

EXECUTIVE SUMMARY

The State Department of Transportation (Caltrans) spends more than \$2.7 billion annually to develop and maintain California's highway system. Caltrans has the full responsibility of managing the State's approximately 16,000 miles of highway and providing funding for the various alternative modes of transportation. To do this, Caltrans has a staff of more than 15,000 employees at its headquarters in Sacramento and in its 12 district offices throughout the State.

In recent years, it has become clear that the State's transportation system is not keeping pace with the increased transportation needs of California drivers. As a result, the State's transportation system is bursting at the seams in many urban and rapidly developing suburban areas. Work day commutes of an hour to two hours are becoming the norm in some major metropolitan areas. The lost productivity and frustration of workers caught in urban gridlock is indicative of the disabling effects that our inadequate highway system is having in some areas.

Due to the increased demands for State highway expansion and existing roadway maintenance, combined with the lack of revenue and the considerable time needed to construct transportation improvements, California will be unable to build itself out of its current transportation problems in the near future. Even if it was technologically feasible to construct the roads in the needed time frame, there just isn't enough money. Current estimates of the shortfall in highway revenues range from \$800 million to \$1.8 billion per year from now until the year 2000.

The Commission found that the State is not aggressively pursuing immediate options to reduce traffic congestion. Specifically, transportation management systems and low-cost operational improvements have not been fully considered for use on a Statewide basis. These techniques include: implementing traffic management efforts, such as those utilized during the 1984 Olympic Games in Los Angeles; traffic control ordinances, like those used in the City of Pleasanton; "SMART Street" programs, which utilize automated traffic surveillance and control systems; and, low-cost anti-congestion projects, such as auxiliary lanes and ramp meters. Without the aggressive implementation of these strategies, congestion in numerous urban and metropolitan areas will continue to impede further economic growth in California.

The Commission's study revealed that Caltrans does not have an adequate plan to determine how the State will address its long-term transportation needs. Between 1985 and the year 2000, the number of licensed drivers in California is predicted to increase from 17.45 million to 22.10 million, an increase of 26.6 percent. Similarly, the number of vehicle miles travelled per year is projected to rise from 207.6 million miles to 271 million miles, an increase of 30.5 percent. While Caltrans does conduct some long-term planning, the bulk of its resources are focused on short-range and year-to-year plans. The lack of long-term planning may lead to additional transportation problems in the future because resources may not be expended prudently and right of way that should be preserved for highway projects will be used for other purposes. As a result, future transportation improvements may be more expensive and more difficult to build.

The Commission also determined that highway project development and approvals are unnecessarily delayed due to procedural problems in the planning process used to prepare the State Transportation Improvement Program. Specifically, the Commission found that the process understates cost estimates. As a result, the State Transportation Improvement Program overcommits the funding available for highway projects and establishes unrealistic project schedules. This causes additional project delays and increases project costs.

The study showed that Caltrans currently has insufficient staffing available to deliver the State's transportation program on time. Recent cyclical changes in State and federal funding have made it difficult for the department to maintain project development staffing levels to match funding levels. As a result, 25 percent of the State funded highway projects and 60 percent of the locally funded highway projects have been delayed. This includes proposed highway projects that are being funded solely by local governments and private developers. During the course of the Commission's study, the Governor and the Legislature have taken some actions to address this problem. On February 10, 1988, the Governor signed SB 516 (Bergeson), Chapter 9, Statutes of 1988. This measure established a process for Caltrans to determine when it is necessary to contract with private firms for project development activities. In addition, the Governor's proposed budget for fiscal year 1988-89 contains an additional 1,156 personnel years for Caltrans, including 304 personnel years dedicated to project development.

The Commission study also revealed that the environmental process which the State uses is cumbersome and results in project delays and increased project delivery costs. Both the State of California and the federal government have laws that require identification and consideration of environmental impact before construction of transportation projects can begin. Although only one document is produced to satisfy both State and federal requirements, the review and approval are performed consecutively rather than concurrently. This results in a four- to six-month delay in construction of highway projects.

In addition, the Commission believes that Caltrans tends to be overly optimistic about how quickly the environmental review process can be completed. This frequently results in projects being delayed beyond the original delivery date and translates into increased costs due to inflation. Furthermore, the criteria for exempting projects from the environmental review process is too restrictive and does not allow for the exemption of environmentally beneficial projects, such as high occupancy vehicle lanes on existing congested freeways. As a result, the State performs unnecessary environmental assessments which cause project delays and utilize limited personnel resources that could be used on more important projects. This also adds additional costs to the environmental requirement which currently costs an estimated \$50 million to \$100 million annually in California.

The Commission's study determined that State funding available for transportation is inadequate. Moreover, the funding available for transportation over the last 20 years has not kept pace with inflation. For example, since 1965 the State's gasoline tax has increased from seven

to nine cents per gallon, an increase of 30 percent. However, between 1965 and 1987, the consumer price index increased 225 percent. In constant dollars, the average motorist paid 1.8 cents per mile in 1965 and was only paying .6 cents per mile in State gasoline tax in 1987. Without additional long-term funding to construct needed highway improvements, the Commission believes that the State's highway system will be further impaired and the State's economic prosperity will be jeopardized.

The study also showed that current funding allocation requirements hinder the effective use of present funding. Due to the federal funding constraints and other funding considerations, funding allocation formulas, such as county minimum funding requirements, result in an inequitable distribution of highway funding. Moreover, the funding allocation requirements inappropriately skew funding distribution and divert funds from the State's highest priority projects.

Finally, the Commission determined that the State has not developed a position for long-term federal funding after the completion of the federal government's interstate program in 1992. Without advocating a uniform alternative favorable to California, the State may continue to receive less than its "fair share" of the federal gasoline tax revenues it generates once the federal interstate program ends. Currently, California is apportioned only 85 cents out of each dollar in federal gasoline tax that it pays.

The Commission's report presents 16 recommendations to improve the planning, operation and funding of California's highway system. These recommendations include short-term and long-term actions to address the State's transportation problems.

Short-Term Recommendations

1. The Governor and the Legislature should aggressively pursue options to reduce congestion in urban areas. Urban and suburban areas should be required to implement transportation systems management plans prior to the receipt of State funding.
2. The Governor and the Legislature should ensure that programs which provide for the efficient use of existing freeways and arterials, such as the "SMART Street" program and low-cost operational improvements, be assigned high funding priority.
3. The Governor and the Legislature should permit the Department of Transportation to contract out for project development activities as needed. [Note: The Governor signed SB 516 (Bergeson), Chapter 9, Statutes of 1988, on February 10, 1988.]
4. Caltrans should continue to encourage cities and counties to contract out project development activities to qualified private engineering firms whenever necessary.

Long-Term Recommendations

5. The Governor and the Legislature should establish a Blue Ribbon Ad Hoc Commission on Transportation. The Commission should examine the long-term needs of the State transportation system and should develop a strategic plan for the State transportation system. [Note: The Governor signed Executive Order D-69-88, on February 10, 1988 that established an interagency task force to address delays in highway project delivery.]
6. The Governor and the Legislature should restructure the county minimum formula based on interstate eligibility.
7. The Governor and the Legislature should modify the county minimum allocation to exclude expenditures for safety and support.
8. The Governor and the Legislature should expand the criteria for projects eligible for statutory exemption from the environmental clearance process. Projects which do not individually or cummulativey have a significant impact on the environment should be eligible for statutory exemption.
9. The Governor and the Legislature should exempt highway projects that expand the capacity of existing highways from the environmental clearance process.
10. The Governor and the Legislature should seek a federal demonstration project that would delegate authority for review and approval of the National Environmental Policy Act documents to the State.
11. The Governor and the Legislature should direct Caltrans to undertake a study to further streamline the environmental clearance process, both internally and externally.
12. The Department of Transportation should develop and implement a long-range planning process that will allow the State in cooperation with local and regional agencies to project future transportation needs.
13. The Governor and the Legislature should modify the State Transportation Improvement Program process to allow for better coordination with the budget process.
14. The Governor and the Legislature should address the long-term state funding shortfall to prevent further deterioration of the State Highway System and relieve traffic congestion.
15. The Governor and the Legislature should empower the Commission on State Finance to review and approve the inflation rates for development of the State Transportation Improvement Program.
16. The Legislature should adopt a Joint Resolution stating California's preferred federal program after completion of the federal government's interstate program in 1992.