

## SUMMARY

California has over 178,000 miles of public roads. Although state highways comprise less than ten percent of the road mileage, they carry 56 percent of the travel. The Department of Transportation (CalTrans) and the California Transportation Commission are the agencies primarily responsible for controlling highway construction projects in California.

This study examined highway financing and planning, the Caltrans project development process, and the state's program for maintaining highways. This analysis led to the overall finding that state laws and administrative decisions have left California without a rational, coordinated program for highway development and maintenance. The specific findings are:

1. The state law requiring that 70 percent of the funds in the State Highway Account be distributed among the state's 58 counties according to population and highway miles often prevents highway funding on the basis of need.
2. Proper investment priorities for the state highway system are hampered by Federal funding criteria.
3. California's tax structure for financing highways is not responsive to inflation or decreasing fuel consumption.
4. Since 1981 \$66.8 million of revenues available for transportation purposes have been appropriated for General Fund purposes.
5. The lack of a state highway systems plan results in attention being focused on individual projects -- often due to pressure from special interests -- rather than on the priority needs of the system as a whole.
6. The State Transportation Improvement Program discourages long-range highway planning.

7. Reorganizing the project development process in order to accelerate highway projects may be of limited success.
8. There is no statutory requirement in either Federal or State Law that the environmental review of highway projects be completed within a specified period of time.
9. Caltrans has no inventory of approved projects that can be quickly substituted for projects that have been seriously delayed, or that can be implemented in response to changes in revenues or public policies.
10. When highway system improvements are made, there is no estimate of the cost of future maintenance and rehabilitation needs that will result.
11. The process for establishing pavement rehabilitation priorities may not reflect the real needs of protecting the public's investment in highways.

### RECOMMENDATIONS

1. The Legislature, Caltrans, and the California Transportation Commission should find an alternative to the "county minimum" requirement in order to allocate highway revenues with consideration to both geographic equity and need.
2. The Legislature, Caltrans, and the California Transportation Commission should develop a broader user and beneficiary based highway financing mechanism in order to meet priority needs despite fluctuating highway construction costs, gallonage tax revenues which are not commensurate with increases in highway travel, and restrictive criteria for federal funding. Among user/beneficiary related sources of revenue that are worthy of examination are weight-distance fees for commercial trucks and contributions from local sources for improvements to state highways which are a benefit to a specific community.
3. The Legislature should be consistent with existing statutory provisions and refrain from appropriating gasoline sales tax revenues identified for transportation purposes to the General Fund.
4. Caltrans, in cooperation with local and regional agencies and the California Transportation Commission, should develop a 10-year highway systems plan that identifies investment priorities based on revenue assumptions provided by the California Transportation Commission instead of on allocation formulas. It should be updated every five years. In implementing this recommendation the Legislature should carefully identify the role of Caltrans and the California Transportation Commission in the development of the plan's guidelines and the extent of participation by regional transportation planning agencies.
5. The Legislature and the administration should seek federal legislation that would sanction, on a demonstration basis, the state environmental review process as equivalent to the federal process, and thereby acceptable in lieu of the federal process. This could be facilitated by amending state regulations to accommodate federal requirements.

6. Amend the California Environmental Quality Act to require the environmental review of highway projects funded solely with State revenues be completed within two years of initiating the design of highway projects.
7. The National Environmental Quality Act should be amended to require environmental review of highway projects funded with Federal revenues be completed within two years of initiating the design of a highway project.
8. The Legislature should request the Legislative Analyst in cooperation with outside consultant services to develop a proposal for having an appropriate number of standby projects ready to go to bid in case there are major delays in projects underway, or changes in policies or revenues. The request should seek to identify the staffing requirements to produce this inventory, the cost, the impact on the regular highway program if resources are committed to this concept, and the extent to which private sector engineering firms might be used. In making this recommendation we recognize that there are legal issues associated with the use of private engineering firms which must be examined before such a decision could be made.
9. Caltrans should examine the feasibility of introducing estimates of life cycle cost of highway improvements whenever a decision is made for a new highway or improvement to an existing highway.
10. Caltrans should review the adequacy of its system for prioritizing maintenance needs to ensure that major problems are addressed on a timely basis.