February 28, 2008

California Department of Transportation
Public Transportation Modernization, Improvement, and Service Enhancement Account
(PTMISEA) Guidelines
and
Project Description and Allocation Request (Request)

1. Authority and Purpose of Guidelines

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by the voters as Proposition 1B on November 7, 2006, includes a program of funding in the amount of $4 billion to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). Of this amount, $3.6 billion in the PTMISEA is to be made available to project sponsors in California for allocation to eligible public transportation projects.

Funds will be appropriated to the State Controller's Office (Controller) for allocation to eligible agencies. Senate Bill (SB) 88, Statutes of 2007 (added to Government Code (GC) as Sections 8879.55 and Section 8879.56) identified the California Department of Transportation (Department) is the administrative agency for the PTMISEA. As such, the Department is responsible to develop and approve guidelines that do the following:

a. Provide for the audit of project expenditures and outcomes.

b. Require that the useful life of the project be identified as part of the project nomination process.

c. Require that project nominations have project delivery milestones, including, but not limited to, start and completion dates for environmental clearance, land acquisition, design, construction/equipment bid award, construction/equipment procurement completion, as applicable, and project closeout.

These guidelines are intended to assist the project sponsor and the Department in verifying that the proposed project(s) is consistent with the criteria established for the PTMISEA in the Bond Act and SB 88, Statutes of 2007. SB 88 also provides statutory provisions for the $600 million appropriated in fiscal year (FY) 2007-08 for this program. In accordance with SB 88, Statutes of 2007, the program will become inoperable on July 1, 2008. The Department will revise these guidelines as necessary for the remainder of the funds to be appropriated for the PTMISEA in future fiscal years.

2. Program Intent

The PTMISEA is part of a comprehensive voter-approved transportation bond investment package designed to help advance important goals and policies, including protecting the environment and public health, conserving energy, reducing congestion, and providing alternative mobility and access choices for Californians. Projects funded from the

PTMISEA will help advance the State's policy goals of providing mobility choices for all residents, reducing congestion, and protecting the environment.

Statutory Program Eligibility

3. Project Sponsors

"Project sponsor" is identified by the Controller and means:

a. A transit operator, including a rail transit, commuter rail, bus, or waterborne transit operator, eligible to receive an allocation of funds under the State Transit Assistance (STA) pursuant to Public Utilities Code (PUC) Sections 99314 and 99314.3, or

b. A local agency, including a transportation planning agency, county transportation commission, or the San Diego Metropolitan Transit Development Board, eligible to receive an allocation of funds under the STA pursuant to PUC Section 99313.

"Recipient Agency" is the project sponsor that will act as the lead when multiple project sponsors agree to contribute their PTMISEA funds to a joint project. **The Recipient Agency will complete Table 1 of the Request form and the contributing project sponsors will complete Table 2.**

4. FY 2007-08 PTMISEA Share

The Controller identifies and develops the list of eligible project sponsors and the amount each is eligible to receive, based on calculations outlined in SB 88, Statutes of 2007. The Controller notifies project sponsors of their eligibility and funding level via an official letter annually. For FY 2007-08, the Controller released their letter on October 24, 2007. **The FY 2007-08 PTMISEA amount is available for allocation until June 30, 2010.**

5. Eligible Projects

Eligible projects are transit capital projects (including a minimum operable segment of a project) for purposes of one of the following:

a. Rehabilitation, safety, or modernization improvements.

b. Capital service enhancements or expansions.

c. New capital projects.

d. Bus rapid transit improvements.

e. Rolling stock procurement, rehabilitation, expansion or replacement.

To be eligible, projects must have a useful life not less than the required useful life for capital assets pursuant to the State General Obligation Bond Law, GC Section 16727 (a).

Projects must be consistent with the sponsor's most recently adopted short-range transit plan or publicly adopted plan that programs or prioritizes funds for transit capital improvements, including a transportation improvement program or a certified board endorsement.

6. Project Full Funding Plan

The project sponsor must provide a funding plan that demonstrates the funds are expected to be reasonably available and sufficient to complete the project or a useable project segment. Funding for a useable project segment can only be approved if the benefits associated with the segment are sufficient to meet the objectives of the PTMISEA. If a project sponsor uses potential future, estimated PTMISEA funds as part of its full funding plan, it must sign the following statement on the cover sheet:

"This Request is subject to any additional restrictions, limitations or conditions that may be enacted by the State Legislature, including the State's budgetary process, which may affect the amount of bond proceeds received by the project sponsor now and in the future. Project sponsors may need to consider alternative funding sources if bond proceeds are not available. In the event the project cannot be completed as originally scoped, scheduled and estimated, or the project is terminated prior to completion, project sponsor shall, at its own expense, ensure that the project is in a safe and operable condition for the public."

Project Description and Allocation Request

7. Project Description and Allocation Request

Project sponsors shall submit to the Department a description of the proposed transit capital project or projects it intends to fund with PTMISEA for FY 2007-08, via the Project Description and Allocation Request (Request) form. The Request form is provided in the attached Microsoft Excel-formatted Attachments A, A.1, and A.2. The Request includes all of the following and serves as the basis for the Department's review to verify the projects are consistent with the PTMISEA requirements:

a. A summary of the proposed project, which shall include the benefit the project intends to achieve.

b. The useful life of the project.

c. The estimated schedule for the completion of the project.

d. The total cost of the proposed project, including the identification of all funding sources necessary for the project to be completed.

The project sponsor and/or the "recipient agency" must sign the Request. A project sponsor becomes the "recipient agency" when more than one project sponsor is

contributing to the project. The contributing project sponsors must also sign the Request form and state the dollar amount contributed and whether the funds are provided in accordance with SB 88, Statutes of 2007; or provide an official signed letter with this information. **If there are multiple contributing sponsors, each must submit an official signed letter stating the dollar amount.**

Each table in the Request must be completed as follows:

- Table 1 – Project Sponsor/Recipient Agency Information: If there is only one project sponsor, with no other sponsors contributing, complete Table 1 information accordingly, as the Project Sponsor. If there are other contributing project sponsors, the agency receiving the funds from other project sponsors becomes the lead agency, or Recipient Agency. In the case of multiple contributing project sponsors, the Recipient Agency completes this Table.

- Table 2 – "Contributing Project Sponsor(s)" Information: The Request must clearly identify the contributing PTMISEA-eligible sponsors and the amount of funds they are contributing and whether the funds are from the PTMISEA formula for GC Section 8879.55(a)(2) or GC Section 8879.55(a)(3).

- Table 3 – Project Category: Select one category that best describes the project.

- Table 4 – Project Summary: Describe the project (or minimum operable segment of a project), including:

  The useful life of the project or asset, which shall not be less than the required useful life for capital assets pursuant to the State General Obligation Bond Law (Chapter 4 (commencing with GC Section 16720) of part 3 of Division 4 of Title 2), specifically subdivision (a) of GC Section 16727. Rolling stock may be considered capital asset/equipment with a useful life of two years or more, but the project sponsor must state the intended useful life.

- Table 5 – Description of Major Benefits/Outcomes and Attachment A.1: In this table summarize the benefits, but also complete and submit Attachment A.1. The sample benefits included in Attachment A.1 are not exhaustive and represent those generally resulting from public transportation projects.

- Table 6 – Project Schedule and Milestones and Attachment A.2: State the estimated start and completion dates for the project phases, including, but not limited to: environmental clearance, land acquisition (where applicable), design, construction bid award, construction completion (and/or date of equipment procurement contract execution and delivery), and project closeout.

  Attachment A.2 is the "Total Project Cost and Funding Plan" which also must be completed and submitted. The funding plan must demonstrate the project is fully funded by identifying the sources of funding, including federal, local, private, and

State money committed for the project. The PTMISEA funds requested by each project sponsor cannot exceed the amount identified by the Controller. (Section 6 above provides an additional explanation.)

The plan must show the funds will be encumbered within three years of the allocation. Encumbered means the project sponsor has entered into a contract for the phase of the project for which it receives an allocation. The plans must show the funds will be expended within three years of encumbrance.

- Table 7 – Tax Compliance Information: Respond to the questions as asked. These questions replace the Tax Compliance Questionnaire usually required.

Projects must be consistent with the project sponsor's most recently adopted short-range transit plan or other publicly adopted plan that programs or prioritizes funds for transit capital improvements, including the region's transportation improvement program or a certified board endorsement. Submit only the following information of your plan.

- Cover page
- Summary
- Adoption page
- Relevant project description

8. Request Submittal

The signed Request (including Attachments A.1, A.2, and the relevant sections of the publicly adopted plan) and any letter of verification from the regional entity, as applicable, will be submitted to:

Joan Musillani, PTMISEA Program Manager
Joan_Musillani@dot.ca.gov
(916) 654-9495

Before the Department can provide final determination, an original signed hardcopy must be sent to:

Joan Musillani, PTMISEA Program Manager
California Department of Transportation
Division of Mass Transportation, MS #39
P.O. Box 942874
Sacramento, CA 94274-0001

9. Project Eligibility Verification and Adoption

The Department will review the Requests and only approve projects that meet the requirements of PTMISEA as outlined above. A minimal operable project segment will

only be approved if the benefits are sufficient to meet the objectives of the PTMISEA. Project sponsors are expected to demonstrate they have the financial capacity to maintain and operate the project services, as well as the financial and institutional ability to accept the legal liabilities and obligations for the duration of the project's useful life. These PTMISEA funds shall be spent consistent with the California Air Resources Board's regulations governing transit equipment and emissions.

Upon approval, the Department will establish and adopt a list of the eligible projects and allocations by project sponsor that are ready to proceed within the following six-month period and submit the list to the Controller. The Department will send written notification to the project sponsor(s), including an accounting of the FY 2007-08 PTMISEA share remaining to be approved for other eligible projects.

10. Biannual Project Lists

For FY 2007-08, Requests can be made on a continuous basis up to the amount allocated for that year. However, the Department only sends a list of all approved PTMISEA **projects that are ready to proceed within the following six-month period** to the Controller biannually.

A project sponsor eligible to receive an allocation in FY 2007-08 but which does not submit a project for funding may request its funding share within the next two fiscal years. Eligible project sponsors not requesting funds in FY 2007-08 are strongly encouraged to submit a brief statement regarding the expected request date. This information will be used in the Department's reports to indicate the need for transit funds with a summary of reasons for deferral.

11. Allocations from the PTMISEA

After receiving the Department's adopted PTMISEA list, the Controller will issue the warrant to the project sponsor(s) up to the level of funding it is eligible to receive for the project. This means that a sponsor may request funds in advance of actually incurring the expense, if the Department has verified that the project is eligible. Funds will be allocated based on project readiness as indicated in the submitted schedule. **To receive funds electronically, complete the form found at the website below and send it to the Controller: http://www.sco.ca.gov/ard/state/forms/fam34.pdf.**

12. Eligible Bond Expenditures/Timely Use of Funds

Per statutes, costs allowable include costs incidentally but directly related to construction or acquisition including, but not limited to, planning, engineering, construction management, architectural and other design work, environmental impact reports and assessments, required mitigation expenses, appraisals, legal expenses, site acquisitions, and necessary easements. The Department must verify that funds can be encumbered within three years of the allocation and expended within three years after encumbrance. Project cost incurred after the FY 2007-08 Budget Act (August 24, 2007) was enacted are

eligible expenditures if the project fulfills the PTMISEA requirements and is adopted by the Department.

Accountability and Progress Reports

13. Project Accountability and Semi-Annual Reporting

Each project must meet the front-end, in-progress, and follow-up accountability requirements of the Governor's Executive Order S-02-07, (E.O.) as found at: http://www.bondaccountability.ca.gov/Executive_Order/.

The Department will submit to the Department of Finance, the Controller, and the Treasurer a report that includes the project information taken from the Requests and subsequent adopted list. The Department's report will fulfill the E.O. front-end reporting requirement for the project sponsors.

GC Section 8879.50(f)(1) requires the project sponsor to report semi-annually on the activities and progress made on the project to the Department to ensure the projects and activities funded from bond proceeds are being executed in a timely fashion, within the scope and cost approved at the time of allocation, and are achieving the intended purposes. The first report will be due six months after allocation. The second report will be 12 months after the allocation. The project sponsor must also notify the Department when the allocated funds have been encumbered. These semiannual reports to the Department fulfill the E.O. in-progress reporting requirements for the project sponsors. The semiannual report format is included in Attachment A.1.

If the project is expected to exceed the approved budget, the project sponsor shall provide a revised plan to the Department indicating how it will address the cost increase. The project sponsor may either downscope the project or find an alternative funding source. Unallocated FY 2007-08 PTMISEA funds may be used as an alternative source.

The information from the Department's reports will be available online, accessible through the Department of Finance website, allowing the public and officials to see how bond funds are being used. The State Treasurer will prepare an annual executive summary of information on the bond projects and post it online, including any conclusions or recommendations to the Legislature or responsible department.

14. Project Audit and Follow-up Report

The annual audit of public transportation operators already required under the Transportation Development Act (TDA) pursuant to PUC 99245 shall be expanded to include verification of receipt and appropriate expenditure of bond funds in accordance with SB 88, Statutes of 2007. Each project sponsor receiving PTMISEA funds in a fiscal

year for which an audit is conducted shall transmit the audit to the Department, and the Department shall make the audits available to the Legislature and the Controller.
If the annual audit is conducted six months after the project becomes fully operational or has entered service and includes final costs compared to the original project budget, the project duration as compared to the project schedule at date of allocation, and performance outcomes achieved as compared to the outcomes described in the original application, the audit can fulfill the E.O. requirement for follow-up reporting.

15. Commission's Annual Report

The Department shall provide project information to the California Transportation Commission to include in its annual report. The report shall include a summary of the PTMISEA project activities including the description and location, the amount of funds allocated to each project, progress made to date, and a description of the public benefits achieved. This will also include a list of any projects that have been subject to an audit.

Other General Information

16. Attachment B contains frequently asked questions and answers, definitions, and process timelines. For FY 2007-08, the timeline is below:

• Distribute final guidelines	November 2007
• Project Sponsor submit Request to Department	December 28, 2007
• Department releases adopted list to Controller	January 2008
• Controller allocates funds for first cycle	February 2008
• Second Project submittal to Department	April 2008
• Department releases adopted list to Controller	May 2008
• Controller allocates funds for second cycle	June 2008

Public Transportation Modernization, Improvement and Service Enhancement Program (PTMISEA)
PROJECT DESCRIPTION AND ALLOCATION REQUEST

	Regional Entity:
Project Sponsor*:	**County:**
Project Title:	

I certify the scope, cost, schedule, and benefits as identified in the attached Project Description and Allocation Request (Request) and attachments are true and accurate and demonstrate a fully funded operable project. I understand the Request is subject to any additional restrictions, limitations or conditions that may be enacted by the State Legislature, including the State's budgetary process, which may effect the amount of bond proceeds received by the project sponsor now and in the future. Project sponsors may need to consider alternative funding sources if bond proceeds are not available. In the event the project cannot be completed as originally scoped, scheduled and estimated, or the project is terminated prior to completion, project sponsor shall, at its own expense, ensure that the project is in a safe and operable condition for the public. I understand this project will be monitored by the California Department of Transportation -- Division of Mass Transportation.

Name: _____

Signature: _____

Title: _____

Agency: _____

Date: _____

*If this project includes funding from more than one project sponsor, the project sponsor above becomes the "recipient agency" and the additional contributing project sponsor(s) must also sign and state the amount and type of PTMISEA funds (GC Section 8879.55(a)(2) and/or Section 8879.55(a)(3)) contribution. Sign below or **attach a separate officially signed letter providing that information.**

Name: _____

Signature: _____

Title: _____

Agency: _____

Date: _____ **Amount:**_____

PTMISEA 2007- 08 PROJECT DESCRIPTION AND ALLOCATION REQUEST

Date:

Project Allocation Amount per GC 8879.55(a)(2)/PUC 99313: $ _____

Project Allocation Amount per GC 8879.55(a)(3)/PUC 99314: $ _____

Total Project Allocation Request: $ _____

Project Title: _____

Project Location: _____

Table 1: Project Sponsor/Recipient Agency Information

Project Sponsor/
Recipient Agency: _____

Contact: _____

Contact Phone #: _____

Email Address: _____

Address: _____

_____

Amount:

$ _____

$ _____

Legislative District Numbers

Senate: _____

Assembly: _____

Type: _____

_____

Table 2: Contributing PTMISEA-Eligible Project Sponsor Information

PTMISEA Contributors: _____

Contact: _____

Contact Phone #: _____

Email Address: _____

Address: _____

_____

Amount :

$ _____

$ _____

Type:

_____

_____

MISEA Contributing Sponsors: Sponsors (Attach sheet with contact info)

	Amount:	Type:
_____	**$** _____	_____
_____	$ _____	_____
_____	$ _____	_____
TOTAL	**$0** _____	_____

(*Contributing project sponsors attach signed letters of verification as to amount and eligibility or sign cover page)

Table 3: Project Category

Check **only 1** box that best fits the description of the project being funded.

☐ **Rehabilitation, Safety or Modernization Improvement**

☐ **Capital Service Enhancement or Expansion**

☐ **New Capital Project**

☐ **Bus Rapid Transit**

☐ **Rolling Stock Procurement:**

___**Expansion**
___**Rehabilitation**
___**Replacement**

Table 4: Project Summary
a) Describe the project (or minimum operable segment) for which you are applying for funds, **including the useful life for all projects.** Attach additional sheets if necessary.
Write here:
b) If the application is for the purchase of vehicles or rolling stock, please include information on size, passenger count, accessibility, **expected useful life** and fuel type:
Write here:

Table 5: Description of Major Benefits/Outcomes (Also complete and submit Attachment A.1)
Write brief summary here:

Table 6: Project Schedule and Milestones (Also complete and submit Attachment A.2)	
	Date
Project Study Report Approved	
Begin Project Approval & Environmental Document Phase	
Circulate Draft Environmental Document	
Draft Project Report	
End Project Approval & Environmental Document Phase Milestone	
Begin Plans,Specifications & Estimates Phase Milestone	
End Design Phase (Ready to list for Advertisement Milestone)	
Begin Right of Way Phase	
End Right of Way Phase (Right of Way Certification Milestone)	
Begin Construction Phase **(includes vehicle/equipment order) (Contract Award Milestone)**	
End Construction Phase **(includes vehicle/equipment acceptance) (Contract Acceptance Milestone)**	
Begin Closeout Phase	
End Closeout Phase	

Table 7: Tax Compliance Information		
Is it reasonably anticipated that any money will be derived at any point in the future as a result of the project that will be paid to the State?	☐ YES ☐ NO	
If yes, please describe the source of the money and provide an estimate of the amount:	Estimate:	$

☐ A completed Attachment A.1

☐ A completed Attachment A.2

☐ The most recently adopted short-range transit plan, or other publicly adopted plan that programs or prioritizes the expenditure of funds for transit capital improvements which indicates this project is consistent with it.

Attachment A-1

Description of Major Benefits and Outcomes
Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA)

PROJECT SPONSORS: Please check the appropriate bond category the funding will be used for and complete the corresponding information for project type,outputs and benefits/outcomes. If you are funding more than one project,complete a separate sheet for each project. Examples are provided. Project Sponsors will use this table to report progress to the Department semi-annually and for annual audits. The information will be reported to the Legislature and the Department of Finance and will be available on the Governor's Bond Accountability Website for the public.

Prop 1B Bond Category (Check Only 1)	Project Description	Outputs	Benefits/Outcomes Expected (Provide the expected result of project.)
1) Improvements: __ Rehabilitation, or __ Safety, or __Modernization	Example shown) **Examples:** **Transit Fleet Rehabilitation or Transit Information Systems**	Provide the number of items to be obtained) **Total number of vehicles to be rehabilitated/refurbished** **Total number of AVL or next bus signs to be installed**	**Benefits/Outcomes Expected** **s** **%** **%** **%**
	State your project here:	State your output here:	**Examples:** **Extend Useful Life by 10 year** **Improve on-time performance 10** **Increase safety 10** **Reduce pollution by 15** State your expected benefits here
2) Capital Service: __ Enhancement or ___ Expansion	**Examples:** **Install Equipment** **Add commuter rail lines or bus lines**	**Examples:** **Total number AFC to be installed.** **Total number new commuter lines or bus routes to be installed**	**0** **%**
	State your project here:	State your output here:	**Improve on-time performance 10%** **Examples:** **# of riders increased by 10** **Increase commuter lines 10** State your expected benefits here

Prop 1B Bond Category (Check Only 1)	Project Description	Outputs	Benefits/Outcomes Expected (Provide the expected result of project.)
3) Capital Projects: ___ New	Examples: Example shown) Commuter lines Buy buses	Examples: Provide the number of miles or lines Total number of miles or lines buses or	0 Benefits/Outcomes Expecte %
	State your project here:	State your output here: to be obtained)	: Greenhouse Effect # of riders increased by 20 Increase lines or routes by 10
4) BRT: ___ Improvements	Examples: Commuter lines or miles Buy buses	Examples: Total number of BRT miles or access ramps to be built Total number of priority signalization equipment to install	State your expected benefits here 0
	State your project here:	State your output here:	: # of riders increased by 20 Example:
5) Rolling Stock Procurement for: _____ Expansion Or _____ Replacement Or _____ Rehabilitation	Example: Purchase new vehicles	Example: Total number of new vehicles purchased and type	State your expected benefits here 0 %
	State your project here:	State your output here:	: # of riders increased by 20 Increase fleet by _____ State your expected benefits here Reduce service costs by ____%

Description of Major Benefits and Outcomes
Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA)

PROJECT SPONSORS: **Please check the appropriate bond category the funding will be used for and complete the corresponding information for project type, outputs and benefits/outcomes. If you are funding more than one project, complete a separate sheet for each project. Examples are provided. Project Sponsors will use this table to report progress to the Department semi-annually and for annual audits. The information will be reported to the Legislature and the Department of Finance and will be available on the Governor's Bond Accountability Website for the public.**

Category:

Outcome Progress Report due 6 & 12 months after allocations
Financial Progress Report due 6 & 12 months after allocations

Public Transportation Modernization, Improvement, and Service Enhancement Account
Total Project Cost and Funding Plan

Shaded fields are automatically calculated. Please do not fill these fields.

Proposed Total Project Cost								Project
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
PA&ED	0	0	0	0	0	0	0	0
PS&E	0	0	0	0	0	0	0	0
R/W	0	0	0	0	0	0	0	0
CON	0	0	0	0	0	0	0	0
Vehicle Purchase	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0

Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
Other								0
TOTAL	0	0	0	0	0	0	0	0

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
Other								0
TOTAL	0	0	0	0	0	0	0	0

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
Other								0
TOTAL	0	0	0	0	0	0	0	0

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
Other								0
TOTAL	0	0	0	0	0	0	0	0

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
Other								0
TOTAL	0	0	0	0	0	0	0	0