

ASSEMBLY TRANSPORTATION COMMITTEE  
Informational Hearing

**MODERNIZING CALTRANS**

Monday, March 3, 2014  
1:00 p.m.  
Room 4202

**Purpose:** The genesis of today's hearing is a recently released report issued by the State Smart Transportation Initiative (SSTI). SSTI was commissioned by the California State Transportation Agency (CalSTA) to assess Caltrans' performance and to make recommendations for improvements. The report is the conclusion of a year-long effort working with dozens of stakeholders.

In short, the SSTI report finds that Caltrans is "significantly out of step" with best practices in the transportation field and with many of the state's policy expectations, such as those related to greenhouse gas emission reductions. The report further suggests that this appears to be at least in part the result of:

- An unclear mission and vision for the department;
- Resources and skills being out of alignment with the state's policy goals; and,
- Antiquated management practices.

Immediately subsequent to the release of the SSTI report, CalSTA released a report entitled "California Transportation Infrastructure Priorities" (CTIP). This report was also the result of a year-long effort and discussions with dozens of stakeholders, many of them the same stakeholders that informed the SSTI effort. Led by CalSTA, the agency sought to examine the current challenges of the state's transportation system and to set a course toward addressing those challenges.

The release of these reports, along with the Administration's willingness to update the state's role in transportation, presents exciting (but not easy) opportunities to transform transportation programs in California. Today's hearing will provide an opportunity for the committee to better understand the need for the transformation and to learn about the Administration's plans to begin realizing that transformation.

At the hearing, the committee will explore the SSTI and CTIP reports in depth. We will hear from the authors of the SSTI report regarding their findings and invite CalSTA to respond. We will also ask CalSTA to explain their planned path forward toward modernizing Caltrans and toward remedying the flaws identified in the reports. Finally, we will hear from stakeholders involved in both efforts their observations on the process and the outcomes to date.

### **SSTI Report:**

To support their conclusion that Caltrans needs modernizing, the SSTI report cites numerous areas in which Caltrans' performance was inconsistent, and sometimes directly at odds with, the state's overarching policies, particularly those aimed at reducing greenhouse gas emissions. Specifically, SSTI noted:

- Caltrans, with its long history as a highway-building department (and perhaps its reticence to change), continues to design projects that foster higher auto-mobility rather than projects that, for example, lead instead to compact development and lower vehicle miles traveled.
- State policies related to greenhouse gas emission reductions work "around" Caltrans rather than through it, such as SB 375 that places the onus of greenhouse gas emissions reductions on metropolitan planning organizations and the Air Resources Board.
- Caltrans' management has failed to understand sustainability policies much less require that these policies be incorporated in the department's programs.

Beyond failing to further the state's sustainability goal, the SSTI report also found that Caltrans has a reduced power and capacity to act due to two crucial policy changes:

1. The evolution of "self-help" counties, "which allows local government to fund and often dictate the shaping of transportation systems, including the state highway system;" and,
2. The state's practice of sub-allocating state funding by formula to the local level, "again empowering stakeholders vis-à-vis Caltrans and reducing funds available at the state level."

SSTI believes California would be better served by a stronger state transportation department that is better aligned with California's overarching policy goals, particularly those related to sustainability. SSTI also believes that the culture of Caltrans needs to change—significantly. SSTI states that Caltrans does have strong human resource assets but is too focused on mobility instead of accessibility, on motor vehicles rather than people and goods and communities, and on delivering projects instead of operating a system.

## **CTIP Report:**

Last year, the Governor's proposed budget included direction to CalSTA to convene a "workgroup consisting of state and local transportation stakeholders to refine the transportation infrastructure needs assessment, explore long-term, pay-as-you-go funding options, and evaluate the most appropriate level of government to deliver high-priority investments to meet the state's infrastructure needs." Toward this end, CalSTA released last month its vision and interim recommendations. The vision emphasizes a stronger state role in transportation centered on four core concepts and funding to improve the state's transportation system, including the following (along with relevant excerpts from the CTIP report):

- **Preservation:** "We recommend taking actions to assist regions and local governments in preserving their assets while fully implementing the state's "fix it first" approach to the highway system."
- **Innovation:** "Innovation—including the use of technology—to improve the performance of our transportation system and to provide modes of travel that are faster and cleaner than traditional modes is the key to charting a sustainable path forward."
- **Integration:** "Greater integration encompasses many elements of our system, including planning, advanced mitigation, goods movement, and rail modernization."
- **Reform:** "...for an organization to lead, it must have credibility and install confidence in those it serves. Perhaps because of its seemingly decreasing role in a "regionalized" transportation world, Caltrans has been marginalized and a bit adrift...the department's focus is outdated, leaving the organization lost in terms of mission and challenged in the areas of communication, performance, and accountability."
- **Funding:** "Make no mistake: we do need additional long-term, flexible, pay-as-you-go sources of funding dedicated to transportation improvements...A new approach to funding is necessary to prevent a steady disinvestment in our transportation system."

In terms of recommendations, the CTIP proposes the following immediate actions:

- Put cap and trade funds to work on carbon-reducing transportation investments;
- Accelerate repayment of loans for transportation priorities;
- Appropriate remaining Proposition 1B bond funds; and,
- Implement reforms, guided in part by the SSTI report.

CalSTA also offers in the CTIP these longer-term recommendations:

- Support efforts to maintain and expand the availability of local funds dedicated to transportation improvements, albeit with conditions;

- Explore a voluntary pilot program to study, review, and consider the viability of a mileage-based user fee in California;
- Work with the Legislature to expand the department's 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;
- Work with stakeholders to ensure the State Transportation Improvement Program is funding projects that meet a set of performance measures to meet the state's mobility, safety, sustainability, and economic objectives; and,
- Work to address the recommendations of the California Freight Advisory Committee.

### **Discussion:**

As the CTIP report points out, now is indeed a transformative time in transportation for California. We have a new cabinet-level agency focused solely on transportation; specific gubernatorial direction to assess the state's transportation needs, to figure out how to pay for those needs, and to assign responsibility for meeting those needs to the appropriate level of government; guidance regarding the many trials and tribulations that beset Caltrans; and a reconstituted vision for transportation based on advice and guidance from dozens of key stakeholders. Furthermore, we have an unprecedented transportation funding shortfall and a rapidly degrading transportation system. At this point in time, transformation is not a luxury. It is an absolute necessity.

Although both the SSTI and CTIP reports included recommendations, the path forward is not all that clear. In fact, both reports have been met with mixed reviews. For example, some stakeholders interviewed believe the SSTI report does a fair job of describing Caltrans' evolution from a laser-focused, state-centric, highway-building agency to one that has been left out of virtually every major transportation policy initiative in the last decade. However, many believe the SSTI report fails to adequately account for California's geographical and political complexities—including several regions larger and more complex than many states—calling into question the applicability of some of the recommendations. Others are unsure that the report adequately addresses how the vision of a stronger role for the state in transportation policy should be reconciled with the existing statutory framework that vests regions with vast responsibility to deliver transportation programs and achieve key policy priorities.

Similarly, while many stakeholders acknowledge that many of the goals articulated in the CTIP—including preservation, integration, and innovation—appropriately address the state's highest transportation interests, some note that the plan does not reflect consensus among the stakeholders, lacks details regarding strategies for funding, and muddies rather than clarifies the issue of which levels of government are best positioned to address the state's various infrastructure needs.

## **Conclusion:**

Today's hearing is the first of likely several opportunities for the committee to explore with the Administration the most effective strategies for transforming California's transportation system to meet the state's diverse needs. As SSTI concludes, modernization of Caltrans is unlikely to occur through the department's efforts alone, as critical as those are. Success will also require action by CalSTA and the Legislature, as well as engagement of a broad range of other agencies with key stakes in the outcome. It is important to acknowledge that, while neither the results of this process nor the final shape of a modernized Caltrans are completely clear in advance, certain key priorities can be articulated. The committee suggests that any eventual strategies for reform should reflect, at minimum, the following four attributes:

- Specific, performance-driven, measurable, and outcome-based goals and objectives. AB 32, the Global Warming Solutions Act of 2006 (which set into law the goal of reducing greenhouse gas emissions to 1990 levels by 2020), is an excellent example of the power that clear, direct objectives have to move mountains (and bureaucracies).
- Meaningful performance measures. Appropriate performance measures can be used to document progress toward stated objectives, alert decision-makers when strategies aren't working, and ultimately, allow responsible agencies to be held accountable.
- Assignment of responsibility to the level of government best suited to deliver desired outcomes. If, as SSTI declares, for example, the state is not adding any value in its control of bike lanes then it should get out of the way of locals' efforts to design bike lanes.
- Alignment of responsibility with authority. One way to ensure failure is to make someone responsible for a task but then refuse to give them the authority they need to get it done.

The task ahead presents a daunting challenge and success is far from guaranteed. Indeed as SSTI notes, a 1994 study of Caltrans identified many of the same issues that still exist today, despite best efforts to remedy those issues

time for that action is now.