



Memorandum

Date: 02.24.15 **RE:** Transportation Authority Board
February 24, 2015

To: Transportation Authority Board: Commissioners Wiener (Chair), Cohen (Vice Chair), Avalos, Breed, Campos, Christensen, Farrell, Kim, Mar, Tang and Yee

From: Tilly Chang – Executive Director *TCC*

Subject: **INFORMATION** – Executive Director’s Report

REGIONAL, STATE AND FEDERAL ISSUES

Board of Equalization (BOE) Expected to Reduce Excise Tax on Gasoline – State and Local Transportation Revenues Would Decline by \$1.1 Billion: Due to the gas tax swap enacted as part of the budget process a few years ago, state statutes require annual adjustments to the price-based excise tax on gasoline so that it generates the equivalent amount of revenue as the former sales tax on gasoline. Given the recent significant decline in gas prices, the BOE will be forced to make a reduction in the excise tax on gasoline that are projected to significantly decrease transportation revenues used by the State and local government (e.g. gas tax subventions for street resurfacing). This story hit the news in January when the then recently released Governor’s budget assumed that the excise tax would be 5.544 cents per gallon lower on a total consumption of 14.74 billion gallons (same as previous year), a \$817 million decrease. The expected BOE decrease of 7.5 cents would reduce funding by an additional \$288 million statewide. I’ve attached a letter signed by a broad coalition of agencies and organizations that serves as an open letter to BOE offering to serve as a resource and stating an intent to work with the Governor and Legislature to not only to protect the existing level of revenues, but to also grow transportation revenues needed to address chronic under investment in transportation infrastructure.

State Debates Two Proposals for High Occupancy Toll Lane Authorization – AB 194 (Frazier) and 402 Highway Tolling budget Trailer Bill): Two similar approaches to authorizing the implementation of high occupancy toll (HOT) lanes are moving forward through the Legislature. The first bill, AB 194 (Frazier), was sponsored by the Self Help Counties Coalition and revives a defeated bill from last session that would allow Caltrans and regional transportation agencies (the Metropolitan Transportation Commission (MTC) for the Bay Area) to convert High Occupancy Vehicle (HOV) lanes to HOT lanes in consultation with local agencies such as the Transportation Authority. The Administration’s proposal, which is outlined in a budget trailer bill, does much of the same but does not require consultation with local agencies. This authority could be very important to San Francisco depending on the recommendations coming out of the Freeway Corridor Management Study, and we are working with members of the San Francisco delegation and Commissioners Wiener and Campos our representatives on MTC, to track both bills and to strengthen, if possible, our role in toll policy and implementation.

Assemblymember Mullin Announces Highway 101 Corridor Initiative – Intent is to Support Comprehensive Approach to Improved Mobility: On February 18 Asm. Mullin introduced Assembly Bill 378 which states his intent to enact legislation to substantially improve mobility within the corridor as soon as possible, but no later than within 5 years, recognizing the economic importance of this corridor to the region and the state and the fact that the current highway and transit capacity is not keeping up with demand. SB 378 is a

policy statement that broadly references the need to increase Caltrain capacity, mentions potential improvements such as carpool lanes, express lanes, ramp metering and ride sharing. It also recognizes that a comprehensive transit and highway management approach and one with the state, region and counties working together will be more effective than approaching the corridor in a piecemeal fashion – sentiments with which I couldn't agree more. While the bill doesn't specify a solution at the moment, it could provide an opportunity to jump start solutions coming out of our Freeway Corridor Management Study and out of the Bay Area Core Capacity Transit Study. We plan to reach out to Asm. Mullin's office and engage in discussions on the topic.

Affordable Housing and Sustainable Communities (AHSC) – San Francisco Submits Concept Proposal: The AHSC program is a new competitive grant program, funded by cap-and-trade proceeds and administered by the Strategic Growth Council. AHSC aims to encourage compact, infill development, active transportation, affordable housing, and mass transit. Each application to the AHSC must include both housing development and transportation-related infrastructure. My staff has been participating in coordination meetings with the SFMTA, the Planning Department, and the Mayor's Office of Housing and Community Development to prepare a suite of housing and transportation projects combined into a single application package that is eligible for the AHSC program. Given the complexity of the program guidelines and lengthy application, the group opted to support a single, competitive application seeking the maximum \$15 million grant award for a locality focused on an affordable housing proposal sponsored by the Tenderloin Neighborhood Development Corporation (TNDC). There is a two-part application process to access \$120 million in funds available statewide. Our staff supported TNDC's concept proposal submittal (which was submitted by the February 19, 2015 deadline) with preparation of application materials such as maps of the project area with transit service and other required information. By March 11, the Strategic Growth Council will then notify and invite a limited number of proposals to continue through the process by submitting a full application. The draft staff recommendation to award AHSC grants for about \$120 million is anticipated to be released by mid-June 2015.

Active Transportation Program (ATP) – Cycle 2 Calls for Projects to be Released March 26: The State Legislature established the ATP in 2013 by combining various programs, including the federal Transportation Alternatives Program, state Bicycle Transportation Account, and federal and state Safe Routes to School programs. ATP funds are distributed with 50% going to a statewide competitive program; 10% to a small urban and rural area program; and 40% to a large urbanized area competitive program, which MTC manages in our region. For Cycle 2 of the ATP, the statewide and regional calls for projects will be released concurrently on March 26, with applications due June 1, 2015. The Statewide ATP is estimated to have \$180 million available, while MTC's Regional ATP is estimated to have \$30 million available. In last year's Cycle 1 of ATP, three San Francisco projects were funded, totaling \$3.5 million. We have been regularly sharing information with our Technical Working Group and exchanging lessons learned from San Francisco project sponsors and other CMAs from Cycle 1. We are again offering technical assistance with the difficult application process to better position San Francisco projects for both statewide and regional ATP funds.

Bay Area Transit Core Capacity Study – Project Kicks Off: Earlier this month, the Bay Area Core Capacity Transit Study led by the MTC officially kicked off with the first meeting of the Project Management Team (comprised of representatives from the seven partner agencies, including the Transportation Authority) and the Arup-led consultant team. The consultant team's initial tasks are to establish a public outreach and communication plan and to refine the scope of work and schedule for the two-and-a-half year study. The study findings will feed into the 2017 updates of Plan Bay Area and the San Francisco Transportation Plan (SFTP). We anticipate bringing periodic updates to the Plans and Programs

Committee at appropriate study milestones. For more information, please contact Liz Brisson (liz@sfcta.org, 415.522.4838).

Caltrain Early Investment Program – High-Speed Rail Compatibility and Funding Strategy Continue to Advance: On January 8, the Peninsula Corridor Joint Powers Board (PCJPB) certified the Final Environmental Impact Report for the Electrification Project, completing the environmental review phase of the program. The Early Investment Program, which includes both electrification (including vehicle procurement) and positive train control/signal system enhancements is expected to benefit the region by reducing greenhouse gases, daily traffic congestion, and engine noise, while increasing clean air, ridership, and frequency of service. Key environmental issues for which Caltrain proposed mitigations include visual aesthetics, tree removal, noise, local traffic, traction power facilities, and freight, among others. Now the project enters its procurement phase. The Request for Proposals for the design-build electrification contract will be released later this week, and the Request for Proposals for the vehicles is anticipated for later this summer after the PCJPB and California High Speed Rail Authority reach agreement on key compatibility issues (centered on vehicle widths and platform heights). Concurrently, funding partners are working with Caltrain to help solidify the project’s funding and financing plan. Revenue service is planned for late 2020 - early 2021. We are closely involved in both efforts in coordination with the Mayor’s Offices and SFTMA.

LOCAL ISSUES

Vision Zero – Two-Year Action Strategy Released: I’d like to congratulate city and civic leaders and agency staff who worked together to produce San Francisco’s two-year Vision Zero action strategy, which was released earlier this month. The action strategy outlines the projects and policies the city plans to pursue this year and next to enhance safety and livability on San Francisco streets. What started with a resolution from the Board of Supervisor in 2013 has become a robust policy embraced by the Mayor, the SFMTA, Police Department, SF Department of Public Health, San Francisco Public Works and other city agencies. We remain committed to supporting Vision Zero as we work with the City Family and the public to achieve the goal of zero traffic-related deaths by 2024. More information on Vision Zero is available at: <http://www.sfmta.com/projects-planning/projects/vision-zero>. The next meeting of the Transportation Authority’s Vision Zero Committee is scheduled for March 12.

Late Night Transportation Working Group – Working Group Endorses Recommendations, Final Report Presented at Board of Supervisors Land Use Committee: Yesterday, I had the pleasure of participating in a press conference with Chair Wiener, BART Director Nicholas Josefowitz and project staff from the Office of Economic and Workforce (OEWD) and Entertainment Commission to highlight the findings and recommendations of the Late Night Transportation Working Group. The Working Group endorsed the final recommendations contained in a final report earlier this month. The report contains fifteen recommendations, five next steps to move forward, and proposes an immediate next step of two months of scoping to refine roles, responsibilities, and schedule for follow-on work. The report was presented yesterday at the Board of Supervisors Land Use Committee, and will subsequently be presented to other policy-making boards. We have enjoyed our role to provide technical expertise to the OEWD and Entertainment Commission co-led effort and will work collaboratively to identify the appropriate role for the Transportation Authority to play in follow-on work. We anticipate continuing to work on follow-on study phases with the Task Force and that findings and recommendations will inform the 2017 updates of Plan Bay Area and the SFTP. The final report can be downloaded from the OEWD NightlifeSF webpage: <http://nightlifesf.org/working-group-formed-to-study-improving-late-night-transportation>. For more information, please contact Liz Brisson (liz@sfcta.org, 415.522.4838).

Geary Bus Rapid Transit - Federal Transit Administration (FTA) Coordination in Progress: Transportation Authority and SFMTA staff have met with the FTA several times regarding the project's draft Environmental Impact Report/Statement (EIR/S), which has been under FTA review since mid-December. The FTA has raised a procedural issue regarding how the EIR/S will relate to one of the project's intended funding sources, the FTA's Small Starts competitive grant program. This coordination has delayed our public release of the draft EIR/S. The project team believes the EIR/S to be consistent with the project's eventual Small Starts application and will continue to coordinate with FTA staff to address their issues while avoiding major delays to the project's environmental schedule. As we resolve these issues, we anticipate bringing a Prop K sales tax request to the Board to fund SFMTA's work on designing the near-term improvements of pedestrian safety and transit reliability improvements planned for the Geary corridor and envisioned as part of the overall Geary BRT project.

Plan Bay Area Update - Call for Projects Process to being in Early 2015 - MTC is in the process of developing the call for projects for the 2017 update of Plan Bay Area, the region's first Regional Transportation Plan/Sustainable Communities Strategy. As noted previously, MTC intends to undertake a focused update that largely retains the structure of Plan Bay Area, addresses what has changed since plan adoption, and incorporates a few limited policy areas that weren't fully addressed in the prior plan (e.g. adaption/sea level rise). In addition, the combination of keeping the same end year for the plan (2040) and the lack of a fix for the Federal Highway Trust Fund, means there will be little or quite possibly less discretionary revenues in the 2017 plan. MTC staff has proposed a three stage call for projects that could start as soon as March. During the first stage, MTC staff would seek updated scope, schedule, budget, and funding plans for the largest projects (> \$500 million in cost) in Plan Bay Area. Updates to other Plan Bay Area projects (stage 2) will occur starting in May. The final stage would be a call for new projects in the spring with project lists likely due to MTC in September. We anticipate bringing an information item on the call for projects to the Plans and Programs Committee in the next few months. In the meantime, our staff have already been reaching out to the Mayor's Office and San Francisco project sponsors to share initial information about MTC's call for project guidelines.

Prop K Neighborhood Transportation Improvement Program (NTIP) - Approval of District 1 NTIP Planning grant on February Board agenda: Transportation Authority and SFMTA staff continues to work closely with several of your offices to identify and assist with scoping of potential NTIP planning and capital grants. We have been vetting project proposals for Districts 6, 10, and 11 and exploring initial ideas for Districts 2 and 3. At the February Transportation Authority Board meeting, the Board will be asked to award the second NTIP Planning Grant for the District 1 NTIP project which will look at improving bicycle safety and access to/from Golden Gate Park on several north-south corridors connecting the Presidio and Fulton, as well as identification of follow-the-paving-type pedestrian and bicycle improvements that can be coordinated with an upcoming paving project on Arguello Boulevard scheduled for late 2016. We appreciate the input from Commissioner Mar and his staff on working with SFMTA and Transportation Authority staff to develop the NTIP planning proposal. For more information, please contact NTIP Coordinators Anna LaForte (Transportation Authority) at 415.522.4805 or anna@sfcta.org or Craig Raphael (SFMTA) at 415.701.4276 or craig.raaphael@sfmta.com.

PROJECT DELIVERY

Prop K Sales Tax Provides Safe Routes to School - Gordon Lau and Jefferson Elementary Projects Open for Use: School kids and others are benefitting from safer access to schools with the completion of Prop K-funded Safe Routes to School Projects at Gordon Lau Elementary School in Chinatown and Jefferson Elementary School in the Sunset. The Gordon Lau project features improvements at the intersections of Powell and Washington Streets and Clay Street at Joice Street. Improvements adjacent to the school include a new traffic signal with rebuilt curb ramps, accessible pedestrian signals, sidewalk bulb outs,

and flashing beacons. The Jefferson project included six new bulbouts and red zones in the vicinity of the school site. Both of these improve access and safety to school sites by increasing pedestrian visibility and encouraging motorists to reduce traveling speeds in the two school areas. These SFMTA projects use sales tax to match Federal Safe Routes to Schools funds. For more information on this and other Transportation Authority-funded projects, visit www.MyStreetSF.com.

Safety Intervention Improves O'Shaughnessy/Del Vale Intersection- Prop K Sales Tax Delivers: SFMTA has completed a Prop K sales tax fee-funded design and construction project to improve conditions for pedestrians at the intersection of O'Shaughnessy Boulevard and Del Vale Avenue. Previously, the uncontrolled intersection lacked a crosswalk to cross from the east to west side of O'Shaughnessy, and pedestrians would climb over the rail guard onto the roadway to cross to Del Vale. The intersection is across the street from the Ruth Asawa School of the Arts and is on the 44 O'Shaughnessy bus route. The improved intersection features a continental crosswalk, curb ramps, advance warning signs, a pedestrian activated beacon, and also included cutting a gap in the rail guard to facilitate crossing O'Shaughnessy onto Del Vale. For more information on this and other Transportation Authority-funded projects, visit www.MyStreetSF.com.

MANAGEMENT AND ADMINISTRATION ISSUES

DBE/LBE Opportunity Overview and Networking Event - Connecting the Business Community: On February 5, we hosted approximately 73 attendees from 70 companies at our annual Disadvantaged Business Enterprise (DBE) and Local Business Enterprise (LBE) Upcoming Opportunity Overview and Networking Event. This event brought together DBE/LBE firms with prime consultants and contractors to learn about upcoming contract opportunities with the Transportation Authority, SFMTA, San Mateo County Transit District, Transbay Joint Powers Authority and the Presidio Parkway project in the fields of construction, architecture and engineering, professional services, auditing, and legislative advocacy services. The event packed the room with representatives from the U.S. Small Business Administration, Asian American Contractors Association, San Francisco Chamber of Commerce, San Francisco African American Chamber of Commerce, Golden Gate Business Association, and the Hispanic Chamber of Commerce of San Francisco. After the presentation, we hosted a networking event where DBE /LBE firms met directly with potential prime consultants and contractors to discuss these and other upcoming opportunities. Firms provided plenty of positive and helpful feedback to inform next year's event and we will continue our efforts to encourage participation and collaboration of small and large firms.

Welcome aboard Joe Castiglione, Activity Based Modeling Expert: I am pleased to announce that Joe Castiglione has joined the Transportation Authority as our Deputy Director for Technology Data and Analysis. Joe is a national expert in travel demand forecasting, with 16 years' experience in the management and development of activity-based travel demand forecasting models and their integration with dynamic traffic assignment models. Joe is intimately familiar with our travel demand model as he helped create it, as a consultant, back in 2000.

Attachment:

1. Letter to Board of Equalization



February 20, 2015

Jerome Horton
Chair, State Board of Equalization
P.O. Box 942879
Sacramento, CA 94279



Re: Impact of Mandated Excise Tax Adjustment

Dear Chairman Horton:



We represent a broad group of agencies and organizations that plan, approve, construct, and maintain California’s transportation infrastructure, all of whom are very concerned about the proposed action by the Board of Equalization (Board) to reduce the price-based excise tax on gasoline by 7.5 cents per gallon.



We acknowledge that the Board has very little discretion; state statute mandates an annual adjustment in the price-based excise tax so that it generates the equivalent amount of revenue as the former sales tax on gasoline. However, the steep drop in gasoline prices triggering this cut will reduce transportation funding available for state and local transportation by \$1.1 billion, causing unacceptable long-term harm and uncertainty for the traveling public and the California economy. (The Board’s proposed 7.5-cent reduction is 2 cents more than was assumed in the January Budget proposal, resulting in an additional loss of \$288 million.)¹



ASSOCIATED GENERAL CONTRACTORS (AGC)

The timing of the gas tax cut is especially jarring given statements by the Governor and the Speaker of the Assembly recognizing the need to *increase* funding for transportation this year. The Governor identified \$59 billion in deferred maintenance on the state highway system and the California State Association of Counties, the League of California Cities, and California’s Regional Transportation Planning Agencies have documented a \$79 billion 10-year funding shortfall on local streets and roads. The net result of the reduction would effectively negate more than half of the Speaker’s proposal to raise \$2 billion a year over the next five years to address these critical backlogs.



Although it may be tempting to call any tax reduction a ‘win,’ California’s workers, motorists, transit riders, cyclists, and pedestrians will pay dollars tomorrow for the pennies they save today. Maintenance, improvement, and rehabilitation of our transportation system does not just happen; it takes years of planning, environmental review, programming, and financing. Simply put, cutting \$1.1 billion in transportation funding would wreak havoc on the condition of infrastructure upon which all Californians rely. Projects will have to be

¹ The Governor’s budget assumed that the Excise tax would be 5.544 cents per gallon lower on a total consumption of 14.74 billion gallons (same as previous year), or a \$817 million decrease. The increase to 7.5 cents reduces funding by an additional \$288 million below the Governor’s budget proposal.

mothballed, costing critical California jobs. When funding does eventually return, projects will be more costly to restart. Further, deferred maintenance is exponentially more expensive than maintaining infrastructure in a good condition.

To avoid this grim outcome for our state's residents and economy, we intend to work with the Legislature and Governor to preserve and augment the state's transportation revenue streams this year – including funds generated by the state's variable gasoline tax – and ensure California taxpayers get the most for their money. We are also available as a resource to the Board to the extent that there is any way that we can be of assistance.

Thank you for your consideration. Please do not hesitate to contact us if you have any questions.

Sincerely,



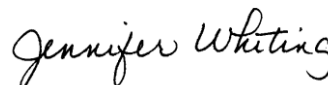
David Ackerman
Associated General Contractors



James Earp
California Alliance for Jobs



Kiana Buss
California State Association of Counties



Jennifer Whiting
League of California Cities



Keith Dunn
Self-Help Counties Coalition



Mark Watts
Transportation California



Bill Higgins
California Association of Councils of Government



Joshua Shaw
California Transit Association

CC: George Runner, First District Member, Board of Equalization
Fiona Ma, Second District Member, Board of Equalization
Diane Harkey, Fourth District Member, Board of Equalization
Betty Yee, California State Controller
Cynthia Bridges, Executive Director, Board of Equalization
Kevin de Leon, President pro Tempore, California State Senate
Toni Atkins, Speaker, California State Assembly
Jim Beall, Chair, Senate Transportation & Housing Committee
Anthony Cannella, Vice Chair, Senate Transportation & Housing Committee
Jim Frazier, Chair, Assembly Transportation Committee
Katcho Achadjian, Vice Chair, Assembly Transportation Committee
Brian Kelly, Secretary, California State Transportation Agency
Will Kempton, Executive Director, California Transportation Commission