California Travels

Financing Our Transportation

Legislative Analyst's Office

May 2000

Introduction

California's transportation system is currently a major concern among policymakers and for good reason. According to a recent study, in 1999 California had the dubious distinction of being home to three of the ten most congested urban areas in the nation; no other state is home to more than one. This congestion harms the state's quality of life and hampers the movement of people and goods. In addition to congestion, the condition of our highways and local streets and roads has been deteriorating in recent years, resulting in higher repair costs as maintenance is deferred to future years. State funding for certain transit improvements is also in short supply.

What is being done to address these problems? What are the fund sources for transportation and how much money is currently available? How are these funds distributed? Who decides how transportation dollars are spent? This publication seeks to answer these and other related questions in an effort to help those interested in finding solutions to our transportation challenges.

The report is organized as follows: (1) transportation trends and mobility; (2) revenues and expenditures; (3) decision-making; and (4) key fiscal and policy issues facing the Legislature today.

Contents

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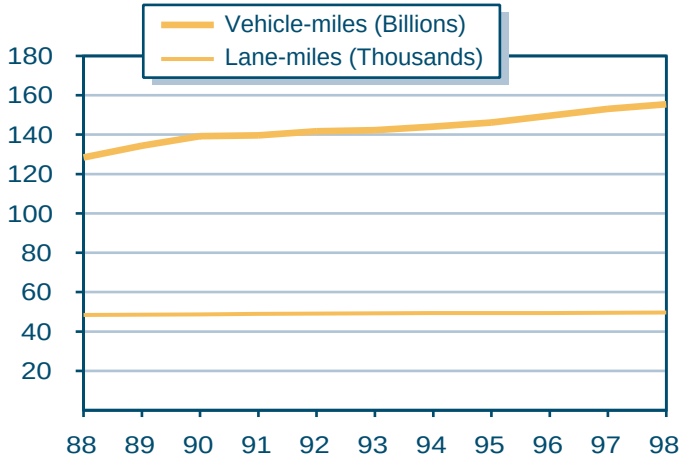
Legislative Analyst's Office

Traveling in California: Trends and Mobility

Urban Travel Increasing Steadily. . .

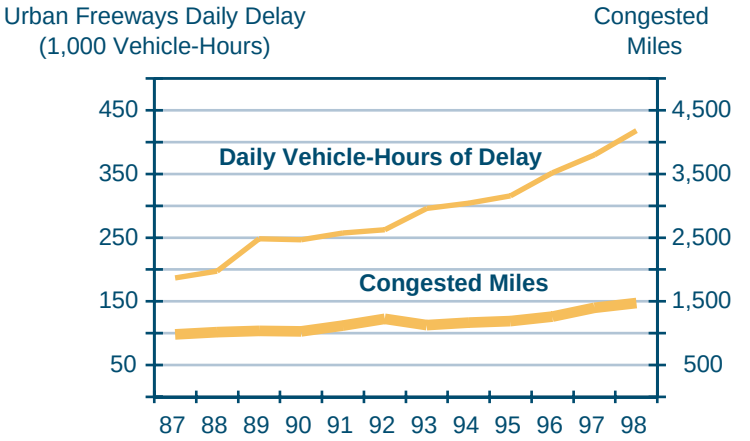


- Demand for driving has consistently outpaced population growth, as well as growth in vehicle registration and licensed drivers over the last decade. The increase in driving is greatest on urban highways.
- From 1988 to 1998, California's population increased by approximately 18 percent. Yet, vehicle miles traveled (VMT), the best measure of how much people are driving, grew by about 30 percent or 24 billion miles in urban areas on the state highway system, and about 21 percent overall.
- Growth in driving far outpaced growth in the registered vehicles (approximately 7 percent) and growth in licensed drivers (approximately 9.5 percent).

. . . But, Only Marginal Growth in State Highway Capacity

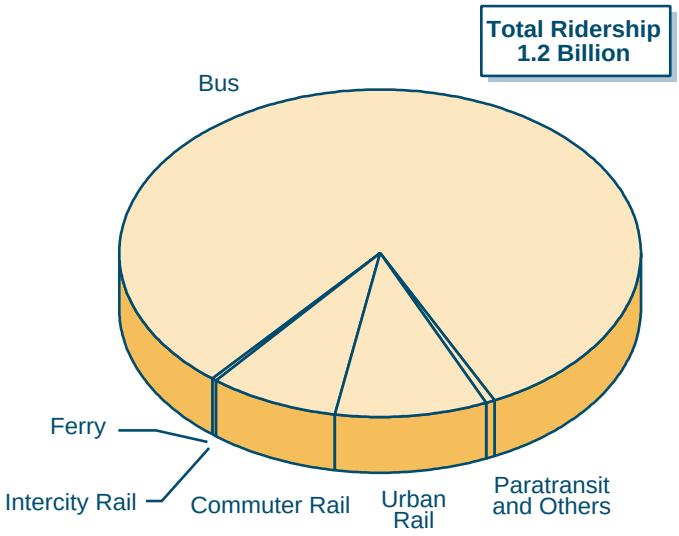
- Supply, on the other hand, as measured in terms of freeway lane miles, has increased by about 1 percent over the last decade.Today, California has about 49,000 lane miles of highways, maintained and operated by the California Department of Transportation (Caltrans). An additional 310,000 lane miles of local streets and roads are maintained and operated by cities and counties.
- About 925 lane miles of the state highway system consists of high occupancy vehicle (HOV) lanes which are generally restricted to vehicles with two or more (and in some cases three or more) occupants during peak hours in order to encourage carpooling.
- Southern California also has about 80 miles of toll lanes, some of which offer variable tolls depending on the level of congestion in the lane.

Congestion Paid for in Delay, Fuel, and Excess Emissions



- The imbalance between supply and demand for the state highway system has caused vehicle hours of delay on urban freeways to more than double from approximately 197,000 hours per day in 1988 to about 418,000 hours per day in 1998.
- In 1998, approximately 40 percent of the state's urban freeways (approximately 1,470 miles) were congested (defined as occurring when vehicles are traveling at 35 mph or less during peak commute periods on a typical weekday) up from 27 percent (approximately 1,020 miles) in 1988.
- According to Caltrans' estimates for 1998, congestion on urban highways costs Californians $7.8 million per day (or about $2.8 billion per year) in wasted time and excess fuel.
- This delay also has negative environmental consequences, resulting in an estimated 418 additional tons of emissions per day.

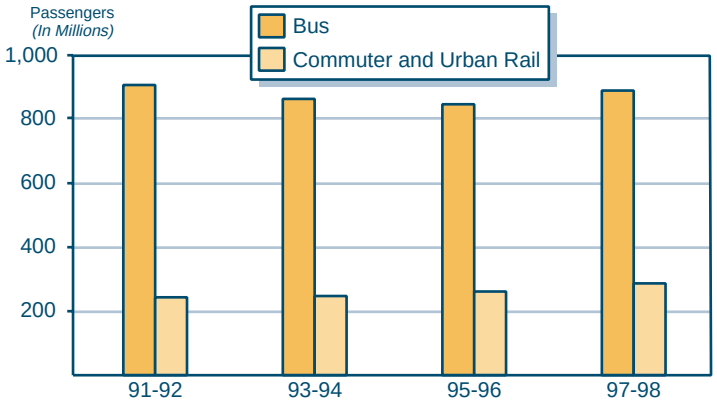
Bus Riders Make Up the Bulk of Mass Transportation Ridership
1997-98



- In 1997-98, over 1.2 billion passenger trips were made on various modes of mass transportation, including bus, rail, and ferry.
- About 82 percent of these trips were on buses.
- Rail transportation constituted about 18 percent of total mass transportation ridership during 1997-98. The bulk of rail travel was on commuter and urban (light) rail systems.
- As for the remaining modes, about 0.5 percent of statewide passenger trips were on paratransit services. Approximately 0.2 percent of these trips were on ferries.

Little Change in Number of Bus and Commuter/Urban Rail Passengers

1991-92 Through 1997-98



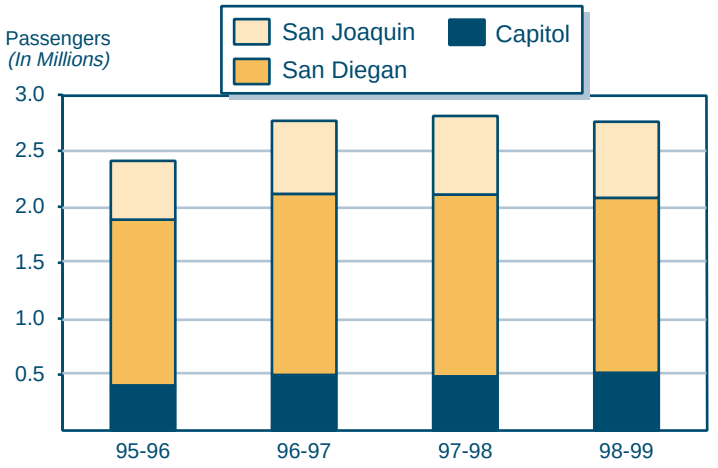
- In 1997-98, there were 215 transit agencies statewide that operated public transportation bus fleets. These fleets included buses that traveled on fixed routes and fixed schedules, as well as paratransit vehicles that provided services to the elderly and disabled communities.
- As for rail transportation, there were nine commuter and urban rail operators around the state in 1997-98.
- Since 1991-92, total ridership for bus and rail have remained relatively constant. Over the period, bus riders have decreased while commuter and urban rail passengers have increased.

Most Urban Areas Served by Commuter and Urban Rail

• Nonstate funded Amtrak service not reflected.

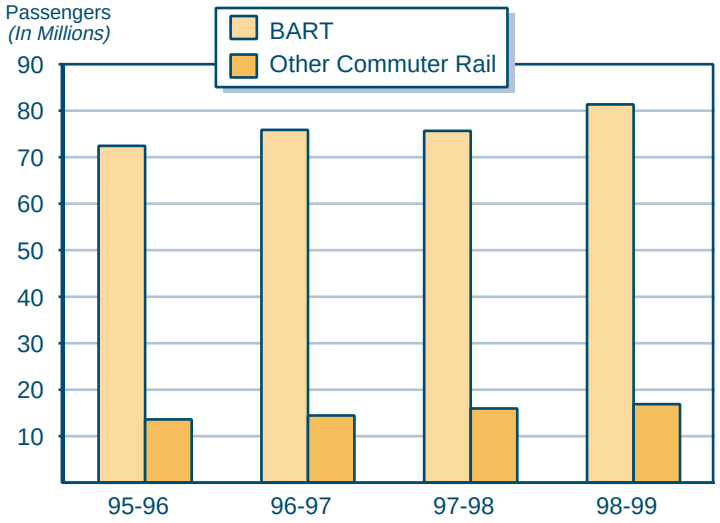
- The state's passenger rail system includes intercity rail, commuter, and urban (light) rail services.
- *Intercity Rail.* This component of passenger rail primarily serves business and recreational travelers going between cities in California and to other parts of the country. Currently, Amtrak operates all intercity rail service in the state. On rail corridors where the state wishes to provide for expanded service beyond Amtrak-defined "basic service" levels, the state contracts and shares costs with Amtrak to provide for additional train operations.
- *Commuter and Urban Rail.* These services are provided within urban or metropolitan areas with commuter rail generally offering frequent service during the commute hours, and urban rail providing regular service throughout the day. Because commuter and urban rail services primarily serve local and regional transportation needs, they are planned and administered by local and regional transportation agencies. Funding is provided with a combination of local, state, and federal funds.

Intercity Rail Ridership Remains Relatively Flat



- Intercity rail is a state program, funded from the Public Transportation Account. Currently, service is provided in three rail corridors:
  - *Capitol*, serving San Jose - Oakland - Davis - Sacramento - Auburn.
  - *San Diegan*, serving San Diego - Los Angeles - Santa Barbara - San Luis Obispo.
  - *San Joaquin*, serving Oakland - Sacramento - Fresno - Bakersfield.
- Total daily roundtrip service on the three corridors grew from 16.5 roundtrips in 1995-96 to 22 in 1998-99.
- Despite the increase in the number of daily roundtrips, overall ridership has fluctuated in recent years. After a relatively large increase between 1995-96 and 1996-97, ridership has remained flat.
- In 1998-99, about 2.8 million passengers used the intercity rail service. This represents an increase of 17 percent from 1995-96, when ridership totaled approximately 2.4 million.

The Bulk of Commuter Rail Riders Use BART

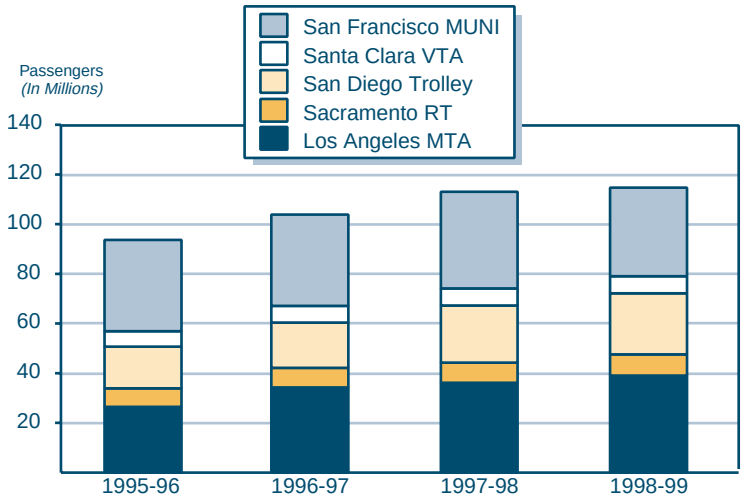


➢ California's commuter rail operators include:

- *Altamont Commuter Express (ACE)*, serving Stockton - Tracy - Fremont - San Jose.
- *Bay Area Rapid Transit (BART)*, serving Daly City - San Francisco - Oakland - Richmond - Pittsburg - Dublin - Fremont.
- *Caltrain*, serving Gilroy - San Jose - Palo Alto - San Mateo - San Francisco.
- *Coaster*, serving Oceanside - Sorrento Valley - San Diego.
- *Metrolink*, serving Oxnard - Lancaster - Los Angeles - Pomona - San Bernardino - Orange County - Oceanside.

➢ By far, BART carries the largest number of commuter rail passengers. In 1998-99, over 98 million passengers used commuter rail. Approximately 83 percent of these passengers were riders of BART.

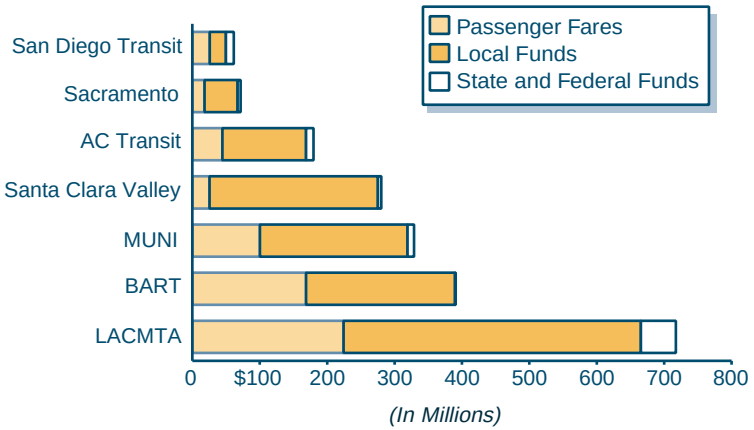
More People Are Using Urban Rail Systems



- From 1995-96 through 1998-99, urban (light) rail operators as a whole have experienced an increase in ridership of about 22 percent.
- California's urban rail operators include:
  - Los Angeles County Metropolitan Transportation Authority (LACMTA).
  - Sacramento Regional Transit.
  - San Diego Trolley.
  - San Francisco MUNI.
  - Santa Clara Valley Transportation Authority (VTA).
- Historically, San Francisco MUNI has serviced the largest number of urban rail passengers. In 1998-99, however, LACMTA surpassed MUNI in terms of total annual ridership, serving over 39 million passengers.
- In 1998-99, over 115 million passengers used urban rail transit statewide.

Fares and Local Funds Comprise the Bulk of Transit Revenues

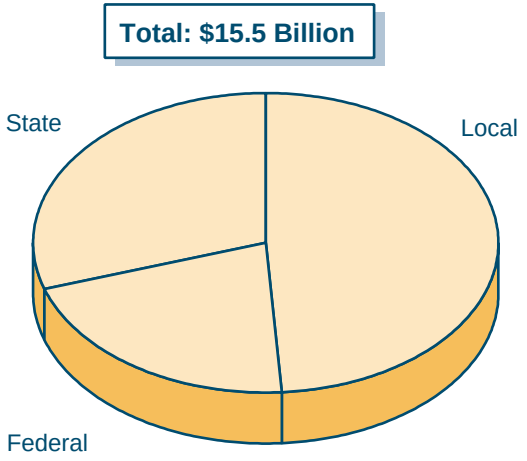
1998-99 Estimated



- Transit services are funded by a combination of passenger fares and local, state, and federal funds.
- Local funds such as local sales tax revenues provide the largest source of operating funds. The Santa Clara Valley Transportation Authority estimated that about 89 percent of its revenues in 1998-99 came from local sources. The Los Angeles County Metropolitan Transportation Authority estimated that local funds comprised about 61 percent of its total revenues in 1998-99.
- Passenger fares comprise an important source of revenues for operators. For instance, BART generated about 43 percent of its total revenues in 1998-99 from passenger fares—more than any of the other transit operators shown.
- The proportion of total revenues from state and federal funds varied among transit operators. These revenues are estimated to range from 0.2 percent of BART's total revenues (about $0.9 million) in 1998-99 to 19 percent for San Diego Transit (about $11.6 million).

Transportation Revenues and Expenditures

Local Funds Account for Half of Transportation Revenues
1999-00



➢ Transportation in California is funded from a variety of state, local, and federal fund sources.

State Funds

➢ State funds consist primarily of the state excise tax on gasoline and diesel fuels and truck weight fees.

➢ Additional fund sources include most of the state sales tax on diesel fuel, a small portion of the state sales tax on gasoline, bond proceeds, and appropriations of General Fund revenue.

➢ In 1999-00, state funds are estimated to provide about $4.5 billion for transportation purposes.

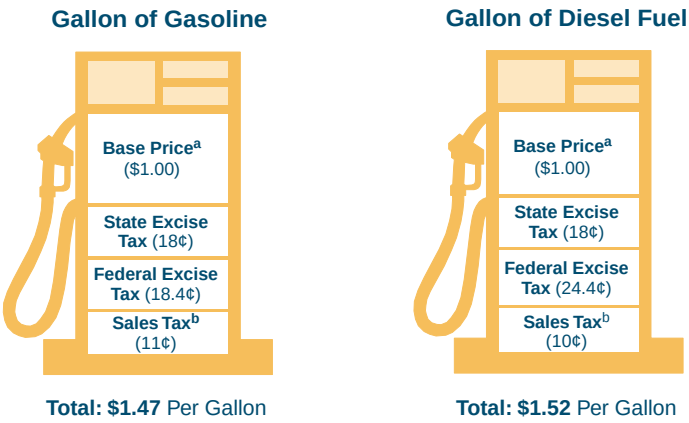
Federal Funds

- Federal transportation funds are apportioned to California based on the state's contribution to the federal Highway Trust Fund through federal taxes on gasoline and diesel fuel.
- In 1999-00, California is estimated to receive about $3.3 billion in federal transportation funds.

Local Funds

- Over one-third of local funds for transportation are derived from optional local sales taxes (on all sales, not just gasoline) dedicated for transportation purposes.
- In 1999-00, we estimate that local funds will constitute half, or about $7.5 billion of all revenues for transportation.

Most State and Federal Transportation Revenues Come From Fuel Excise Taxes



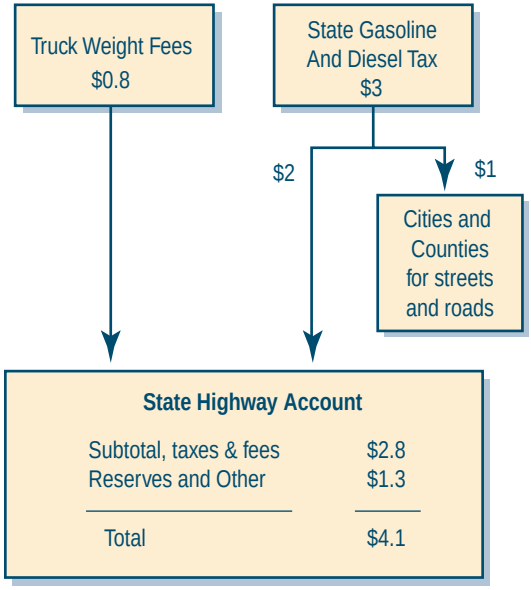
[a]Assumes base price of $1.00 for illustration purposes.
[b]Assumes average sales tax of 7.75%.

- State and federal transportation revenues are collected primarily through the state and federal excise (per gallon) taxes on gasoline and diesel fuel.
- Californians pay the following taxes at the pump:
  - 18 cents in *state* tax for each gallon of gasoline and diesel fuel (generally referred to as the "gas" tax).
  - 18.4 cents in *federal* tax for each gallon of gasoline.
  - 24.4 cents in *federal* tax for each gallon of diesel fuel.
  - 7.25 percent uniform *state* and *local* sales tax, *plus* optional local sales taxes for transportation or other purposes varying by county. The majority of the uniform state and local sales tax proceeds are *not* used for transportation purposes.
- The state also collects weight fees on commercial vehicles (trucks) based on the unladen weight of the vehicle.

State Receives Most Fuel Excise Tax Revenues

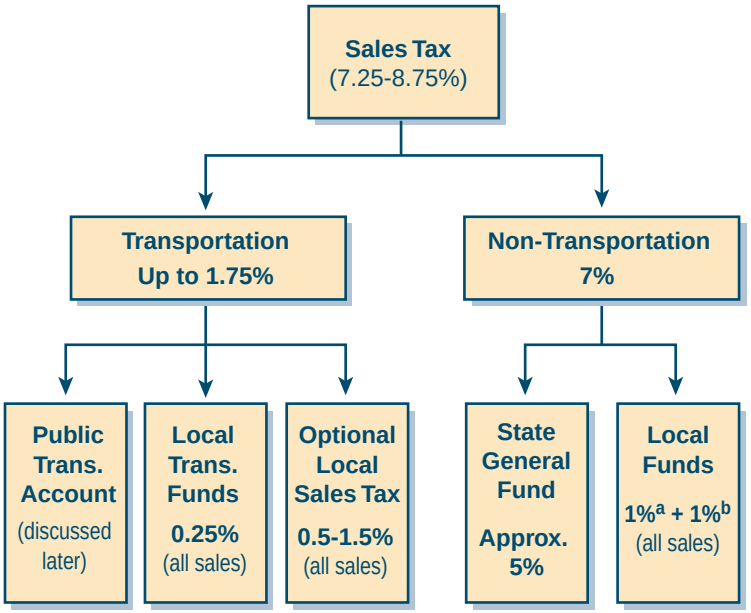
2000-01

(Dollars in Billions)



- The state receives about 65 percent of the revenues from the state gasoline and diesel excise taxes, while cities and counties receive about 35 percent for local streets and roads.
- The state's share of the gasoline and diesel tax revenues, along with truck weight fees, are deposited in the State Highway Account (SHA).
- The California State Constitution (Article XIX) restricts the use of state gasoline tax revenues for certain purposes. These monies may only be used to plan, construct, maintain, and operate public streets and highways; and to plan, construct, and maintain mass transit tracks and related fixed facilities (such as stations). The gasoline tax revenues *cannot* be used to operate or maintain mass transit systems or to purchase or maintain rolling stock (trains, buses, or ferries).

How Sales Tax Revenues Are Split Between Transportation and Other Uses



[a]Local health and criminal justice purposes.
[b]City and county general purposes.

What the Sales Tax Rate Includes

- In addition to state and federal excise taxes paid on each gallon of gasoline and diesel fuel, California imposes sales tax on most purchases, including gasoline and diesel fuel.
- Statewide, there is a uniform sales tax of 7.25 percent on most purchases. This sales tax rate can go up to 8.75 percent when optional sales taxes are included. The sales tax rates paid in California are a combination of several tax rates levied by the state and individual local governments.
- *State Tax Rate.* This is a 6 percent uniform rate which includes a 5 percent General Fund rate, plus two one-half cent (totaling 1 percent) special fund rates for local health care and criminal justice purposes.

- *Uniform Local Tax Rate.* A 1.25 percent uniform rate is levied in all counties. Of this total, 1 percent is allocated to cities and counties for general purposes, while the remaining 0.25 percent is dedicated to transportation.
- *Optional Local Tax Rates.* Local governments are authorized to levy additional local sales taxes, with voter approval, for a variety of purposes. These taxes are generally imposed in quarter-cent or half-cent increments and generally cannot exceed 1.5 percent. (San Francisco and San Mateo Counties are authorized to levy up to 1.75 percent to 2 percent in optional taxes, respectively.)

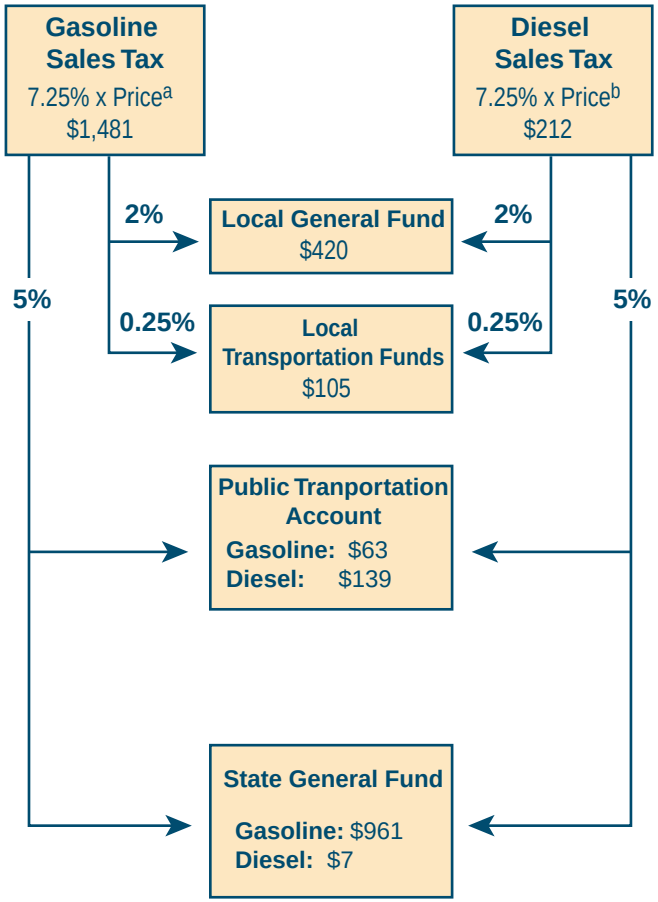
How Sales Tax Revenues Are Used

- *Public Transportation Account.* A small portion of the sales tax on gasoline and the majority of the sales tax on diesel fuel is provided to this account (as discussed in greater detail later). This account supports mass transportation activities.
- *Local Transportation Funds.* A 0.25 percent uniform tax on all sales is dedicated to transportation uses, primarily for transit.
- *Optional Local Sales Tax.* Optional sales taxes (0.5 percent to 1.5 percent) may be imposed by local governments for transportation purposes. These activities include highway construction, street and road maintenance, and subsidies for transit operations.
- *State General Fund.* Essentially 5 percent of the uniform sales tax is dedicated to the state General Fund.
- *Local Funds.* A 2 percent uniform sales tax provides revenues for local purposes. One percent is dedicated to local health and criminal justice purposes. The remaining 1 percent is for city and county general purposes.

Only a Small Portion of Gasoline and Diesel Sales Tax Revenues Go to Transportation

2000-01

(Dollars in Millions)



[a]Price for gasoline includes base price plus state and federal excise taxes.

[b]Price for diesel includes base price and federal excise tax (not state excise tax).

➢ *Nontransportation Purposes.* As the figure shows, the bulk of sales tax revenues from the sale of gasoline and diesel goes to nontransportation purposes. Of the total sales tax revenues ($1.7 billion) from these products in 2000-01, about 82 percent ($1.4 billion) will go to local and state general fund purposes. This includes $420 million for local general fund purposes and almost 1 billion for state general fund purposes.

➢ *Transportation Purposes.* The portion of statewide sales tax revenues dedicated to transportation will total about $307 million in 2000-01 and goes to local transportation ($105 million) and the public transportation account ($202 million). These funds are derived as follows:

- For each gallon of gasoline, the state sales tax of 4.75 percent on 9 cents of the state excise tax—equivalent to 0.4275 cents per gallon of gasoline (about $63 million in 2000-01)—goes to the Public Transportation Account (PTA). The PTA is the primary source of state funds for mass transportation purposes, and the only state transportation fund which can currently be used to purchase rolling stock (that is, buses, trains, or ferries).
- State sales tax of 4.75 percent on the price of each gallon of diesel fuel (including the federal excise tax, but not the state excise tax) goes to the PTA (about $139 million in 2000-01).
- State sales tax of 0.25 percent on *all* sales is deposited in the Local Transportation Fund (LTF) which is generally restricted to local transit needs (about $1.1 billion in 2000-01 including about $105 million from gasoline and diesel fuel sales).

Federal Transportation Act and Its Impact on California

Transportation Equity Act for the 21st Century Major Provisions

(1998-2004)

Funding

- Provides a 40 percent increase in funding authorization nationwide. Total authorization of $217 billion includes $175 billion for highways and $42 billion for transit.
- California expects to receive about $15 billion for highways and $5 billion for transit over six-year period.
- Guarantees that all new fuel tax revenues will be used for transportation over six years; only $13 billion (of the $217 billion) is subject to annual congressional action.
- Provides about $25 billion in discretionary grants.

Highways

- Guarantees that certain states, including California, will receive a minimum of 90.5 percent return on its gas tax contributions to the federal Highway Trust Fund.
- Provides $9.3 billion for specified "high priority" projects nationwide, and about $877 million for specified California projects.
- Provides incentives to encourage states to lower legal intoxication levels to .08 percent, and to encourage increased seat belt use rates.

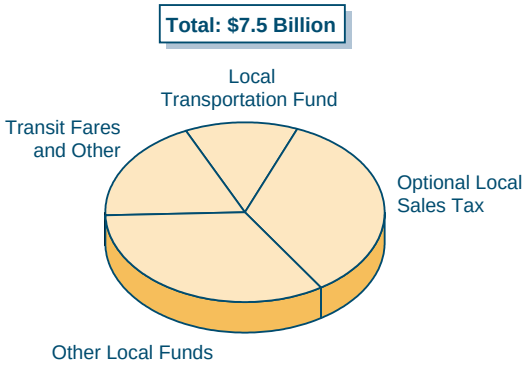
Transit

- Makes preventive maintenance eligible for transit funding.
- Eliminates operational subsidies for urban areas with populations greater than 200,000.

- *Source of Federal Funds.* California's share of the federal fuel taxes (18.4 cents per gallon of gasoline, 24.4 cents per gallon of diesel) is deposited in the federal Highway Trust Fund—the fund source for all federal transportation spending.These revenues are returned to the state via the federal Transportation Equity Act for the 21st Century (TEA-21), which authorized $217 billion to be invested in highways and transit infrastructure nationwide from 1998 through 2004.
- *Basis for State's Share.* The state's share of funding for the major highway and transit programs is based on a variety of factors, including highway lane miles, congestion, population, and air quality. The state and local agencies may also apply for discretionary grants on an annual basis.
- *State's Share of Federal Funds.* Federal funds constitute about one-fifth of the state's transportation funding in 1999-00. (See figure on page 18.)

Local Transportation Revenues Depend Heavily on Optional Sales Tax

1999-00



➢ We estimate that local revenues will generate approximately $7.5 billion in 1999-00. Of this total:

- *Optional local sales taxes* represent the single largest source, raising an estimated $2.6 billion. These revenues fund highway improvements, local streets and roads, as well as transit improvements.
- *Other local funds*, totaling an estimated $2.5 billion in 1999-00, are spent out of local general funds, bond proceeds, fines and forfeitures, and road taxes.
- *The Local Transportation Fund* (LTF) which receives revenues from a 0.25 percent tax on all sales, raises an estimated $991 million in 1999-00. The funds, generated under the Transportation Development Act (TDA) enacted in 1971, provides a significant source of local funds for transit operating assistance and capital projects.

➢ We estimate that local revenues dedicated to transit, including transit fares, property taxes, and local operating assistance, constitute about 20 percent of all local transportation revenues in 1999-00.

Optional Local Sales Taxes Contribute a Large Share of Transportation Revenues

Agency	Tax Rate (%)	Year Established	Year Expires	Revenues in Millions (1998-99)
Transit Districts (Permanent Taxes)				
BART	0.5%	1970	None	$219
LACMTA	1.0	1981 & 1991	None	901
San Mateo County	0.5	1982	None	54
Santa Clara VTA	0.5	1976	None	138
Santa Cruz Metropolitan	0.5	1979	None	13
Subtotals				$1,325
County Authorities (Temporary Taxes)				
Alameda	0.5%	1987	2002	$89
Contra Costa	0.5	1989	2009	51
Fresno	0.5	1987	2007	35
Imperial	0.5	1990	2010	6
Madera	0.5	1990	2005	4
Orange	0.5	1991	2011	179
Riverside	0.5	1989	2009	70
Sacramento	0.5	1989	2009	68
San Bernardino	0.5	1990	2010	73
San Diego	0.5	1988	2008	157
San Francisco	0.5	1990	2010	62
San Joaquin	0.5	1991	2011	27
San Mateo	0.5	1989	2009	54
Santa Barbara	0.5	1989	2010	22
Santa Clara	0.5	1996	2005	138
Subtotals				$1,035
Totals				**$2,360**

Background

➢ Optional local sales taxes for transportation originated in 1970, when the Legislature authorized several counties served by the Bay Area Rapid Transit (BART) District to impose a regional sales tax.

➢ Since then, the Legislature has authorized counties to impose (subject to voter approval) special half-cent sales taxes for transportation purposes. In most cases, the authorization also requires that voters be provided with an expenditure plan that describes how the new funds would be used.

Currently

➢ There are currently 21 different local sales taxes (including two in Los Angeles County) levied throughout the state for transportation purposes; these taxes collectively raised about $2.4 billion in 1998-99.

➢ Of the 21 separate taxes, 6 are imposed indefinitely while 15 of them—which raise about $1 billion annually—have sunset dates that will expire at some point over the next 11 years.

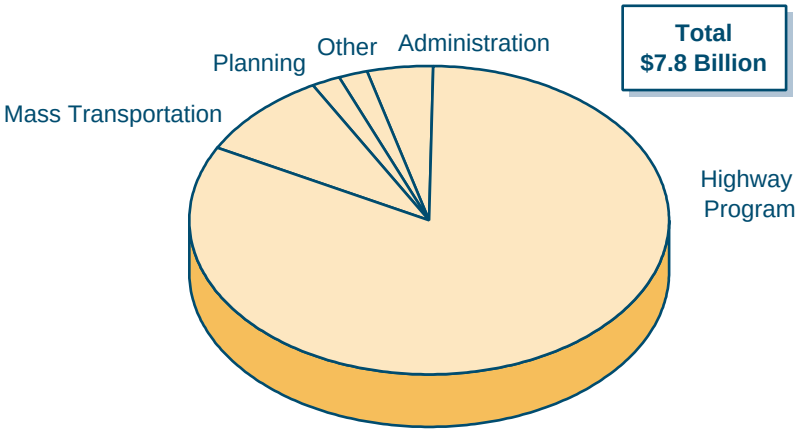
➢ Today, 85 percent of California's population lives in a county in which an additional half-cent sales tax is levied locally for transportation.

Supreme Court Decision

➢ In 1995, the State Supreme Court ruled that passage of such taxes requires a two-thirds vote; consequently extension of *existing* measures will also require approval by two-thirds of local voters.

Most State Transportation Expenditures Are for Highways

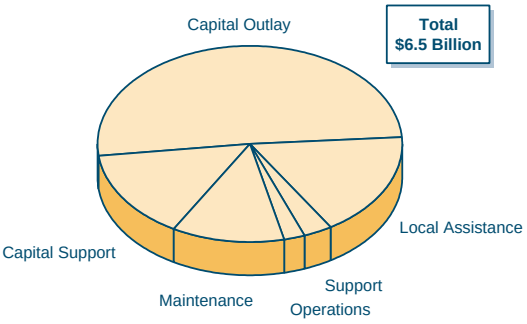
2000-01



- The 2000-01 budget introduced in January 2000 proposes to spend over 80 percent of state transportation expenditures on highways.
- Highway expenditures include highway maintenance, rehabilitation, operations, design and engineering, environmental review, right-of-way acquisition, and construction.
- Mass transportation constitutes about 9 percent of total state transportation expenditures. These include expenditures for intercity rail service, state transit assistance, and transit capital improvements.
- Planning and administration constitute about 6 percent of the state's total transportation expenditures.
- "Other" expenditures include the cost for Caltrans' vehicles and equipment and the Aeronautics program which provides grants and assistance for the development of general aviation airports.

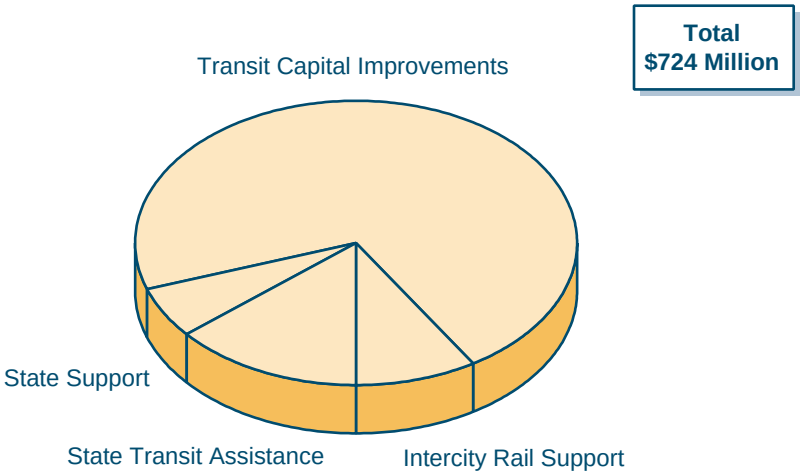
Half of Caltrans Highway Expenditures Are for Capital Outlay Projects

2000-01



- *Capital outlay* purposes constitute about half of Caltrans' highway expenditures, include highway and bridge rehabilitation, expansion, right-of-way acquisition, bridge repairs, and safety improvements.
- *Capital project support* accounts for approximately 15 percent of highway expenditures including design and engineering and environmental review.
- *Local assistance* constitutes 17 percent of highway expenditures. This consists primarily of federal funds that are passed through Caltrans to local agencies. A large share of these funds must be used for projects designed to improve air quality, such as acquisition of new transit vehicles or construction of high occupancy vehicle (HOV) lanes.
- *Maintenance* constitutes about 12 percent of expenditures. It includes roadway repairs, landscape maintenance and improvements, and snow and litter removal.
- *Operations* constitutes about 2 percent of expenditures. Projects are designed to improve the efficiency of the highway system, such as traffic management centers, ramp meters, and changeable message signs.
- *Other support*, about 3 percent of expenditures, includes Caltrans' legal costs, new technology research, and costs related to scheduling and tracking projects.

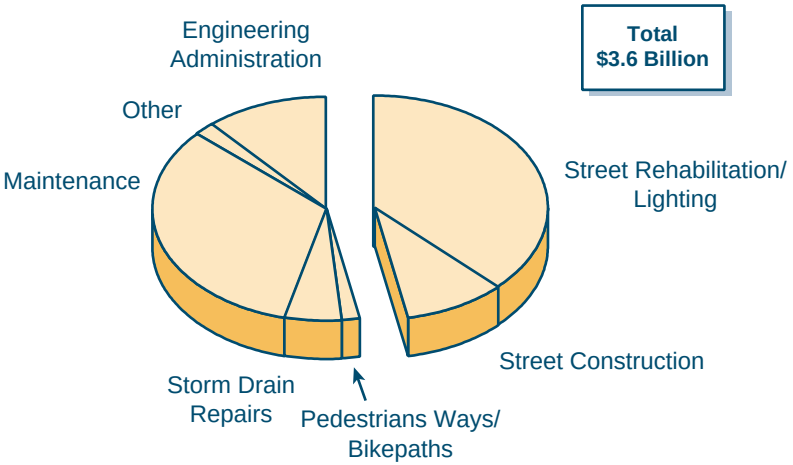
State Mass Transportation Expenditures Primarily Provide Local Assistance
2000-01



- Most state mass transportation expenditures provide assistance to local and regional agencies for transit operations and capital (equipment and facilities) improvements.
- *Transit capital improvements* account for the large majority of these expenditures (or 71 percent).
- *State Transit Assistance (STA)* constitutes about 14 percent of total proposed mass transportation expenditures. These funds are distributed by formula statewide to regional transportation planning agencies, who then apportion the funds to transit operators for operating assistance, maintenance, and capital acquisition purposes.
- *Support for intercity passenger rail service* accounts for about 10 percent of total state mass transportation expenditures.
- *Expenditures for state support,* including mass transportation planning and administrative support, is about 5 percent of total proposed expenditures.

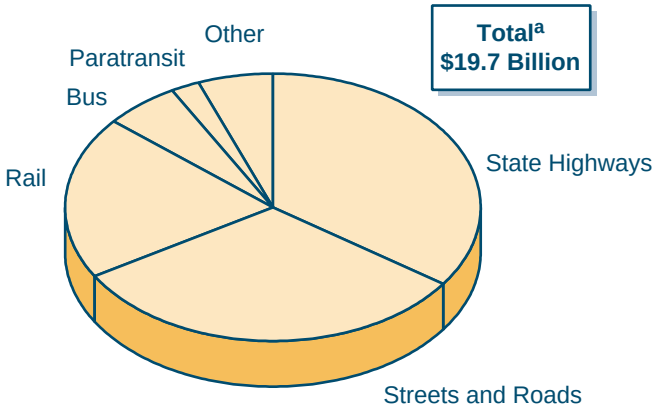
Most Local Street and Road Expenditures Spent on Capital Improvements

1997-98



- Almost half of local street and road expenditures are spent on street rehabilitation, construction, and lighting projects.
- Maintenance constitutes the second largest share of local street and road expenditures—consuming one-third of annual expenditures.
- Engineering and administration constitute the third largest expenditure item—accounting for about 11 percent of annual expenditures.
- The remaining 9 percent of expenditures are split between storm drain repairs, pedestrian and bicycle facilities, and other expenditures.

Optional Local Sales Tax Expenditures
1984 Through 2013



[a] Includes the 15 temporary optional sales taxes, as well as San Benito County's which expired in 1998. Figure does not include Los Angeles County.

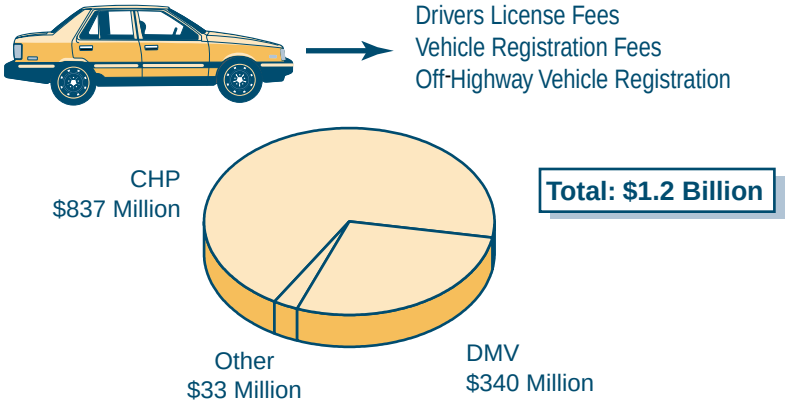
➢ Currently 16 counties, including Los Angeles County, impose an optional local sales tax for transportation purposes. (These counties are commonly referred to as the "self-help" counties and they do not include Santa Cruz County whose sales tax is permanent and dedicated to transit.)

➢ These counties have chosen to spend their revenues on a combination of highways, local streets and roads, and mass transit. Excluding Los Angeles County, for which data are not available, total revenues are projected to be spent as follows:

- 35 percent on highway improvements.
- 32 percent on streets and roads.
- 20 percent on commuter and urban rail improvement.
- 6 percent on buses.
- Remainder on paratransit and other (including pedestrian facilities and bikeway improvements).

State Spends Substantial Amount for Traffic Enforcement

2000-01



- In addition to fuel taxes, Californians also pay vehicle registration fees and driver license fees in order to operate vehicles.
- The use of these fee revenues is restricted by the State Constitution. In general, they can be used only for the state administration and enforcement of traffic and vehicle laws.
- In 2000-01, the budget proposes to spend about $1.2 billion for traffic enforcement purposes. About 70 percent of these expenditures will support the California Highway Patrol, and 28 percent will support the Department of Motor Vehicles.

The Transportation System: How Decisions Are Made

The Key Players: Who Decides What Gets Built and When?

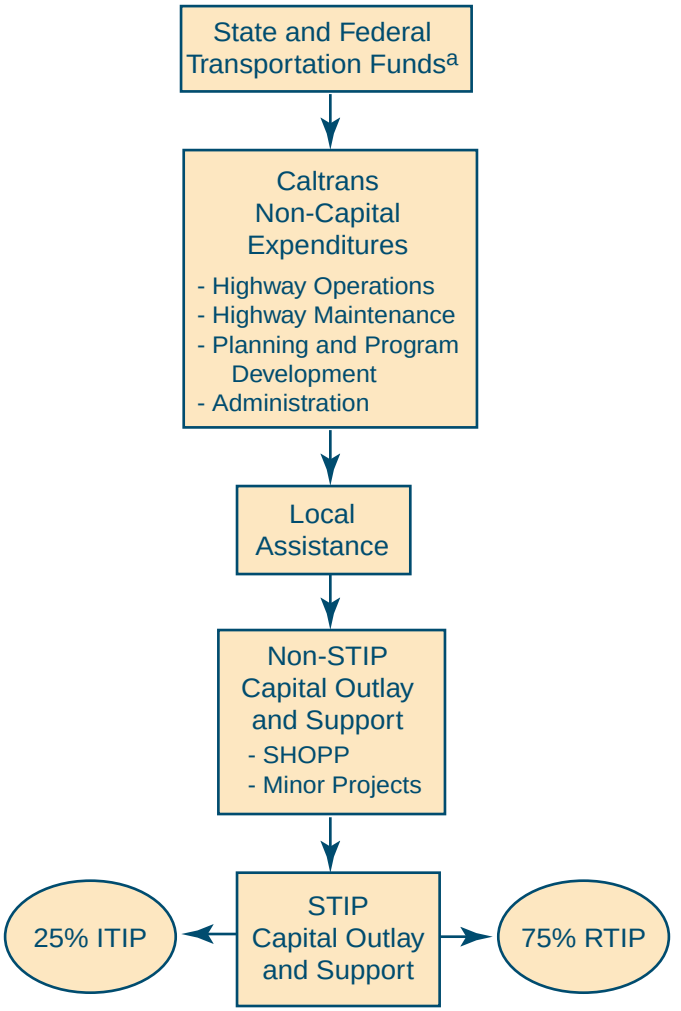
State	
Legislature	• Sets overall transportation policies, including establishing revenue sources, and expenditure priorities. • Appropriates lump sum for capital improvements through annual budget and provides oversight on implementation of the state transportation program. • In general, has delegated the authority to select specific projects to Caltrans, regional and local agencies, and the California Transportation Commission.
Department of Transportation (Caltrans)	• Implements the state transportation program in general through 12 districts and headquarters in Sacramento. • In 1999-00, the department has 22,750 authorized positions. • Owns, operates, maintains, and repairs the state highway system. • Plans and designs all capital improvement projects on the state highway system. • Selects projects for the Interregional Transportation Improvement Program (ITIP) (discussed later) in the four-year State Transportation Improvement Program (STIP).
California Transportation Commission (CTC)	• Consists of nine members appointed by the Governor. • Recommends policy and funding priorities to the Legislature. • Adopts estimates (prepared by Caltrans) of available transportation funds for capital projects. • Reviews and adopts STIP and State Highway Operation and Protection Program (SHOPP) (discussed later) to ensure compliance with statutory guidelines. • Allocates state and federal funds to projects. • Provides oversight on Caltrans and local project delivery.

Continued

The Key Players: Who Decides What Gets Built and When?

Regional	
Regional Transportation Planning Agency (RTPA)	• Includes 46 agencies formed by special legislation, council/association of governments, and local transportation commissions. • Administers state funds and allocates federal and local funds to projects. • Selects projects for the Regional Transportation Improvement Program (RTIP) in the STIP.
Metropolitan Planning Organization (MPO)	• Federally required planning bodies; typically the same as an urban region's RTPA. • Prepares the 20-year Regional Transportation Plan (discussed later) and selects projects. • Currently, there are 16 MPOs in California. • The Governor designates an MPO in every urbanized area with a population over 50,000.
Other	
Other Players	• Environmental agencies at the local, state, and federal level review transportation projects and issue permits to ensure transportation improvements comply with environmental law. • Cities and counties set land-use policy and nominate transportation projects for funding by the RTPA. • Transit agencies, such as Bay Area Rapid Transit (BART) and Los Angeles County Metropolitan Transportation Agency (LACMTA)—nominate projects for funding and deliver transportation services and improvements.

The "STIP" Process: Determining What Gets Built and When



[a]Include most federal transportation and State Highway Account funds.

How Are State Transportation Dollars Allocated?

- The "STIP" (State Transportation Improvement Program) process determines which transportation projects will be funded by state funds and when projects will be constructed. The process works as detailed below.
- Caltrans first prepares a fund estimate which projects biennially all federal and state transportation funds available over a four-year period. The fund estimate, when adopted by the CTC, provides the basis for determining how many transportation projects can be funded in that time frame.
- For the four-year period from 2000-01 to 2003-04 (the 2000 STIP period) federal funds, other than transit-specific funds, and SHA funds are projected to total $19.8 billion.
- These funds are first used to cover noncapital expenditures, including administration, highway maintenance, and operations. Remaining funds are then allocated to local assistance and capital outlay.

How Are STIP Funds Distributed?

- Under current law, 75 percent of STIP funds are designated for the Regional Transportation Improvement Program (RTIP) with projects chosen by RTPAs, while the remaining 25 percent are designated for the Interregional Transportation Improvement Program (ITIP) with projects chosen by Caltrans. Projects may also be jointly funded by the ITIP and the RTIP.
- Chapter 622, Statutes of 1997 (SB 45, Kopp) created the current structure for decision-making and distributing STIP funds. Chapter 622 consolidated transportation programs into two basic categories—regional and interregional.

How Are Interregional Funds Distributed?

- Of the ITIP funds, 40 percent is subject to the "north–south split" (discussed below), while the remaining 60 percent is limited to improvements outside urbanized areas.
- About 10 percent of ITIP funds must be programmed for intercity rail projects, while the remainder may be programmed for highway improvement projects.

How Are Regional Funds Distributed?

- Funds for the RTIP are geographically divided by what is known as the north-south split. Specifically, 60 percent of funds are allocated to 13 southern counties, while the remainder is allocated to the remaining 45 northern counties.
- These funds are further divided into county shares based on a statutory formula which allocates 75 percent of the funds based on population, and 25 percent based on highway lane miles.

How Are Projects Chosen for the Regional Program?

- Projects are selected for funding by RTPAs based on regional priorities, as defined in the 20-year regional transportation plans. Specifically, projects are selected from a large pool of projects proposed by cities, counties, and transit agencies. The RTPAs then submit their respective lists to the CTC for approval.
- The CTC can either adopt or reject an individual RTIP in its entirety, but cannot delete or add specific projects. Together, the 46 regional proposals form the statewide RTIP.

Key Categories of STIP Expenditures

Noncapital Expenditures

- Caltrans estimates approximately $5.1 billion in noncapital expenditures during the 2000 STIP period (2000-01 through 2003-04).
- The 2000-01 budget proposes to spend about $885 million in state and federal money on highway maintenance and operations.

Local Assistance

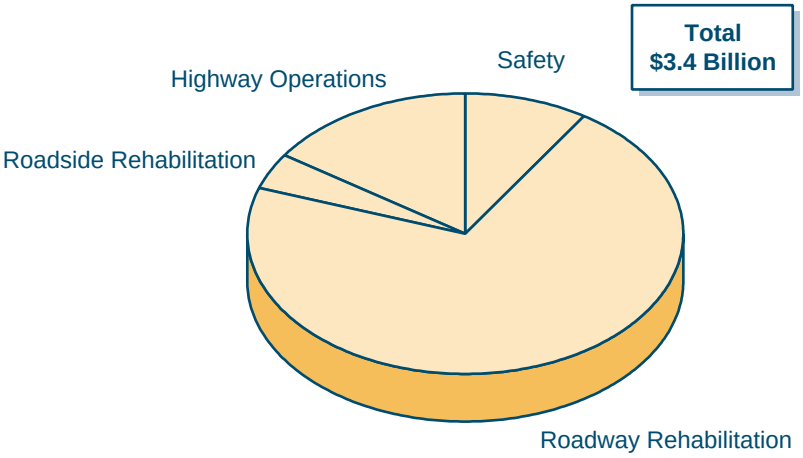
- Certain state and federal funds flow through Caltrans to local agencies for nonhighway projects such as expansions of local roads or transit improvement.
- Caltrans estimates that about $4 billion will be spent on local assistance in the 2000 STIP period.

Capital Outlay Expenditures

- Capital expenditures involving state funds are estimated and scheduled in two four-year documents, prepared by Caltrans and regional agencies and adopted by the CTC every two years:
  - The State Highway Operation and Protection Program (SHOPP): Includes schedule and cost-estimates for all highway rehabilitation projects, as well as projects to improve safety and operations.
  - The State Transportation Improvement Program (STIP): Includes schedule and cost estimates for projects that *add* capacity, such as expanding a freeway or adding an additional train.
- Current law requires that highway funds first be spent to preserve the highway system before being used to expand it. This requires that the SHOPP is fully funded before determining the availability of funds for the STIP.

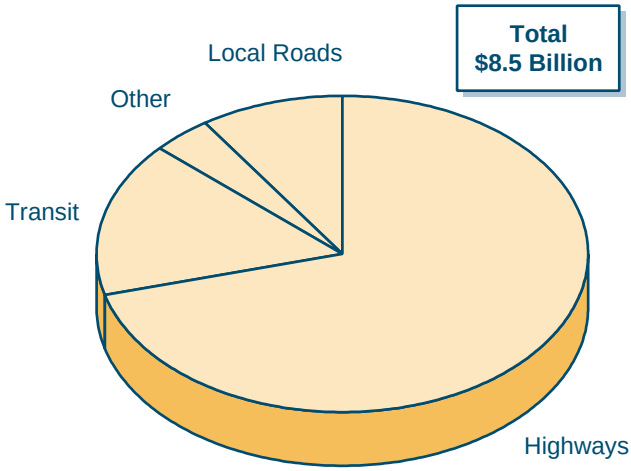
The "SHOPP" Primarily Funds Highway Pavement Repairs

1998 Through 2002



- The State Highway Operation and Protection Program (SHOPP) primarily funds rehabilitation projects including roadway (pavement) and roadside (landscape and other nonpavement facilities) rehabilitation.
- For the four-year period from 1998-2002, about $3.4 billion is programmed for SHOPP projects. About 72 percent of the SHOPP expenditures will be for pavement rehabilitation.
- The SHOPP is based on a ten-year plan (updated every two years) that projects state highway rehabilitation needs.
- The SHOPP projects are selected by Caltrans based on statewide need, rather than a geographic formula, such as percentage of population or highway lane miles.

Most STIP Funds Used for Highway Projects
1998 Through 2004



- *The current 1998 STIP contains* almost $8.5 billion worth of projects over a six-year period (1998-99 through 2003-04), including projects that were incorporated from earlier STIP cycles. The 2000 STIP, the first four-year STIP under current law, covers the period 2000-01 through 2003-04 and will be adopted in the summer 2000.
- *Funding for STIP projects is scheduled* in four discrete categories: engineering and design (known as capital outlay support), environmental review, right-of-way acquisition, and construction.
- *For the 1998 STIP*, 70 percent of funds are spent on highways, 16 percent on transit, and 10 percent on local roads. The remaining 4 percent (other) consists primarily of projects that are designed to improve air quality, such as constructing carpool lanes or converting transit fleets to clean fuel.

SHOPP and STIP Expenditures by County

(In Millions)

	SHOPP (1998-2002)	STIP (1998-2004)
Alameda	$121	$212
Alpine	0	23
Amador	31	—[a]
Butte	34	27
Calaveras	15	—[a]
Colusa	15	7
Contra Costa	22	120
Del Norte	25	7
El Dorado	52	16
Fresno	93	91
Glenn	17	11
Humboldt	71	39
Imperial	34	46
Inyo	24	46
Kern	116	152
Kings	41	25
Lake	24	14
Lassen	47	24
Los Angeles	491	1,056
Madera	27	15
Marin	15	39
Mariposa	2	6
Mendocino	70	26
Merced	63	30
Modoc	0	13
Mono	33	39
Monterey	36	85
Napa	30	20
Nevada	80	14
Placer	69	32
Plumas	26	13
Riverside	127	193
Sacramento	68	125
San Benito	15	10
Orange	122	280

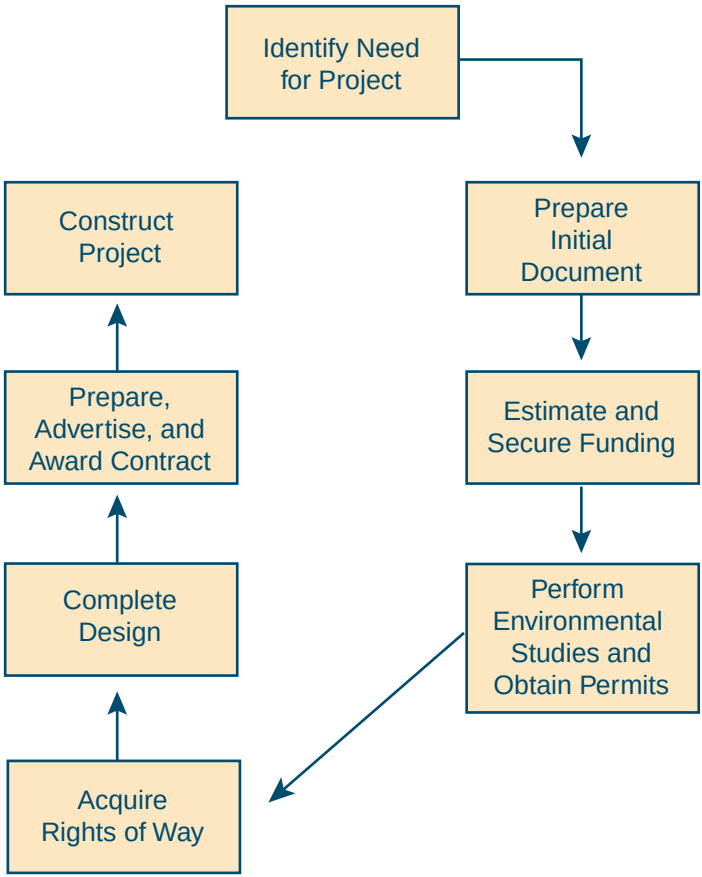
Continued

	SHOPP (1998-2002)	STIP (1998-2004)
San Bernardino	245	314
San Diego	130	405
San Francisco	40	75
San Joaquin	74	84
San Luis Obispo	67	75
San Mateo	36	86
Santa Barbara	39	78
Santa Clara	53	163
Santa Cruz	9	35
Shasta	74	42
Sierra	0	7
Siskiyou	67	27
Solano	72	42
Sonoma	48	70
Stanislaus	26	57
Sutter	8	12
Tahoe RPA	NA	9
Tehama	56	18
Trinity	16	20
Tulare	61	80
Tuolumne	1	12
Ventura	79	108
Yolo	9	25
Yuba	5	9
Subtotals	$3,271	$4,704
Interregional Program	NA	1,478
Reserves	79	—
Totals	**$3,350**	**$6,182**

[a] Shared among Alpine, Amador, and Calaveras Counties.

- While STIP funds are distributed according to a formula based on population and highway lane miles, SHOPP funds are distributed according to need.
- As a result, some counties receive substantially more STIP funds than SHOPP funds, such as San Diego and Los Angeles Counties, while the reverse is true for other counties, such as Nevada and Siskiyou.

From Planning to Construction: How a Project Gets Built



Long-Term Transportation Planning

- The first step to solving transportation problems occurs at the transportation planning phase.
- State and federal law require that every region with a population of 50,000 or more prepare and regularly update a 20-year Regional Transportation Plan (RTP). This plan

identifies the transportation needs of the region based on projections of growth and travel demand, coupled with projections of estimated funding levels.

- ➢ Any project that is expected to have a negative air quality impact *must* be included in the RTP. This ensures that the project's air quality impact is accounted for in the evaluation of a region's ability to meet state and federal air quality standards.
- ➢ The RTP must be approved by the Federal Highway Administration (FHWA), the Federal Transit Administration, and must be consistent with the State Implementation Plan (SIP) for air quality conformity with the federal Clean Air Act before a project is eligible for federal funding.

Secure Funding for Project

- ➢ Once a project has been included in the RTP, its sponsor (such as a city, county, or transit agency) must secure funding for the project from any combination of state, federal, local, or private fund sources.
- ➢ For projects built with state funds, funding is secured when a project is programmed in the STIP; for projects built with federal funds, but no state funds, projects must be included in the federal equivalent, known as the Federal Transportation Improvement Program (FTIP).

Environmental Review

- ➢ Before extensive design or construction can begin, FHWA, Caltrans, or local agencies are responsible for ensuring that the project complies with state and federal environmental laws. The two major laws affecting transportation projects are the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA). These laws require that various alternatives be examined in order to meet the purpose and need of the project while minimizing the project's negative environmental impact.

➢ Typically, environmental review is the longest and most unpredictable phase of the project delivery process. The review can include:

- Technical studies which in some cases can only be conducted at a particular time of the year in order to evaluate the potential impact.
- Project evaluation and permit approval by as many as 15 to 20 agencies on certain projects.
- Public hearings which may result in requests to review new alternatives or eliminate the project altogether.

Design

➢ Due to restrictions in the State Constitution, almost all state highway projects funded with state funds are designed by Caltrans. For state highway projects funded without state funds—such as those funded with only local and federal revenues—design may be performed by local transportation agency staff or local agencies may contract out to the private sector.

➢ Although preliminary design must be done in order to conduct environmental review, final design work is not completed until the project has received environmental approval by the various state and federal agencies.

Construction

➢ Once rights-of-way have been purchased and design completed, Caltrans or local agencies advertise the project for construction by the private sector.

Issues for Legislative Consideration

Additional, Ongoing Funding Source Needed for Transportation

What Is the Current Unfunded Need?

➢ The current level of state, local, and federal funds for transportation falls substantially short of what is needed to ensure mobility and facilitate goods movement over the next decade. According to the *Inventory of Ten-Year Funding Needs for California's Transportation Systems*, prepared by the CTC pursuant to Senate Resolution 8 (Burton, 1999), California's total ten-year funding shortfall for transportation exceeds $100 billion.

California's Ten-Year Unfunded Transportation Needs[a]

(In Billions)

State highway	
• Expansion	$25
• Maintenance, safety, and operation	8
Bridge rehabilitation and replacement	6
Local road	
• Expansion	13
• Rehabilitation	11
Intercity rail	4
Bus and commuter/urban rail	32
Bicycle and pedestrian	1
Other[b]	16
Total	**$117**

[a] Key findings from Senate Resolution 8 (Burton).

[b] Includes storm drainage retrofit, airport and seaport improvement, and grade separation projects.

➢ Additional funds are needed, both to (1) *expand* the system to accommodate population growth and the subsequent increase in demand for travel and (2) *operate* and *maintain* the local streets, highways, and transit systems that exist today.

What Should the Legislature Do?

➢ We recommend the Legislature provide an additional, reliable, ongoing fund source for transportation. This funding stream should be at least sufficient to meet the state's annual transportation maintenance needs in order to avoid escalating repair costs in the future arising from deferred maintenance. Additional funds are also needed to build, operate and maintain *new* capacity—whether in the form of highway improvements or new transit service. We estimate additional, ongoing funding needs of approximately $1 billion annually.

➢ The following pages discuss the two main approaches to meeting the state's transportation needs—those that enhance transportation "supply" and those that better manage transportation "demand." Given limited resources, both approaches are necessary to meet the state's mobility needs.

How Do We Most Effectively Expand Transportation Supply?

- *Additional Investment Needed.* Reducing congestion and providing for the mobility of people and goods over the next several decades will require substantial investment in *new* infrastructure.
- *Allocate New Funds Based on State Priorities.* While there is already a process established both at the state and regional levels for prioritizing expenditures using existing revenues, the Legislature will need to determine the state's goals and priorities relative to any *new* state transportation revenues. For instance, to the extent that funds are intended for capital outlay, they could simply be incorporated into the existing STIP process. Alternatively, the Legislature may want to designate new funds for other purposes, such as local streets and roads or transit operations. We recommend that the adoption of a new fund source be accompanied by a fund allocation process that clearly links expenditures to specified needs and priorities.
- *Assess Needs Periodically.* We further recommend the enactment of legislation that would require a statewide transportation needs assessment, similar to SR 8, every five years. The legislation should require that the report be prepared by the CTC, in coordination with Caltrans and RTPAs, and that it use a uniform methodology to assess needs in each region.

Are There Ways to Better Manage Demand for Mobility?

➢ *Imbalance Between Demand and Supply.* Given limited resources, as well as environmental constraints, the state cannot meet demand for mobility solely expanding the highway system. Highway congestion is largely caused by the imbalance between the *demand* for freeway capacity, and the supply of that capacity. Yet expansion of the highway system will rarely alleviate congestion permanently. This is because as investments are made to increase supply (the size of the road system), demand (measured in vehicle miles traveled) increases.

➢ *More Efficient Use of Existing System.* The Legislature should consider policies that encourage more efficient use of the *existing* highway and transit infrastructure. Policies that would better manage demand for mobility include:

- *Road Pricing.* Incorporating the social cost of driving (such as pollution and congestion), into the user cost of driving can influence driving behavior. Such policies include toll roads with adjustable toll rates depending on traffic conditions—known as congestion pricing. Additionally, financial incentives, such as policies that allow employees to exchange their parking space for a transit pass, can also reduce demand for driving.
- *Increased Investment in Transit and Other Alternatives to Driving.* Another way to meet mobility demands without substantial road infrastructure investment is to make other modes of travel more convenient and reliable. Improving transit operations, carpool facilities and bicycle and pedestrian facilities, as well as promoting telecommuting, can attract people to these modes of travel and alternatives.
- *Land-Use Planning.* Land-use policies that reduce the distances between housing, employment, and retail centers can reduce growth in driving.

What Is the State's Role in Mass Transportation?

State Role in Funding

- ***Primary Funding Source Over Subscribed.*** Currently, the state's primary source for funding mass transportation activities, the PTA, is projected to experience a shortfall within the next four years (please see our January 2000 report *Public Transportation Account: Options to Address Projected Shortfall*). As a result, the state's ability to provide additional funds for new transit capital acquisition, operating and maintenance assistance, and expansion of service is constrained. Providing additional revenues to the account will help meet the demands placed on this over-subscribed mass transportation fund source.

- ***Projected Statewide Needs Exceed Current Funding Capacity.*** It may not be enough to simply eliminate the funding shortfall in the PTA. Specifically, doing so will provide funds to expand intercity rail service, but will not provide sufficient additional funds to meet other statewide mass transportation needs. For example, over the next ten years, SR 8 identified substantial unfunded operating and capital needs for bus and rail (including commuter and urban rail). These unfunded operational needs are projected to be between $0.7 billion and $3.7 billion over the next ten years. Unfunded capital investments are more substantial, and are estimated to be between $3 billion and almost $11 billion. Additional funds provided to mass transportation, therefore, should not solely be aimed at addressing the projected PTA shortfall, but should recognize the substantial statewide transit needs over the next decade.

State Role in Interregional Versus Regional Transportation

➢ *What Is the State's Role in Interregional Versus Intraregional Transportation?* Under current law, the state programs 25 percent of STIP funds on interregional transportation projects, while the RTPAs program 75 percent of STIP resources for regional transportation projects. What defines a regional or interregional project, however, is not precise. As urban areas around the state continue to develop and grow, what constitutes "interregional" and "regional" transportation will become even more blurred. This is particularly true with mass transportation projects. Should the state continue to focus primarily on interregional travel and concentrate its funds on the intercity rail program, or should the state assist with intraregional mass transportation projects? The state may want to assist with the funding of regional projects where improvements to the regional transportation system:

- Alleviate highway and street congestion.
- Improve air quality.
- Improve connectivity between all modes of transportation, including automobile and transit travel.

State Role in Infrastructure Investment and Planning

➢ *Comprehensive Plan Lacking for Rail System.* There is currently no statewide, comprehensive rail needs analysis that incorporates all forms of rail transportation, including commuter, urban, and intercity rail. Without an assessment that incorporates the funding needs and expansion plans for all three forms of rail transportation, the Legislature will not be able to effectively determine where passenger rail capital investments are most needed nor evaluate the overall effectiveness of the state's passenger rail network.

➢ *Recommendation for Comprehensive Rail Plan.* We recommend the Legislature enact legislation directing Caltrans to initiate a comprehensive, statewide assessment of all existing and proposed passenger rail systems, including intercity, commuter, and urban rail. The assessment should be conducted in cooperation with transit operators and regional transportation planning agencies, and should emphasize how the intercity rail system integrates with other modes of passenger rail transportation, particularly if there are connections between commuter / urban and intercity rail. The study should also identify the capital and operational investments that are planned over the next ten years, including details on commuter or urban rail's rehabilitation programs, new improvement projects, and new or extended services. (Please see our *Analysis of the 2000-01 Budget Bill*, pages A-72 through A-75.)

Improvements Needed to Expedite Project Delivery

Transportation Projects Take Many Years to Complete

➢ It is not uncommon for Caltrans to take over ten years to design, conduct environmental review, and advertise a project for construction as shown in the figure below. Part of this is due to the complexity of design and environmental review. However, our review suggests that there are opportunities for expediting project delivery.

	Year											
Project Phases[a]	1	2	3	4	5	6	7	8	9	10	11	12
Environmental Review	■	■	■	■								
Design					■	■	■					
Right of Way Acquisition							■	■				
Utility Relocation								■	■			
Start Construction										■	■	

[a] Example of timeline for project using federal funds. Based on one highway project in Contra Costa County.

➢ Californians pay for slow project delivery in various ways, including inconvenience resulting from congestion, as well as higher project costs due to the extra time spent on projects and inflationary pressure on construction material, right-of-way acquisition, and labor costs.

Legislature Should Pursue Environmental Streamlining Opportunities

➢ Most project delay occurs during the environmental phase, particularly on large projects. Efforts to expedite project delivery should focus on streamlining the environmental review process.

➢ We have identified opportunities for streamlining the environmental review process in ways that do not compromise the level of review. Environmental streamlining is critical to ensuring that the benefits of additional funding are realized in a timely manner. (Please see our *Analysis of the 2000-01 Budget Bill*, page A-53.)

Flexible Financing Can Speed Up Project Delivery

- ➢ Federal funds carry many strings with them which tend to make delivery of federally funded projects slower than projects funded solely with state or local funds.
- ➢ We recommend that Caltrans and local agencies work with the CTC to develop funding strategies that minimize the administrative complexity of using federal funding in a large number of projects, while ensuring that the state's share of federal funds is fully utilized each year. Such strategies could include pooling federal funds from different counties to be used on several large projects rather than on many small ones.
- ➢ In order to make this feasible, alternative flexible fund sources, such as the General Fund or local sales taxes, must be available to substitute for federal funds.

Can Caltrans Hire Enough Staff to Perform the Work?

- ➢ Another concern is whether Caltrans can hire enough staff to perform the design work on future highway projects—particularly if funding is substantially increased.
- ➢ Caltrans has difficulty hiring staff due to a decline in civil engineering graduates in recent years and competition with local governments and the private sector who often pay higher salaries.
- ➢ Additionally, the State Constitution prohibits Caltrans from contracting out design work to the private sector except under certain conditions. The State Supreme Court ruled that in order to contract out, Caltrans must be able to factually demonstrate that private contracting would meet one of the following:
  - Be more cost effective.
  - Be necessary to ensure timely project delivery.
  - Be used to provide specialized work for which state expertise was unavailable.
- ➢ A statewide ballot measure, to be considered by voters in November 2000, would allow the state to contract out engineering and design currently performed by Caltrans.

Acronyms and Definitions

ACE (Altamont Commuter Express)—A commuter train service providing trips between Stockton and San Jose.

BART (Bay Area Rapid Transit District)—A commuter rail system serving the San Francisco Bay Area.

Caltrans (California Department of Transportation)—The state agency responsible for building, maintaining, and operating the state highway system and intercity rail.

CEQA (California Environmental Quality Act)—State law providing certain environmental protections that apply to all transportation projects funded with state funds.

CTC (California Transportation Commission)—A nine-member board appointed by the Governor to oversee and administer state and federal transportation funds and provide oversight on project delivery.

FHWA (Federal Highway Administration)—The federal agency responsible for administering federal highway funds.

FTA (Federal Transit Administration)—The federal agency responsible for administering federal transit funds. As opposed to FHWA funding, most FTA funds are allocated directly to local agencies, rather than Caltrans.

FTIP (Federal Transportation Improvement Program)—A three-year list of all transportation projects proposed for federal transportation funding within the planning area of an MPO.

ITIP (Interregional Transportation Improvement Program)—The portion of the STIP that includes projects selected by Caltrans (25 percent of STIP funds).

HOV lane (High Occupancy Vehicle lane)—A lane restricted to vehicles with two (and in some cases three) or more occupants to encourage carpooling.

LACMTA (Los Angeles County Metropolitan Transportation Authority)—RTPA for the Los Angeles region.

LTF (Local Transportation Fund)—Fund which receives TDA revenues.

MPO (Metropolitan Planning Organization)—A federally required planning body responsible for transportation planning and project selection in the region. In many cases, is the same as the RTPA.

NEPA (National Environmental Protection Act)—Federal environmental law that applies to all projects funded with federal funds or requiring review by a federal agency.

PTA (Public Transportation Account)—The major state transportation account for mass transportation purposes. Revenues include a portion of the sales tax on gasoline and diesel fuels.

RTIP (Regional Transportation Improvement Program)—Share of capital outlay improvement funds controlled by regional agencies (75 percent of STIP funds).

RTP (Regional Transportation Plan)—Federally required 20-year plan prepared by metropolitan planning organizations, updated every three years. Includes projections of population growth and travel demand, along with a specific list of proposed projects to be funded.

RTPA (Regional Transportation Planning Agency)—State-designated agency responsible for preparing the RTP, RTIP, and administering certain state and federal funds.

SB 45 (Chapter 622, Statutes of 1997, Kopp)—Senate bill which established the current STIP process and shifted control of decision-making from the state to the regional level.

SHA (State Highway Account)—The major state transportation account for highway purposes. Revenues include the state excise taxes on gasoline and diesel fuel and truck weight fees.

SHOPP (State Highway Operation and Protection Program)—A four-year capital improvement program for rehabilitation, safety, and operational improvements on state highways.

SIP (State Implementation Plan)—State air quality plan to ensure compliance with state and federal air quality standards. In order to be eligible for federal funding, projects must demonstrate conformity with the SIP.

STA (State Transit Assistance)—State funding program for mass transit operations and capital projects. Current law requires that STA receive 50 percent of PTA revenues.

STIP (State Transportation Improvement Program)—A four-year capital outlay plan that includes the cost and schedule estimates for all transportation projects funded with any amount of state funds. The STIP is approved and adopted by the CTC and is the combined result of the ITIP and the RTIP.

TDA (Transportation Development Act)—State law enacted in 1971 that provided a 0.25 percent sales tax on all retail sales in each county for transit, bicycle, and pedestrian purposes. In nonurban areas, funds may be used for streets and roads under certain conditions.

TEA-21 (Transportation Equity Act for the 21st Century)—Federal transportation act covering the period from 1998 through 2004. Provides about 40 percent more funding than previous federal act.

U.S. DOT (United States Department of Transportation)—The federal agency that oversees transportation.

VMT (Vehicle Miles Traveled)—Common measurement used for tracking demand for driving.