California – Land of Opportunity?

• Population
  ▪ Will Grow from 38MM Today to 44MM by 2020

• 8th Largest Economy in the World
  ▪ Gross State Product of $1.9T

• Unparalleled Quality of Life
California – Land of Opportunity?

- And yet, California Ranks 48th in the Nation in Terms of the Condition of our Highways
- Our Streets and Roads are Failing
- California Drivers Lose 93.7MM Hours a Year Sitting in Traffic
- Most of Expected Population Growth in the U.S. will take place in Urban Areas, making Modernization of Aging Transit Systems and Construction of new ones a Pressing Need
Pavement

58% of California Roadways Require Rehabilitation or Pavement Maintenance

87% of California’s Counties have an Average Pavement Rating of “At Risk” or “Poor”

25% of Local Streets and Roads will be in “Failed” Condition by 2022 under our Current Funding Levels

6 of the Nation’s 10 Worst Urban Area Pavement Conditions

- California Transportation Commission
  Statewide Transportation Needs Assessment 2011
California Infrastructure Report Card

Bridges

- 20% Require Major Maintenance or Preventative Work
- 6% Require Complete Replacement
- 55% of Locally-owned Bridges will Require Rehabilitation or Replacement over the Next 10 Years

- California Transportation Commission
  Statewide Transportation Needs Assessment 2011
California Infrastructure Report Card

Congestion

14 of the Nation’s 20 Most Congested Transportation Corridors are in California

66% of California’s Major Urban Highways are Congested

- Texas Transportation Institute
Poor Road Conditions…

✗ Cost Californians $16.6B Annually
✗ $700 per Motorist

✗ Contribute to More Than 1/2 of US Highway Fatalities
✗ More than Drunk Driving, Speeding or Failing to use Seat Belts

- TRIP
Transit

46% of Vehicles in California’s Bus Fleet are at or beyond the 12-year Replacement Age Recommended by the Federal Transit Administration

$37.2B Projected Level of Investment Needed to Bring all Existing Transit Capital Assets to a “State of Good Repair” over the Next 10 Years.
There Are Rail Challenges, Too!

Conventional Rail

$3+ B - 10-year Capital Shortfall

$1.4B - 10-year Operation and Maintenance Need

- CTA Needs Assessment
Neglected Improvements Are Staggering

California’s unfunded needs are $295B through 2021.

- California Transportation Commission
  Statewide Transportation Needs Assessment 2011
Declining Transportation Funding
On-System Construction Allocations and Projected Construction Allocations

NOTE: STIP Augmentation included in "Other Capacity Increasing".

Source: Caltrans
Our Current Challenges

• Prop 1B is Over
• Decline of Gas Tax Revenues and Purchasing Power
• Diversion of Existing Transportation Revenues
• No State or Federal Solutions on the Horizon
Political Obstacles

• Investing in Transportation Infrastructure Not High Priority

• Voters Believe They are Paying Enough Taxes

• Skepticism High about Government Doing the Right Thing with Tax Dollars

• Few Political Champions
Options Considered

1. Gas Tax Increase
2. New Statewide Bond Measure
3. Cap & Trade
4. Lowering Voter Threshold on Local Measures
5. Vehicle Registration Fee Increase
6. Vehicle License Fee Increase
Voter Research and General Sentiment

**PROS:**
- We need to keep up with road maintenance or it will cost much more to make repairs later.
- Any new revenue should be used only for repairs and should not be diverted for other purposes.

**CONS:**
- There should be plenty of money for road repair if the money was just spent better.
- We can’t trust government to spend more tax money wisely – even for road maintenance.
- Now that we’re recovering from the recession is not a time to raise taxes.
The Best “Plan B” Opportunities

- Recapture Truck Weight Fees
- Advance Loan Repayments
- Increase Cap & Trade Funds for Transportation
- Implement VMT Pilot
- Approve a $5B Bond Program for Transportation – 2016?
- Reform Measures: Better Accountability, Efficiency and Innovation
Legislation for 2014

- SB 1418 (DeSaulnier), AB 2728 (Perea, Linder) – Recapture of Truck Weight Fees
- AB 1857 (Frazier) – Alternate Bid Proposal
- SB 1077 (DeSaulnier) – VMT Pilot
- SB 1724 (Frazier) – CMGC Authorization
- SB 1433 (Hill) – Extension of Design-Build for Transit
- SJR 24 (DeSaulnier, Lowenthal) – Highway Trust Fund Resolution
- Extension of P3 Authority
- 2014-15 Budget
To: California State Senate  
California State Assembly.

As the Legislature enters the final weeks of budget negotiations, we are deeply concerned about the low priority that is being placed on maintaining our state highways, local streets and roads, and our mass transit network.

Although Proposition 1B, approved by the voters in 2006, did a commendable job of addressing many overdue transportation projects throughout the state that had languished on the shelf for lack of funding, it was not a sustainable source of funding to maintain more than 50,000 miles of state highways and 143,000 miles of local streets and roads – more than half of which are still in desperate need of rehabilitation or repair.

The transportation community has been working diligently to develop a long-term funding solution to place before the voters, but it will be another two to four years before there is any reasonable opportunity to achieve that goal. In the meantime, it is imperative that the Legislature keeps some funding in the pipeline to help offset an annual maintenance shortfall that exceeds $12 billion a year.

The single most important action the Legislature could take this year is to redirect truck weight fees back to transportation repair and rehabilitation. This modest action will keep a core of California-based contractors and thousands of skilled construction workers on the job.

Truck weight fees account for almost $1 billion annually and were originally put in place to offset the damage that heavy trucks place on our roads. A single 40-ton semi-truck creates as much stress on road pavements as 9,600 cars, and truckers pay these fees to mitigate the impact.

Severe budget deficits in 2010 and 2011 compelled the Legislature to pass a complicated piece of legislation that restructured gasoline taxes and diverted truck weight fees to help offset the general fund shortfall. With the economy improving and additional revenue flowing into the general fund, we are urging you to restore truck weight revenue to its intended purpose of funding road repair and rehabilitation projects.

We believe you would receive strong support from the voters if this action were taken, since recent polling shows that more than 75% of California voters support using truck weight fees for their intended purpose. The voters see no justification for permanently diverting what is supposed to be a dedicated funding stream to repair and rehabilitate our roads.

A 30-second video on YouTube (see link below), as well as the attached chart both provide a compelling argument for the case we are making.

https://www.youtube.com/watch?v=5bkCOkzPSlv

Thank you for your consideration of this critical issue.

Sincerely,

James Earp, California Alliance for Jobs  
Russ Burns, Operating Engineers Local 3  
Oscar De La Torre, Northern CA District Council of Carpenters  
Bob Alvarado, Northern CA Carpenters Regional Council  
Rich Gates, DeSilva Gates Construction  
Mark Breslin, United Contractors  
Steve Clark, Granite Construction Company  
Mike Ghilotti, Ghilotti Brothers, Inc.  
Dan Himick, C.C. Myers, Inc.  
Mike Fuller, Mountain Cascade  
Dave McCosker, Independent Construction  
Vince Courtney, Laborer’s Local 261  

Will Kempton, Executive Director, Transportation California  
John Franich, Chair, Transportation California  
Jose Mejia, California State Council of Carpenters  
Tim Crenna, International Union of Operating Engineers  
Linda Clifford, C.C. Myers, Inc.  
Daniel Curtiss, California Conference of Carpenters  
William G. Dorey, Chairman Emeritus, Transportation California  
James Halloran, Caterpillar  
John Jansen, Kiewit  
Dave A. Swartz, Teichert Construction  
Tom Foss, Griffith Company  
Robert Sears, Vulcan Materials  

Tom Holmsman, Associated General Contractors  
Paul Von Berg, Southern California Contractors Association  
Pete Matheson, Granite Construction  
Mike Crawford, Sukut Construction  
Todd Sutton, Skanska  
Ralph Larson, Herzog Contracting Corp.  
Carl Goff, Operating Engineers Local 3  
Bill Feyling, Carpenters 46  
No. CA Counties Conf. Board  
David Ackerman, DGA Associates  
Emily Cohen, United Contractors  
Brend Dieke, American Council of Engineering Companies, California
2014-15 Budget and Transportation

- $12.3B for Transportation*
- One-time Funding for Transportation
  - $479MM in Loan Repayments
  - $923MM for Transit and Rail from Prop. 1B
  - $243MM in Project Savings from Prop. 1B
- Some Benefits for Transit, Rail, Local Streets and Roads
- Highway Program Received Little Attention
- Gas Tax Swap Adjustment - $560MM Less

* Excludes HSR and Cap and Trade
# Cap and Trade Funding: 2014-15 Budget Year Plan

<table>
<thead>
<tr>
<th>Program</th>
<th>Comments</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSR</td>
<td></td>
<td>$250</td>
</tr>
<tr>
<td>Transit Operations or Capital (Local)</td>
<td>State Transit Assistance formula, subject to ARB guidelines and Caltrans oversight</td>
<td>$25</td>
</tr>
<tr>
<td>Transit Ops and I/C Rail (State)</td>
<td>Includes bus transit, and commuter and intercity and urban light rail</td>
<td>$25</td>
</tr>
<tr>
<td></td>
<td>Competitive at California Transportation Commission, California State Transportation Agency review</td>
<td></td>
</tr>
<tr>
<td>SCS/Affordable Housing</td>
<td>Sustainable Communities projects and services, such as Transit/Active Transportation Program/Transit Oriented Development, are eligible</td>
<td>$130</td>
</tr>
<tr>
<td></td>
<td>Competitive at Strategic Growth Council (with ARB guidelines and consultation with regional agencies)</td>
<td></td>
</tr>
<tr>
<td>Low Carbon Transportation</td>
<td></td>
<td>$200</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weatherization, energy, Water, Waste Diversion</td>
<td></td>
<td>$242</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$872</td>
</tr>
</tbody>
</table>
## Cap and Trade Funding:
### Long-Term, 2015-16, Ongoing (SB 862)

<table>
<thead>
<tr>
<th>Program</th>
<th>Comments</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Speed Rail</td>
<td>State Transit Assistance formula, subject to ARB guidelines and Caltrans approval similar to Prop. 1B PTMISEA program</td>
<td>25%</td>
</tr>
<tr>
<td>Transit Operations or Capital (Local)</td>
<td>Includes bus transit, and commuter and intercity and urban light rail</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Competitive process through California Transportation Commission, California State Transportation Agency review</td>
<td></td>
</tr>
<tr>
<td>Transit Capital or Operations (State)</td>
<td>Sustainable Communities projects and services, such as Transit/Active Transportation Program/Transit Oriented Development, are eligible</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Competitive at Strategic Growth Council (with ARB guidelines and consultation with regional agencies)</td>
<td></td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>Subject to annual appropriation by the Legislature</td>
<td>10%</td>
</tr>
<tr>
<td>Energy, Low-Carbon Trans, Water, Waste Diversion, Weatherization</td>
<td></td>
<td>40%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>
Strategy Going Forward

• Inform and Educate the Public
• Work with Governor
• Cultivate Transportation Advocates in Legislature
• Build our Coalition
• Need Your Engagement
QUESTIONS?