

CALIFORNIA DEPARTMENT OF TRANSPORTATION
DIVISION OF MASS TRANSPORTATION

The Transit Funding Handbook



MAY 2001



HOW CALTRANS ADMINISTERS FUNDS FOR TRANSIT PROJECTS



THE TRANSIT FUNDING HANDBOOK

MAY 2001



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HOW CALTRANS ADMINISTERS FUNDING FOR TRANSIT PROJECTS

Caltrans Mission:

“To improve mobility across California.”

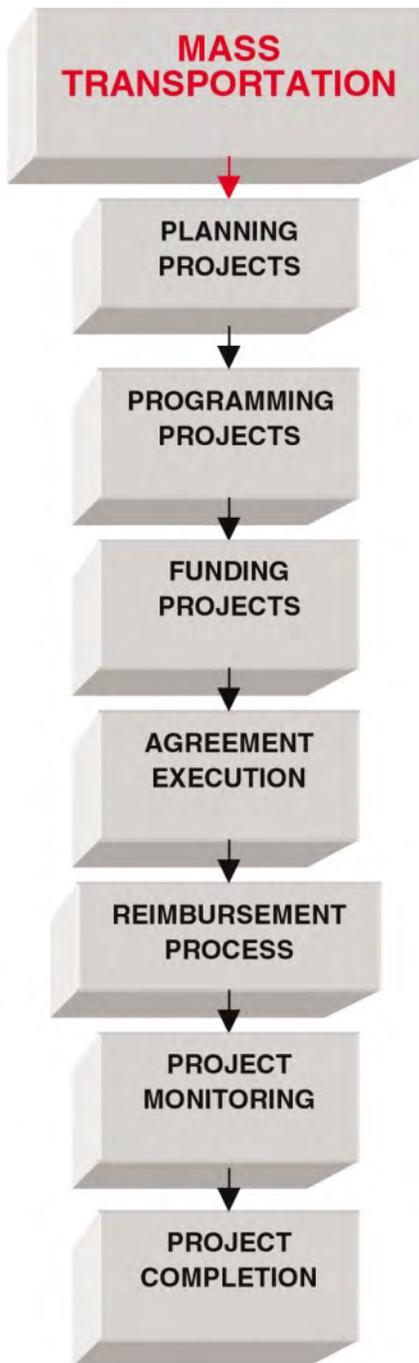
Caltrans is the California State Transportation Department, comprised of 12 Districts geographically located throughout the State of California and identified by the Northern, Central and Southern Regions of the State. Caltrans is headquartered in downtown Sacramento, California.

Your District Resource _____

Name _____ **Telephone** _____



HOW CALTRANS ADMINISTERS FUNDING FOR TRANSIT PROJECTS



The Handbook-Purpose

The Caltrans Division of Mass Transportation (DMT) presents this handbook as an exclusive guide on “How Caltrans Administers Funding For Transit Projects.” The purpose of the handbook is to provide a basic overview of the transit project funding process to Caltrans staff, local and regional agencies, and the general public.

The Division of Mass Transportation

The Caltrans Division of Mass Transportation is responsible for the administration of State and federal programs, which provide funding and technical assistance for specific modes of mass transportation. Mass Transportation is identified as a variety of vehicles and services for moving groups of people by means other than automobiles, bicycles, or airplanes. DMT provides funding and technical assistance to agencies for the development of transit facilities that serve the movement of people.

The goals of the Division of Mass Transportation are to:

- Enhance and expand an integrated, multi-modal transportation system for the State of California.
- Serve as an advocate for transit within Caltrans and throughout California.
- Provide a user-oriented transit system, which ensures connectivity between modes; accommodate the special transit needs of low-mobility persons.
- Maximize and coordinate all transit funding sources, and contribute to the promotion of an environmentally responsible transit system through research into new technologies and energy efficient transit.
- Keep current with global transit information. The Mass Transportation Internet Web Site is located at <http://www.dot.ca.gov/hq/MassTrans/>





PLANNING PROJECTS

Planning Projects

Regional transportation planning involves federal, state, regional, and local agencies; public and private organizations; and individuals working together to identify regional transportation needs and to plan how they can and will be met. The purpose of regional transportation planning is to prepare and provide for the region's mobility in a fiscally, economically and environmentally responsible manner, consistent with the needs and preferences of all of the community. Transportation concepts, improvements, and mobility options are proposed and considered during the planning and programming phases and are implemented through the design, award, and construction phases. Among the key regional transportation planning entities in California are 16 metropolitan planning organizations (MPOs) and 43 regional transportation planning agencies (RTPAs).

Transit planning is a key component in the regional planning process. Caltrans works with the MPOs and RTPAs, as well as the other transit stakeholders, to provide technical assistance and guidance during the transit project development and nomination process. The Caltrans transit project implementation process begins with project planning and ends with a completely constructed project. Implementing a transit project often involves the planning of various phases of work including:

- Preliminary engineering
- Final design
- Right of way acquisitions
- Construction, and
- Vehicle and equipment procurement.

Caltrans' primary objective is to work cooperatively with all agencies throughout the planning, programming, and funding processes to ensure State-funded transit projects are delivered on schedule and within budget, and meet State and federal requirements. Caltrans' goal is to ensure that each participating applicant be allocated the appropriate funding once all the established requirements are met. Transit project planning is multi-faceted and specialized. There are many steps involved in developing a single project funding application with numerous stakeholders. These may include and are not limited to the following agencies:

- **Local transit agencies**
- **Regional Transportation Planning Agencies (RTPAs)**
- **Metropolitan Planning Organizations (MPOs)**
- **California Department of Transportation (Caltrans)**
- **California Transportation Commission (CTC)**
- **Federal Transit Administration (FTA)**
- **Transit advocacy organizations**



PLANNING
PROJECTS
CONT'D

Project Application

When transit organizations, regional and local agencies, or Caltrans want to initiate a request for transportation funding, they must complete an application and submit it to the appropriate authority for approval. Applications are primarily used to determine subsequent funding allocations for any work, and must be complete and meet all requirements as to content before an approval is granted.

The applicant is required to prepare and submit an application for each project and include:

- Studies, environmental review and permits;
- Preparation of project plans and specifications;
- Right of way acquisition data; and
- Construction or procurement information.

The timely submittal of an application covering at least the first phase of work for a project satisfies this requirement.



PROGRAMMING PROJECTS



Programming Projects

Programming is the process a public or private agency employs to schedule the delivery of future short-term and long-term transportation projects and the commitment of available funds over a period of several years for particular projects. (See Flowcharts on the next pages.) Separate documents prepared and adopted for different purposes are required under State and federal law. Transportation programming documents include the:

- Regional Transportation Improvement Program (RTIP)
- State Transportation Improvement Program (STIP)
- Federal Transportation Improvement Program (FTIP)
- Traffic Congestion Relief Program (TCRP).

Most projects are programmed for State funds by the California Transportation Commission (CTC). The CTC is a nine-member board responsible for programming and allocating funds for the construction of highway, passenger rail and transit improvements throughout the State of California. The Commission has delegated the authority to allocate funds for certain types of projects to Caltrans.

RTIP

The RTPA requests that local agencies develop candidate projects and submit all proposed local projects to the RTPA for the four year cycle period. Applications for RTIP transit projects are developed by local transit operators or agencies.

The RTPA prioritizes projects by type and special criteria based on the Regional Transportation Plan. The RTPA develops the RTIP and submits it to Caltrans to be included in the STIP. Caltrans transmits the Commission's adopted fund estimate to the RTPA.

Federal laws and regulations require that RTPAs perform Air Quality Conformity Analysis for capacity-increasing projects. The RTPA adopts the final RTIP by resolution, including all STIP projects approved by the Commission. An RTIP may be amended periodically by the RTPA upon request from the local agency. The RTPA submits their RTIP to the Commission for approval. The Commission approves and includes the RTIP in the STIP.



PROGRAMMING
PROJECTS
CONT'D



STIP

The STIP is comprised of the two following programs:

- Regional Improvement Program (RIP)
- Interregional Improvement Program (IIP).

The RIP is the program of projects comprised of all of the Commission approved RTIPs that are developed by RTPAs and the MPOs. The IIP is developed by Caltrans in consultation with RTPAs and MPOs. The Commission consults with Caltrans staff, regional agencies and other interested parties in this process.

An applicant requesting STIP funding would be required to complete and submit a “Uniform Transit Application”. The Commission later approves the individual STIP project applications by voting to adopt a resolution, which is assigned an identifying number. The resolution gives notice that the project has been approved.

State-only funding requests require special approval by Caltrans. A RTPA may work on Interregional projects with Caltrans for inclusion in the IIP. The IIP funding allocation is 25% and the RIP funding allocation is 75%. The Commission may periodically amend the STIP as requested by local agencies with RTPA approval.

Projects receiving federal transportation funds must also be programmed in the Federal Transportation Improvement Plan (FTIP) as well as the STIP. The requirements for the FTIP are specified in State and federal statutes and regulations. Agencies have the important responsibility of planning projects well in advance. Careful project planning is fundamentally important because available funding is so limited each year that the Commission has a timely use of funds rule which equates to “Use It or Lose It.” The timely use of funds requires that agencies use funds in the year programmed. Funds will not be reprogrammed to future fiscal years.

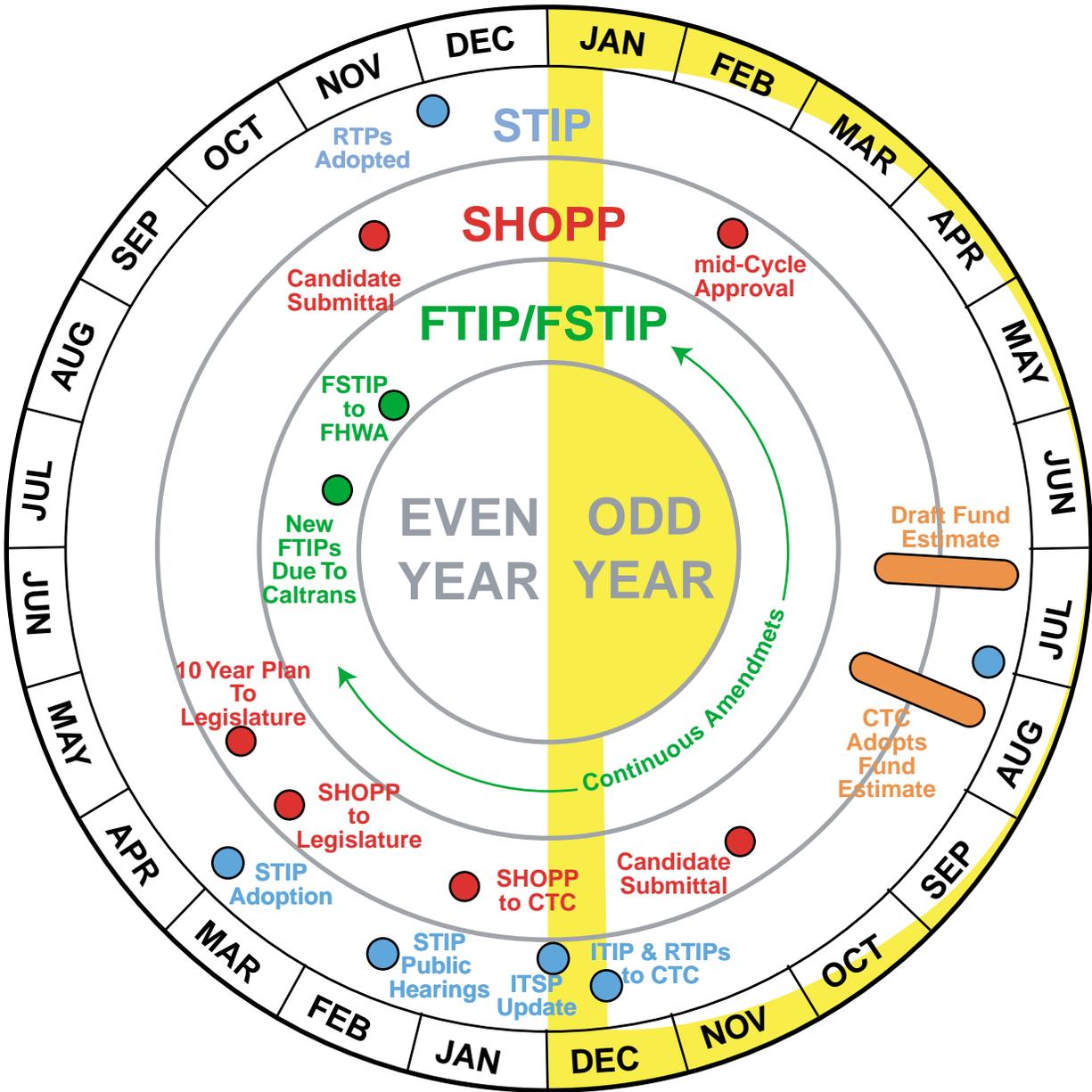
FTIP

The State of California has fifteen (15) Metropolitan Planning Organizations (MPOs) responsible for preparing the FTIP; in addition:

- The MPO works in cooperation with RTPA and Caltrans.
- The FTIP is comprised of all State highway and transit projects programmed to receive federal funding.



Transportation Programming Cycle

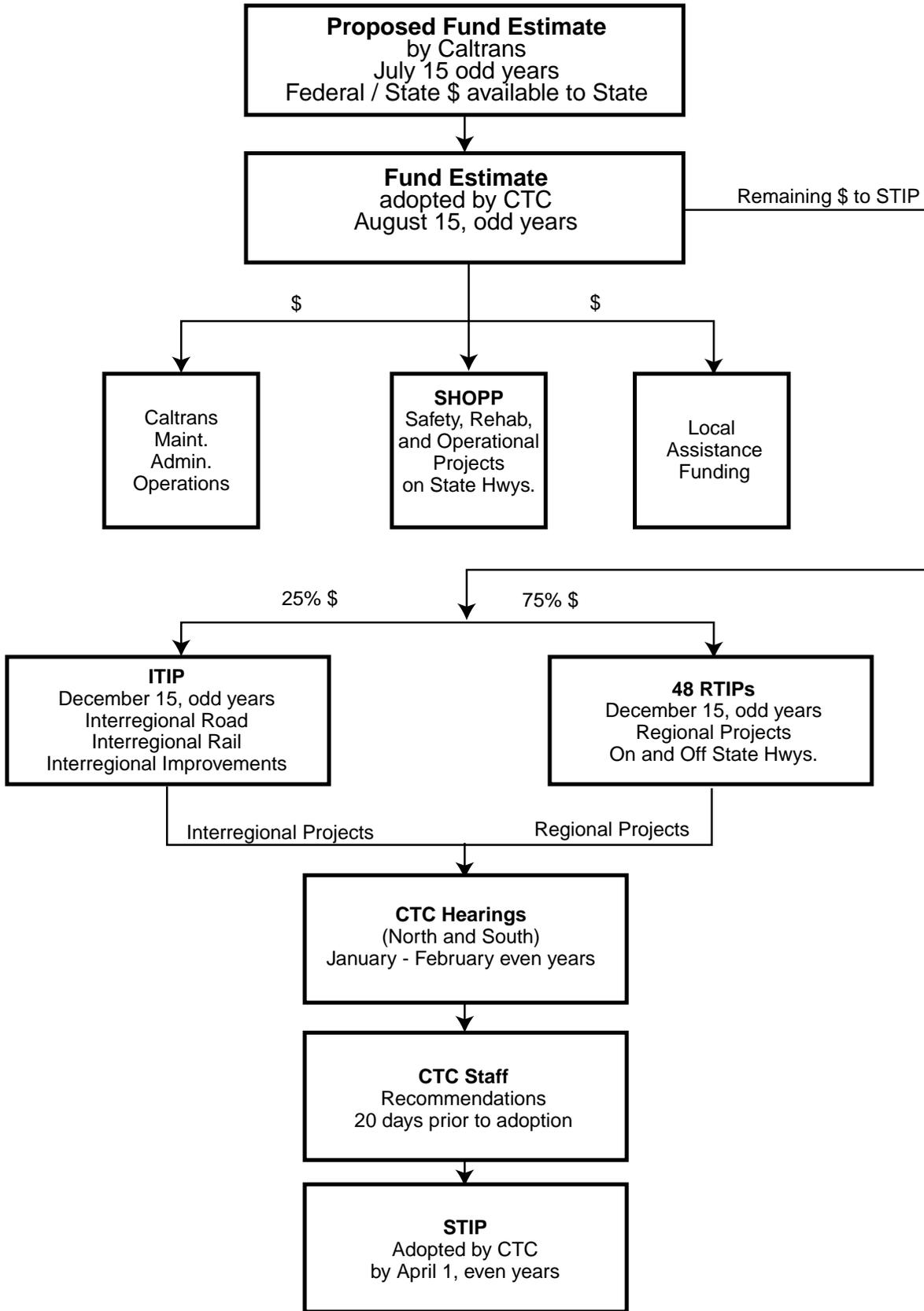


Transportation Programming



HOW CALTRANS ADMINISTERS FUNDING FOR TRANSIT PROJECTS

STIP PROCESS
(State Highway Account)





- These projects are selected from the State STIP and SHOPP plans, based on geographic regions and local road systems which are federally funded.
- The MPO may list projects in a consolidated format in the FTIP. For those projects using federalized State funds, these projects must be listed as line items in the FTIP.
- The FTIP also includes capital improvements to regional transit systems federal operating assistance programs.
- The FTIP is submitted by the MPO to Caltrans for approval from the Federal Transit Administration (FTA) and the Federal Highway Administration (FHWA).
- The Federal Statewide Transportation Improvement Program (FSTIP) is a funding document which incorporates all programmed intermodal transportation projects consistent with the FTIP, TIP, STIP, SHOPP and TSM plans, including all local federal aid work in rural regions of the State.
- The FSTIP is prepared by Caltrans in cooperation with the MPOs and the RTPAs.
- Caltrans submits the FSTIP to FTA and FHWA for approval.

Federalizing Transit Projects

Current policy requires most transit projects to be funded primarily from federal funds. This requires that Caltrans request the FHWA to transfer federal highway funds programmed for State transit projects to the FTA for administration. This federalizing process occurs when the project or a project component is ready for implementation.

TCRP

The Governor executed the Traffic Congestion Relief Act of 2000 (hereafter referred to as the Act), July 2000, signing AB 2928 and SB 1662 which programmed projects designed to ease traffic congestion, improve the movement of goods, and enhance interconnectivity among modes. The Act provides \$5.3 billion for transportation improvement projects and programs. These funds will be distributed to local agencies from the Traffic Congestion Relief Program (TCRP). Approximately \$2.6 billion is designated for over 50 transit projects.

HOW CALTRANS ADMINISTERS FUNDING FOR TRANSIT PROJECTS

PROGRAMMING
PROJECTS
CONT'D



The recipients of the TCRP funds are the regional and local transportation agencies and Caltrans. An applicant requesting TCRP funding is required to complete and submit a "TCRP Project Application" to the Commission for approval.

The Commission and Caltrans have developed the following guidelines to effectively implement the TCRP.

Responsibilities

Applicant is responsible for:

- Submitting all project applications to the Commission, as specified in the Act, by July 2002. The Commission will accept applications for: all work to complete the project; one or more phases of work, typically through project plans, specifications and estimate, but not including all phases to complete the project; or to cover a partial stage of capital construction or procurement, resulting in a usable segment or portion of the project, but not completion of the entire project.
- Securing funding commitments to complete projects.
- Concurring in decisions affecting project purpose, scope, cost, or schedule recommended by the implementing agency.
- Making progress reports to Caltrans and the Commission.
- Working with the MPO to ensure project meets federal planning, programming and air conformity requirements.
- Submitting amendments when changes are necessary to approved projects.

The Commission (CTC) is responsible for:

- Adopting and amending program guidelines.
- Receiving, reviewing and approving or denying project applications.
- Reviewing draft and final environmental documents as a responsible agency under CEQA.
- Directing the allocation of funds for project implementation. (The Commission delegates the authority to Caltrans to make most of the allocations.)
- Considering and approving or denying amendments to applications or allocations, and minor changes to projects.
- Reporting on program implementation annually to the Legislature and Governor.





Caltrans is responsible for:

- Co-signing applications for projects on a State highway or intercity rail line that includes interregional improvement funds.
- Reviewing applications and advising the Commission.
- Preparing and executing a master agreement and program supplements with the implementing agency.
- Allocating funds as directed by the Commission.
- Administering the program, including payout of allocated funds.

Implementing Agency is responsible for:

- Carrying out feasibility or environmental studies, preparing plans, right of way acquisition, and completing construction or procurement, as appropriate to complete the project.
- Ensuring the applicant, CTC, Caltrans and the regional agency receive notice, opportunity to comment, and final environmental documents required by CEQA.
- Executing a cooperative agreement with Caltrans.
- Certifying sustained level of transportation expenditures consistent with F/Ys 1997/98, 1998/99 and 1999-00 during the period allocated funds are available for use.
- Requesting allocation of funds.
- Seeking concurrence with the applicant for project changes.
- Fulfilling administrative requirements, including billing for reimbursement.

Regional Agency is responsible for:

- Ensuring projects are contained in or consistent with the regional transportation plan.
- Co-signing applications for projects that include regional improvement funds.

Overlapping Responsibilities

For some projects, the applicant and implementing agency may be the same; for some projects, Caltrans or a regional agency may be the applicant and/or the implementing agency.

Application Review

The Act requires the Commission to begin review of an application within 30 days and to act within 90 days of receipt of the application. Caltrans will review applications concurrently with the Commission, and may present its advice or recommendations for the Commission's consideration.



STIP and TCRP

Some significant differences between TCRP and STIP project requirements include:

- TCRP fund recipients can start incurring reimbursable costs as of the date the Commission approves the project application.
- For STIP projects, an agency must receive an allocation prior to starting reimbursable work.
- TCRP funding recipients may request advance payment of TCRP funds at the time of application approval. They are then required to later submit invoices of costs and payments that support the advance disbursement.
- Recipients are not required to submit a Uniform Transit Application. A more streamlined TCRP application is used instead.
- Caltrans, not the Commission, makes TCRP allocations, except in rare instances when there are special circumstances.



Funding Process

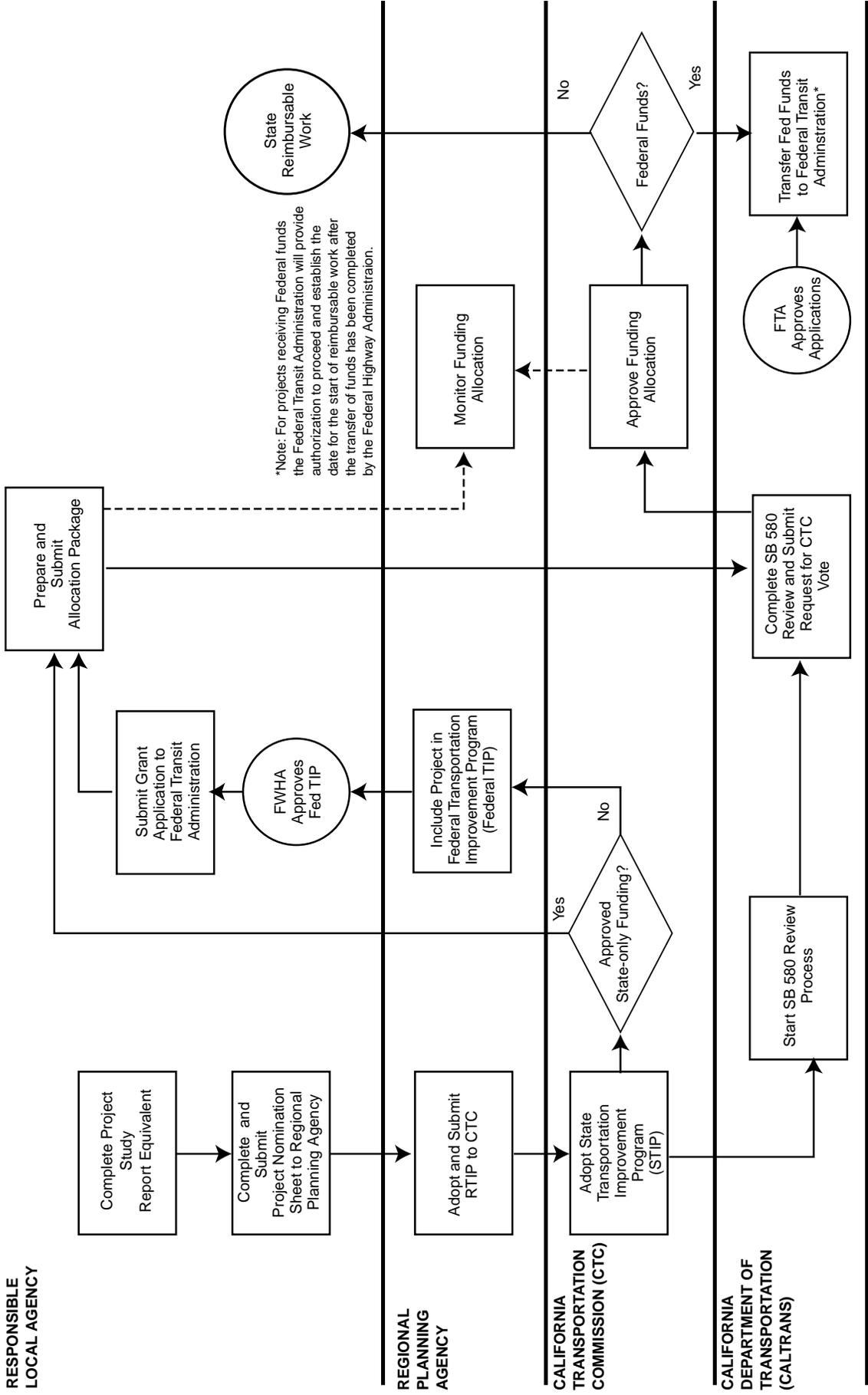
The following is a general description of the funding request process: (See Flowchart on the next page.)

- A typical funding request will be initiated at the local level. The city, county or transit agency will submit the request through the regional RTPA or MPO.
- The RTPA/MPO then forwards the request to one of Caltrans' District offices.
- The Caltrans' District staff works closely with the RTPA/MPO and requestor to ensure that the request is complete and accurate, with all of the required maps and supporting documents.
- The request is then forwarded to Headquarters for final review. The Division of Mass Transportation Office of State Transit Project Delivery will review requests for STIP projects, and the Director's Office of Traffic Congestion Relief reviews requests for TCRP projects.
- Agency must specify whether the request is for "State-Only Funding" for STIP projects.
- If additional information is needed, the Division of Mass Transportation or TCRP will express this to the appropriate Caltrans District immediately.
- If the request is found to be complete with all of the appropriate information and documents attached, it is then forwarded to the Commission staff for inclusion on the Commission's Agenda for approval.



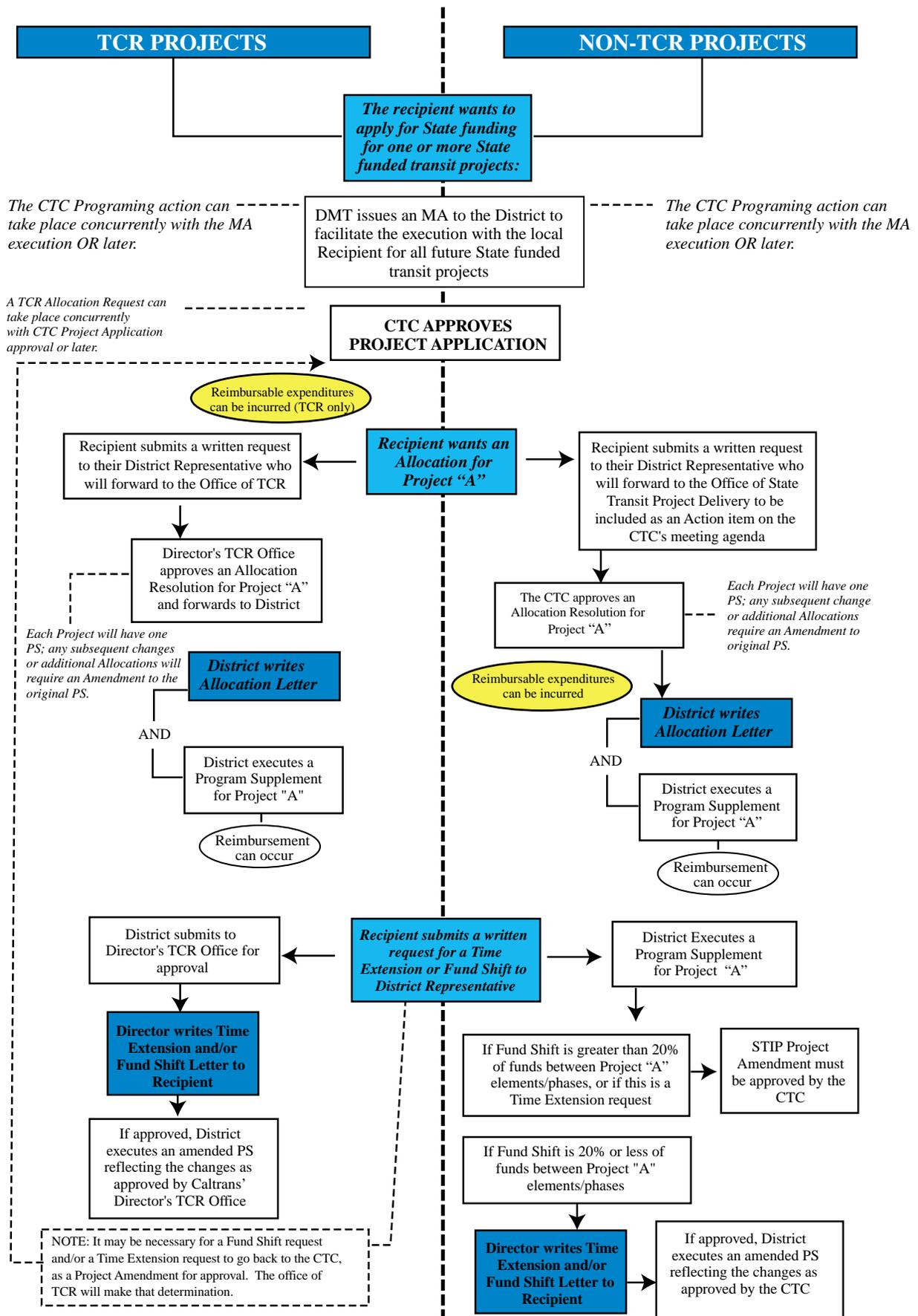
Procedures for Administering Local Grant Projects in the State Transportation Improvement Program California Department of Transportation (Caltrans)

ALLOCATION PROCEDURES (RAIL/TRANSIT PROJECTS)



HOW CALTRANS ADMINISTERS FUNDING FOR TRANSIT PROJECTS

Master Agreement/Program Supplement Flow Chart



The State's review will assess the agency's ability to effectively manage a specific project within the project scope, on schedule and within budget. The agency shall submit a package to the Caltrans District office containing:

- Project plans and cost estimates
- Project schedules
- Required studies
- Required right of way acquisition
- Contract provisions and related documentation.

When an agency has a record of successfully completing a similar approved project, the agency shall be required to submit written verification, along with a project development schedule in lieu of proceeding with the lengthy review process. The final step in the review process is called "Certification." All projects that are in compliance with the program guidelines are certified by agency and by project.

Agreement Execution

An agency must have an executed Master Agreement for State funded transit projects prior to having an application approved and requesting State funds for a transit project. The Master Agreement is a contract between Caltrans and a local agency.

The Master Agreement/Program Supplement process covers all State funding programs and sources for transit projects, including State Transportation Improvement Program, Traffic Congestion Relief Program, Proposition 108, Proposition 116, State Highway Account, General Fund and Public Transportation Account. (See Flowchart on prior page.)

The Master Agreement only needs to be executed once every ten years with each recipient agency. It contains all of the necessary legal language to cover all State funded transit projects.

Once the Master Agreement is approved, an application must be approved by the Commission. An allocation must then be approved by the Commission or Caltrans. The Commission is responsible for most allocations for STIP projects. The Caltrans' Office of TCRP issues the allocation resolutions for TCRP projects.



AGREEMENT
EXECUTION





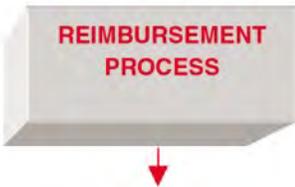
Upon allocation approval, a Program Supplement will be prepared by the Caltrans District office, signed by the agency representative (as designated by Agency Resolution), and executed by the District office. Legal staff will need to sign in special cases involving high-risk grantees or when conditions are specified as part of the allocation.

For the projects identified as TCRP and the other State-funded projects, the following information is required for each Program Supplement:

- Detailed costs and funding sources
- Project Description, Scope and Schedule
- All required signatures and approvals from the agency representatives and Caltrans District staff.

Reimbursement requests may be submitted at this time for all State-funded transit projects.

Reimbursement Process



All reimbursements for expenditures and costs are limited to the amount allocated by the Commission or Caltrans. Reimbursements are only allowed for project work identified in the Project Application programmed and adopted by the Commission. A Master Agreement and Program Supplement between the local agency and Caltrans must be fully executed before any reimbursements of State funding can occur. The agency shall request reimbursement by submitting a project invoice to the Caltrans District staff, documenting expenditures and project costs. Reimbursements can occur at any phase of the process, as the project moves towards completion. The reimbursement procedures are as follows:

- The Caltrans District staff reviews and approves the project progress payment invoice.
- The District forwards the invoice to Caltrans Accounting Office for further processing.
- The Accounting Office will need to verify and approve the invoice, which is then routed to the State Controller's Office (SCO) with a request for the issuance of a check in the amount of the invoice to the agency.
- The SCO will then disburse payment to the agency for the transit projects.

HOW CALTRANS ADMINISTERS FUNDING FOR TRANSIT PROJECTS



The agency is reimbursed for eligible reimbursable costs in arrears, when Project Progress Payment Invoices are submitted to Caltrans District staff for actual expenditures made, within the deadlines determined by policy for the “Timely Use of Funds”. Invoices may be submitted monthly to minimize administrative costs to the agency and Caltrans. For an “Expedited Payment” (Non-TCRP only) a Memorandum of Understanding (MOU) must be on file with Caltrans Accounting Office and expedited payments will be reimbursed based on the agreed upon terms detailed in the MOU.

PROJECT MONITORING



Project Monitoring

Projects are monitored to ensure that the projects are proceeding on schedule and within budget. The Commission extends the authority to the Division of Mass Transportation to develop and implement a process of tracking and monitoring the State-funded transit projects. This process includes consistent report updates to the Commission on the status of projects, expenditures and reimbursements from the time the funds are allocated to project completion. The monitoring process is conducted through Quarterly Review meetings. At these reviews, the local agencies provide Caltrans and District staff with information on the status of projects and discussions on proposed changes to the program management plan, such as project scheduling and project costs. The reviews also address major construction milestones and strategic planning for possible schedule delays, increases in cost or any existing or anticipated difficulties that may obstruct timely project delivery.



HOW CALTRANS ADMINISTERS FUNDING FOR TRANSIT PROJECTS

PROJECT
MONITORING
CONT'D

The Quarterly Reviews are meetings scheduled four to six weeks after the close of each calendar quarter. Caltrans District staff will determine if a quarterly review meeting is warranted based on the following conditions:

- Complexity of the project
- Project phase
- Changes in schedule, scope or costs.

Reviews may be held at an on-site location with the local agency or interchangeably with the Caltrans District staff. If projects have federal funding, it is preferred that the review be scheduled in conjunction with the federal quarterly monitoring meeting. Attendees and participants at the quarterly review meetings are typically: the local agency management staff, stakeholders, Caltrans District staff, Division of Mass Transportation staff and other staff participants, as appropriate.

The local agency should have the following documents available for the discussion:

- Project Management Plan
- Scope of Work
- Financial Plan
- An updated “Cash-draw-down schedule”
- A categorized list of expenditures consistent with the Scope of Work
- Project Development Schedule
- Detailed report on compliance with any funding conditions as noted at the time of the fund allocations.

In the interim, between quarterly meetings, Caltrans District staff shall be informed by the local agency of the progression of the project and the accountability for state funds. Caltrans DMT staff will be responsible for preparing a Timely-Use-of-Funds Report to the Commission on significant changes with the project development schedule, scope of work and the financial plan.

PROJECT
COMPLETION

Project Completion

A State-funded transit project is considered complete when the final inspection, proper close-out form is completed and submitted to Caltrans, and the final payment is issued to the agency for the contractor. The local agency is responsible for the implementation and administration of State-funded projects in compliance with Caltrans and local agency policies, procedures and performance standards.





The agency is required to submit a “Request For Project Close-Out” form for each project, to the local Caltrans District office within 30 days of the project completion date. A Caltrans District project administrator will schedule a meeting to conduct a final physical inspection of the project and discuss the close-out form with the agency. The agency is responsible for maintaining records, such as, written source documents that identify agency costs, and project development payments to consultants, vendors and contractors. These records should be available, along with any other documentation required at the close-out meeting. (Contract records shall be retained for a minimum period of three years from the date of final payment.)

The final inspection is required to determine that the completed project meets the project scope of work and financial plan. This inspection should be completed within 30 days from the date of the “Request For Project Close-Out.” The completion and execution of the close-out form by Caltrans District staff confirms the project was completed as programmed. Once Caltrans accepts the completed project and verifies all costs and expenditures, a “Final Invoice” is prepared by the agency.

The “Final Invoice” is a collective “Report of Expenditures” or “Request For Project Close-Out Report” which provides key information required to initiate timely closure of the project and issuance of the final payment to the agency. The Final Payment will be processed at the Caltrans Headquarters Accounting Office and released to the agency by the State Controller’s Office.

Conditions for Payment:

The agency will be required to prepare and submit to Caltrans District “Progress Payment Vouchers” for the actual project costs incurred and paid out by the agency on a monthly or quarterly schedule. Advanced payments or reimbursements shall not be allowed with the payment voucher. Each voucher shall specify the percentage of State funds being requested and the funding source, including total expenditures and a detail of the categories of expenditures such as right of way, construction, rolling stock or private activity usage. The agency should submit a detailed progress report describing the status of project tasks specified in the Scope of Work document.

HOW CALTRANS ADMINISTERS FUNDING FOR TRANSIT PROJECTS

PROJECT
COMPLETION
CONT'D

Retention:

Caltrans will retain (10%) of the State funds from the agency's final invoice until it is determined by the State that the agency has satisfactorily met all Master Agreement and Program Supplement requirements.

Cost Savings:

The Commission has developed a "Cost Savings" incentive policy, which allows the agency to request Commission approval to transfer and credit unused project funds to another high priority programmed project or enhancement on the same project corridor.

