

See page 99, last paragraph, for the Budget language regarding changes to the Recreational Trails Program

TRANSPORTATION

The Transportation Agency is responsible for addressing mobility, safety, and air quality issues as they relate to transportation. Key priorities include developing and integrating the high-speed rail project into California's existing transportation system and supporting regional agencies in achieving the greenhouse gas emission reductions and environmental sustainability objectives required by state law.

The Agency consists of the following six state entities responsible for administering programs that support the state's transportation system:

- Department of Transportation
- California Transportation Commission
- High-Speed Rail Authority
- Department of Motor Vehicles
- California Highway Patrol
- Board of Pilot Commissioners

The Office of Traffic Safety operates within the Office of the Secretary for Transportation.

The Budget includes total funding of \$21.1 billion (\$0.2 billion General Fund and \$20.9 billion other funds) for all programs administered within the Agency.

The Agency, established as part of the Governor's 2012 Reorganization Plan, becomes operational on July 1, 2013.

STATEWIDE TRANSPORTATION INFRASTRUCTURE NEEDS ASSESSMENT

The California Transportation Commission recently published the "2011 Statewide Transportation System Needs Assessment" to identify all transportation funding needs over the next decade. The report identified \$538.1 billion in total infrastructure needs, including \$172.3 billion in highway and intercity rail needs.

This Needs Assessment identified approximately \$24 billion of annual revenues dedicated to transportation infrastructure statewide. Over \$10 billion in state and federal funds flow through the annual state budget. Of this budgeted amount, approximately 37 percent supports local transportation needs, including local streets and roads and public mass transit systems. The remaining 63 percent is used for state transportation purposes, primarily the operation, maintenance, and construction of the state highway system. In addition to the amounts provided in the state budget, local agencies receive a \$1.4 billion share of state sales tax revenue for transportation purposes, another \$1.4 billion in federal support for local transit systems, and 19 counties have exercised the option of passing local sales tax measures which generate another \$3.6 billion in revenue for transportation purposes. Local agencies may choose to use some of these local funds for state highway improvements within their jurisdictions. The remaining revenues are from local transit fares and other local sources, such as property taxes, developer fees and local bond proceeds.

Over the past decade, the voters have approved almost \$30 billion of general obligation bonds for transportation purposes, including \$19.9 billion for Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, and \$9.9 billion for Proposition 1A, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century. As a result, approximately 13 percent of annual state transportation revenues will continue to be dedicated to offsetting debt service costs. These debt service costs are expected to total over \$1 billion in 2013-14 and are projected to grow in future years, significantly exceeding the amount of existing transportation funds legally available to offset these costs and therefore creating General Fund expenses.

Beginning in the spring of 2013, the Agency will convene a workgroup consisting of state and local transportation stakeholders to refine the transportation infrastructure needs

assessment, explore long-term, pay-as-you-go funding options, and evaluate the most appropriate level of government to deliver high-priority investments to meet the state's infrastructure needs.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (Caltrans) has almost 20,000 employees and a budget of \$12.8 billion. Caltrans designs and oversees the construction of state highways, operates and maintains the highway system, funds three intercity passenger rail routes, and provides funding for local transportation projects. The Department also maintains 50,000 road and highway lane miles and 12,559 state bridges, and inspects 402 public-use and special-use airports and heliports. The largest sources of funding for transportation projects are excise taxes paid on fuel consumption, federal funds also derived from fuel taxes, and weight fees on trucks.

In the summer of 2012, the new federal Surface Transportation Act (Moving Ahead for Progress in the 21st Century, or MAP-21) was enacted. MAP-21 consolidates several existing transportation programs and provides additional flexibility to allocate federal funds based on state priorities. The Budget maintains the existing federal funding split between state and local transportation agencies. Maintaining the status quo will ensure that existing projects already scheduled for construction will continue.

Significant Adjustments:

- **Zero-Base Budget Review**—Executive Order B-13-11 directs the Department of Finance to modify the state budget process to increase efficiency and focus on accomplishing program goals. Pursuant to this Executive Order, Finance and Caltrans developed a four-year plan to conduct a zero-base analysis of all Caltrans' programs. The Local Assistance and Planning Programs were reviewed in the fall of 2012. The Budget includes the following proposals that reflect the outcome of the zero-base review:
 - **Active Transportation Program**—A shift of \$134.2 million in state and federal resources and a reduction of five positions in 2014-15 to consolidate five existing programs into a single Active Transportation Program. Active transportation refers to any method of travel that is human-powered, such as walking and bicycling. Currently, there are five separate programs that fund bicycle, pedestrian, and mitigation projects, including the federal Transportation Alternatives Program (which also includes the Recreational Trails Program),

federal and state Safe Routes to Schools Programs, state Environmental Enhancement and Mitigation Program, and the state Bicycle Transportation Account program. Currently, some projects are eligible for grants under several programs, and project sponsors often find it necessary to submit multiple applications for the same project. The new consolidated Active Transportation Program will streamline this process and fund high-priority projects that reduce greenhouse gas emissions consistent with the objectives of Chapter 728, Statutes of 2008 (SB 375), as well as provide safety benefits.

- **Local Assistance Program**—A reduction of \$1.5 million and 20 positions associated with the implementation of various efficiency measures. The Budget proposes to establish staffing levels that are consistent across 12 district offices, shift \$13.4 million from state funds to local federal funds for state costs that support local transportation projects, and conduct an audit by the California Department of Human Resources to ensure position classifications are appropriate for the work being performed. In addition, the California Transportation Commission intends to revise performance measures in the 2014 State Transportation Improvement Program guidelines to improve the effectiveness of the state's transportation investments for mobility and greenhouse gas emission goals, as well as align with the federal performance measures currently being developed by the U.S. Department of Transportation.
- **Planning Program**—An increase of \$8.4 million and ten positions to address additional workload and implement various efficiency measures. The Budget proposes to streamline and standardize Caltrans planning documents, reduce administrative costs for existing grant programs, conduct a position classification audit by the Department of Human Resources, and add additional positions to complete necessary project initiation documents. Beginning July 1, 2013, the Planning Program will implement a task-based timesheet to ensure that workload tasks are fully captured and charging practices are appropriately tracked and maintained. As more accurate workload information becomes available and efficiency measures are implemented, Finance and Caltrans will reevaluate the resources needed to support the Planning Program.
- **Continue Miscellaneous State Highway Account Revenues for Transportation Debt Service**—A transfer of \$67 million in special fund revenue to partially offset General Fund transportation debt service costs. The State Highway Account generates a portion of its revenue from sources other than excise taxes on gasoline, such as rental income and the sale of surplus property. Since 2010-11, this revenue

source has been used to offset General Fund debt service costs on specified general obligation transportation bonds. The use of non-excise tax revenue is statutorily authorized for this purpose through 2012-13. The Budget proposes to continue to offset transportation debt service costs with this revenue source on a permanent basis.

HIGH-SPEED RAIL

The High-Speed Rail Authority is responsible for the development and construction of a high-speed passenger train service between San Francisco and Los Angeles/Anaheim (Phase I), with extensions to San Diego and Sacramento and points in-between (Phase II). Proposition 1A, enacted in November 2008, authorizes \$9 billion in bond proceeds for the rail lines and equipment, and an additional \$950 million for state and local feeder lines. The federal government has also awarded the Authority nearly \$3.5 billion, most of which has been designated to fund portions of the project in the Central Valley.

The 2012 Budget Act appropriated approximately \$8 billion for the high-speed rail project for the following purposes:

- \$5.8 billion for the first phase of the Initial Operating Section from Madera to Bakersfield.
- \$1.1 billion for early improvement projects to upgrade existing rail lines in Northern and Southern California, which will lay the foundation for future high-speed rail service as it expands into these areas.
- \$819.3 million for connectivity projects to enhance local transit and intercity rail systems that will ultimately link to the future high speed rail system.

Since the enactment of the Budget Act, significant progress on the project has been made:

- In September, the Federal Railroad Administration approved the necessary environmental impact assessments for the Merced to Fresno alignment.
- The public comment period for the draft environmental assessments for the Fresno to Bakersfield alignment concluded in October.
- The Authority has started to solicit bids from private contractors to begin the right-of-way land acquisition phase of the project.

TRANSPORTATION

- The Authority is continuing to identify early “bookend” investments that will generate immediate benefits and, through blended service, enhance future high-speed rail ridership. Projects currently being evaluated include the electrification of the Caltrain corridor in Northern California and regional rail improvement projects, such as grade separations, in Southern California. Final selection of specific projects and lead agencies will be completed by the end of the current fiscal year.
- Initial construction work is scheduled to begin in the Central Valley during the summer of 2013.

As noted in the Authority’s revised 2012 Business Plan, additional funding will be necessary to complete the Initial Operating Section from Merced to the San Fernando Valley. Cap and Trade funds will be available as a fiscal backstop. For more discussion on the Administration’s Cap and Trade investment plan, see the Cap and Trade section in the Environmental Protection Chapter.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) promotes driver safety by licensing drivers, and protects consumers and ownership security by issuing vehicle titles and regulating vehicle sales. The Budget proposes \$991.5 million, all from non-General Fund sources, and 8,209 positions for support of DMV.

Significant Adjustment:

- The Budget proposes \$980,000 and two positions for start-up costs related to the implementation of Chapter 570, Statutes of 2012 (SB 1298), which authorizes the operation of autonomous vehicles on public roads. SB 1298 requires DMV to adopt regulations for approval of applications to operate an autonomous vehicle by 2015. These regulations will include any testing, equipment, and performance standards the Department concludes are necessary to ensure the safe operation of autonomous vehicles with or without the presence of a driver inside the vehicle. This proposal includes a \$750,000 contract with the University of California, Berkeley to assist in the development of the regulations.