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NEVADA COUNTY
TRANSPORTATION COMMISSION

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MEMORANDUM

TO: The Nevada County Transportation Commission

FROM: Daniel B. Landon, Executive Director

SUBJECT: Executive Director's Report for the July 17, 2013 Meeting

DATE: June 28, 2013

1. I-80 CORRIDOR SYSTEM MASTER PLAN (CSMP)

On June 11, 2013, I participated in a stakeholder meeting for the I-80 Corridor System Master Plan (CSMP) in Sacramento.

The United States Interstate System provides backbone infrastructure for the entire nation. Often these interstate freeway corridors, such as the I-80 corridor, parallel traditional railroad corridors, and serve as vital links for commerce. The interstate corridors are also integral elements for the communities that they pass through.

The I-80 CSMP is developing a partnership to provide mobility and transportation solutions throughout the I-80 corridor. The focus of this study includes partner states California, Nevada, Utah, and Wyoming, and extends from San Francisco, California to Cheyenne, Wyoming. This study will bring together diverse information about the corridor and facilitate dialogue among stakeholders about current and future implications for the corridor. The I-80 CSMP will include analysis of existing plans, based on how well they address livability principles embraced by the Partnership for Sustainable Communities, an interagency partnership between the U.S. Department of Housing and Urban Development (HUD), U.S. Department of Transportation (DOT), and U.S. Environmental Protection Agency (EPA). Addressing livability can help individual stakeholders understand and apply for competitive grant funding for improvements throughout the corridor.

In my role as NCTC's Executive Director, I will be participating on the I-80 CSMP Rural Planning Working Group.

2. 2014 STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP) SCHEDULE

The California Transportation Commission (CTC) has distributed guidelines and the schedule for the development of the 2014 STIP. In June, Caltrans provided CTC with a draft Fund Estimate for the STIP and the CTC is scheduled to adopt the Fund Estimate on August 6, 2013. Caltrans will identify state highway needs to be considered in the STIP in September and by December 15th Caltrans will submit their Interregional Transportation Improvement Program (ITIP) and

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Regional Transportation Planning Agencies will submit their Regional Transportation Improvement Programs (RTIP) to the CTC. Hearings on the STIP will be held in January and February 2014 and CTC staff recommendations will be distributed February 27th. Final adoption of the 2014 STIP is scheduled for March 19, 2014.

The draft 2014 STIP Fund Estimate indicates that the STIP is over-programmed (or more accurately underfunded) by approximately 12% in the early years of the STIP. This means that some projects currently programmed in the STIP may need to be delayed or reprogrammed into a later year.

3. EASTERN NEVADA COUNTY TRANSIT DEVELOPMENT PLAN (ENCTDP) UPDATE

The Project Advisory Committee (PAC) met with the consultant, LSC Transportation Consultants, Inc., on June 18th to review Technical Memorandum Two containing the analysis of potential service and capital alternatives. The consultant is in the process of developing the draft report based on the comments received from the PAC. Once the Draft ENCTDP is completed, it will be presented for review and comment to the Truckee Town Council in August and then to the NCTC in September. The final report will be presented to NCTC in November for acceptance as complete.

4. TRANSPORTATION FUNDING: WHERE ARE WE?

The purpose of this item is to give NCTC an overview of the transportation funding situation at the federal and state levels.

Federal Situation: The following text has been taken from a report prepared by the Congressional Research Service, titled, *Funding and Financing Highways and Public Transportation*, authored by Robert S. Kirk and William J. Mallett, December 26, 2012.

> Almost every conversation about surface transportation finance begins with a two-part question: what are the "needs" of the national transportation system, and how does the nation pay for them?
>
> Federal surface transportation programs are currently funded primarily through taxes on motor fuels that are deposited in the Highway Trust Fund. Although there has been some modification to the tax system, the tax rates, which are fixed in terms of cents per gallon, have not increased at the federal level since 1993.
>
> The growth in Highway Trust Fund revenues came to an end in 2008. Over the past five years there has been a large gap between highway tax revenues and interest flowing into the Highway Trust Fund and funding of surface transportation authorized by Congress.
>
> Congressional Budget Office projections indicate that Highway Trust Fund revenues will continue to be inadequate to support baseline spending on surface transportation programs after FY 2014, with balances in both the highway account and the mass transit account approaching zero in FY 2015. Although the Highway Trust Fund cannot run negative balances under current law, the Congressional Budget Office projects a cumulative shortfall (assuming continued spending based on baseline funding plus

inflation) through FY 2020. If Congress were to pass a six-year reauthorization bill to follow MAP-21[the current federal transportation act that expires in 2014] that increases spending on surface transportation programs in line with inflation, it would need to fill a nearly $85 billion gap between planned spending and projected Highway Trust Fund revenues (see Table 1 below).

Table 1. Highway Trust Fund Sufficiency Under a Baseline Six-Year Surface Transportation Act FY 2015 - FY 2020
Billions of Dollars

	Revenue	Planned Spending	
Fiscal Year	**(includes interest)**	**Amount**	**Difference**
2015	38.7	52.1	-13.4
2016	39.9	53.0	-13.1
2017	40.8	54.1	-13.3
2018	41.2	55.2	-14.0
2019	41.3	56.4	-15.1
2020	41.4	57.3	-15.9
Six-Year Total	**243.3**	**328.1**	**-84.8**
Annual Average	40.6	54.7	-14.1

Because motor fuel taxes are fixed in terms of cents per gallon at a time when drivers are consuming less fuel, the revenues flowing into the Highway Trust Fund are not rising in line with the cost of constructing highway and transit projects.

The political difficulty of increasing the motor fuels tax has led to interest in alternative approaches for supporting the Highway Trust Fund. These involve tying the motor fuels tax rate to the price of fuel, changing the structure of the current fuel tax, and charging drivers for the distance they drive rather than the fuel they consume.

The report prepared by the Congressional Research Service noted the following key points:

- Raising motor fuel taxes could provide the Highway Trust Fund with sufficient revenue to fully fund the program in the near term, but it may not be a viable long-term solution due to expected future declines in fuel consumption.

- Replacing current motor fuels taxes with a fuel sales tax or a fee based on vehicle miles traveled (VMT) raise a variety of financial and administrative concerns.

- The political difficulty of adequately financing the Highway Trust Fund could lead Congress to consider the desirability of changes to maintain the trust fund system or eliminating it altogether. Such changes might involve a reallocation of responsibilities and obligations among federal, state, and local governments.

- Interest in improving transportation infrastructure with private and nontraditional funding sources, such as tolls, public-private partnerships (PPPs), and federal loan programs is increasing, but many projects may not be well-suited to alternative financing.

<u>State Situation</u>: In 2010, the California Transportation Commission (CTC) launched an effort to update a previous statewide transportation needs assessment prepared in 1999 for the Senate Transportation Committee. The CTC recognized that the future of the state's economy and quality of life depend on a transportation system that is safe and reliable, and which moves people and goods efficiently. The final report prepared for the CTC included an estimate of the total cost of all system preservation, system management, and system expansion projects during the 10 year study period from 2011 through 2020. The transportation system components included in the analysis were highways, local roads, public transit, intercity rail, freight rail, seaports, airports, land ports, intermodal facilities, and bike/pedestrian facilities. The report also divided costs into preservation projects (i.e. rehabilitation and maintenance) and system management/expansion projects (see attached Table 1-1). The following information was taken from the *Statewide Transportation System Needs Assessment, Final Report, November 2011*, prepared for the California Transportation Commission.

> The total cost of all system preservation, system management, and system expansion projects during the 10 year study is nearly $538.1 billion. Of this total, the cost of system preservation projects (both rehabilitation projects and maintenance costs) during the study period is $341.1 billion. The costs for system preservation, contained in the report, are based on the goal of meeting accepted standards that would bring transportation facilities into a "state of good repair" within the 10 year study period. It was noted that these goals would lead to higher levels of investment in system preservation than are typically reflected in existing transportation plans and capital improvement programs.
>
> The cost of system management projects and system expansion projects over the same period is estimated at $197 billion; these costs were taken primarily from adopted regional transportation plans, which are "fiscally constrained." This means that the number and types of projects are limited to those for which revenues can reasonably be identified during the planning period.
>
> The total estimated revenue from all sources during the 10 year study period is $242.4 billion. This represents about 45% of the overall estimated costs of projects and programs that were identified in the needs analysis, and leads to a shortfall of about $295.7 billion over the 10 year period.

The *Statewide Transportation System Needs Assessment* did not include a discussion of current or new funding programs.

In a white paper titled, *California's Infrastructure Crisis,* a transportation advocacy and public education group known as Transportation California, recognizes that there are a host of complicated challenges facing California. However, they maintain, that if it is agreed that dedicated user fees must be adequate to properly maintain California's transportation system, transportation funding should not be an unsolvable problem.

Transportation California has recommended consideration of the following revenue producing possibilities:

1. Vehicle License Fee (VLF): Transportation California believes the VLF should be reinstated to 1.65% of vehicle value and the increased fees should be dedicated to reducing congestion by improving and modernizing the transportation system through the State Transportation Improvement Program (STIP). Raising the VLF to 1.65% will generate approximately $3.0 billion in new revenue annually and will create 54,000 new construction related jobs.

2. Fuel User Fee: The Fuel User Fee (which currently covers less than 50% of the cost to operate and maintain California's transportation system) should be increased annually to fund the much-needed deferred maintenance highlighted in the CTC 2011 Needs Assessment. If both the Caltrans Maintenance Program and the SHOPP were fully funded, Caltrans believes 85% of the State Highway System would be in good to excellent condition within 10 years.

3. Cap and Trade: A portion of Cap and Trade fees generated from burning fossil fuel in cars and trucks should be dedicated to the maintenance and improvement of California's transportation system.

4. Local Transportation Taxes: The threshold for approval of local transportation measures should be lowered to a simple majority. Transportation California believes that more than $1 billion in additional transportation funding would be generated if the approval threshold was lowered.

5. Vehicle Miles Traveled (VMT): A simple tolling charge of one cent per mile for all miles driven by vehicles registered in California, collected through the annual vehicle registration process, would raise approximately $3.3 billion.

6. Private Investment: Legislation which encourages private investment in transportation facilities, and permits tolling to provide a revenue stream for the benefit of and the investor, should be considered.

7. Technology: Transportation California believes California must continue to develop technical transportation advancements which will deliver improved systems operations. The application and expansion of intelligent transportation systems, vehicle detection capabilities and the ability to provide real time user information to motorists will provide a material benefit in terms of increasing mobility.

8. Performance-Based Metrics: Metrics such as reduce pavement deficiencies, increase capacity, reduce commute time, etc., should be an integral component of all new funding initiatives.

Next Steps: The 2013/14 State budget directs the Business, Transportation and Housing Agency—which becomes the new Transportation Agency on July 1, 2013, to work with stakeholders to identify critical transportation infrastructure needs, develop transportation funding priorities, and explore long-term funding options. Brian Kelly, Acting Secretary of the Business, Transportation and Housing Agency, announced the formation of the California Transportation Infrastructure Priorities Workgroup (Workgroup), to carry out that directive by refining the broader transportation infrastructure needs assessment developed by the California Transportation Commission. This effort will also be informed by the work of the California Freight Advisory Committee, a group which is developing plans for freight-related transportation investments in California. The Workgroup will explore long-term, pay-as-you-go funding options and evaluate high-priority investments. The Workgroup will develop a set of recommendations for consideration later this year.

The complexity of the current transportation funding situation brings to mind what occurred prior to the passage of SB 45. In 1996/97 there were several factors at play that made funding STIP projects nearly impossible for many rural transportation planning agencies:

- In many rural counties, STIP funds identified as "county minimums" were almost totally consumed by Caltrans projects on the State Highway System, leaving the regional transportation planning agency no ability to program other regional projects.

- Projects could not be programmed in the STIP until they were "fully funded"; that is, until sufficient funding was identified to take the project from planning and environmental documentation completely through construction. This requirement tied up large amounts of funding for long periods of time. For example, a project requiring a comprehensive, decade-long environmental study and approval process, such as the Devil's Slide project on State Route 1, could hold up hundreds of millions of dollars in funding for more than 10 years that could have been used to deliver other critical projects for the San Francisco Bay area.

- State policy made new freeway interchanges "local" projects, and ineligible for funding from the STIP.

These factors made programming of improvements on State Route 49 and planning and construction of the Dorsey Drive interchange nearly impossible. However, NCTC worked with the Rural Counties Task Force and with Metropolitan Planning Organizations (MPOs) to bring attention to these issues. The collaborative efforts of rural Regional Transportation Planning Agencies (RTPAs) and MPOs led to the passage of SB 45 authored by Senator Quentin Kopp.

SB 45 gave regional agencies control of 75% of STIP funding and fostered partnerships between them and Caltrans to accomplish large projects. Since that time, NCTC has partnered with Caltrans District 3 and constructed improvements on State Route 49 from the Placer County line to the Wolf/Combie Road intersection and at the La Barr Meadows Road intersection. In addition to the projects on State Route 49, NCTC was able to sequentially program planning, design, and construction of the Dorsey Drive interchange.

Based on that previous experience, coupled with the growing recognition of the current transportation issues, and work by advocacy groups and RTPAs on those issues, staff believes the best course for NCTC is to stay engaged in the dialogue at both the federal and state levels. As NCTC develops its next Regional Transportation Plan, it should integrate the Performance Management Measures identified in Map-21 into NCTC's planning and programming processes to ensure that our regional projects will be competitive for any new transportation revenues.

attachment

Table 1-1. Ten-Year Cost-Revenue Summary

	A. Preservation - Rehabilitation	B. Preservation - Maintenance	C. Preservation - Subtotal	D. System Management	E. System Expansion	F. Subtotal (D+E)	Total
Costs:							
Highways*	$ 70,380,000	$ 9,280,000	$ 79,660,000	$ 7,542,224	$ 78,065,899	$ 85,608,123	$ 165,268,123
Local Roads	NA	NA	$ 102,900,000	$ 2,294,798	$ 24,155,968	$ 26,450,766	$ 129,350,766
Public Transit	$ 32,675,000	$ 109,682,000	$ 142,357,000	$ 1,121,836	$ 30,816,912	$ 31,938,748	$ 174,295,748
Intercity Rail	NA	NA	$ 170,000	$ 94,045	$ 6,164,585	$ 6,258,630	$ 6,428,630
Freight Rail	$ 64,420	$ -	$ 64,420	$ 387,332	$ 21,924,017	$ 22,311,349	$ 22,375,769
Seaports	$ 4,600,000	$ -	$ 4,600,000	$ 402,550	$ 7,097,466	$ 7,500,016	$ 12,100,016
Airports	$ 10,420,000	$ -	$ 10,420,000	$ 953,892	$ 4,553,791	$ 5,507,683	$ 15,927,683
Land Ports	NA	NA	$ 935,000	$ -	$ 33,798	$ 33,798	$ 968,798
Intermodal Facilities	NA	NA	$ -	$ -	$ 5,942,905	$ 5,942,905	$ 5,942,905
Bike / Ped	NA	NA	$ -	$ 570,715	$ 2,930,592	$ 3,501,307	$ 3,501,307
Total Costs			$ 341,106,420	$ 13,367,392	$ 181,685,933	$ 195,053,325	$ 536,159,745
Revenues:							
Federal	NA	NA	NA	NA	NA	NA	$30,900,000
State	NA	NA	NA	NA	NA	NA	$53,100,000
Regional / Local	NA	NA	NA	NA	NA	NA	$158,400,000
Total Revenues			$ 147,707,000			$ 94,693,000	$ 242,400,000
Net Revenues			$ (193,399,420)			$ (100,360,325)	$ (293,759,745)
% Funded			43.30%			48.55%	45.21%

NOTE Amounts reported in $ thousands ($000's)

* Includes $3 81 billion in SHOPP Mobility Program costs under (D) System Management