

TRANSPORTATION

The Transportation Agency is responsible for developing and coordinating the policies and programs of the state's transportation entities to improve the mobility, safety, and environmental sustainability of the state's transportation system. The Agency consists of the following six state entities:

- Department of Transportation (Caltrans)
- 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 and the New Motor Vehicle Board operates within the Department of Motor Vehicles.

The Budget includes total funding of \$18.1 billion for all programs administered within the Agency. In addition, the Shared Revenues budget in the General Government area allocates over \$1.6 billion in fuel excise tax to cities and counties for local streets and roads (including \$200 million from the Governor's transportation package).

INVESTMENTS IN TRANSPORTATION INFRASTRUCTURE

California has a vast state transportation infrastructure, which includes 50,000 lane miles of state and federal highways, 304,000 miles of locally owned roads, operation of three of the top six Amtrak intercity rail services in the nation (nearly 900 miles of track), and numerous transit systems operated by 180 local transit agencies. Efficient operation of this network is a key component of the state's continued economic growth. The state's transportation infrastructure serves a large portion of the country's trade, with nearly 20 percent of the goods imported to the United States moving through California ports, highways, and railways.

The repair, maintenance, and efficient operation of the state's transportation system are vital to California's economic growth. State funding has fallen dramatically below the levels needed to maintain the system, and a recent transportation study found that Californians spend on average \$762 annually on vehicle repair costs due to poorly maintained roads. California continues to be in the top five states with the longest commute duration. Annual maintenance and repair needs on the state's highway system are significantly more than can be funded within existing resources, with a current identified annual funding gap of almost \$6 billion. The Governor's transportation package addresses the state's most urgent transportation needs and reflects the following principles:

- Focusing new revenue primarily on "fix-it-first" investments to repair neighborhood roads and state highways and bridges.
- Making key investments in trade corridors to support continued economic growth and implementing a sustainable freight strategy.
- Providing funding to match locally generated funds for high-priority transportation projects.
- Continuing measures to improve performance, accountability and efficiency at Caltrans.
- Investing in passenger rail and public transit modernization and improvement.
- Avoiding an impact on the General Fund.

The Budget reflects the Governor's transportation funding and reform package. First outlined in September 2015, the package includes a combination of new revenues, additional investments of Cap and Trade auction proceeds, accelerated loan repayments,

Caltrans efficiencies and streamlined project delivery, accountability measures, and constitutional protections for the new revenues.

REVENUES TO SUPPORT NEW INVESTMENT:

The 10-year funding plan will provide a total of almost \$43 billion in new funding and redirected savings from efficiencies for transportation priorities. Specifically, the proposal includes annualized resources as follows:

- Road Improvement Charge—\$2.1 billion from a new \$65 fee on all vehicles, including hybrids and electrics.
- Stabilize Gasoline Excise Tax—\$1.1 billion by setting the gasoline excise tax at the 2013-14 rate of 21.5 cents and eliminating the current annual adjustments. The broader gasoline tax would then be adjusted annually for inflation to maintain purchasing power.
- Diesel Excise Tax—\$425 million from an 11-cent increase in the diesel excise tax. This tax would also be adjusted annually for inflation to maintain purchasing power.
- Cap and Trade—\$500 million in additional Cap and Trade proceeds.
- Caltrans Efficiencies—\$100 million in cost-saving reforms.

Additionally, the Budget includes a General Fund commitment to transportation by accelerating \$706 million in loan repayments over the next three years. These funds will support additional investments in the Transit and Intercity Rail Capital Program, trade corridor improvements, and repairs to the state highway system.

10-YEAR INVESTMENT PLAN

Over the next 10 years, the Governor’s transportation package will provide almost \$43 billion for transportation investments with revenues split evenly between state and local transportation priorities. It places an emphasis on repairing and maintaining existing infrastructure with major new funding for both state highways and local roads. The plan also includes a significant investment in public transit and active transportation. Figure TRN-01 lists expenditure totals for 2017-18 as well as anticipated annualized expenditures over the course of the 10-year plan. Key components of the 10-year plan are as follows:

- Active Transportation Program—\$1 billion Cap and Trade for Caltrans to expand the grant program for local projects that encourage active transportation such as

Figure TRN-01
Governor's Transportation Package
(Dollars in Millions)

<i>Investment Category</i>	<i>Program</i>	<i>2017-18 Amount</i>	<i>Annualized Amount^{1/}</i>
Local Streets and Roads / Partnership Programs	Active Transportation Program	\$100	\$100
	Local Road Maintenance & Repairs	\$206	\$1,163
	Local Partnership Grants ^{2/}	\$0	\$250
	SB 375 Local Planning Grants	\$25	\$25
	Corridor Mobility Program	\$275	\$275
Transit	Transit Capital ^{3/}	\$485	\$400
State Highway Repair and Maintenance ^{4/}	Pavement ^{3/}	\$129	\$997
	Bridges and Culverts	\$91	\$554
	Traffic Management Systems	\$12	\$100
	Maintenance	\$120	\$120
Trade Corridors	Improved Goods Movement ^{3/}	\$358	\$250
Total		\$1,801	\$4,234

^{1/} Excludes one-time loan repayments totaling \$706 million.
^{2/} Provides up to \$250 million per year beginning in 2018-19.
^{3/} The 2017-18 totals include anticipated loan repayments.
^{4/} Annualized amounts include \$100 million per year in Caltrans efficiency savings.

bicycling and walking, with at least 50 percent of the funds directed to benefit disadvantaged communities.

- Local Streets and Roads/Local Partnership Funds—About \$11.4 billion in Shared Revenues to be allocated by the Controller to cities and counties for local road maintenance according to existing statutory formulas, and over \$2.2 billion in state-local partnership grants.

- Sustainable Transportation Grants—An increase of \$25 million annually for competitive planning grants to assist regions and local governments in achieving the sustainable transportation requirements in Chapter 728, Statutes of 2008 (SB 375), and other State objectives.
- Corridor Mobility Improvements—An increase of over \$2.7 billion for multi-modal investments on key congested commute corridors that demonstrate best practices for quality public transit and managed highway lanes such as priced express lanes or high-occupancy vehicle lanes. Included is also \$25 million annually to expand the freeway service patrol program.
- Transit and Intercity Rail Capital Program—An increase of over \$4.2 billion (including \$4 billion in additional Cap and Trade as well as \$256 million from loan repayments) for transit capital investments that provide greenhouse gas reductions, with at least 50 percent of the funds directed to benefit disadvantaged communities.
- Highway Repairs and Maintenance—An increase of almost \$18 billion (including \$1 billion from Caltrans efficiency savings) for Caltrans to fund repairs and maintenance on the state highway system.
- State Transportation Improvement Program (STIP)—An augmentation and stabilization to the STIP, which should not only allow the California Transportation Commission to restore funding for \$750 million worth of projects cut from the program in 2016, but also program approximately \$800 million in new projects in the 2018 STIP.
- Trade Corridor Improvements—An increase of over \$2.8 billion (including \$2.5 billion in new revenues and \$323 million from loan repayments) for Caltrans to fund projects along the state’s major trade corridors, providing ongoing funding for a program originally established with \$2 billion in one-time Proposition 1B bond funding.

REFORMS AND CALTRANS EFFICIENCIES

The transportation package also includes the following reforms and efficiencies at Caltrans to streamline project delivery and advance projects more quickly:

- State Highway Performance Plan—Establish measurable targets for improvements including regular reporting to the California Transportation Commission, the Legislature, and the public.

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- Streamlined Project Delivery—Provide a limited California Environmental Quality Act (CEQA) exemption for projects on existing rights-of-way with previously completed CEQA approval; remove the sunset date for the federal delegation of environmental reviews so federal and state environmental review can be completed concurrently.
- Advanced Mitigation—Advance project environmental mitigation to get early permitting approval as well as stakeholder and advocate buy-in on activities, reducing the challenges that can occur later which sometimes delay projects.
- Job Order Contracting—Complete a limited-term, focused pilot program for procuring routine highway, bridge, and applicable culvert projects using the job order contracting method. This will allow the state to complete a large number of routine maintenance activities in a given area with a single, competitively bid contract while eliminating much of the time and expense of the current process of separately bidding each project contract.
- Extend Public-Private Partnership Authority—Allow for these partnerships through 2027 by extending the current sunset date by 10 years.
- California Transportation Commission Oversight—Expand the Commission’s oversight to cover each phase of project delivery to better track Caltrans’ staffing needs and increase transparency.

In addition to the efficiencies being proposed in the transportation package, Caltrans is continuing its pilot program to explore the viability of what is expected to be a revenue-neutral mileage-based alternative to the current consumption-based fuel excise tax. A report on the outcome of this pilot project is scheduled to be released in December 2017.

IMPROVING PERFORMANCE

The transportation package will improve performance of California’s transportation system. A 10-year investment of the increased funding on state highways, bridges, and culverts—totaling over \$17.7 billion—will achieve measurable improvements for the state’s network as outlined in Figure TRN-02. Across these categories, new funding directed to preventative maintenance would save up to \$5.8 billion.

Figure TRN-02
Ten-Year Highway Condition
With and Without the Governor's Transportation Package

Asset	Performance Target	Without New Investment	With New Investment
Pavement (50,000 lane miles)	98% Good or Fair Condition	Lane miles in poor condition will grow to 9,500	17,000 lane miles of pavement fixed, resulting in 98% good or fair condition
Bridges (13,100 bridges)	98.5% Good or Fair Condition	Bridges in poor condition will grow to 500	500 bridges fixed, resulting in 98.5% good or fair condition
Culverts (205,000 culverts)	90% Good or Fair Condition	Culverts in fair or poor condition will grow to 74,000	55,000 culverts fixed, resulting in 90% in good or fair condition
Traffic Management Systems (TMS) (48,850 elements)	90% Good Condition	8,000 TMS elements that are inoperable, representing ramp meters, cameras, changeable message signs, and loop detectors	7,700 TMS elements fixed, resulting in 90% in good condition
Maintenance (assets identified above)	90% - 95% Good Condition	Graffiti, litter, pothole repairs, and other indicators do not achieve performance targets	Pothole repairs, seal cracks, graffiti/litter removal, and other indicators achieve performance targets at least 90% meeting the good performance target

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (Caltrans) has almost 20,000 employees and a budget of \$10.9 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 maintains 50,000 road and highway lane miles and more than 12,000 state bridges, and inspects 407 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.

ENVIRONMENTAL SUSTAINABILITY

The Administration has made significant progress in recent years towards improving the environmental sustainability of the state's transportation system.

- Sustainable Freight, Planning, and Zero Emission Vehicle (ZEV) Facilities—Caltrans is working to integrate sustainability into all aspects of the Department's planning, project management, operations, and maintenance efforts. Caltrans has outlined these changes in the Caltrans Strategic Management Plan, 2015-20, the Caltrans Sustainability Plan, the Sustainable Freight Action Plan, and the Caltrans Zero Emission Vehicle Implementation Action Plan. The Department has created an internal sustainability program to coordinate these efforts, and has been working closely with the California Air Resources Board, the California Energy Commission, the Governor's Office of Business and Economic Development, and a variety of stakeholders to reach the goals of the program. The Department has committed to making 25 percent of its light-duty fleet purchases ZEVs by 2020, reducing its greenhouse gas emissions 40 percent by 2030, and constructing public charging stations at 30 locations statewide on Department rights-of-way within 30 months.

Significant Adjustments:

- Replacement of IT Infrastructure—\$12 million State Highway Account for Caltrans to begin a multi-year effort to replace a broad range of IT equipment.
- IT Security—\$4 million State Highway Account over three years for Caltrans to upgrade and improve the Department's Information Technology Cyber Security Program.

CALIFORNIA HIGHWAY PATROL

The California Highway Patrol (CHP) promotes the safe, convenient, and efficient transportation of people and goods across the state highway system and provides the highest level of safety and security to the facilities and employees of the State of California. The Budget proposes \$2.5 billion, all from non-General Fund sources, and 10,748.7 positions for support of the CHP.

Significant Adjustments:

- Phone System Replacement—\$2.8 million Motor Vehicle Account for the CHP to replace its older phone systems at both the CHP Academy and the

Dignitary Protection Section-North Command, with Voice over Internet Protocol (VoIP) systems.

- IT Privacy and Risk Management—\$1.8 million Motor Vehicle Account and 14 positions for the CHP to establish a Privacy and Risk Management Program to protect personally identifiable information stored within the CHP's information technology infrastructure and to address other information technology needs.
- Cloud-Based Disaster Recovery Solution—\$1.2 million Motor Vehicle Account and 2 positions for the CHP to establish a cloud-based disaster recovery system to replace its tape-based system.

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. Most recently, DMV has successfully addressed the initial workload associated with expanded eligibility for driver licenses, and the Department continues to explore alternatives for addressing the requirements of the federal Real ID Act. The Budget proposes \$1.1 billion, mostly from non-General Fund sources, and more than 8,200 positions, to support DMV operations.

Significant Adjustments:

- Expanded Eligibility for Driver Licenses—\$8.6 million Motor Vehicle Account for the extension of 91 positions to continue processing and investigating license applications.
- Implementation of Legislation—\$1 million Motor Vehicle Account for implementation of new legislation, including \$730,000 and 5 positions for inspecting ignition interlock devices, pursuant to Chapter 783, Statutes of 2016 (SB 1046), and \$294,000 for investigator travel, casework, and overtime, and a data aggregation tool to search websites for patterns of suspicious sale activity, as part of the joint task force to address unlicensed auto dismantling businesses that was created by Chapter 449, Statutes of 2016 (AB 1858).

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