

Good afternoon. Thank you for that wonderful introduction and warm welcome. It's great to see so many friends.

To Chairperson Olson and the members of the Board of Directors, I'm delighted to join you for an important conversation about the number one issue in transportation today – how to preserve California's great infrastructure of the past and put thousands of Californians to work building something new, for an even brighter future.

California's transportation system is a special part of our state's heritage. After World War II, Californians made great sacrifices to build one of the most expansive transportation systems in the world. California workers laid down tracks and poured the concrete that brought life to our economy and made our transportation system an envy of the world.

In 1957, plans were submitted to construct more than 12,000 miles of highways connecting every city with a population in excess of 5,000 people and in 1960 alone; bids were received for more than 13 million square feet of bridges. Between 1940 and 1969, the state completed projects like the Bayshore, Golden State, San Diego and Santa Monica freeways and bridges like the Carquinez, Richmond-San Rafael and San Diego-Coronado, and Vincent Thomas.

And yes, Californians put their money on the line for those projects because they knew the investments were critical for future generations.

From 1947 to 1956, the state and federal governments increased fuel taxes—by 130% in this state alone—and invested that revenue in building our federal and state highway system.

They made a collective decision to invest in the future and fund transportation, the life-blood of economic activity. As the ultimate compliment to those great California builders from our past, we still demand much of that system today. Californians drive 320 billion vehicle miles a year on these highways and roads, more than all Florida and New York drivers combined.

We must preserve that core infrastructure, and invest in new transportation systems that can handle the significant challenges of our time, like the dangerous effects of climate change, a consideration the prior generation did not have to contend with—but we do.

Our job today, just like those great builders before us, is to construct something of strength that lasts and carries us forward long into the future.

When Governor Brown spoke at the Asian-Pacific Economic Cooperation conference in 2011, he challenged all of us to wage war on unemployment by combatting global warming and preparing the state to fight for the effects of climate change. Transportation has a role to play in this fight.

And as the effects of climate change intensify, this work is more important than ever before.

California has 31 million registered vehicles, more cars and trucks that travel more miles than any other state in the nation. While we preserve our highway system to meet this demand, we also must prepare for a future where more consumers shift from petroleum-based fuels to biofuels and electric vehicles. We need continuous innovation to increase the speed of moving goods through transportation hubs and markets.

Modernizing California's rail system—including high speed rail and regional, urban and commuter rail—is a key part of this plan to preserve our existing infrastructure and build for the future. Part of what has kept the project going is an improving partnership between local, state and federal governments. Let's strengthen that partnership and continue working together.

Investments in transportation are critical for keeping California economically competitive. Fourteen other countries already have true-high speed rail systems where passengers can ride a total of more than 15,000 miles. California is not going to let the rest of the world pass us by.

In 1856, engineer Theodore Judah completed the Sacramento Valley Line to connect the state capital to Folsom, the first railroad line west of the Missouri river. But Mr. Judah had much greater dreams for California, dreams that were realized in 1862 when President Lincoln signed the Pacific Railroad Act jumpstarting construction of the Transcontinental Railroad.

When it was finished, the Transcontinental Railroad cut the journey from the East Coast to California from months to days, transforming the American West and creating a new spirit of optimism.

For Judah and the Central Pacific, it was about overcoming the Sierras to unite a nation. For High Speed Rail, it's about overcoming the Tehachapi's to further unite this state.

And when California breaks ground on the high-speed rail system, we can all say we made a choice to lead the nation and build a transportation system that will carry us far into the future.

Preservation and innovation: These investments are absolutely critical. In 2010, traffic congestion caused 95 million hours of delay, wasting fuel and squandering productive, economic activity. Meanwhile, increasing global temperatures and the extreme events they cause will have far-reaching consequences for California and its economy: Rising sea levels, more frequent and hotter heat waves, and more and higher intensity wildfires will put our infrastructure and our property at risk.

This year's budget directs the new Transportation Agency to work with stakeholders—all of you—to develop the highest priorities for transportation spending. As that process unfolds this year, we will explore long-term funding options and evaluate the best ways to deliver our infrastructure needs in California. I look forward to starting this process soon, and I view it as a continuation of conversation begun with many of you last year.

Our goal today is to preserve the incredible achievements of those who came before us and build for a future where Californians continue to reap the benefits of our great investments from the past—and those we make today.

With that, I'll be happy to take your questions. Thank you all very much.