

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 8-9, 2021

From: MITCH WEISS, Executive Director

Reference Number: 4.1, Action

Prepared By: Paul Golaszewski
Deputy Director

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Subject: State and Federal Legislative Matters: 2021 Annual Report to the Legislature

Recommendation:

The California Transportation Commission (Commission) staff recommend the Commission approve transmitting the 2021 Annual Report to the Legislature.

Issue:

Attachment A includes a draft summary of the Commission's 2021 Annual Report to the Legislature, which is due December 15, 2021. The report highlights the Commission's accomplishments over the last year, including allocating \$7.1 billion to vital transportation projects throughout the state that will create over 79,000 jobs. It also highlights actions taken by the Commission to improve equity in transportation and to enhance climate considerations in the Commission's programming and planning policies and guidelines. Additionally, the report includes the Commission's recommendations to increase funding for the Active Transportation Program and for transit projects in the State Transportation Improvement Program.

Background:

State Legislation

There is no update on state legislation at this time because the second year of the 2021-22 legislative session has not yet begun. The Legislature will reconvene on January 3, 2022.

State Budget

An update on the Commission's requests for funding augmentations for the Active Transportation Program and for transit projects in the State Transportation Improvement Program is included in Meeting Item Reference 4.4.

Federal Matters

On November 15, 2021, the President signed the Infrastructure Investment and Jobs Act into law. This legislation contains \$1.2 trillion for infrastructure programs, including \$550 billion in new spending over five years. Of the new spending related to transportation, \$110 billion is for roads and bridges; \$66 billion is for passenger and freight rail; \$39 billion is for public transit; \$25 billion is for airports, and \$17 billion is for ports and waterways. Most of the remaining funds are for water, power, and broadband infrastructure.

Attachment B is a fact sheet from the White House summarizing the funding that California can expect to receive. The formula funds noted on the fact sheet that would flow through the Commission include, over five years: \$25.3 billion for federal-aid highway programs; \$4.2 billion for bridge replacement and repairs; and \$384 million to support the expansion of an electric vehicle charging network in California. Additionally, Caltrans and local and regional agencies can apply to the U.S. Department of Transportation to compete for a new \$12.5 billion program for economically significant bridges; nearly \$16 billion dedicated for major projects; and \$2.5 billion set aside for electric vehicle charging grants. Consistent with the existing process for distributing federal funding for transit, the \$9.5 billion for public transportation in California would not flow through the Commission.

The federal funding increases will affect the 2022 State Transportation Improvement Program Fund Estimate adopted by the Commission at the August 18-19, 2021 Commission meeting. They will also affect the development of upcoming fund estimates for the Active Transportation Program and the Trade Corridor Enhancement Program. Additionally, the federal funding increases will affect the size of the annual local assistance lump sum allocation.

Commission staff are working to assess funding impacts while awaiting guidance from the Federal Highway Administration. Historically, federal highway aid funding increases have been split 60 percent for state programs and 40 percent for local/regional programs. This funding split was most recently employed by the Commission at the March 24-25, 2021 Commission meeting when it approved a distribution for federal Coronavirus Response and Relief Supplemental Appropriations Act funds.

Commission staff will provide a more detailed update on implementation of the Infrastructure Investment and Jobs Act at the January 26-27, 2022 Commission meeting.

Attachment:

Attachment A: Draft Highlights of the Commission's 2021 Annual Report to the Legislature

Attachment B: The Infrastructure Investment and Jobs Act State Fact Sheet: California

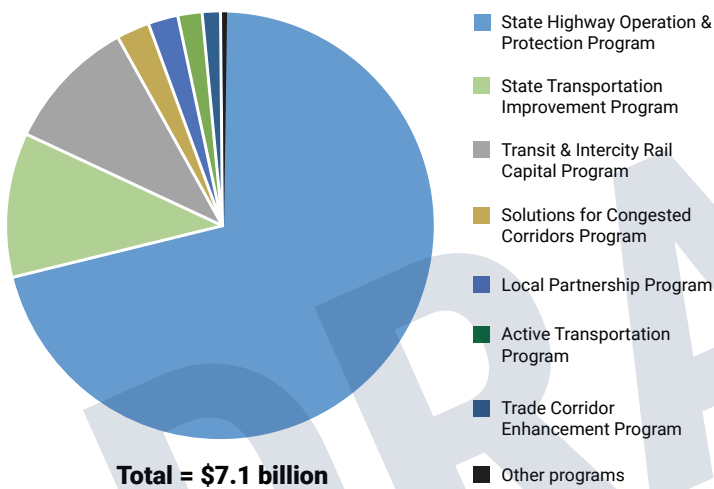
HIGHLIGHTS OF THE 2021 ANNUAL REPORT TO THE CALIFORNIA LEGISLATURE



YEAR IN REVIEW

Commission Meetings and Events. In 2021, the Commission held seven regular business meetings, two joint meetings with the California Air Resources Board and the California Department of Housing and Community Development, three Road Charge Technical Advisory Committee meetings, four Equity Advisory Roundtable meetings, and over two dozen workshops. Meetings and events were held virtually in accordance with public health guidance and state legislation/executive orders related to the COVID pandemic. The December 8-9, 2021 Commission meeting utilized a hybrid in-person, virtual format.

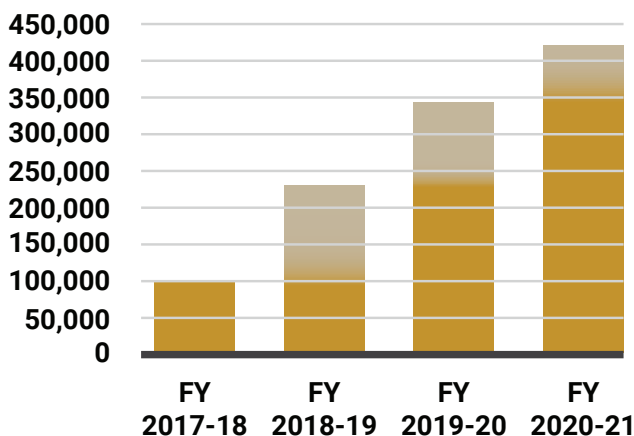
PROJECT ALLOCATIONS FY 2020-21



Program funding determined by legislation, not the Commission.

Projects Funded. At its regular business meetings, the Commission continued to allocate funds to vital road, highway, active transportation, transit, and intercity rail projects. Projects are benefitting communities throughout California, including those most disadvantaged. These projects bring roadways up to a state of good repair, as required by Senate Bill 1 (Beall, Chapter 5, 2017), the Road Repair and Accountability Act, while they also advance state climate goals, reduce congestion, enhance goods movement, create a strong economy and high-paying jobs, and make streets more accessible and safer for bicyclists and pedestrians. Highway capacity projects make up a small share of investments and are intended to serve strategic purposes, including enhancing goods movement; improving safety for travelers and construction workers; and implementing high-occupancy vehicle lanes and pricing options, such as express lanes, that can increase multi-modal travel options to reduce congestion and support new mobility choices.

Jobs Created (cumulative)



Jobs Created. Overall, in Fiscal Year 2020-21, the Commission allocated \$7.1 billion in transportation funds, which will create over 79,000 jobs and lead to diverse transportation improvements throughout the state. Since the Road Repair and Accountability Act was enacted, the Commission has allocated over \$30 billion from all fund sources creating over 420,000 jobs.

Federal Infrastructure Legislation. Throughout 2021, the Commission, the California State Transportation Agency, and the California Department of Transportation, together engaged with California's Congressional delegation to highlight state priorities for federal infrastructure legislation. The Infrastructure Investment and Jobs Act, which was signed into law on November 15, 2021, includes multiple state priorities, such as increased flexibility to use federal freight program funds on multi-modal projects.

Equity and Public Engagement

In 2021, the Commission continued its work towards improving equity outcomes throughout the state through the following initiatives:

Racial Equity Statement. On January 27, 2021, the Commission adopted its Racial Equity Statement. This statement acknowledges historical and present racial inequity in the transportation sector and outlines the Commission's commitment to addressing racial inequity in our work moving forward.

Equity Advisory Roundtable. In April 2021, the Commission held its first Equity Advisory Roundtable meeting. The Roundtable brings together equity experts, practitioners, and community leaders from throughout the state to collaborate with Commission staff over a series of virtual meetings to develop recommendations to the Commission related to specific equity activities. The Roundtable also met three more times in 2021.

Community Listening Sessions. Throughout 2021, the Commission, the California Department of Transportation (Caltrans), and the California State Transportation Agency (CalSTA) collaborated

on developing plans for a listening session tour, to take place in early 2022. The goal is to garner public feedback about how state transportation systems have impacted their communities, and use this information to inform specific policies, programs, or legislative recommendations to address equity, environmental justice, and community-oriented concerns.

Equity Advisory Committee(s). In 2021, the Commission also began working, in partnership with Caltrans and CalSTA, to explore the establishment of an Equity Advisory Committee or Committees. This effort aligns with the Commission's Racial Equity Statement and seeks to elevate community voices in how government agencies plan and fund transportation projects.

Equity-Focused Staffing. In 2021, the Commission redirected an existing transportation planner position and borrowed a position from Caltrans to focus exclusively on equity, and have requested new permanent positions in the state budget to ensure that the Commission can continue to make progress in this critical policy area.

Transportation, Climate, and Housing

In 2021, the Commission continued to work collaboratively to coordinate transportation, climate, and housing efforts as follows:

CAPTI Implementation. At its August meeting, the Commission endorsed the Climate Action Plan for Transportation Infrastructure (CAPTI) framework and strategies to invest discretionary transportation dollars to combat and adapt to climate change while supporting public health, safety, and equity. Beginning six days after the Commission's action, Commission staff began facilitating public dialogue to implement CAPTI strategies at competitive program guidelines development workshops.

Pro-housing Policy. During the year, Commission staff continued coordination with staff from the California Department of Housing and Community Development to refine housing-specific evaluation criteria and guidance for

Commission competitive programs guidelines.

Joint Meetings. In April and November, the Commission held joint meetings with the California Air Resources Board and the California Department of Housing and Community Development that included, among other topics, interagency coordination on housing, vehicle miles traveled reduction, and equity; and community-based organization efforts to deepen community engagement and prioritize the needs of underserved communities.

ZEV Market Development Strategy. Commission staff contributed to the development of California's Zero-Emission Vehicle (ZEV) Market Development Strategy (published in February 2021), which is meant to help accelerate the zero-emission vehicle marketplace to deliver climate and air quality benefits to all Californians.

RECOMMENDATIONS

Ensuring adequate funding for California's transportation system has been a longstanding priority for the Commission. In 2021, a key recommendation from the Commission's 2020 Annual report was enacted through Senate Bill 339 (Wiener). This legislation authorizes a new road charge pilot program to test revenue collection, in order to prepare for the eventual replacement of the state gas tax with a more sustainable financing mechanism. The Commission and the Commission's Road Charge Technical Advisory Committee have begun working on implementation of this bill. Additionally, the Commission has identified several immediate funding needs for consideration in 2022 from the state's anticipated \$31 billion General Fund surplus.

Active Transportation Augmentation (\$2 Billion)

The Commission recommends augmenting the Active Transportation Program with \$2 billion in one-time funds from the state's General Fund surplus. This augmentation would help address the substantial backlog of projects for this program and fund new, transformative projects, such as bicycle highways. Projects funded with the augmentation would advance state climate goals and benefit disadvantaged communities throughout the state, expanding mobility options and enhancing connectivity to housing, health care facilities, grocery stores, essential community services, transit, schools, jobs, and recreation.

Additionally, the Commission recommends:

- Repaying aviation funds loaned to the General Fund during initial stages of the COVID pandemic. The repaid funds could then be used for airport improvements, including acquisition and development projects.
- Removing statutory restrictions on Caltrans's contracting with Native American tribal governments in order to reduce project delays and uncertainties.
- Authorizing the Commission to allocate all of Caltrans's capital outlay support resources in order to provide a more complete picture of the department's capital outlay support workload.

The California Transportation Commission was established in 1978 as an independent state entity. The Commission is responsible for funding highway, local road, transit, intercity passenger rail, active transportation, and aeronautics projects throughout California. The Commission also advises and assists the California State Transportation Agency Secretary and the Legislature on state transportation policies and plans.

Transit Augmentation (\$2.5 Billion)

The Commission recommends augmenting the State Transportation Improvement Program with \$2.5 billion in one-time funds from the state's General Fund surplus, to be dedicated to transit projects. This augmentation would address a lack of new funding for transit projects from the Public Transportation Account. Projects funded would advance climate goals and improve transportation equity by providing enhanced mobility options for residents throughout the state. Projects could include inter-modal and transit facility improvements; zero-emission buses and their infrastructure; rail improvements; and grade separations.

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The Infrastructure Investment and Jobs Act will Deliver for California

President Biden and Vice President Harris support the Senate’s passage of the Infrastructure Investment and Jobs Act, the largest long-term investment in our infrastructure and competitiveness in nearly a century. **The need for action in California is clear and recently released state-level data demonstrates that the Infrastructure Investment and Jobs Act will deliver for California.** For decades, infrastructure in California has suffered from a systemic lack of investment. In fact, the American Society of Civil Engineers gave California a **C- grade** on its infrastructure report card. The historic Infrastructure Investment and Jobs Act will make life better for millions of California residents, create a generation of good-paying union jobs and economic growth, and position the United States to win the 21st century. Specifically, the Infrastructure Investment and Jobs Act will:

- **Repair and rebuild our roads and bridges with a focus on climate change mitigation, resilience, equity, and safety for all users, including cyclists and pedestrians.** . In California, there are 1,536 bridges and over 14,220 miles of highway in poor condition. Since 2011, commute times have increased by 14.6% in California and on average, each driver pays \$799 per year in costs due to driving on roads in need of repair. The Infrastructure Investment and Jobs Act is the single largest dedicated bridge investment since the construction of the interstate highway system. **Based on formula funding alone, California would expect to receive \$25.3 billion for federal-aid highway apportioned programs and \$4.2 billion for bridge replacement and repairs under the Infrastructure Investment and Jobs Act over five years¹.** California can also compete for the \$12.5 billion Bridge Investment Program for economically significant bridges and nearly \$16 billion of national funding in the bill dedicated for major projects that will deliver substantial economic benefits to communities.
- **Improve healthy, sustainable transportation options for millions of Americans.** Californians who take public transportation spend an extra 66.6% of their time work commuting and non-White households are 1.6 times more likely to commute via public transportation. 16% of transit vehicles in the state are past useful life. **Based on formula funding alone, California would expect to receive \$9.45 billion over five years under the Infrastructure Investment and Jobs Act to improve public transportation options across the state².**
- **Build a network of EV chargers to facilitate long-distance travel and provide convenient charging options.** The U.S. market share of plug-in electric vehicle (EV) sales is only one-third the size of the Chinese EV market. The President believes that must

¹ These values are estimates and may change based on updated factor data each fiscal year.

² Transit formula funding amounts are subject to changes resulting from the 2020 census or from annual transit service data reported to FTA’s National Transit Database.

change. The bill invests \$7.5 billion to build out the first-ever national network of EV chargers in the United States and is a critical element in the Biden-Harris Administration's plan to accelerate the adoption of EVs to address the climate crisis and support domestic manufacturing jobs. **Under the Infrastructure Investment and Jobs Act, California would expect to receive \$384 million over five years to support the expansion of an EV charging network in the state³. California will also have the opportunity to apply for the \$2.5 billion in grant funding dedicated to EV charging in the bill.**

- **Help connect every American to reliable high-speed internet.** Broadband internet is necessary for Americans to do their jobs, to participate equally in school learning, health care, and to stay connected. **Under the Infrastructure Investment and Jobs Act, California will receive a minimum allocation of \$100 million to help provide broadband coverage across the state, including providing access to the at least 545,000 Californians who currently lack it. And, under the Infrastructure Investment and Jobs Act, 10,637,000 or 27% of people in California will be eligible for the Affordability Connectivity Benefit, which will help low-income families afford internet access.**
- **Prepare more of our infrastructure for the impacts of climate change, cyber attacks, and extreme weather events.** From 2010 to 2020, California experienced 16 extreme weather events, costing the state up to \$50-100 billion in damages. **Under the Infrastructure Investment and Jobs Act, based on historical formula funding levels, California will expect to receive \$84 million over five years to protect against wildfires and \$40 million to protect against cyberattacks. Californians will also benefit from the bill's historic \$3.5 billion national investment in weatherization which will reduce energy costs for families.**
- **Deliver clean drinking water to every American and eliminate the nation's lead service lines and pipes.** Currently, up to 10 million American households and 400,000 schools and child care centers lack safe drinking water. **Under the Infrastructure Investment and Jobs Act, based on the traditional state revolving fund formula, California will expect to receive \$3.5 billion over five years to improve water infrastructure across the state and ensure that clean, safe drinking water is a right in all communities.**
- **Improve our nation's airports.** The United States built modern aviation, but our airports lag far behind our competitors. **Under the Infrastructure Investment and Jobs Act,**

³ These values are estimates and may change based on updated factor data each fiscal year.

airports in California would receive approximately \$1.5 billion for infrastructure development for airports over five years⁴.

Over the coming days and weeks, we will expect to receive additional data on the impact of the Infrastructure Investment and Jobs Act in California.

⁴ Precise allocations would change each year because the formulas use current passenger boarding and cargo data, and this estimate is based on 2019 data.