



May 9, 2022

Governor Gavin Newsom
1021 O Street, Ste. 9000
Sacramento, CA 95814

Re: AB 285 Working Papers and Follow-Up Actions

Dear Governor Newsom:

AB 285 (Friedman) directed the Strategic Growth Council to evaluate the State’s transportation funding programs and assess their performance relative to existing state climate, affordable housing, and air quality goals. The evaluation found that many of the programs are working against the state’s climate, equity and public health goals. The undersigned advocates from across the state are writing to respectfully request that the state take the following concrete steps to align state transportation funding programs with the state’s climate, equity and public health goals:

I. Programs

The AB285 research found that several sources of transportation funding in the state do not include or prioritize climate goals. Consequently, many of the projects funded by these programs work against the state’s climate, equity and public health goals.

- **Update program statutes to reflect the state’s climate and equity goals, Executive Orders, laws and standards.** Many programs are outdated and do not reflect the severity of the climate crisis nor the state’s current ambitions.
- **Analyze all CTC funding programs to identify and track over time the share of funding that is allocated to projects that increase, decrease, or have no effect on**

vehicle miles traveled. An analysis from NRDC on the 2022 STIP found that the program will fund many projects that will almost certainly increase greenhouse gas emissions and vehicle miles traveled, including at least a dozen highway capacity expansion projects. Understanding the current expenditures is an important prerequisite for re-evaluating the project pipeline and making sure that the state's funding advances its values.

- **Update the 2023 State Highway System Management Plan (SHSMP) to Meaningfully Advance the CAPTI Investment Framework and the Caltrans Equity Statement.** The SHSMP provides a broad strategic vision for the State Highway System and for investments in the State Highway Operations and Protection Program (SHOPP). The updated SHSMP should include a more multi-modal focus, including a focus on making bicycle and pedestrian safety a priority. It is possible to maintain and improve our state transportation assets in a way that creates a climate resilient road network that also reduces greenhouse gas emissions and supports local communities.
- **Expand funding for transit operations.** Transit operators across the state will hit a 'fiscal cliff' over the next decade, some as early as 2025. At the same time, many counties are at or near their sales tax cap and the $\frac{2}{3}$ voter threshold is increasingly difficult to reach. Though we believe that riders will return over time, there is a real possibility that transit will face a "death spiral" where cuts to service and delayed maintenance make transit less useful, prompting further drops in ridership and revenue. This would be extremely harmful for our climate, people with disabilities, and make the cost of living much higher for people who otherwise would be able to use transit. We strongly encourage the state to set up a dedicated fund for transit operations to sustain transit during this difficult time, at a level of investment that matches the scale of the crisis.
- **Create a program to support the implementation of innovative and regionally-coordinated fare policies and fare integration.** California transit agencies are experimenting with different fare policies to attract riders back to transit and to make travel across multiple jurisdictions easier and more affordable. For instance, in the Bay Area, the largest operators and MTC recently completed a Fare Integration and Coordination Study and have agreed to make transfers free and adopt a common fare structure for regional services, among other improvements. These policies could increase transit ridership by at least 4.7% or at least 68,000 new daily riders, and were among the most cost-effective investments to grow transit ridership. However, fare policy changes often require new startup funds to implement (e.g., updates to payment technologies and marketing campaigns are needed) and some amount of "backstop" funds in case there are fare losses in early years. The lack of funding is a primary delay in fare integration. We encourage the state to provide flexible funding to MPOs to coordinate near-term free and discounted fare programs and fare integration programs.

- **Make transit station modernization projects and bus stops eligible for more funding.** Transit stations and stops are key for advancing California’s goals on transportation and climate, especially those that support an integrated statewide transit network or that make taking transit more comfortable and encourage ridership. Additionally, many stations, such as multimodal stations in urban centers are key to the state’s economic prosperity and growth and can be important public spaces. Though they are sometimes eligible for state grant programs, stations and stops often do not compete well because they do not directly reduce vehicle miles traveled or greenhouse gas emissions. As a result, they are often an afterthought and do not achieve their potential to improve mobility and access across scales, support local economies, shape growth, or become great public spaces. A new state grant program specifically focused on stations and stops should be established given the particular complexities and importance.

II. Project Pipeline

The California Transportation Plan is largely implemented through the project pipeline.

Therefore, it is essential to reassess if the project pipeline will achieve California’s climate and equity goals.

- **Re-evaluate the project pipeline. Do not fund projects that degrade the environment and communities by increasing greenhouse gas emissions and vehicle miles traveled.** Projects have long life cycles, and many projects are still in the pipeline for funding even though they are not consistent with state climate, equity and public health goals. Yet every year, worthy projects that do benefit the environment and equity - such as active transportation projects and transit - go unfunded.

We recommend that the state formalize a screening process for re-evaluating projects in the transportation pipeline. We further recommend mandating that MPOs remove or reimagine projects from the RTP and RTIP that are not consistent with state goals in their next plan update, or within 4 years. Funds made available through this process should be recommitted to projects that cost-effectively and quickly reduce greenhouse gas emissions and improve public health and equity, such as transit, transportation demand management, and active transportation.

- **Consider fully funding projects with a high benefit - cost ratio that have a positive impact on the environment and equity, and that are designed with a clear focus on transit riders to support the buildout of an integrated statewide transit network.** It often takes decades to fund transit projects since they often require a half-dozen funding sources. The longer it takes to get funding, the longer it takes to build the project and the more costly the project becomes. If we fail to build transit projects quickly and cost-effectively, it will make it harder to reach our climate goals and high-potential walkable, compact neighborhoods will not get the infrastructure they need to succeed. Projects that are designed with a clear focus on passenger experience (determined through a set of performance criteria) should also be prioritized for funding as an incentive to encourage a

focus on the end user- transit riders- who are too often an afterthought in project planning.

- **Create a statewide database of projects that receive state funds and track those projects over time.** In the outreach session, several participants mentioned that there is a lack of comprehensive data about project performance. Tracking efforts should include: the project description, estimated project cost, final project cost, estimated greenhouse gas emission impacts, estimated impacts on vehicle miles traveled, all monies received from the federal government, all monies received from the state, major changes in project scope, design or construction method. Projects - especially large ones - are often broken up into smaller projects or otherwise difficult to track. It is important to have a full picture of the value that the state is getting for its money.

III. Planning

- **Reduce flexible funding made available to MPOs who are not aligning their SCS/ RTP or RTIP with greenhouse gas targets.** Pass an Executive Order or Legislation mandating that sustainable communities strategies, regional transportation plans and regional transportation implementation plans be aligned with state goals. Reward MPOs and RTPOs that align with or exceed state goals with additional flexible funding, especially for plan implementation. Retract flexible funding from those that do not.
- **Provide funding, financing tools, and land development tools to support sustainable growth near transit stops and stations and in low-VMT areas.** Provide metropolitan planning organizations with additional flexible funding to support regional plan implementation and meet targets in SCSs/RTPs. Cities do not automatically have the tools and expertise to do urban redevelopment projects around stations. Most successful station area redevelopment efforts in other countries start with an initial “big move” or commitment from the public sector, such as putting a highway underground, preparing parcels of land for redevelopment or locating government offices next to the station. This is especially true in mid-sized and small cities, where the private sector’s willingness to invest in infrastructure or locate near stations is more limited and the market is unlikely to support more compact growth around stations. As opposed to past redevelopment efforts in the state, this could be designed for cities to opt-in and be targeted to specific locations, such as near transit stops and stations and in low-VMT areas.

IV. Pricing

- **Accelerate state leadership to enable various roadway and parking pricing strategies, including facilitating implementation within regions.** The vast majority of public spending on transportation is spent on roads, highways and parking, reflecting a significant imbalance in the transportation system towards autos and auto-owners. Even though most drivers do not pay to drive or park their car, it does not mean that they are free. Excessive driving imposes serious costs to

residents and the environment in the form of injury and death from collisions, climate pollution, and respiratory illness, especially for people of color, people with low-incomes, children and elderly people. In other words, the status quo is not equitable. It is critical for the state to take on a proactive role in developing and piloting equitable pricing policies for roads and parking with the twin goals of both reducing driving and finding a revenue replacement for the gas tax. Finally, the state should ensure that revenues are reinvested in sustainable transportation to help remedy the many inequities that exist in the transportation system.

In conclusion, California simply cannot afford to spend more money on projects that degrade our environment and communities. Instead, we must ensure that future spending focuses on sustainable, healthy and equitable mobility.

Sincerely,

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