

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 6-7, 2023

From: TANISHA TAYLOR, Executive Director

Reference Number: 4.1, Action – ***YELLOW REPLACEMENT ITEM***

Prepared By: Justin Behrens
Deputy Director

Published Date: December 1, 2023

Subject: State and Federal Legislative Matters: 2023 Annual Report to the Legislature

UPDATE: The replacement book item includes a summary of the 2023 Annual Report to the Legislature.

Recommendation:

Staff recommends the California Transportation Commission (Commission) adopt and submit to the Legislature the Commission's 2023 Annual Report.

Issue:

California Government Code Section 14535 requires the Commission to adopt and submit an annual report to the Legislature by December 15 of each year. The report must summarize the Commission's prior-year decisions in allocating transportation capital outlay appropriations and identify timely and relevant transportation issues facing the state.

This year's report highlights the Commission's accomplishments over the last year, including allocating \$11.8 billion to vital transportation projects throughout the state that will create over 130,000 jobs. The report also highlights the Commission's continued focus on advancing key state transportation goals related to equity, climate, economic growth, safety, and asset management through its policy, planning, and funding decisions.

Additionally, the report includes recommendations for consideration by the Legislature developed through the Commission's Senate Bill 671 Clean Freight Corridor Efficiency Assessment. These recommendations include:

- Streamlining zero-emission station development by enacting a Categorical Exemption from the California Environmental Quality Act and setting a statutory default permit approval deadline for freight charging and fueling stations;
- Supporting fleet and truck owners through the zero-emission vehicle transition by creating a new, limited-term zero-emission truck incentive program and a vehicle buy-back program; and,

- Identifying a Central Delivery Team to help navigate the complex stakeholder ecosystem and oversee the statewide deployment of the initial viable network needed for the widespread transition to zero-emission freight.

A summary of the 2023 Annual Report to the Legislature is included as Attachment A.

Background:

The Legislature will return from interim recess for the second year of the 2023-2024 legislative session on January 3, 2024. Bills that were introduced last year but did not pass out of their house of origin will be eligible to be taken up at that time and must be heard and approved by policy committees by January 12 to continue moving forward. The Governor is required to submit a proposed state budget for fiscal year 2024-2025 on January 10, 2024.

Attachments:

- Attachment A: Draft Summary of the Commission's 2023 Annual Report to the Legislature



2023

ANNUAL REPORT

TO THE CALIFORNIA LEGISLATURE

RECOMMENDATIONS & ACCOMPLISHMENTS

Meetings and Events

In 2023, the Commission continued to focus on advancing key state transportation goals related to equity, climate, safety, economic growth, and asset management through its policy, planning, and funding decisions. The Commission held seven regular business meetings, one special meeting, five interagency Equity Advisory Committee meetings, two joint meetings with the California Air Resources Board and the California Department of Housing and Community Development, two rural Town Hall meetings, one tri-state meeting with the Transportation Commissions of Oregon and

Washington, four Road Charge Technical Advisory Committee meetings, one hearing on an application for a proposed toll facility, one training on open meeting requirements for public commissions, and over a dozen program workshops. Meetings were primarily held in-person, in accordance with public health guidance related to the COVID pandemic, with the option for virtual participation to ensure public accessibility. The Commission conducts its business in a manner that ensures transparency and accountability in transportation funding decisions.

Programs and Project Allocations

This past year, the Commission approved over \$2.5 billion for new projects in the Senate Bill 1 competitive programs, the Local Transportation Climate Adaptation Program, and the Active Transportation Program with total project costs of \$9.5 billion. Prior to awarding new projects, the Commission updates guidelines for each program through a collaborative process via public workshops open to all stakeholders and the public. Updates this cycle focused on equity, climate, public engagement, and performance measurement. For the Active Transportation Program, newly programmed projects brought the total amount of program funds benefitting disadvantaged communities to over 97 percent. For the Local

Transportation Climate Adaptation Program, every project directly benefits climate-vulnerable or under-resourced communities.

The Commission also continued to allocate funds to previously approved projects totaling \$11.8 billion, which will create nearly 130,000 jobs across the state. These projects, now underway, are bringing 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 also advancing state climate goals, reducing congestion, enhancing goods movement, and making streets more accessible and safer for bicyclists and pedestrians.

Largest Commission Funding Programs

Program	Next Adoption Date	Funding (Billions)	# of Years	Fiscal Years
State Highway Operation and Protection Program	Mar 2024	\$20.6	4	2024-25 to 27-28
State Transportation Improvement Program	Mar 2024	\$2.9	5	2024-25 to 28-29
Trade Corridor Enhancement Program	Jun 2025	\$1.1	2	2025-26 to 26-27
Active Transportation Program	Dec 2024	\$0.6	4	2025-26 to 28-29
Solutions for Congested Corridors Program	Jun 2025	\$0.5	2	2025-26 to 26-27
Local Partnership Program	Jun 2025	\$0.4	2	2025-26 to 26-27
Local Transportation Climate Adaptation Program	Dec 2024	\$0.1	TBD	TBD

Note: Includes the seven largest programs for which the Commission approves projects. Funding determined by state law.

Equity and Public Engagement

Convened in 2022 to advise the Commission, the California Department of Transportation (Caltrans), and the California State Transportation Agency (CalSTA) on how to achieve meaningful outcomes in transportation equity, environmental justice, and equitable economic opportunities, especially as related to transportation planning and programming, the Interagency Equity Advisory Committee held its first formal meetings in 2023. At those meetings the Committee adopted a charter and governance structure and elected leadership positions.

Throughout the year, Committee members supported numerous activities including scoring the community

engagement section of project applications in the Senate Bill 1 funding programs and reviewing and providing feedback on the draft program guidelines. Incorporating the experiences and expertise of the Committee members enhances the Commission's ability to fulfill its commitment to enhance equitable outcomes in its programs and policies.

The Governor also signed budget legislation recommended by the Commission that authorized compensation for Committee members for their participation in Committee activities. This milestone represents progress towards creating more equitable structures that value members' expertise.

Transportation, Climate, and Housing

In 2023 the Commission adopted the first cycle of Senate Bill 1 competitive programs to incorporate the Climate Action Plan for Transportation Infrastructure. The updated project selection process prioritizing projects that support the state's climate, public health, safety, equity and economic vitality goals resulted in more than \$100 million invested in zero-emission freight infrastructure, more multimodal and active transportation improvements than previous cycles, and mobility solutions that allow more travelers to opt out of congestion.

The Commission also completed the Clean Freight Corridor Efficiency Assessment pursuant to Senate Bill 671 (Gonzalez, Chapter 769, Statutes of 2021). The Assessment identifies freight corridors that are priority candidates for the deployment of zero-emission medium- and heavy-duty vehicles; projects to support the deployment; and barriers and potential solutions. The Commission partnered with other state agencies and a work group of over 150 stakeholders to develop the Assessment.



Storm damage from successive atmospheric rivers in early 2023 led to the largest-ever major damage reservation in the State Highway Operation and Protection Program, with \$1.2 billion reserved for emergency repairs – over two times the amount reserved in an average year.

Transportation Funding

The Commission remains focused on ensuring adequate and sustainable funding to address the needs of California's transportation system.

On top of existing maintenance needs, climate impacts continue to drive increasingly greater costs for the state's transportation system. Storm damage from a series of atmospheric rivers led to the largest-ever major damage reservation in the State Highway Operation and Protection Program, with \$1.2 billion reserved for emergency repairs – over two times the amount reserved in an average year. Although the Legislature provided one-time funds to address infrastructure resilience needs through the Local Transportation Climate Adaptation Program, 75 percent of the funds have already been awarded and the remaining funds will not be sufficient to address the outstanding statewide need.

Combined with growing unmet needs, the anticipated decline in fuel tax revenues will limit the state's ability to fund improvements that support a safe, equitable, sustainable, multimodal transportation system. Two efforts are underway to plan for these challenges:

State and Local Transportation Needs Assessment
Senate Bill 1121 (Gonzalez, Chapter 508, Statutes of 2022) requires the Commission to prepare a 10-year

needs assessment that includes expected revenues for transportation, the costs required to address identified needs – including bicycle and pedestrian facilities; local streets and roads; highways, bridges, and culverts; capital and operational needs of transit, commuter rail, and intercity rail systems; and costs related to system resiliency – and recommendations to address any projected shortfall. The Interim Needs Assessment currently projects fuel tax revenues will decrease by 13 percent by fiscal year 2028-2029.

The Commission has developed a draft Interim Needs Assessment which will be finalized in early 2024 and will submit a final Needs Assessment by January 1, 2025.

Road Charge Pilot Design Recommendations

Senate Bill 339 (Wiener, Chapter 308, Statutes of 2021) required the Commission's Road Charge Technical Advisory Committee to develop design recommendations for a road charge pilot to be administered by CalSTA to test revenue collection. The Technical Advisory Committee submitted its recommendations to CalSTA in June, including the per mile rates for the pilot and recommendations related to mileage reporting and data privacy.

Legislative Recommendations

The Commission recommends the Legislature consider the following recommendations developed through the **Senate Bill 671 Clean Freight Corridor Efficiency Assessment**:

- Streamline zero-emission station development by enacting a Categorical Exemption from the California Environmental Quality Act and setting a statutory default permit approval deadline for freight charging and fueling stations.
- Support fleet and truck owners through the zero-emission vehicle transition by creating a new, limited-term zero-emission truck incentive program and a vehicle buy-back program.
- Identify a Central Delivery Team to help navigate the complex stakeholder ecosystem and oversee the statewide deployment of the initial viable network needed for the widespread transition to zero-emission freight.

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

Lee Ann Eager, Chair
Carl Guardino, Vice Chair

Jay Bradshaw
Joseph Cruz
Clarissa Reyes Falcon
Darnell Grisby

Adonia Lugo
Joseph K. Lyou
Hilary Norton
Joseph Tavaglione

Assemblymember Laura Friedman (Ex Officio)
Senator Josh Newman (Ex Officio)
Tanisha Taylor, Executive Director