

Date of Hearing: April 13, 2015

ASSEMBLY COMMITTEE ON TRANSPORTATION

Frazier, Chair

AB 194 (Frazier) – As Amended April 7, 2015

SUBJECT: High-occupancy toll lanes

SUMMARY: Extends indefinitely the California Transportation Commission's (CTC's) authority to authorize regional transportation agencies to develop and operate high-occupancy toll (HOT) lanes and expands the authority to include other toll facilities; adds similar authority for the CTC to authorize the California Department of Transportation (Caltrans) to develop toll facilities. Specifically, this bill:

- 1) Authorizes Caltrans to apply to CTC to develop and operate HOT lanes and other toll facilities using essentially the same process previously used by regional transportation agencies, as follows:
 - a) Caltrans, in cooperation with a regional transportation agency, if applicable, is authorized to apply to CTC to develop and operate HOT lanes or other toll facilities, including exclusive or preferential lanes for transit or freight;
 - b) CTC is directed to develop guidelines to evaluate and approve applications submitted by Caltrans, subject to minimum requirements;
 - c) For applications submitted by Caltrans, the department will develop and operate the facilities in cooperation with regional transportation agencies, as applicable, and with the active participation of the California Highway Patrol (CHP). Furthermore, Caltrans will be responsible for establishing and collecting tolls;
 - d) Revenue generated by the facility will be available to Caltrans for direct expenses related to the upkeep of the toll facility; and
 - e) All excess revenue will be used in the corridor from which it was generated pursuant to an expenditure plan developed by Caltrans and approved by CTC.
- 2) Extends indefinitely the process whereby CTC reviews and approves applications from regional transportation agencies, in cooperation with Caltrans, to develop and operate HOT lanes and other toll facilities, including preferential lanes for transit and freight.
- 3) Deletes the limitation on the number (four) of HOT lane applications CTC may approve, thereby granting open-ended authority to approve applications.

- 4) Directs a regional transportation agency to reimburse CTC for its costs and expenses in reviewing a HOT lane application.
- 5) Directs CTC to develop guidelines to evaluate and approve applications submitted by regional transportation agencies for the development and operation of HOT lanes and other toll facilities, subject to the following minimum requirements:
 - a) Toll facilities must be developed and operated in cooperation with Caltrans and with the active participation of the CHP;
 - b) Regional transportation agencies will be responsible for establishing, collecting, and administering tolls and for paying for the maintenance of the facilities, pursuant to an agreement with Caltrans;
 - c) Toll revenue will be available to the regional transportation agency for direct expenses related to the upkeep of the facility;
 - d) Excess revenue will be used in the corridor from which it was generated pursuant to an expenditure plan adopted by the regional transportation agency.
- 6) Explicitly provides that the authority being granted to develop toll facilities does not prevent other agencies from constructing facilities that compete with a toll facility.
- 7) Authorizes regional transportation agencies to bond against toll revenue.
- 8) Requires a regional transportation agency to give a local transportation agency within its jurisdiction the option to enter into an agreement to govern a toll project authorized under provisions of this bill; authorizes a local transportation agency to be the lead agency for constructing these projects.
- 9) Defines regional transportation agencies.
- 10) Explicitly provides that nothing in the bill authorizes or prohibits the conversion of any existing nontoll or nonuser-fee lane into tolled or user-fee lanes, except that a high-occupancy vehicle lane may be converted into a HOT lane.

EXISTING LAW:

- 1) Specifically authorizes HOT lane facilities in Alameda, San Diego, and Santa Clara counties.

- 2) Until January 1, 2012, authorized any regional transportation agency to apply to CTC for authority to develop and operate HOT lanes.
- 3) Limited CTC to approving no more than four applications: two in northern California and two in southern California. (CTC approved HOT lane facilities in the San Francisco Bay Area, Los Angeles County, and Riverside County under this provision.)

FISCAL EFFECT: Unknown

COMMENTS: HOT lanes are increasingly being implemented in metropolitan areas around the state and the nation, primarily to deal with increased congestion. HOT lanes allow single-occupant or lower-occupancy vehicles to use a high-occupancy vehicle (HOV) lane for a fee, while maintaining free or reduced travel to qualifying HOVs. The acknowledged benefits of HOT lanes include enhanced mobility and travel options in congested corridors and better usage of underutilized HOV lanes.

The San Diego Association of Governments (SANDAG) was the first agency to be granted authority to operate a HOT lane, on Interstate 15 [AB 713 (Goldsmith), Chapter 962, Statutes of 1993]. Subsequently, AB 2032 (Dutra), Chapter 418, Statutes of 2004, authorized HOT lane facilities in Alameda, San Diego, and Santa Clara counties. With the successful implementation of these programs (which were all originally authorized as demonstration programs then later extended indefinitely), the Legislature delegated responsibility for approving toll facilities under certain conditions to the CTC [AB 1467 (Nunez), Chapter 32, Statutes of 2005] until January 1, 2012. This delegation was limited to no more than four projects total.

Although to date only a handful of regional transportation agencies have authority to operate HOT lanes and only on a limited number of corridors, it is clear that California is in the embryonic stage of what promises to be a substantial build-out of toll facilities in the very near future. In fact, as part of the Governor's proposed budget in 2013, the Governor directed the California State Transportation Agency (CalSTA) to convene a workgroup consisting of state and local transportation stakeholders to, among other tasks, explore long-term, pay-as-you-go funding options. As a result, CalSTA released in February of last year its vision and interim recommendations in a report entitled *California Transportation Infrastructure Priorities: Vision and Interim Recommendations*, commonly referred to as CTIP. Two of the recommendations were:

- 1) Work with the Legislature to expand Caltrans' use of pricing and express lanes to better manage congestion and the operation of the state highway system while generating new revenues for preservation and other corridor improvements.
- 2) Support efforts to maintain and expand the availability of local funds dedicated to transportation improvements.

AB 194 is consistent with this direction. It expands the potential for toll facilities in California by granting CTC broad, indefinite authority to review and approve toll facility applications submitted by regional transportation agencies and by Caltrans. AB 194 builds on the authority previously granted to regional transportation agencies and is consistent with protocols that have

evolved to guide development of the HOT lane programs, such as the requirement that any excess revenue be used in the corridor in which it was generated.

Regional transportation agencies up and down the state, as well as Caltrans, struggle with meeting the challenges of increasing traffic congestion and decreasing transportation revenue. Although HOT lanes should be primarily a congestion management tool, they may have the added benefit of generating net revenue that can be put back into the corridor from which it was generated for additional improvements or other benefits. Given the success of multiple HOT lane demonstration programs to date, it is appropriate now to provide an administrative process whereby regional transportation agencies and Caltrans can work together with CTC to develop and operate toll facilities.

AB 194 defines clear roles and responsibilities between Caltrans and regional transportation agencies in the development of toll facilities. In cooperation with one another, AB 194 appropriately places control of a facility's tolling policy and toll revenue with whatever agency is bearing the responsibility and financial risk to develop the program, under prescribed requirements. Furthermore, AB 194 includes provisions that ensure that not only do Caltrans and regional transportation agencies work cooperatively but that a regional transportation agency and local transportation agencies within its jurisdiction work cooperatively as well. Finally, AB 194 makes it clear that the authority to develop toll lanes does not in any way include the conversion of existing nontolled or nonuser-fee lanes into tolled or user-fee lanes, either by authorizing them or prohibiting them. Any efforts to implement such a conversion will require separate statutory authority.

Writing in support of the bill, the California Pavement Association asserts that "HOT lanes have proven to be an important tool in the transportation management toolbox, maximizing the utilization of selected corridors while helping traffic engineers manage peak traffic flow and returning badly needed dollars to depleted transportation funds designated to the maintenance of the system." Furthermore, the bill's sponsor, the Self-Help Counties Coalition suggests that "AB 194 rightfully requires that revenue allocation and tolling policies should rest with the agency assuming the project development, construction, and financing risk."

Previous legislation: AB 2250 (Daly), Chapter 500, Statutes of 2014, requires any revenue generated in managed lanes to be used in the corridor in which it was generated.

SB 983 (Hernández) of 2014 was similar to this bill. SB 983 passed out of this committee but was held in the Assembly Appropriations Committee on the suspense file.

SB 1298 (Hernández), Chapter 531, Statutes of 2014, repealed and recast specific authority for the Los Angeles County Metropolitan Transportation Authority to operate a value-pricing and transit development program, including HOT lanes on State Routes 10 and 110.

AB 1467 (Nunez), Chapter 32, Statutes of 2005, originally granted authority to the CTC to review regional transportation agencies' applications for HOT lanes, for up to four projects, until January 1, 2012.

AB 2032 (Dutra), Chapter 418, Statutes of 2004, authorized HOT lane facilities in Alameda, San Diego, and Santa Clara counties.

AB 713 (Goldsmith), Chapter 962, Statutes of 1993, granted SANDAG authority to operate a HOT lane on Interstate 15.

REGISTERED SUPPORT / OPPOSITION:

Support

Self-Help Counties Coalition (Sponsor)
American Council of Engineering Companies of California
Bay Area Council
California Asphalt Pavement Association
California Transportation Commission

Opposition

None on file

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