**November 1, 2013**

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**RE:** **SBCCOG Transportation Update –November 2013**

## Federal Update

### Federal Government Goes Back to Work – without TIGER funding

On October 17th, President Obama signed into law a bill to reopen the federal government after 16 days and just hours before the government was expected to default on its debt. The legislation provides federal operating funds under a Continuing Resolution (CR) at FY13 post-sequestration levels through January 15, 2014, raises the debt ceiling through February 7th, and sets December 13th as the deadline for broader budget negotiations.

However, TIGER funding was eliminated from the CR. Under the rules of the Office of Management and Budget, any program that existed in FY13, but which received zero funding in either the House or Senate Committee deliberations on a FY14 appropriation bill, was not funded in the CR. That's to ensure compliance with the Anti-Deficiency Act, which basically says Congress shouldn't allocate money to a program for a given year if it's later going to say that program has no budget for that year.

The House de-funded TIGER in its budget proposal, while the Senate allocated $474 million for the fifth round of TIGER grants and another $550 million for a sixth round. The TIGER funding ban will stay in place at least until the CR can be replaced by an approved Transportation Housing and Urban Development (THUD) appropriations bill that includes TIGER or a longer-term CR which would eliminate the possibility that the THUD appropriations bill would be passed in FY 14 without TIGER funding .

In addition, although funding was allocated to the Federal Transit Administration (FTA) for the New Starts/Small Starts program under the short-term CR, it is not expected that any funds for discretionary programs (such as the Wilshire Subway or Downtown Connector) will be released until a longer term bill is passed.

### Federal Transportation Excise Tax Increase, Alternatives Being Discussed

The search appears to be on for a politically acceptable way to increase or replace the federal gas tax in the next federal surface transportation authorization bill which needs to be written in the coming year to replace MAP-21. Several proposals are being floated.

Freed from the political constraints of holding a Cabinet position, former Secretary of Transportation Ray LaHood on October 24th said an increase is necessary to meet multi-modal infrastructure needs, not just road construction. The per-gallon tax of 18.4 cents for gasoline and 24.4 cents for diesel hasn't been increased since 1993.

In addition to increasing the gas tax, LaHood said the federal and state governments should consider VMT taxes, public private partnerships, and tolling to raise transportation funds. He also supported federal consideration of Virginia's recent decision to raise its state general sales tax rather than raising the per-gallon gas excise tax. Virginia eliminated its statewide 17.5 cents-per-gallon tax at the gas pump entirely, in favor of a new wholesale tax of 3.5 percent on gasoline and 6 percent on diesel, along with an increase in the state's general sales tax. In the heavily populated Washington suburbs and Tidewater area, motorists pay an extra 2.1 percent sales tax on gas purchases. Drivers of electric vehicles pay a $64 annual fee.

Both Virginia measures solve the primary drawback of per-gallon taxes and fees by automatically adjusting with the cost of the fuel rather than the usage of the fuel. Taxing a percentage of wholesale motor fuels costs would boost revenue as prices rise without forcing lawmakers to revisit the question with politically painful votes to raise taxes.

Senator Barbara Boxer, who chairs the Senate Environment and Public Works Committee, which oversees federal highway spending, last month supported consideration of doing away with the gas tax and replacing it with a "sales fee," a wholesale ad valorem sales tax that would be assessed at the refinery level instead of at the pump.

There are pros and cons to a wholesale ad valorem tax. On the plus side, it would track with inflation, rising in line with the price of gasoline. It takes an act of Congress to increase the current per-gallon tax on gas, which loses its efficacy with each passing year.

On the other hand, an ad valorem tax would be subject to the whims of global oil prices. It could rise to a point where consumers were being seriously gouged. Or it could fall, eroding its ability to keep pace with the investment needs of the nation's transportation infrastructure. An ad valorem tax would also make it more difficult for consumers to understand just what they're paying in fuel taxes. As a result, they don't tie their driving behavior to the amount of taxation, which might otherwise be the case with a so-called "user fee." Legislators could even jettison the whole trust-fund approach and pay for transportation out of general revenues — a system employed by most other developed nations.

**Federal Panel Recommends National Freight System Improvements**

The Panel on 21st Century Freight Transportation of the House Transportation & Infrastructure Committee on October 29th issued its final report on "Improving the Nation's Freight Transportation System" with the stated goal of strengthening the U.S. economy.

Approved unanimously, the bipartisan panel recommended that Congress:

- Direct the Secretary of Transportation, in coordination with the Secretary of the Army and the Commandant of the U.S. Coast Guard, to establish a comprehensive national freight transportation policy and designate a national, multimodal freight network
- Ensure robust public investment in all modes of transportation on which freight movement relies, and incentivize additional private investment in freight transportation facilities, to maintain and improve the condition and performance of the freight transportation network
- Promote and expedite the development and delivery of projects and activities that improve and facilitate the efficient movement of goods
- Authorize dedicated, sustainable funding for multimodal freight 'Projects of National and Regional Significance' through a grant process and establish clear benchmarks for project selection. Projects

eligible for such funding would have a regional or national impact on the overall performance of the multimodal freight network identified by the Secretary of Transportation

- Direct the Secretary of Transportation, in coordination with the Secretary of the Treasury and the Secretary of the Army, to identify and recommend sustainable sources of revenue across all modes of transportation that would provide the necessary investment in the Nation's multimodal freight network and align contributions with use of, and expected benefit of increased investment in, such network
- Review, working through the [House] Committee on Transportation and Infrastructure and the Committee on Ways and Means, the Secretary's freight funding and revenue recommendations and develop specific funding and revenue options for freight transportation projects prior to Congress' consideration of the surface transportation reauthorization bill in 2014.

The special panel was led by its Chairman, Rep. John J. Duncan, Jr. (R-TN), and Ranking Member Rep. Jerrold Nadler (D-NY). Along with Duncan and Nadler, the Panel on 21st Century Freight Transportation included Republican members Gary Miller (CA), Rick Crawford (AR), Richard Hanna (NY), Daniel Webster (FL), and Markwayne Mullin (OK); and Democratic members Corrine Brown (FL), Daniel Lipinski (IL), Albio Sires (NJ), and Janice Hahn (CA).

**EU Study: Half Of Local Freight Deliveries Could Be Transferred To Bikes**

Preliminary results of a three-year European Union project in 322 European cities to try to move local freight deliveries from freight trucks to lower-impact cargo bikes and delivery trikes indicate that at least half of freight deliveries could be transferred to bike delivery.

Cycle Logistics, the EU project, is using mobility data from the TEMS database and input from 322 different cities to create a baseline report that estimates how much private and commercial goods need to actually be moved by fuel-guzzling trucks. The baseline report concludes that 51% of freight in Euro-cities could be moved by cargo bike - and not necessarily needing electric assist. In addition, the Cycle Logistics team expects that 42% of private trips that involve cargo could be moved from car or truck to bike.

Freight was considered 'bikeable' by the Cycle Logistics study team as long as the distance needed to move the freight was seven kilometers or less (4.6 miles); as long as the total payload was under 200 kilos (440 pounds); and finally, as long as the items to be moved weren't part of a complex travel chain.

As Johan Erlandsson notes on the ecoprofile blog, moving freight by truck uses at least 10 times more energy than moving it by bike. While freight moving comprises only about 15 percent of all transport trips in a city, it makes up 30% of transport's energy consumption.

With all this potential, Cycle Logistics set up a federation to unite the cycle-based delivery services already underway in European cities, as well as to proselytize the type of bikes and systems that work best for city deliveries.

In addition, on the consumer side, Cycle Logistics is working with stores of all types to encourage them to provide some types of bike sharing for customers to get their purchases home without the need of a car. While IKEA has one of the most famous bike-based delivery options, forty French Intermarché supermarkets are trying out loaning bikes for home delivery in a service called Koursavelo. The Intermarché bikes have insulated shopping bags to allow consumers to keep groceries cold, and the bikes can be loaned for up to 48 hours.

## Sacramento Update

### Governor Brown Signs Bill Exempting Transit from Pension Reform; Sues Feds

As reported in last month's Transportation Update, Governor Brown on October 4th signed AB1222 and the state of California sued the U.S. Department of Labor (DOL) for improperly denying federal grants to California public transit providers after the DOL concluded that the pension reforms passed by California voters last year constrain workers' collective bargaining rights.

The legislation temporarily exempts local transit agencies' workers from the California Public Employee Pension Reform Act of 2013 to allow the state to pursue its case in court and creates a state loan program to assist transit operators that have lost federal transit grants. The Department of Labor ruling jeopardized more than three billion dollars in federal grants for Metro, including money needed to help build the Regional Connector and the first phase of the Purple Line Extension. The signing of AB 1222 allows those funds to once again flow; the lawsuit is intended to resolve the issue for good in court.

### Eight Governors Push for Zero-Emission Cars

The governors of California, Connecticut, Maryland, Massachusetts, New York, Oregon, Rhode Island, and Vermont signed an agreement on October 24th to promote and spur the adoption of more environmentally friendly vehicles in their states. Ideally, there will be 3.3 million zero-emission cars in their states by 2023.

To get there, the governors pledged to harmonize building codes so that it's easier to build electric car charging stations, and come up with financial and other incentives for residents to purchase zero-emission cars. That includes the possibility of electricity discounts for home-charging systems. The governors also committed to adopting zero-emission vehicles in their own fleets, and developing common standards for roadway signs and charging networks.
An exact action plan will be developed over the next six months.

### California Issues New Guidebook On Community Readiness For ZEVs

The California Governor's Office of Planning and Research on October 3rd released a new publication and resource: "Zero-Emission Vehicles in California: Community Readiness Guidebook", the purpose of which is to help communities across the state support their residents and businesses as they make the switch to ZEVs. The guidebook was prepared in collaboration wiith numerous state agencies and ZEV experts.

The guidebook highlights many aspects of ZEV readiness, including necessary infrastructure, planning and zoning, permitting guidelines, greening local fleets and encouraging consumers through incentives and outreach. The Guidebook also includes a number of tools and templates intended to serve as a ready-to-use resource. The document is available at: http://opr.ca.gov/docs/ZEV_Guidebook.pdf .

### California's 'Hydrogen Highway' To Get New Filling Stations

California's "hydrogen highway" lined with thousands of high-tech vehicles emitting nothing but water vapor from their tailpipes got a funding boost when Gov. Jerry Brown signed AB 8 on

September 28th. The new law provides a motorist-funded plan to construct 100 hydrogen fueling stations across the state by 2024. The new law also extends several existing fees on vehicle registrations that fund programs to reduce air pollution. The programs, originally set to expire by 2016, will be continued until 2024.

A year ago, the California Air Resources Board required Big Oil to pay for the new stations. But after oil companies threatened to sue, Brown agreed to a compromise in which the costs of building hydrogen stations will be shifted to car owners through existing vehicle registration fees.

The extended fees range from $3 on vehicle registrations to $8 for a "smog abatement fee" on newer vehicles and generate roughly $180 million per year statewide. The new law requires the California Energy Commission to distribute $20 million a year of the fees to companies willing to build hydrogen stations. Since each station costs about $2 million, about 100 could be built in 10 years. The balance of the fees pays for state programs that fund everything from electric vehicle charging stations to converting city bus fleets from diesel to natural gas.

Only about 300 hydrogen fuel cell cars now cruise California's highways. The Honda Clarity, a sedan, and the Mercedes-Benz F-Cell wagon are leased to a few dozen Southern Californians. Many of the others are in fleets or demonstration projects. Eight of the nine hydrogen filling stations are in Southern California. In the South Bay, hydrogen filling stations are open in Torrance and Harbor City with locations in Hawthorne and Hermosa Beach expected to open in 2014.

**California To Pilot Electronic Vehicle License Plates**

California is piloting electronic license plates to allow electronic updating of the annual registration tags and potentially to turn license plates into mini-advertising sites beginning in July 2017. Senate Bill 806, signed by California Gov. Jerry Brown on October 4th , calls for the pilot to be limited to no more than 0.5 percent of registered vehicles and vehicle owners who have voluntarily chosen to participate.

The electronic plates would serve as alternatives to California's traditional metal license plate, plastic-coated registration stickers and paper registration cards. California’s DMV annually registers approximately 26 million vehicles and performs over 10 million renewals with a postage bill alone of $20 million annually.

Proponents claim the new plates will improve efficiency, lower the cost of DMV vehicle registration services and eliminate the need for vehicle owners, particularly fleet owners, to receive physical registration tags by mail. DMV estimates it will cost less than $50,000 to administer the pilot program and complete the evaluation report. However, the plates could cost around $100, at least five times the price of a typical license plate fee.

While the bill does not specifically state which devices will be tested, the electronic plates are computer screens that would take on the size and appearance of a standard California license plate. Since the plates can receive wireless updates from a central server, they could also display additional messages such as “stolen” or “expired,” and, in concept, could include ads that could be broadcast while the vehicle is not moving. The current bill does not include provisions for advertising.

Responding to concerns about privacy and vehicle location tracking expressed by the Electronic Frontier Foundation, an amendment was added to California’s bill to limit the data exchanged "to that data necessary to display evidence of registration compliance. The department shall not receive or retain any information generated during the pilot program regarding the movement, location or use of a vehicle participating in the pilot program." While the DMV will not be receiving location information in the pilot, the company providing the plates would. Other potential concerns include the potential for the plates to be monitored or hacked by other parties.

The DMV will be responsible for sharing the results of the pilot program with the California Legislature no later than July 1, 2018.

**Caltrans Is Developing Guidelines For New Consolidated Active Transportation Program**
On September 26th, Governor Brown signed SB99 creating the Active Transportation Program (ATP) in the Department of Transportation. The ATP consolidates various federal and state transportation programs, including the Transportation Alternatives Program (TAP), Bicycle Transportation Account (BTA), and State Safe Routes to School (SR2S), into a single program.

ATP is administered by the Division of Local Assistance, Office of Active Transportation and Special Programs. The purpose of ATP is to encourage increased use of active modes of transportation by achieving the following goals: increase the proportion of trips accomplished by biking and walking; increase safety and mobility for non-motorized users; advance efforts of regional agencies to achieve greenhouse gas reduction goals; enhance public health; ensure that disadvantaged communities fully share in the benefits of the program; and, provide a broad spectrum of projects to benefit many types of active transportation users.

The ATP is appropriated approximately $129 million of federal and state funds by the annual Budget Act. Program funding is distributed as follows for eligible projects selected through a competitive process: 40% to Metropolitan Planning Organizations in urban areas with populations greater than 200,000; 10% to small urban and rural regions with populations of 200,000 or less; and, 50% to projects awarded on a statewide basis.

Of the amount in the statewide competitive component, a minimum of $24 million is to be awarded to fund Safe Routes to School projects. Within that amount, no less than $7.2 million will be awarded to non-infrastructure types of projects.

Guidelines for the program are currently being developed in consultation with the Active Transportation Program Workgroup for adoption by the California Transportation Commission. Workgroup workshops were held in Modesto, Sacramento and Los Angeles in October 2013.

**Southern California Update**

**L. A. City Mayor Announces "Great Streets Program" In Executive Order**
Mayor Eric Garcetti issued an executive order on October 10th called the "Los Angeles City Great Streets Program" to create a coherent transportation strategy and coordinate transportation projects undertaken by the various city departments and Metro. A Great Streets Working Group will be tasked with delivering the core services– safe streets, clean streets, and streets in good repair. The mayor has assigned the working group the following deliverables: 1.) criteria and strategy for identifying streets to be included in the Great Streets Program; 2.) a candidate list of 40 potential streets; 3.) a comprehensive matrix of project elements and associated costs; 4.) a strategy for the coordination of city services to Great Streets; 5.) a project implementation timeline; 6.) a funding strategy; and, 7.) metrics and benchmarks to evaluate and track project impacts.