

Little Hoover Commission

May 28, 2009

I appreciate having the opportunity to be here today.

In the letter of invitation I received, the Commission posed a number of questions for me to address. I want to premise my responses with some observations on the state of infrastructure planning and development today.

My sense is that we need to reconsider what it is we want our transportation system to achieve and take steps to ensure that it indeed serves those purposes. We lack a vision for what our transportation system is and should become.

The old vision has been primarily focused on road and highway investment, connecting areas rural and urban, farm to market, supporting the American Dream by connecting places rich in affordable homes to places rich in jobs. The mobility and interconnectivity afforded by the development of our transportation system over the past several decades have supported economic growth and a particular lifestyle that many have come to expect.

But achieving that vision has come with a cost and it is no longer sustainable. California is home to areas with the worst air quality and

traffic congestion in the nation. And these problems are now complicated by concerns over climate change and an evolving sense of the types of places where Californians want to make their home. We are in a new era, and our transportation system is not keeping up.

There is growing awareness of the drawbacks of our former patterns of development and of our need for a new vision.

We hear more and more about the importance of transit-oriented development and of achieving a sustainable jobs-housing balance. And there is greater emphasis on developing strategies to manage demand for transportation more effectively, for example, by pricing the use of certain facilities.

Additionally, the blueprint planning processes that many regions have undertaken or will undertake demonstrate the need or desire for a new vision while establishing a mechanism for engaging the public in creating it.

This is a difficult task. In 2006, voters passed Proposition 1B, a \$20 billion transportation bond initiative that contained 14 funding programs. In implementing those bond programs, the executive director for the California Transportation Commission at the time

commented that the Commission had expected project nominations to be more innovative, to push the state forward. What they received in reality, however, was a backlog of projects that had been incorporated into transportation plans back in the 1990s. The bond programs, while important, were funding a vision from the past.

I see this process, moving from an old mindset to visualizing and carrying out a new future, is, and will be, a challenging one. I do not have all of the answers, but it is from this perspective that I respond to the questions this Commission has posed to me.

What is the level of involvement by the Legislature in the planning and prioritization of infrastructure projects?

In our current environment, I believe the role of the Legislature is three-fold:

First, it is to *facilitate* a process for articulating a vision for the state's transportation system.

Second, in doing so, the Legislature should identify its own broad goals. In my view, the system should provide for the efficient mobility of goods and people, but it should do so in an environmentally sustainable manner. And safety needs to be an ever-present consideration.

Our built surface transportation system has attempted to support mobility objectives, but by over-investing in roads and under investing in multi-modalism, including passenger rail, transit, biking, and walking, we undermine the system as a whole. Our roads are congested and transit is not well-positioned in many areas to meet the mobility needs of its residents.

And environmental sustainability has not been a focal point in transportation planning and development. That needs to change.

The third role for the Legislature is to establish a framework for achieving the goals and for holding agencies accountable for meeting them.

Such a framework should include performance standards. I do not think it is appropriate for the Legislature to establish specific metrics that each individual project should meet, but the Legislature should set broad parameters and require departments of transportation and the CTC to develop metrics by which to judge projects.

These standards should be applied at both the project level and the system level, and agencies need to be held accountable if a project does not achieve those standards. There seems to be substantial

agreement regarding the importance of performance standards, but much work remains to develop, apply, and measure such standards.

Additionally, a framework should articulate funding priorities. In my view, we need a fix-it-first approach, funding maintenance and repair and rehabilitation of the existing road and railway systems before funding new capacity.

Second, we need to focus on transit and passenger rail, including commuter, intercity, and high speed rail.

Third, goods movement infrastructure needs to be a priority. With the exception of Proposition 1B, there is no funding program at either the state or federal levels for goods movement infrastructure. Within that realm, the state needs to encourage the development of rail electrification to move goods cleanly and efficiently.

I have said a lot about the role of the Legislature, but let me emphasize that the Legislature's work should not take place in the isolated confines of the Capitol. The Legislature should work in cooperation with federal, state, regional, and local transportation and planning agencies, environmental groups, and local communities to accomplish the objectives I have laid out.

What are the challenges with the existing process of infrastructure development and finance? Offer suggestions for improvements.

The largest challenges are 1) articulating a vision and framework for achieving it, 2) generating sufficient revenue, and 3) aligning our policy priorities and our budgeting priorities.

On that third point, the state is providing no funding support for transit operations from the 2009-10 fiscal year through the 2012-13 fiscal year. These budget cuts come at precisely the time the state sets as a priority the reduction of greenhouse gas emissions. They come at a time when there is less money available for highway investments and traffic congestion worsens. They come at a time when we see in the near future high gasoline prices that will place even greater burden on California's households and businesses.

And everyone here is aware of the challenges the Legislature faces with regard to raising revenue. Two options worth further investigation include a fee on fuel and a vehicle miles traveled, or VMT, tax. The gas fee concept was attempted in December without success, and implementing a VMT tax would take several years to

achieve. I am not optimistic about our ability to raise revenue at this time.

What I can say is, if the state is not able to provide sufficient funding for transportation, then we must empower local jurisdictions to raise revenue themselves.

How are the goals of AB 32 impacted by the decisions made on transportation infrastructure?

Clearly it will be more difficult to reduce greenhouse gas emissions if we continue to build infrastructure that encourages more people to drive longer distances.

As I mentioned, we need greater investment in infrastructure that supports travel modes that do not depend as heavily on fossil fuels as driving, including transit, passenger rail, walking and biking

Even passenger rail can induce sprawl, however, so careful and purposeful planning is necessary.

This is one reason why performance standards are useful and ultimately why AB 32 is valuable - The answer lies less in choosing one mode over another and more in establishing clear, measurable

performance standards that our transportation system must meet. AB 32 set a broad performance standard for the state with regard to greenhouse gas emissions and illustrates why we need specific standards for transportation projects and for the transportation sector as a whole.

The question asked concerns how transportation infrastructure decisions will affect AB 32 goals, but I think a more hopeful and important question for this discussion is, how will AB 32 goals affect infrastructure decisions? I think AB 32 will prove to be a critical impetus for the state, regions, and local municipalities to begin the process of rethinking land use and transportation patterns, to establish that new vision I have been talking about here.

What is my perspective on SB 4xx (Cogdill) regarding the expansion of authority for public-private partnerships?

I have two perspectives on SB 4xx.

From a substantive, policy point of view, this legislation is putting the "cart before the horse." First, we need to articulate a new vision for our transportation system and specify performance standards to achieve that vision. At that time, if a project financed through a PPP is able to advance the state's transportation goals, then I will be

supportive. I am not convinced that the types of projects that investors have typically wanted to do in California -- primarily new highways - are compatible with where the transportation system should be going in an AB 32 world.

From a process point of view, I am unhappy that this significant policy was pushed through the budget process. The legislation was billed as "economic stimulus," but currently there are no PPPs ready to go. That these projects will provide economic stimulus was a bogus rationale that the Administration used to justify extracting concessions during a difficult budget time. The Governor and the Legislature should be focused on budget solutions; not using budget difficulties as an opportunity to achieve other policy objectives.

That concludes my testimony. I appreciate your attention and welcome any questions you may have.