

TRANSPORTATION

Transportation is the state's largest source of greenhouse gas emissions—accounting for more than 50 percent of emissions when including the production and deployment of fuels—and contributes to unhealthy air quality, particularly in disadvantaged communities. Moving to a multi-modal zero-emission transportation future delivers climate and health benefits, and creates a foundation for the development of sustainable communities.

The Climate Action Plan for Transportation Infrastructure (CAPTI), released in July 2021, details how the state proposes to invest billions of dollars to combat and adapt to climate change while supporting public health, safety, and equity. Expanding on last year's investments in the transportation system, the Governor's Budget proposes almost \$15 billion for transportation programs and projects that align with climate goals, advance public health and equity, and competitively position the state to pursue significant federal investment through the Infrastructure Investment and Jobs Act (IIJA) and other federal funding programs by leveraging funding from state and local sources.

More specifically, these investments:

- Reduce millions of metric tons of carbon dioxide from the environment.
- Advance projects statewide to improve rail and transit connectivity between state and local/regional services—including advancement of the nation's first truly high-speed rail project.

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- Enhance safety and access for bicyclists and pedestrians, and target critical highway/rail grade separations and grade crossing improvements on key corridors throughout the state to reduce fatalities and injuries on the transportation system.
- Support climate resiliency and reduce risks from climate impacts.
- Remove barriers and connect disadvantaged communities, increasing access to opportunity.
- Deliver transportation projects that support the development of compact or infill housing to help California meet its housing goals.
- Move the state away from fossil fuel-based technologies and toward cleaner transportation technologies, including zero-emission vehicles and clean infrastructure.

SB 1 IMPLEMENTATION

In addition, the Department of Transportation (Caltrans) continues to use the substantial increase in transportation revenues provided through SB 1 to address the backlog of maintenance and repairs on the state highway system. As California continues its recovery from the COVID-19 Pandemic, transportation revenues are rebounding, and Caltrans has accelerated repair and maintenance projects on the state's primary highway assets. Through a continued focus on "fix it first" projects, Caltrans continues to meet SB 1 performance goals.

The state is on track to reach the SB 1 statutory goal of having 98 percent of pavement and 90 percent of culverts in good or fair condition by 2027. Also, the state is on pace to meet the goal of repairing at least 500 additional bridges. Since its implementation in 2017, SB 1 funding has led to the following accomplishments:

- 8,000 lane miles of pavement and 998 bridges repaired.
- Lane miles repaired—prior to SB 1, 1,400 miles per year; since SB 1, 2,000 miles per year.
- 249 bridges repaired per year (as compared to 114 bridges per year prior to SB 1)
- 188,000 linear feet per year in culverts repaired (as compared to 23,000 linear feet per year prior to SB 1).
- An increase in Traffic Management System elements—from 59 percent in "good" condition to 79 percent in "good" condition.

FEDERAL INFRASTRUCTURE INVESTMENT AND JOBS ACT

The federal IJJA provides a significant investment in the nation's infrastructure, authorizing over \$500 billion for transportation over five years. The IJJA provides a \$200 billion augmentation to existing and new transportation programs for highway, transit, highway safety, motor carrier, research, hazardous materials, and rail programs.

Under this measure, California is estimated to receive almost \$40 billion of formula-based transportation funding for the following programs over the next five years:

- Existing surface transportation, safety, and highway performance apportioned programs.
- A new bridge replacement, rehabilitation, preservation, protection, and construction program.
- A new program that will support the expansion of an electric vehicle (EV) charging network.
- A new program to advance transportation infrastructure solutions that reduce greenhouse gas emissions.
- A new program to help states improve resiliency of transportation infrastructure.
- Improving public transportation options across the state, with increased formula funding for transit.

The Budget includes an increase to base Federal Highway Administration transportation funding levels for California of \$1.8 billion in 2021-22 and \$1.9 billion 2022-23. In addition, Federal Transit Administration base transit funding will increase by \$385 million in 2021-22 and \$423 million in 2022-23. This funding will flow directly to local transit authorities and does not require any state budget changes. California is also anticipating a \$14.2 million annual increase to the National Highway Traffic Safety Administration grant program, administered by the Office of Traffic Safety. The additional funds will help address traffic fatalities and serious injuries on California roads.

In addition to new formula-based funding, the IJJA includes over \$100 billion in new competitive grants or augmentations to existing grant programs nationwide over five years for a variety of highway, safety, transit, rail, energy, and other activities. The state is uniquely positioned to take advantage of these funds based on its clean transportation leadership and ongoing funding commitments. With close alignment with

federal policy priorities on climate, equity, and safety, and the enactment of funding programs like Cap and Trade and SB 1, the state is ready to leverage state dollars to match and maximize the federal investment.

STATE TRANSPORTATION INFRASTRUCTURE PACKAGE

The Budget proposes investing an additional \$9.1 billion in the transportation system and other related zero-emission vehicle (ZEV) efforts (see the Climate Change Chapter for additional ZEV details). The transportation infrastructure package focuses on increasing mobility options for Californians through rail, transit and active transportation projects, equity-related investments to reconnect communities, and enhanced safety projects.

This funding is comprised of the following investments in the transportation system:

- **High-Speed Rail**—\$4.2 billion to complete electrified high-speed rail construction in the Central Valley, perform advance work for service between Merced and Bakersfield, and complete advance planning and project design for the entire project. This is in addition to the funds available for this program in Cap and Trade.
- **Statewide Transit and Rail Projects**—\$2 billion to invest in high-priority transit and rail infrastructure projects. These projects will improve rail and transit connectivity between state and local/regional services, including projects on shared corridor routes.
- **Southern California Transit and Rail Projects**—\$1.25 billion to deliver local and regional projects focusing on mobility and greenhouse gas reduction.
- **Active Transportation and Projects to Connect Communities**—\$750 million to transform the state's active transportation networks, improve equity, and support carbon-free transportation options, including:
 - \$500 million for Active Transportation Program projects, which encourage increased use of active modes of transportation such as walking and biking, and increase the safety and mobility of non-motorized users.
 - \$150 million to establish the Reconnecting Communities: Highways to Boulevards Pilot Program, which will improve equity and remove transportation barriers by investing in the conversion of key underutilized highways into multi-modal corridors that serve existing residents by developing affordable housing and complete streets features in disadvantaged communities.

- \$100 million for bicycle and pedestrian safety projects, allocated through the Highway Safety Improvement Program, to reduce severe injuries and fatalities of vulnerable road users.
- **High Priority Grade Separation Projects**—\$500 million to support critical safety improvements throughout the state.
- **Climate Adaptation Projects**—\$400 million for state and local climate adaptation projects that support climate resiliency and reduce risks from climate impacts.

SUPPLY CHAIN RESILIENCE AND PORT INFRASTRUCTURE INVESTMENTS

In response to global disruptions to the goods movement supply chain, the state is taking near- and long-term actions to alleviate congestion at California ports, which are critical to the regional, state, and national economies. In partnership with the Federal Administration, the state has taken steps to strengthen the resilience of California's and the nation's supply chain. In October, the Governor issued Executive Order N-19-21, which directed state agencies to identify additional ways to alleviate congestion at California ports and expanded efforts to ease supply chain issues by engaging stakeholders to discuss challenges created by record demand for imported goods and capacity issues.

In addition to challenges at the ports, California and the nation are facing commercial truck driver shortages, further disrupting the supply chain. The Department of Motor Vehicles (DMV) has implemented measures to mitigate the commercial truck driver shortage and keep goods moving quickly between California's largest ports and major distribution centers.

While the state has already taken several actions to mitigate supply chain disruptions, additional investments are necessary to support supply chain resiliency and transform the way California moves goods and people in a way that reduces greenhouse gas emissions and considers environmental impacts to communities.

The Budget proposes \$2.3 billion for supply chain investments, including \$1.2 billion for port, freight, and goods movement infrastructure and \$1.1 billion for other related areas such as workforce training and ZEV equipment and infrastructure related to the supply chain. This funding will improve supply chain resiliency and will be used to leverage federal funding. This can also support the U.S. Department of Transportation federal financing Emerging Projects Agreement with the California State Transportation Agency (CalSTA) and other discretionary programs made available through the IJJA, in a

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manner consistent with CAPTI goals. This proposal includes the following General Fund investments:

- **Port Infrastructure and Goods Movement**—\$1.2 billion for port-related high-priority projects that increase goods movement capacity on rail and roadways serving ports and at port terminals, including railyard expansions, new bridges, and zero-emission modernization projects.
- **Zero-Emission Equipment and Infrastructure**—\$875 million for zero-emission port equipment, short-haul (drayage) trucks, and infrastructure. See the Climate Change Chapter for additional details.
- **Workforce Training**—\$110 million for a training campus, to support workforce resilience in the face of supply chain disruption and accelerate the deployment of zero emission equipment and technologies. See the Labor and Workforce Development Chapter for additional details.
- **Commercial Driver's Licenses**—\$40 million to enhance California's capacity to issue Commercial Driver's Licenses.
- **Operational and Process Improvements**—\$30 million for the Governor's Office of Business and Economic Development to provide funding for operational and process improvements at the ports. This could include enhancing the movement of goods and improving data interconnectivity between the ports to enable efficient cargo movement, reduce congestion, and create opportunities to increase cargo volume by promoting and building supply chain efficiency.

CLEAN CALIFORNIA INITIATIVE

Launched in 2020-21, the Clean California initiative invests \$1.1 billion over three fiscal years for state and local governments to clean up trash and debris statewide, beautify community gateways and public areas along highways, streets and roads while providing jobs to thousands of Californians. The Budget proposes \$100 million General Fund to continue the Clean California Local Grant Program into 2023-24, which provides grants to cities, counties, transit agencies, tribal governments and other government agencies to beautify their communities and remove trash and debris.

RELIEF TO CALIFORNIA CONSUMERS

In an effort to potentially lower the price of gasoline and diesel fuel and provide some relief to consumers, the Budget proposes to forego the annual inflation adjustment to the per gallon fuel excise tax rate scheduled to occur on July 1, 2022.

The annual inflation adjustment will be resumed by 2023-24 with flexibility to delay the adjustment should economic conditions warrant it. This pause is expected to decrease fuel tax revenues by \$523 million in 2022-23 based on an estimated 5.6-percent inflation rate.

The Administration will also examine the potential to backfill the local share of reduced revenues on a one-time basis with State Highway Account funds.