeted in the second half of March, bottoming out at 42.5 percent below 2019 levels the week ending April 3. It crept back up steadily, hitting the -30 percent mark the week ending May 15, and the -20 percent mark the week ending June 5. Since then, however, gasoline production has stabilized in a narrow band that averages 10.6 percent below 2019 production levels, since the week ending June 19:

If gasoline production as a preceding indicator of VMT holds up, then aggregate VMT may also stabilize in the 10-12 percent below 2019 level for several more months in the Western and north Central regions of the country.

Bay Area Planning Agency Advances 60% Work-From-Home Mandate
In the face of protests from San Francisco officials and advocates of public transit, the Metropolitan Transportation Commission (MTC) on September 23rd moved forward with its Regional Transportation Plan (Plan Bay Area Blueprint for 2050) that includes a mandate on large employers to keep 60% of their employees home each workday.

The MTC also voted to study potential alternatives that would give workers incentives to walk, bike or take public transit to work rather than driving, after criticism that the measure would punish urban workers, particularly in downtown San Francisco.

Businesses with 25 or more workers would be affected. Those that must have in-person workers such as grocery stores are exempt. The total share of remote jobs is expected to increase from 14% to 25% if the policy is adopted,