

EXECUTIVE SUMMARY

The Little Hoover Commission last reported on California's transportation system in 1988. The Commission sounded a warning that chronic funding shortfalls, slow project delivery and a lack of policy direction threatened to cripple the State's future mobility.

Since that report, the State has taken a number of bold steps to improve transportation. The most notable action was voter approval of Propositions 108, 111 and 116 in June 1990. These measures provided \$18.5 billion in new transportation revenue, formed a state consensus favoring multi-modal development, and established a growth management program. In the last few years the State also has taken action to speed project delivery, provide long-term policy direction and develop high-speed train systems.

The Commission has examined these recent transportation measures in this report. The Commission's investigation reveals that, while the State has made significant improvements in transportation, California's transportation policy is plagued by a lack of leadership, inadequate planning, little cost/benefit analysis, ineffective high-speed train development, poor project management and a deficient growth management program. The Commission believes that the Governor and the Legislature must address these issues to ensure cost-effective use of public funds as well as the future mobility of California citizens.

Finding #1

The state consensus to develop a system encompassing a variety of transportation modes is hindered by a highway bias in Caltrans and a lack of advocacy in the Governor's Cabinet.

While the automobile will continue to be the dominant mode of transportation for the foreseeable future, voters and transportation officials in California recently have reached a consensus that the State should develop a multi-modal transportation system. However, state government entities have not shifted their orientation sufficiently to ensure the cost-effective development of a multi-modal transportation system. The entities' current orientation may hinder the State's ability to meet California's future mobility needs.

Recommendation #1 The Governor and the Legislature should enact legislation to establish a new Transportation Agency.

- a) The secretary of the Transportation Agency should provide policy and budget direction to the Governor to promote the efficient development of a multi-modal transportation system.
- b) The Agency should be staffed with existing personnel positions from Caltrans and the Business, Transportation and Housing Agency.
- c) The Business, Transportation and Housing Agency should become the Business and Housing Agency.

Recommendation #2 The Governor and the Legislature should enact legislation requiring a management study to determine how Caltrans can be reorganized to promote the development of a multi-modal transportation system.

- a) The study should recommend how Caltrans' headquarters and districts can be organized to work most effectively with local and regional transportation agencies in developing a statewide, multi-modal transportation system.
- b) The study should recommend clearly delineated responsibilities for Caltrans and local agencies in the development of travel modes, particularly commuter and urban transit systems.
- c) The study should be conducted by an independent management consultant.
- d) The study should be reviewed by the Governor and the Legislature for their approval.

Recommendation #3 The Legislature should adopt a resolution indicating that, in any future revision of the federal Surface

Transportation Reauthorization Act, the State of California favors:

- a) Maximum flexibility in the use of federal transportation funds.
- b) A requirement that regional and local transportation agencies coordinate their transit systems with state plans as a condition of receiving federal funds.

The resolution should be transmitted to Congress and the President.

Finding #2

The State has not adopted an adequate long-term plan for the state transportation system, thus hindering the cost-effective development of a system that will improve future mobility.

Propositions 108 and 111, also known as the Transportation Blueprint for the 21st Century, represent the first long-term transportation plan adopted by the State since the 1958 California Freeway Plan. The Blueprint's failure to address economic factors causing highway congestion, however, will prevent the Blueprint from ensuring long-term mobility improvement in California. This weakness in the Blueprint will lead to chronic traffic congestion, unfair distribution of transportation costs and inefficient investment of transportation funds.

Recommendation #4

The Governor and the Legislature should enact legislation directing Caltrans to develop a transportation improvement plan that can promise improved mobility to Californians over the next 20 years.

- a) The plan should address the economic factors that perpetuate highway congestion and make recommendations to control the growth in vehicle miles traveled.
- b) The plan should establish priorities for the development of a statewide, multi-modal transportation system.
- c) The plan should address how transportation costs can be distributed equitably among users of the system.
- d) The plan should be based on the consensus principles established by the public and

private transportation officials on the California Transportation Directions Committee.

- e) The plan should establish realistic funding estimates and financing mechanisms.
- f) The plan should be developed in consultation with regional transportation planning agencies.
- g) The plan should be submitted to the Governor and the Legislature for their review and approval.

Finding #3

The State does not adequately evaluate transportation alternatives based on cost-effectiveness, thus leading to unnecessary delay and expense for transportation projects.

Declining transportation revenues in the 1970s led the State to study ways to use transportation funds more cost-effectively. Seventeen years after the completion of this study, however, the State is not making transportation decisions based on cost/benefit criteria. Consequently, the State is not using transportation funds in the most cost-effective manner.

Recommendation #5

The Governor and the Legislature should enact legislation that mandates the establishment of a 20-year horizon for planning and funding of the transportation system.

- a) This time frame will assist Caltrans and local transportation agencies in establishing transportation priorities in a cost-effective manner.
- b) Caltrans' right-of-way acquisition requirements should be limited to a level achievable in the 20-year time horizon.

Recommendation #6

The Governor and the Legislature should enact legislation directing Caltrans to develop cost/benefit criteria that could be used by state, regional and local transportation agencies in evaluating transportation options.

- a) The criteria should include as factors the operations and maintenance costs of transit and highway systems.
- b) The study should investigate whether cost/benefit analysis could become a component of the existing environmental

review process, so as not to add another layer of review to project development.

Finding #4

The State has not been effective in developing a high-speed train system, thereby preventing an alternative to auto and air travel.

The State on several occasions has taken steps toward developing a high-speed train system. However, because of the complicated review processes, a lack of involvement by proven high-speed train experts, unrealistic expectations of private-financing and premature commitment to magnetic-levitation technology, the State has not been effective in developing such a system. The State needs to develop a high-speed train system to provide relief to increasingly congested highways and airways.

Recommendation #7

The Governor and Legislature should enact legislation requesting a franchise to build, operate and finance a high-speed train system to include Sacramento, San Francisco, Fresno, Bakersfield, Los Angeles and San Diego. The legislation should establish a commission, appointed by the Governor and the Legislature and chaired by a high-speed train expert, to review proposals and award a franchise.

- a) The commission should give priority to awarding the franchise to a wheels-on-rail proposal.
- b) The commission should give priority to awarding the franchise to the proposal that would require the least amount of public funds.
- c) The commission should be funded by the Proposition 116 funds for the Bakersfield - Los Angeles study.

Recommendation #8

The Governor and the Legislature should place before the voters a revenue bond proposal to partially pay for the construction and initial operations of the high-speed train system awarded to the franchisee.

Recommendation #9

The Legislature should adopt a resolution urging Congress and the President to allow federal airport and highway trust funds to be used to provide partial financing for a high-speed train system in California.

Recommendation #10

The Governor and the Legislature should enact legislation to establish a consortium that would guide development of the high-speed train system.

- a) The consortium should be led by the franchisee, who would be responsible for planning and financing the system.
- b) The consortium should include project managers from Caltrans and the Public Utilities Commission, who should guide the system through the State's regulatory and development process.
- c) The consortium should include subcontractors responsible for constructing the system.
- d) The consortium should include representatives from local jurisdictions impacted by development of the system.

Finding #5

Caltrans has not assigned project managers to major highway projects, thus leading to project delay and higher project costs.

Caltrans long has been criticized for the complications and delays in their highway development process. The previous Caltrans director attempted to reform the process by requiring the assignment of project managers to each project. The project managers were to be responsible for making sure the projects were developed on schedule. In general, however, Caltrans has not carried through with assigning project managers, thus leading to unnecessary project delays and higher project costs.

Recommendation #11

The Governor should issue an executive order requiring Caltrans to reorganize its district operations to ensure that a project manager is assigned to every major project. A major project should be defined as emergency projects or projects that are the most cost-effective in moving people.

- a) Given the personnel limitations in assigning a project manager to every project, Caltrans should assign project managers to major projects only.
- b) Caltrans should determine which projects are major projects in consultation with local and regional transportation agencies.
- c) District directors should hold project managers accountable and responsible for getting major projects out on time and on budget.

- d) Caltrans should establish a procedure allowing a project manager who moves to another assignment to transfer project management responsibility to another district employee.

Finding #6

The Congestion Management Program has several flaws that may prevent linking transportation and land-use planning.

The Congestion Management Program was one of the most notable reforms established by Proposition 111. The program seeks to link local land-use decisions to the capacity of transportation systems. While the program has helped bring together land-use, air quality and transportation decision-makers, the program also has some deficiencies.

Recommendation #12

The Governor and the Legislature should enact legislation to improve the Congestion Management Program through a state growth management program. Improvements in the Congestion Management Program should include, but not be limited to, the following:

- a) Coordinate the goals and functions of existing planning agencies to streamline the planning process;
- b) Require consistency between jurisdictions in the identification of principal arterials in CMPs and standardization of traffic forecast models;
- c) Establish strategies that encourage local governments to prevent traffic congestion in addition to the CMP's current requirement to mitigate traffic congestion after it occurs;
- d) Allow CMP "maintenance of effort" requirements to be averaged over a multi-year period and exclude from the maintenance of effort calculation maintenance or emergency expenses; and
- e) Establish provisions to minimize and mechanisms to resolve conflicts between jurisdictions within the CMP process.

The State cannot afford to be satisfied with the transportation achievements of the past few years. By implementing the recommendations contained in this report, California can improve mobility, save money and speed up project delivery.