



Stimulate Economic Recovery, Create Living-Wage Jobs, and Further Progress on California’s Climate Goals Through Strategic Investments in Transportation Infrastructure *Proposal for 2021-22 State Budget Investments*



California’s multimodal transportation system is the backbone of the state economy. The movement of goods and services, including moving agriculture from farm-to-market, is essential to overall quality of life in the Golden State. It is the way Californians will get back to work, go to school, recreate, and start living again in a post-pandemic environment. But the state’s network of highways, roads, bridges, bikeways, pedestrian pathways, and transit systems is also our future. They play an integral role in fighting the effects of climate change, improving air quality, providing a path to prosperity, and creating sustainable, vibrant communities. Fairly investing in infrastructure is always a wise investment – creating living-wage jobs and profoundly positive ripple effects throughout the economy.

The state has a unique opportunity to strategically invest in transportation infrastructure in the 2021-22 State Budget to support economic recovery, invest in programs and projects that will accelerate meeting California’s ambitious climate goals, increase opportunities for biking and walking, and fix aging infrastructure to support affordable infill housing development. California is not on track to meet its climate changes goals, and in particular greenhouse gas (GHG) emissions from the transportation sector continue to grow. Numerous climate-related transportation programs are significantly oversubscribed, and a one-time investment of state resources could advance hundreds of projects to fast-track meeting our GHG emission reduction targets. California can use a modest portion of its one-time General Fund revenues and federal American Rescue Plan funds to make the following one-time investments:

ACTIVE TRANSPORTATION PROGRAM (\$2 BILLION)

The Active Transportation Program (ATP) invests in transportation projects and programs to increase the use and safety of active modes of transportation, such as biking and walking. Since its inception in 2013, the ATP program has funded over 800 projects across the state; over 400 of these projects are Safe Routes to Schools projects; and more than 89% of funding benefits disadvantaged communities. Despite recent investments into the program, including \$100 million annually from B 1 and the local share of SB 1, the ATP is significantly oversubscribed. The CTC reports that only 49 projects out of 454 applications (just 11 percent) were funded in the latest cycle, leaving millions of dollars’ worth of high-quality, ready-to-go projects on the table. A one-time investment would advance pre-judged, already high-scoring ATP projects that are just waiting for funding. Funding could also be used to support innovative community wide pilot projects to create complete bikeway networks or walkable community connectivity.

SUSTAINABLE COMMUNITIES BLOCK GRANT PROGRAM (\$1 BILLION)

SB 375 (Chapter 328, Statutes of 2008) tasked California’s 18 Metropolitan Planning Organizations (MPOs) with reducing GHG emissions from the transportation sector through transportation



infrastructure investments and land use planning. While much progress has been made, regions are financially constrained in terms of advancing projects that will have transformative impacts in communities across California. The creation and funding of a dedicated Sustainable Communities Block Grant Program (SCBGP) to implement SB 375 would be a game-changer. Regions could focus on the transformative projects that are most critical to create sustainable thriving low-GHG communities that can get overlooked in single-purpose funding programs. Examples include refurbishing underutilized retail spaces into walkable housing and retail neighborhoods, new transportation policies that connect key destinations (such as bus-rapid transit), active transportation projects including bicycle and pedestrian infrastructure, and expansion of transit services, just to name a few. A strict set of eligibility parameters ensures that all investments must help accelerate reductions toward the state’s overarching climate, health, and equity goals. The SCBGP should also include a rural set-aside to ensure the program benefits the entire state and supports all regional sustainability efforts.

HIGHWAY BRIDGE PROGRAM – LOCAL BRIDGE AUGMENTATION (\$500 MILLION)

The state and local governments own and operate over 25,000 bridges. Local governments are responsible for 12,105 bridges, 2,663 of which need rehabilitation or replacement. The Federal Highway Administration (FHWA) reports that California is not on target to meet performance goals. If these targets are missed, California loses some flexibility in how it spends other federal transportation funds. Local bridge projects are expensive, take many years to fund, are funded in large part by federal transportation dollars, and require a costly local match. There are nearly \$400 million in local bridge replacement and rehabilitation projects that could very quickly proceed to construction with additional funding, and the Highway Bridge Program could quickly identify additional projects for the remaining funds given the list of over 800 bridge projects currently in the approximately 18-year program.

TRADE CORRIDOR ENHANCEMENT PROGRAM (\$300 MILLION)

The Trade Corridor Enhancement Program (TCEP) funds projects designed to move freight more efficiently on corridors with high volumes of freight. These projects increase the use of on-dock rail, improve safety by eliminating at-grade crossings, reduce impacts to surrounding communities, reduce border wait times, and increase rail capacity with double tracking. This is another program that was oversubscribed in the last funding round. This one-time investment of funds would fast-track high-scoring TCEP projects that improve the movement of goods on key freight corridors, increasing economic activity and the creation of jobs, while also reducing congestion, improving air quality, and reducing GHGs.

SOLUTIONS FOR CONGESTED CORRIDORS PROGRAM (\$300 MILLION)

The Solutions for Congested Corridors Program (SCCP) provides funding to achieve a balanced set of transportation, environmental, and community access improvements to reduce congestion throughout the state. Eligible projects include improvements to state highways, local streets and roads, rail facilities, public transit facilities, bicycle and pedestrian facilities, and restoration or preservation work that protects critical local habitat or open space. Program funds cannot be used to construct general purpose lanes on a state highway. The CTC received project nominations totaling \$1.3 billion for an available \$494 million during the last funding cycle. A one-time investment of state funds will accelerate high-scoring projects that further progress on the state’s congestion relief, air quality, and climate change goals.

STATE TRANSPORTATION IMPROVEMENT PROGRAM (\$500 MILLION)

The State Transportation Improvement Program (STIP) is a major source of funding for state highway, intercity rail, and regional highway and transit capital improvements. The STIP includes projects that are nominated by Caltrans in its interregional transportation improvement program (ITIP) and a regional agency in its regional transportation improvement program (RTIP). STIP projects aid the state and regions in providing multimodal mobility options for Californians in every region across the state. Projects range from a new bikeway or roadway to a rail line expansion and help alleviate congestion, support the movement of goods and services, including agricultural products from farm-to-market and freight from our ports of entry, and living-wage jobs and a thriving economy. A one-time investment in the STIP will allow regions to accelerate high-priority multimodal transportation projects for their communities (often matching state dollars with local sales tax revenue) and fund critical Caltrans sponsored projects in the interregional transportation plan (this plan has been identified as a key source of funding to advance meeting the state's transportation related climate change goals).

HIGHWAY SAFETY IMPROVEMENT PROGRAM – LOCAL AUGMENTATION (\$250 MILLION)

The Highway Safety Improvement Program (HSIP) is a core Federal-aid program with the purpose of achieving a significant reduction in traffic fatalities and serious injuries on all public roads. Caltrans administers a local HSIP grant program, which requires a data-driven, strategic approach to analyzing safety issues and funding cost-effective improvements on city and county roads. In California, local HSIP grants directly support safety improvements for all roadway users, including pedestrians and bicyclists. The current local HSIP grant cycle received applications totaling \$489.8 million, but funding was only available to make awards of \$227.6 million in March 2021. A one-time state investment of \$250 million would nearly fully fund these applications. This is another area where failure to meet federal safety targets affects state discretion in spending other federal transportation funds. Thus, the investment preserves state flexibility to invest other federal funding on projects that align with other state goals, like climate and equity.

STATE AND LOCAL TRANSPORTATION ADAPTATION PROGRAM (\$500 MILLION)

Increasing temperatures, larger wildfires, heavier rainstorms, and rising sea levels and storm surges associated with climate change are posing a significant risk to the State's transportation infrastructure. Caltrans recently conducted a vulnerability assessment for the state highway system to examine various expected impacts due to climate change. Regional transportation planning agencies, counties, and cities have also evaluated climate related risk within their own communities and identified billions of dollars' worth of adaptation projects to protect communities, jobs, homes, and other critical assets. Building on the one-time adaptation grant program in SB 1, this program would support state and local transportation and other related infrastructure adaptation projects. Such investment would be an optimal use of one-time funding to make our transportation network more resilient to the impacts of climate change.

RESEARCH TO SUPPORT STATE CLIMATE CHANGE/TRANSPORTATION/HOUSING/HIGH-ROAD JOBS GOALS (\$10 MILLION)

The UC ITS recently released the results of a much-anticipated study they were selected to lead after the 2019 Budget Act appropriated \$1.5 million to the California Environmental Protection Agency (CALEPA) to identify strategies to significantly reduce emissions from vehicles and to achieve carbon neutrality in the sector by 2045. The results of the study lay the groundwork for

aiding the state in identifying additional strategies to reduce GHG emissions and achieve carbon neutrality within the transportation sector; however, significant informational and data gaps remain that must be addressed to support sound and responsible policymaking, particularly those that emphasize new policy mechanisms (e.g., pricing and land use policies that prioritize active transportation, mixed use, densification, etc.) and social as well as racial equity.

With a \$10 million investment, the UC ITS will support evidence-based policymaking through a three-year research and technical assistance program that addresses the aforementioned informational gaps as well as four strategic areas not fully captured in the study on achieving carbon neutrality in transportation: 1) strategic actions to support public transit and shared mobility recovery and long-term resilience; 2) policies to accelerate the use of zero emission vehicles (powered by electricity and hydrogen); 3) integration of emerging transportation technologies and service models (e.g., mobility wallets, microtransit, shared micromobility, shared automated mobility) with California’s environmental, social, and economic policy priorities; and 4) policy trade-offs and implications for sustaining high road” jobs, supporting economic growth, and advancing social and racial equity while reducing GHG emissions from the transportation sector. An overarching focus is a technical assistance and knowledge transfer program across all four initiative areas to ensure research is translated into action.

INFILL INFRASTRUCTURE GRANT PROGRAM (\$500 MILLION)

The cost of infrastructure associated with infill development is one of the most significant cost drivers when attempting to build affordable infill housing. It is also a primary constraint for state climate policy. This proposal includes support for Governor Newsom’s January Budget proposal to fund the Infrastructure Infill Grant (IIG) Program with \$500 million in 2021-22. This funding should be used to fund the core infrastructure, like water, sewer, broadband, etc. that must be refurbished to rebuild neighborhoods and urban areas for the next century of living. By providing financial assistance for capital improvement projects to support infill housing development, this investment will support the development of critically needed affordable infill housing and dense development that supports robust transit, active transportation, public health, and equity goals.

ZERO-EMISSION VEHICLE INFRASTRUCTURE (\$1.5 BILLION)

The Governor’s Executive Order N-79-20 set forth numerous zero-emission vehicle (ZEV) goals, including that 100% of new light-duty vehicles sales in 2035 are ZEVs. To support this transition, the State must invest in light-duty ZEV refueling infrastructure. A one-time general fund investment of \$1 billion to accelerate the pace and scale of the construction of electric vehicle charging stations and \$500 million for hydrogen fueling stations are critical to accelerate ZEV adoption and help the state meet its ambitious climate goals.