



**Date:** August 11, 2004

**To:** Commissioners, California Performance Review  
**From:** Paula LaBrie, Legislative Counsel  
**Re:** Comments, California Performance Review Report, Chapter 4 and 5

Dear Co-Chairs Ms. Kozberg, Mr. Hauck and Commission Members:

The AAA of Northern California, with nearly 4 million members, is pleased to have the opportunity to provide some initial comments on Chapters 4 and 5 of the California Performance Review Report. The report represents an ambitious effort to comprehensively review and improve the performance of California state government.

The AAA of Northern California has worked on behalf of motorists and the traveling public for more than 100 years. Our advocacy efforts on behalf of our members are part of our overall goals to improve the safety and reliability of the transportation system and the overall travel experience.

Many of the specific proposals in the California Performance Review report require further discussion and consideration. As a result, we would like to provide input into the process by providing some of the guiding principles that we believe should provide the framework for many of the important decisions you and others involved in this process will be making in the coming weeks and months. In addition, we have provided some comments on a limited number of the recommendations.

### **Guiding Principles for Transportation Finance**

The AAA of Northern California believes that user fees should be charged to transportation users in relation to the amount of cost or impact they impart on the transportation system. If transportation users are charged for their use of the transportation system, then the amount of their fees or charges should relate directly to their impact on the existing transportation system.

We further believe that transportation funding should follow the user benefit principle in that those who provide revenues must benefit from the programs in proportion to the amount of funding provided. The AAA of Northern California expects that transportation users who pay the transportation user fees will receive benefits from improvements to the transportation system in proportion to amounts that they pay.

Chapter 4-INF 15, of the California Performance Review addresses Infrastructure, including transportation financing. We offer the following comments, on specific recommendations, for your consideration as the California Performance Review process progresses.

### Proposition 42

AAA of Northern California agrees that the California Constitution should protect revenue derived from the sales tax on gasoline (Proposition 42) consistent with constitutional protections for other gas tax revenue. When voters approved Proposition 42 by almost 70%, they sent a clear message that they wanted additional resources and all of the taxes they pay on motor vehicle fuels committed to transportation for congestion relief and improved traffic safety. However, since its inception, Proposition 42 revenue has been diverted to purposes other than transportation. These diversions have resulted in an annual loss of up to \$1.2 billion in transportation funding for the past few years. Diversions of transportation revenue make long term planning difficult, result in project delay and continued traffic congestion. AAA of Northern California believes that voters should have the opportunity to amend the California Constitution to remove the Proposition 42 triggering mechanism and to provide for the repayment of loans from Proposition 42 revenue, with interest.

### Article XIX derivative revenue

AAA of Northern California also agrees that revenues generated from the investment of gasoline excise taxes should be earmarked for transportation. Article XIX of the California Constitution requires gasoline excise taxes to be earmarked for certain transportation purposes. It seems logical to also earmark revenue derived from the investment of Article XIX revenue to transportation.

### Vehicle Miles Traveled

With caution and through the use of pilot projects, California could also explore alternative ways to fund its transportation infrastructure. We anticipate that the concept of substituting a vehicle miles traveled (VMT) system in place of the long-standing gasoline tax, as a highway user fee, would not be met without some controversy. Issues that might warrant consideration include the fairness of a VMT system on those vehicle owners who choose to purchase a more fuel efficient or hybrid vehicle and the fairness of a VMT system on those vehicle owners who live in more widespread geographical areas of the state or who must undergo longer commutes between, for example, work and home. AAA of Northern California believes that this state should closely monitor the Oregon VMT pilot project prior to reaching any conclusions for implementation in California.

### Toll Roads

The use of toll roads is another alternative transportation financing method that has garnered recent attention. We believe that the ultimate success or failure of toll roads in California has not yet been determined and that the following guidelines are critical to any toll road proposal: Existing mixed flow highway facilities and lanes should not be tolled; that there should be reasonable free alternatives to tolled facilities; and that as a general principle, to better protect public interest, toll roads should be publicly owned and operated. However, if tolls roads are privately owned and operated, there must be assurances that the public interest should be protected, including assuring that critical safety and capacity improvements can always be made. AAA of Northern California also believes that tolls should not be treated as general revenues. They, instead, should be limited in use to repaying construction and operation costs of the same facility from which they are collected or for the provision of transportation services in the same corridor that provide traffic congestion relief.

### **Guiding Principles for Transportation Energy and the Environment**

The transportation system is dependent upon a reliable supply of transportation energy and the transportation system has effects upon the environment, particularly upon air quality. AAA of Northern California recognizes that protecting and improving air quality, water quality, and other aspects of the natural environment are essential to ensuring public health, protecting natural resources and promoting a high quality of life.

Since the traveling public, the transportation system, and the economy rely greatly upon transportation, AAA of Northern California promotes policies that support the reliability of the transportation energy supply system.

A reliable, affordable supply of transportation energy is essential to the well being of AAA members, the traveling public, and the economy.

Chapter 5 – RES 14, of the California Performance Review makes recommendations relative to streamlining the permitting process to reduce petroleum infrastructure bottlenecks. AAA of Northern California has historically monitored gasoline prices and releases information to the media to inform and educate the public regarding prices, including those factors leading to increases. AAA further routinely educates its members on how to reduce demand for gasoline. According to the California Energy Commission, California produces 43 million gallons of gasoline per day while residents burn 45 million per day. This imbalance, in part, results in California’s gasoline prices being typically among the highest in the nation. If nothing is done to increase the supply of motor vehicle fuel, this imbalance will only worsen as California’s population is expected to increase from its current 35 million to more than 50 million by the year 2030.

California should focus attention on some of the challenges with respect to the imbalance between available motor vehicle fuel supply and consumer demand as an effort to help stabilize the availability of California refined motor vehicle fuel and thereby reduce the likelihood of prices spikes for consumers. AAA of Northern California believes that a close examination of the rulemaking, permitting and other procedures by state and local public agencies that affect petroleum infrastructure projects in the state, and to solicit suggestions for best practices and procedures for permit streamlining in a way that is environmentally sensitive, is a step in the right direction.

### **Guiding Principles for Traffic Safety**

AAA of Northern California recognizes that a safe transportation system is essential to our mobility, economic well-being and quality of life. Traffic safety policies and programs should reduce the likelihood that traffic accidents will occur. Traffic safety policies and programs should be guided by the goal of saving human life and reducing injuries associated with traffic accidents.

AAA of Northern California has concerns with the recommendation to amend the Vehicle Code Section 40802 to eliminate the necessity of a traffic and engineering survey as a prerequisite to radar enforcement in a “work zone” so long as warning signs are displayed. Traffic and engineering surveys are used to set speed limits on roads and highways. To eliminate this prerequisite essentially sets a speed trap. Under present law, traffic engineers need to consider several factors when determining the appropriate speed—such as pedestrian and bicycle traffic, accident records, residential density and roadside conditions not readily apparent to the driver. Maintenance on or along the roads is a *temporary* condition. It seems inappropriate to eliminate the necessity of a traffic and engineering survey when setting speed limits that would be continually applicable long after the maintenance or construction is complete.

### **Improving the Performance of the California Transportation System**

AAA of Northern California believes, and our members tell us, that transportation is a priority issue impacting their quality of life. An expedited project delivery process fosters better mobility and benefits the motoring public by way of traffic congestion relief.

Chapter 4 - INF-01, and INF-04 of the California Performance Review provides suggestions for improvement of California’s overall transportation system.

AAA of Northern California believes that alternatives to the present transportation delivery process should be explored. For example, a design sequencing pilot project established in 1999 resulted in the delivery of transportation projects by as much as 19 months ahead of schedule compared with traditional contracting methods. We also agree that the development of goals and objectives that can be measured based on criteria to be established should be a part of the transportation planning process. Experts indicate that such measurable goals and objectives are necessary to determine if traffic congestion relief efforts, the various modes of transportation and transportation systems management are meeting the needs of commuters and overall mobility.

### **Conclusion**

AAA of Northern California looks forward to future opportunities to work with the California Performance Review Commission as the proposals and recommendations in the report are further clarified and brought toward implementation through administrative and legislative actions. In particular, we look forward to working together with you to improve the performance of the California transportation system. Thank you for providing us with an opportunity to comment on the performance review report.