

Transportation

Transportation 2000: The Future is Now

California once was known for its state-of-the art transportation system. Now, traffic congestion is the reality, with a river of tail lights the daily experience of most commuters. Last year, motorists on California's freeways spent more than 836,000 hours each day in traffic jams at an estimated cost of \$7.8 million a day. While use of the State's streets and highways has increased by 250 percent over the last three decades, California's road building has ground to a near standstill.

Billions of transportation dollars are sitting unused. It is unconscionable that these funds sit idle while taxpayers are sitting in traffic. The Administration's message is simple: Every available dollar should be put to work to get Californians moving again.

One barrier lies in the existing rules that prevent transportation funds from being spent for commuter transit. The State Constitution prevents the use of gas taxes for many transit purposes. This funding restriction was adopted in 1974 when California's population was 21 million. As we now plan for 2010, when the State's population will be over 40 million, this restriction no longer serves Californians— long-term transportation interests.

Another obstacle is that the process for spending transportation money takes too long. Accounting and budgeting rules do not encourage efficient spending. Red tape slows planning for new projects.

The Administration proposes the Transportation 2000 Initiative to put to work \$3 billion in unused transportation funds according to the following investment priorities:

- Relieving gridlock in congested commuter corridors
- Increasing the safety of roads
- Providing connections between cities and regions
- Providing connections between different modes of transportation, such as commuter rail/bus terminals or park and ride lots
- Moving goods and products more quickly and efficiently
- Providing alternatives to highways where feasible

Breaking California's Transportation Gridlock by Changing the Funding Rules

Building Roads and Transit Through "Use it or lose it"—The Administration proposes that all unused transportation funds be subject to "use it or lose it" rules by identifying unused balances and putting them to work. The Administration calls on local governments to immediately put to use the over \$1 billion in unspent excess reserves under their control.

- **Put unused state cash balances to work (\$600 million)**—The State Highway Account now contains an ongoing cash balance of over \$1 billion sitting unutilized. The Administration recognizes that over \$600 million of these reserves could be made immediately available for state and local projects and challenges local governments to work with the State to spend these funds.
- **Apply the "Use-it-or-lose-it" approach to local gas tax balances (\$300 million)**—Reports on local street and road expenditures and fund balances demonstrate a consistent pattern of local under-expenditure of available state gas tax subventions. The Administration's Transportation 2000 Initiative challenges cities and counties to put the bulk of the gas tax funds in their accounts to work by July 31, 2000, or lose the right to program them to the State.
- **Apply the "Use-it-or-lose-it" approach to federal funds balances (\$800 million)**—The Administration proposes that the use-it-or-lose-it approach also apply to federal funds that local agencies receive for congestion mitigation and air quality enhancing projects. Over \$800 million in federal funds has accumulated and now sits unused by local governments. The Administration proposes to recapture these funds for use on transportation projects in each region.

Extend the State Transportation Improvement Plan (STIP) from four to seven years—

The State identifies its projects to improve highway capacity in a four-year, \$4.0 billion plan called the STIP. The Administration proposes extending the STIP to seven years, adding \$3 billion in transportation projects that could be authorized in 2000. By using financing mechanisms currently authorized in statute, projects could be initiated immediately to start relieving traffic congestion. Of the \$3 billion, \$750 million or 25 percent is available for interregional projects selected by the State. The other 75 percent could be programmed for more rapid use by regional transportation agencies.

The Administration challenges regional transportation planning agencies to participate in the selection of *interregional* projects by putting up \$900 million of local funds to match the \$900 million in new state dollars for those projects.

Change the Balance of Funds for Transit and Roads— As noted above, twenty-five-year-old funding restrictions limit California's ability to better balance spending between transit and highways at both the state and local level. For example, none of the following is allowed from constitutionally-restricted ("Article XIX") funds in the State Highway Account: passenger railroad cars and engines, certain track improvements, buses, and the maintenance and operating costs of transit systems.

Yet, transit is an important component of California's transportation network. As an alternative to the automobile or truck, transit projects may often be an effective way to reduce congestion on the roads and highways. In order to fix this problem, the Administration supports changes to the Constitution to allow a reasonable portion of fuel taxes and truck weight fees to be used for transit capital and operating costs.

In the interim, the Administration proposes shifting \$45 million in funds annually that are not constitutionally restricted (such as rent received on state-owned property) from the State Highway Account to the Public Transportation Account to help support transit, commuter, and intercity rail systems.

Leveraging Rights of Way for Funding Purposes—The state highway network represents a unique opportunity for developing a high technology future. Fiber optic companies have expressed an interest in leasing highway rights-of-way for their cables. These lease revenues could generate tens of millions of dollars per year, which could be used for transit and roads.

The Administration envisions using funds made available as a result of these steps to expand intercity and commuter rail, bus and ferry systems, traffic signal synchronization, intelligent highway technology, and high occupancy vehicle lanes. The funds will be programmed for specific projects in the 2000 STIP process commencing this spring, and also through an additional project selection process to be developed by the California Transportation Commission. The Administration commits to working with local governments to establish priorities.

The State also needs to reduce the time from planning to ribbon cutting on transportation projects. The Governor has directed the Business, Transportation, and Housing Agency, the California Environmental Protection Agency, and the Resources Agency to develop methods to streamline the State's process for transportation project delivery, while maintaining protection for the environment.

Prudent Use of One-Time Resources

2000-01 Transit Projects—California's healthy economy permits the use of one-time General Fund resources to support transit projects that will provide immediate relief for commuters and for which no other funding is currently available. The Budget contains \$121.0 million from the General Fund for these transit connection priorities:

- \$30.0 million for two new sets of cars and engines for the State's intercity rail system that is operated by AMTRAK. This equipment will be used in southern California to expand service on the San Diegan line, which serves passengers primarily from San Diego to Los Angeles.
- \$15.0 million for track and signal improvements which on Metrolink's San Bernardino line, which serves commuters from the Inland Empire to downtown Los Angeles.
- \$20.0 million for track and signal improvements, which will allow San Joaquin passenger trains to reduce running times by a total of 45 minutes per day as well as improving service reliability. These trains run from Oakland to Bakersfield, also serving the Sacramento, Stockton and Fresno communities.
- \$36.0 million for Altamont Commuter Express (ACE). Of this amount, \$6.0 million will be used to upgrade the existing track, \$22.0 million to purchase an additional train set, and \$8.0 million to expand ACE service from Modesto to the Silicon Valley.
- \$5.0 million for the Caltrain Coyote Valley Station and \$15 million for the Vasona Light Rail Winchester Station. These new stations in the San Jose area will help to reduce commuter congestion as the Coyote Valley and Los Gatos areas are developed.

Bay Area Water Transportation Authority

The Administration also proposes \$12.0 million for planning and environmental and feasibility studies from the Public Transportation Account for the Bay Area Water Transportation Authority. Prior to constructing the system, the Authority must gain approval by the Legislature and Governor for its financing plan.