

California Federal Transportation Infrastructure Investment Principles

As President Trump and the U.S. Congress consider an agenda for the 115th Congress, we, the undersigned California transportation stakeholders, urge the nation's leaders to make federal surface transportation infrastructure investment a top priority.

California is Eager to Partner with the Federal Government on Infrastructure

Transportation is the lifeblood of California's economy. The state's multimodal surface transportation network transports the highest volume of freight in the nation and enables 18 million California workers to commute to major employment centers, supporting the state's \$2.6 trillion annual contribution to the nation's economy. Yet, California – like the rest of the country – faces significant transportation challenges that threaten to stifle economic growth and degrade the quality of life of our residents.

California has joined cities, counties, regions, and states across the country to increase infrastructure funding. In April, Governor Edmund G. Brown Jr. signed Senate Bill 1, the landmark "Road Repair and Accountability Act of 2017," which was backed by a broad coalition of supporters and will invest \$52.4 billion over the next decade to fix roads, freeways, bridges, and put more dollars toward transit, safety programs and active transportation infrastructure in communities across California. Yet state, local and tribal governments across America continue to need a strong federal partner to make needed "fix it first" investments to preserve our existing assets and deliver transportation infrastructure improvements that will create jobs, increase safety, improve mobility and keep the economy growing in California and across the nation.

We recommend the following principles guide the development of an infrastructure package:

Restore Highway Trust Fund Solvency – Without an infusion of significant new funding to the Highway Trust Fund (HTF), Congress will be faced with nearly \$20 billion in annual revenue shortfalls when the Fixing America's Surface Transportation (FAST Act) expires in federal fiscal year (FY) 2020. Thus, the Trump Administration's FY 2018 Budget proposal to limit HTF outlays to anticipated revenues starting in FY 2021 would significantly reduce core federal support for highway and transit projects. Any new infrastructure funding package should include new sustainable revenues to ensure the long-term solvency of the HTF and provide for increased direct federal investment after FY 2020. It should also ensure that Federal Transit Administration (FTA) programs continue to receive their historical funding share from the HTF. Federal financing and targeted one-time funding proposals cannot replace increased and sustained federal investment.

Direct Federal Investment Should Be Major Part of Any Funding Package – California has taken the lead in utilizing innovative financing mechanisms to deliver major transportation investments. As such, California supports proposals to expand and provide additional flexibility for the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, including streamlining the approval process, and to expand and lift the cap on Private Activity Bonds. However, financing tools cannot replace direct federal investment. In fact, direct federal funding is often an important tool that enables further leveraging of public sector funds and can help

bring private partners to the table. For example, across the country, FTA Capital Investment Grant project sponsors have employed innovative financing tools such as TIFIA to fund major transit expansions combined with multi-year federal direct funding commitments through Full Funding Grant Agreements (FFGA), which enable these projects to put together innovative financing packages.

Build on the Bipartisan FAST Act Structure – California strongly supported the passage of the bipartisan FAST Act. Adopted in 2015, the FAST Act provides long-term certainty needed to advance multi-year highway, transit and passenger rail improvements. Any new infrastructure package should increase funding for the core highway, transit and passenger rail programs authorized by the FAST Act, which would empower state, local and tribal governments to expedite delivery of high-priority projects that are planned but not fully funded. Importantly, any transportation package should be in addition to, not in lieu of, maintaining existing FAST Act funding commitments to both highway and transit programs. As such, we oppose cuts to the FTA Capital Investment Grant program, as proposed in the FY 2018 Trump Administration budget request. Moreover, we reject the notion, included in the Administration’s budget, that “Future investments in new transit projects would be funded by the localities that use and benefit from these localized projects,” as this approach ignores the regional and national mobility, economic and jobs benefits that transit projects provide.

Balance Investments with Formula and Discretionary Programs – California is a diverse state and as such we support the balanced approach Congress employed with the FAST Act of investing in both formula and discretionary funding programs. An infrastructure package could expand on this structure with increased investment. This approach ensures that not only will state, local and tribal governments have the flexibility to address pressing “fix it first” priorities, improve safety and mobility, and meet the needs of rural communities and tribal governments, but also invest in the many regionally and nationally-significant projects in California – examples of which are included an initial list of high-priority infrastructure projects that the State developed earlier this yearⁱ – that will relieve congestion in major jobs centers and improve goods movement in critical border and trade corridors. This approach could include supplementing the FAST Act formula apportionment programs, FAST Act freight-related discretionary grants, FTA Capital Investment Grants and the Transportation Improvements Generating Economic Recovery – programs with a track record of success – as well as funding a new major projects program.

Fund Multimodal Mobility Solutions – Regions across California are taking a holistic approach to improving their transportation systems by making investments in multimodal transportation infrastructure that relieve congestion, improve the movement of goods and people, spur economic growth and improve quality of life. Similarly, the State is seeking to triple bicycle and double pedestrian and transit travel between 2010 and 2020 as a strategic sustainability target.ⁱⁱ Any new infrastructure package should increase the flexibility to invest in a range of mobility solutions that best address the wide array of challenges that face our community.

- **Public Transportation:** California has made significant investments in public transportation to meet mobility, economic (e.g., access to employment), environmental

and transportation equity objectives (e.g., providing mobility options to individuals who cannot drive or who cannot afford to drive, and breaking down barriers for disadvantaged communities). In California, public transportation has helped support the growth of key industries and institutions that are an engine of growth for the national economy. We also recognize, and impress on Congress, that investment in public transportation creates good-paying construction jobs, spurs domestic manufacturing in states across the nation where transit buses, rail cars, parts and materials are produced, and thus, promotes economic growth. Over a 20-year period, \$1 billion in investment in public transportation yields approximately \$3.7 billion in increased economic activity. At current wage rates, this is equivalent to a ratio of approximately 50,731 jobs per \$1 billion invested in public transportation.

- **Active Transportation:** Investing in active transportation furthers the State's sustainability and climate preparedness objectives and improves the quality of life and public health of Californians. Any new infrastructure package should ensure that walking and bicycling projects are eligible for funding. California has made a major commitment to walking and bicycling through investment in our Active Transportation Program, and we want to continue to increase that investment given the opportunity with new federal funding.
- **Passenger Rail:** As the state responsible for delivering the nation's first high-speed rail system, California is making significant investments in intercity passenger rail, and therefore supports dedicated long-term federal investment in passenger rail programs. Modernizing the state's passenger rail system will: reduce emissions by enabling more Californians to switch from driving and flying to traveling by clean, fast and efficient rail service; open freight capacity to enhance the flow of goods from our fields and ports; and sustain an innovative state economy that will help drive America's economic competitiveness. Any new federal infrastructure investment package should provide significant funding for the High-Speed Intercity Passenger Rail program and fully fund FAST Act authorized Federal Railroad Administration intercity passenger rail grant programs. California opposes cuts to Amtrak service proposed by the FY 2018 Trump Administration budget.
- **Managed Lanes:** Throughout California, the construction of managed lanes has become a realistic and cost-effective way to deliver mobility choices to commuters. Managed lanes address multiple priorities including, but not limited to: enhanced transit service, ridesharing, travel time reliability, and congestion reduction. Tolloed managed lanes can also offer the benefit of paying for operations and maintenance costs and other system improvements along the corridor, as well as potentially attracting private investment. A new transportation infrastructure investment package should liberalize tolling policy and facilitate the implementation of tolloed managed express lanes.

Shorten Project Delivery Time – California strongly supports efforts to streamline Federal regulations to facilitate more expeditious project delivery without diminishing environmental standards and safeguards. We are also encouraged by President Trump's focus on streamlining the environmental review and permitting processes, and the state has developed a list of high-

priority projects for consideration under Executive Order 13766, *Expediting Environmental Review and Approvals for High Priority Infrastructure Projects*.ⁱⁱⁱ

Provide Relief for 2017 California Winter Storm Damage - In 2017, California suffered the most severe winter storm events it has seen in 20 years brought on by an “atmospheric river” weather phenomena. These storms ended California’s drought and also caused an estimated \$1.4 billion in damage to state and local roadways since January, ranking the 2017 winter as the most expensive in history.^{iv} As federal policymakers consider investment in new infrastructure improvements, we urge Congress to also set aside funding to help California repair the damage to its transportation infrastructure stemming from this historic 2017 California Winter Storm disaster event.

Associated General Contractors of California
Association of Monterey Bay Area Governments
California Alliance for Jobs
California Association of Councils of Government
California Bicycle Coalition
California Department of Transportation
California High-Speed Rail Authority
California State Association of Counties
California Transit Association
California Transportation Commission
Caltrain
Fresno Council of Governments
Lake County/City Area Planning Council
League of California Cities
Los Angeles County Metropolitan Transportation Authority
Mendocino Council of Governments
Metropolitan Transportation Commission
Mono County Local Transportation Commission
Regional Economic Association Leaders of California (R.E.A.L. Coalition)
Riverside County Transportation Commission
Sacramento Area Council of Governments
Safe Routes to School National Partnership
San Diego Association of Governments
San Joaquin Council of Governments
San Mateo County Transit District
San Mateo County Transportation Authority
Silicon Valley Leadership Group
Southern California Association of Governments
Southern California Contractors Association
Southern California Partnership for Jobs
Transportation Agency for Monterey County
Transportation California
Transportation Corridor Agencies
Ventura County Transportation Commission

ⁱ Office of Governor Edmund G. Brown Jr. February 7, 2017 Letter to the National Governor's Association providing and initial list of key infrastructure projects;

https://www.gov.ca.gov/docs/CA_Infrastructure_Letter_and_Projects_2.7.17.pdf

ⁱⁱ California Department of Transportation *Strategic Management Plan 2015-2020*;

http://www.dot.ca.gov/perf/library/pdf/Caltrans_Strategic_Mgmt_Plan_033015.pdf

ⁱⁱⁱ Governor Edmund G. Brown Jr. February 24, 2017 Letter to President Trump regarding California High-Priority Projects for consideration under Executive Order 13766;

https://www.gov.ca.gov/docs/2.24.17_Infrastructure_Letters.pdf

^{iv} Caltrans June 2017 *Mile Marker*, "Winter Storms Exact Historic Roads Toll";

http://www.dot.ca.gov/milemarker/docs/2017/MM-2017-Q2.pdf#winter_storms