

**ADOPTED**  
**BY CALIFORNIA TRANSPORTATION COMMISSION**  
**December 9, 1999**

**ENVIRONMENTAL ENHANCEMENT  
& MITIGATION PROGRAM  
PROCEDURES AND CRITERIA – PART C  
2000 Program Cycle**

**1. GENERAL INFORMATION**

**1.1 Purpose and Authority**

These procedures and criteria guide the evaluation, selection and funding of projects under the Environmental Enhancement & Mitigation (EEM) program. There are three program parts under the umbrella of the EEM program: the state EEM program, the federally funded Conservation Lands (CL) program, and the federally funded Statewide Transportation Enhancements (STE) program. The following Procedures and Criteria Part C apply to the STE program.

**PART C – STATEWIDE TRANSPORTATION ENHANCEMENTS**

Chapter 622 of Statutes of 1997 (Senate Bill 45 - Kopp) and Chapter 739 of Statutes of 1999 (Senate Bill 117 – Murray) continue the EEM program indefinitely and specify legislative intent that the use of federal funds be maximized. Further, the federal Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) requires that certain federal funds be spent for transportation enhancements (U.S. Code Title 23, Sections 101a and 133d). Federal funds must be expended through state programs. To that end, the EEM program is being revised to incorporate administration of a portion of the state share of TEA-21 program funding for transportation enhancements. This program is herein referred to as the Part C - Statewide Transportation Enhancements (STE) program.

The TEA-21 program provides for 12 project categories of transportation enhancements. The STE portion program covers all 12 categories, but limits scenic acquisitions. It is intended to fund bicycle and pedestrian programs, historic transportation facilities, historic protection and restoration, landscaping and scenic beautification, museums and visitor centers, archaeology planning and research, billboard removal, water pollution mitigation, and vehicle-wildlife collision reduction projects, as eligible under federal law and guidance.

California expects to receive \$361 million in federal enhancements funding over six years (1998-99 through 2003-04), with 75% allocated to regional shares and 25% as a state share, and within the state share at least 11%, or \$40 million, goes to statewide transportation enhancements. The CTC intends to program a first round of STE projects totaling \$15 million in Spring 2000, followed by a second round totaling another \$25 million in late 2001, from within the state's portion of the \$230 million in federal transportation enhancement funding available to California through 2001. Further funding for the STE program may become available from undelivered projects in other parts of the program.

## **2. PROGRAM GUIDELINES**

### **2.1 Agency Responsibilities**

The California Transportation Department (Caltrans) receives applications, screens applications for minimum program eligibility, and administers the contracts of projects funded by the California Transportation Commission (CTC), and may serve as a state agency partner for projects sponsored by local or private/non-profit agencies.

The State Resources Agency convenes a committee to evaluate and rank project proposals meeting minimum program eligibility, and recommends projects to the CTC for consideration for funding.

The CTC determines the amount and timing of funding to be made available for the STE program, selects projects from among those recommended by the State Resources Agency for funding, and allocates funding to projects when ready for implementation.

### **2.2 Eligible Applicants**

STE projects may be proposed by state agencies (except Caltrans), federal agencies, or regional, local or private/non-profit agencies acting with a state agency partner; while Caltrans cannot propose its own projects for the STE program, it may serve as a state agency partner to bring forward projects from local or private/non-profit agencies. The state agency partner will in such cases act as the lead agency for satisfying both state and federal requirements, and assume responsibility for the project. This agency is referred to as the applicant agency in these guidelines.

State and federal agencies will administer STE projects under a master agreement and supplemental agreement with Caltrans. These agreements will ensure compliance with Title 23 (federal highway programs) federal requirements and state EEM program and other requirements.

### **2.3 Eligible STE Projects**

Any project eligible under any of the 12 transportation enhancements categories specified in TEA-21 may be proposed for the STE program, except that scenic acquisitions, which are broadly eligible in a separate part of the state program (Conservation Lands), which receive funding from the STE program are limited to a total of not more than \$1 million in federal TEA funds for all phases of a project. TEA-21 defines the following 12 categories eligible for federal enhancements funding:

- Provision of facilities for pedestrians and bicycles,
- Provision of safety and educational activities for pedestrians and bicyclists,
- Acquisition of scenic easements and scenic or historic sites,  
Note: scenic acquisitions are limited to \$1 million from this Part C program,
- Scenic or historic highway programs (including the provision of tourist and welcome center facilities),
- Landscaping and other scenic beautification,
- Historic preservation,
- Rehabilitation of historic transportation buildings, structures or facilities (including historic railroad facilities and canals),
- Preservation of abandoned railway corridors (including the conversion and use thereof for pedestrian or bicycle trails),
- Control and removal of outdoor advertising,
- Archaeological planning and research,



rounds about the schedule of future rounds, and post the schedule on its website at least three months before applications are due.

## 2.5 Minimum Program Requirements

STE projects are federally funded projects and, thus, must satisfy all requirements of the federal Transportation Enhancement Activities program in TEA-21, as well as other legal requirements that apply to all federally-funded work. STE projects must also satisfy state statutory and constitutional requirements for the state transportation and EEM programs. These various requirements include, but may not be limited to:

- a. Direct relationship to the transportation system: STE projects must be directly related to the surface transportation system. This relationship may be one of function, proximity or impact. For example, a bikeway or historic rail station still in service is a functional component of the transportation system; landscaping or restoration of a historic site alongside the highway can be related by proximity (the proximity relationship will not be eligible if tenuous or contrived); and archaeology planning or water pollution control alongside an existing highway affect the impact of the transportation system on the environment.
- b. Over and above normal work: Enhancement funds must build projects that would be over and above normal transportation work. STE projects cannot be used for mitigation specified in environmental documents, permit requirements from federal, state or local agencies for other transportation work, maintenance activities such as repaving bike lanes or repainting historic buildings on a normal life cycle schedule, and other requirements such as retrofit of drainage facilities to meet current clean water standards or retrofit of existing sidewalks for compliance with requirements of the Americans with Disabilities Act.
- c. Public benefit and access: STE projects use public funds, must provide benefit to the general public, and generally must provide for public access, except in certain cases where access might be inappropriate, such as wildlife corridors or water pollution control facilities. Improvements to private property and commercial tenant facilities are not eligible.
- d. Right of way acquisition: Any property needed for right of way for STE projects must be acquired from willing sellers, since a finding of public necessity for eminent domain cannot be made for work “over and above normal work.” Whenever federal funds are used in any phase of a project, acquisition of real property for the project becomes subject to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended, no matter if carried out by federal, state or local agencies or by private parties. Properties to be acquired must be appraised, and an offer made to purchase at full appraised value, although the sale may be completed for an option value or another value different from appraised value by mutual agreement. Any tenants displaced because of the project are entitled to relocation assistance benefits under the Act (funded within the project), but willing sellers are not. Improvements for tenant or commercial activities such as snack bars or retail businesses are not eligible.
- e. Historic restoration: Projects funded with federal transportation funds must comply with Section 106 of the National Historic Preservation Act, pertaining to evaluation and preservation of historic and archaeological resources. For historic property projects, all restoration work must be done in compliance with the Secretary of the Interior’s Standards and Guidelines for Archeology and Historic Preservation, the Secretary of the Interior’s Standards for Treatment of Historic Properties, or the State Historic Building Code. Work must be managed under the direction of professionals meeting the standards published in the Code of Federal Regulations, 36 CFR, Part 61, which define minimum education and experience required to perform eligible historic preservation activities; in some cases, additional areas or levels of expertise may be

needed depending on the complexity of the task and the nature of the historic properties involved. Rehabilitation work to return a property to a state that allows contemporary use while preserving the significant historic features of that property will usually be eligible. Preservation work to repair deferred maintenance that should have been done as a condition of a prior historic preservation agreement is not eligible. Construction of replicas of historic structures or buildings is not eligible. Work related to Native American archaeological sites typically requires extra consultation with interested tribes, may require that Native Americans control the disposition of certain artifacts, and may require artifact displays to show alternative interpretations.

- f. Environmental studies and review: All STE projects are subject to the requirements of both the National Environmental Policy Act (NEPA) of 1969 and the California Environmental Quality Act (CEQA) of 1970. For NEPA, the project sponsor must make a good faith effort to study, assess and disclose environmental impacts that could be expected from the project and consult with interested federal agencies; and for CEQA, the project must mitigate any significant adverse impacts to the extent feasible. Experienced agencies can meet both the federal and state environmental requirements using a single joint process. The level of effort varies by the type of project, the amount of impacts and the degree of public controversy. While some projects may be able to use a Categorical Exemption/Categorical Exclusion, and most others will require no more than a Finding of No Significant Impact/Negative Declaration (which may include mitigation of impacts), a few STE projects will require a full Environmental Impact Statement/Environmental Impact Report, particularly those where significant public controversy arises, with all of the required agency consultation and public reviews.
- g. Parks: Since STE projects must have a direct relationship to transportation, park improvements such as park benches, park landscaping and recreational trails are not eligible, although the same scope of project might be eligible in a streetscape setting. STE projects that may provide an ancillary recreational experience or may be located on park land can be eligible as bicycle or pedestrian facilities if the projects also provide through access from one point to another. Section 4(f) of the Department of Transportation Act of 1966 applies to projects funded with federal enhancement funds, even though it is an odd fit with the enhancements program; it prohibits building a project on land in a publicly owned park, recreation area, wildlife or waterfowl refuge, or significant historic site unless the applicant can demonstrate that there is no prudent and feasible alternative to the use of park property, and can minimize damage to the park property from the transportation use. The state expects Section 4(f) should be waived for most enhancements projects, but does not have the power to ensure this.
- h. Permits: Depending on the nature of the project, STE projects may require permits or clearance from a wide range of federal and state agencies with environmental responsibilities, covering at least water quality, floodplain encroachment, wetlands protection, endangered species (both federal and state listed) and habitat protection, and historic or archaeological resources. In particular, wetlands protection and floodplain encroachment require a no-practicable-alternative finding. The list of interested agencies usually includes, but is not limited to, the U. S. Army Corps of Engineers, the U. S. Fish & Wildlife Service (or National Marine Fisheries Service), California Department of Fish & Game, California Coastal Commission, State Historic Preservation Office, and Advisory Council on Historic Preservation. The most common applicable federal legal requirements can be found in:
- Section 404 of the Clean Water Act of 1977,
  - Executive Order 11990, "Protection of Wetlands," May 24, 1977,
  - Executive Order 11991, "Floodplain Management," May 24, 1977,

- Section 7 of the Endangered Species Act of 1973, and
- Section 106 of the National Historic Act of 1966.

Many STE projects will end up involving no permits, but that must be determined project-by-project through studies and consultation.

- i. Transportation project requirements: STE projects are transportation projects and, thus, must meet any applicable federal or state standards for transportation projects. For example, bicycle facilities generally must meet federal and state standards for width, grade and signing; state highway landscaping must comply with state landscaping policies on National Highway System routes; and removal of nonconforming billboards must follow federal and state procedures, including local ordinances to control subsequent outdoor advertising in the area. Projects sharing or crossing railroad rights of way must have railroad agreements, which can be time-consuming to negotiate and get approved. Walkways and buildings must include handicapped access (Americans with Disabilities Act (ADA)). Agencies unfamiliar with the requirements and costs of constructing to the design standards required for federal-aid projects should consult in advance with their Caltrans District Local Assistance Engineer.
- j. Other federal contract requirements: STE projects use federal funds and so must comply with various federal contracting requirements, which apply if consultants are to be used for environmental or design studies, to right of way activities (including utility work) done under contract, and for the project construction contract. The most ubiquitous of these requirements include competitive bidding, pre-award audits, minority business participation (DBE/WBE), and prevailing wage rates (Davis-Bacon Act).
- k. Regional Transportation Plan, Federal TIP and air quality conformity: All projects using federal transportation funds must be consistent with the regional transportation plan covering that area; if the plan is not specific enough to list every small project, the project must be consistent with the general policy direction and priorities of the plan and not inconsistent with any of its provisions. All projects using federal transportation funds must also be added to the Federal Transportation Improvement Program (TIP), a document describing the slate of projects approved for federal funding by the Federal Highway Administration (FHWA). In urban areas, the designated metropolitan planning organization is responsible for drawing up the regional transportation plan and Federal TIP, and amending it when necessary; in rural counties, Caltrans has that responsibility. The agency responsible for the Federal TIP must also assess the air quality implications of the whole slate of projects and make a finding that total pollutant emissions from all projects collectively do not exceed federal clean air standards; that finding must be reassessed each time a Federal TIP is amended, which can be an arduous process in areas far out of compliance with the clean air standards. While STE projects by themselves rarely would have any significant effect on air quality, Federal TIP amendments often contain a package of projects, including some highway projects that will force a time-consuming re-evaluation of clean air impacts. In the end, FHWA must approve the Federal TIP (and any amendments), and the U. S. Environmental Protection Agency (EPA) must approve the findings of air quality conformity before funds can be released for the project. Some regions reserve enhancement funds in a lump sum and, thus, can avoid the need to amend their Federal TIP each time projects are selected; others have not done this.
- l. Maintenance Agreement: The project applicant must guarantee that the STE project will be maintained for the normal project life cycle, by the sponsoring agency or via contract with a third party, as a condition of receiving federal enhancement funds. The Caltrans' master agreement typically will hold the applicant liable up to the amount of federal funding if maintenance is not kept up.

The project applicant should understand that the use of federal enhancement funds for a project brings all of these federal and state requirements that may apply to bear on the entire project, not necessarily just the part funded by enhancement funds (unless the project consists of distinct and separable phases done as separate projects by separate contracts). The project applicant should build into the project application enough funding to deal with these many requirements and build into the project schedule enough time to carry out the work, much of which must be completed before project construction can be started.

## **2.6 Programming Requirements**

The CTC must program projects in the EEM program divided by the 60% South/40% North split, as specified in Streets & Highways Code Section 188. That means that 60% of the funds must go to STE projects in 13 southern counties, and 40% must go to STE projects in the other 45 northern counties. The CTC's estimate of funds available will indicate the program targets south and north. This programming requirement does not limit the number of projects considered, only the amount the CTC can actually program.

Federal enhancement funds, like all federal transportation funds, are good for the year apportioned to the states plus three years following, and then expire. In particular, the funds to be made available for 2000 were apportioned for 1998 and 1999, and so are already one to two years old. Caltrans to some degree can shift old enhancement funds about to expire from one project to another, from one part of the enhancements program to another, among years within TEA-21, and within the broader federal Surface Transportation Program, but in the end it must get enough total projects delivered to use all of the funds due to expire each year; that has been problematic during 1998 and 1999, although no enhancement funds have been lost to date.

STE projects will typically be programmed in one of the next two upcoming fiscal years, but some projects with special conditions that need longer delivery timelines may be programmed further out. Projects must be delivered, ready for construction or implementation, for Commission allocation of funds in the fiscal year programmed (whereas state-funded EEM projects must be programmed and delivered for allocation within one fiscal year). The CTC will reprogram funds from projects not delivered on time.

## **3. FINANCIAL REQUIREMENTS**

STE projects must request a minimum of \$100,000 in federal funds. Federal enhancement projects smaller than this size have generally proven to carry too great an administrative overhead cost to be worthwhile, both for the applicant agency and for Caltrans and FHWA as administering agencies.

Federal enhancement funds must be matched with state, local or other funds (as must all federal transportation funds). In California, the current match rate is about 88% federal funds/12% match funds. Overmatch is allowed and, in fact, is encouraged to some extent to provide a cushion for ineligible costs that may be included in the project. FHWA discourages applicants from match of 50% or greater, but does not prohibit it for projects with many ineligible features, enhancements grafted onto larger projects, large complex projects with multiple funding sources, phased projects or projects with other special circumstances. All local contributions to STE projects, in particular match funds, must be approved by formal action of a policy board with the authority to commit funds at the time of project application; state or federal agencies providing match funds must submit a letter from an individual with administrative authority to commit funds, typically an agency financial officer; non-profit agencies must commit funds in writing.

Match may be provided from any source other than federal transportation funds or private funds, except that private funds may be donated to a public agency for use as match. Caltrans may provide match funds from the State Highway Account, if agreed in advance, only for projects wholly within a state-owned highway or rail right of way; however, the State Constitution (Article XIX) allows State Highway Account funds to be used only for transportation facilities or features such as landscaping or water pollution facilities that are commonly included as part of transportation facilities, so some kinds of enhancement projects may not qualify. Right of way donations may be counted as match in certain circumstances, when property is given from private ownership to public ownership for purposes of the project, as allowed in Section 323 of Title 23; land acquired previously and already intended or available for use by the public does not qualify for donation credit. In-kind contributions, in the form of donated or voluntary labor, services, or materials, from public agencies or private parties, may also be counted as match in certain circumstances. "Soft match," using the value of activities accomplished away from the project such as credit from tolls collected on federal highways, may in very limited circumstances be counted as match; practically, this provision would almost never be available for STE projects. Applicants should confer in advance with their local Caltrans' District about any proposed match other than state, local, or private non-profit funds.

Applicants must prepare an accurate project cost estimate, schedule and financial plan as part of the STE project application. The cost estimate should be divided into project development (including environmental studies), right of way, and construction phases, and broken down into line items. The schedule and financial plan must cover all sources of funding proposed for the project, identify which project items are to be funded from each funding source, and estimate cash flow during the project, to indicate a timeline for reimbursement and demonstrate fiscal solvency.

Transportation enhancement funds are reimbursable federal-aid monies, not up-front grants, subject to all the requirements of Title 23, United States Code. The applicant agency must have the financial resources to carry project expenditures until reimbursed and statutory authority to charge on a reimbursable basis. A project agreement between Caltrans and the applicant will define the billing and reimbursement procedures and schedule. FHWA authorizes expenditures and reimbursements on a project phase by phase: project development, right of way, and construction. Electronic reimbursement can be arranged. Caltrans typically will reimburse 88% of eligible expenditures submitted on each invoice, until the amount programmed has all been spent, but other payout arrangements can be specified. Final billing must be received and paid within six months of the completion of the project.

Some costs will not be eligible for federal reimbursement. In particular, these include program planning, feasibility studies, preparation of an application, project review by other interested agencies and groups, normal agency administration costs not specific to the project, and any costs incurred before Caltrans gives written approval to proceed with project work. Force-account work (construction work done by the applicant's own paid employees) and volunteer work require advance approval and findings of public interest and prudence or necessity; convict labor is never a reimbursable cost. Agencies unfamiliar with the kinds of costs eligible for reimbursement on Title 23 federal-aid transportation projects should refer to Caltrans' Local Assistance Procedures Manual and confer with their local Caltrans' District prior to the application deadline.

Federal enhancement funds are treated as a fixed-dollar grant, even though funds are available only as reimbursement. The full amount programmed will be available for the project, unless not needed to cover eligible costs. If a project's eligible costs end up lower than the amount programmed, the reduction may

first be credited to overmatch funds and then can be credited to federal enhancement funds and match funds proportionally. Conversely, if a project's costs increase beyond the amount programmed, the applicant must cover the overrun with its own funds or cut back the scope of the project to fit within funding available. An applicant may also seek supplemental STE funding competitively from a future programming round for a project facing a cost increase, as long as it can still deliver the project and use the original enhancements funds on a timely schedule; the applicant should be advised that the CTC cannot program supplemental funding for work already under contract.

The applicant agency must have the ability, staff expertise and financial systems to manage project contracts, keep records, and process expenditure invoices for reimbursement within a realistic time frame during the project; some STE projects will also be subject to a final audit. Normally, an agency with an existing master agreement with Caltrans can meet this requirement.

#### **4. PROJECT SCREENING, EVALUATION, AND PROGRAMMING**

##### **4.1 Screening**

Caltrans screens all STE project applications for basic eligibility before forwarding them to the State Resources Agency for evaluation and ranking for programming. Projects not meeting minimum criteria will be dropped from further consideration without prejudice, except that Caltrans may allow applicants to provide missing information if time and the volume of projects to be reviewed permit. Caltrans will screen for the following minimum requirements, except those that may not be applicable for certain types of projects, to ensure that the application/project:

##### Project Scope, Cost, and Schedule

- contains a well-defined project description, with clear project limits, scope of work, and consideration of the extra requirements of a federal project,
- is eligible under one or more categories specified for transportation enhancements,
- is a capital improvement project (or a qualifying research or education project) with a life span of at least 20 years, not a maintenance activity or temporary improvement,
- contains sufficient detail and clear information in the project description and cost estimates for evaluation in comparison to other projects,
- contains a financial plan, showing full project funding, covering all funding sources, showing line item detail, for all project phases,
- demonstrates adequate match funding, properly approved, and contains sufficient other funding to cover ineligible features and complete the project,
- proposes a reasonable project schedule, considering timelines needed to satisfy environmental and other federal and state requirements,

##### Enhancements Program Requirements

- has a direct relationship to the surface transportation system,
- has a scope over and above a normal transportation project,
- provides public access or other clear public benefit,

##### Transportation Program Requirements

- defines right of way clearly, including involvement with any wetlands, railroad rights of way, or park lands,
- meets federal and state standards for historic restoration,
- meets applicable handicapped access (ADA) requirements and other requirements of the California Building Code,

- recognizes potential environmental impacts to be examined and permits that may need to be secured,
- recognizes and meets applicable federal and state transportation standards,
- is consistent, or at least not inconsistent, with the regional transportation plan, and any applicable local land use or zoning plans,
- is consistent within a conforming air quality plan if the project is in a non-attainment area,
- has a maintenance agreement covering the life cycle of the project,

#### Program Application & Implementation

- has an existing applicant agency master agreement with Caltrans for project administration, or ability to seek and get one, or contract with another agency that has one, and
- includes the required four sets of completed, signed application forms, including all attachments, submitted in accordance with established deadlines.

## **4.2 Evaluation**

Caltrans will send all projects screened as eligible to the Resources Agency for evaluation, scoring, and ranking for programming. The Resources Agency will assign each project to one of five categories for evaluation and scoring:

1. Bicycle and pedestrian projects,
2. Historic and archaeological projects,
3. Scenic beautification projects,
4. Water quality and wildlife protection projects, and
5. Museums and visitor centers.

The Resources Agency will choose members and convene a committee to evaluate, compare, and score STE projects. The committee is to consist of five members, with the following representation:

- two members must be appointed from Caltrans, two members from state resources agencies, and the fifth member from any other federal or state agency, to provide broad representation and avoid control by any one agency,
- each member should have expertise in a different one of the five scoring categories, to ensure projects have equivalent standing during evaluation, and
- wherever possible members should come from agencies not applying for projects in the round, and in any case no one who has helped prepare or signed an application that has been screened through for evaluation may be a committee member, to minimize conflict of interest.

The CTC seeks diversity in the types of projects to be programmed into the STE program, and has designed an evaluation and scoring system intended to yield a mix of projects of different types. Committee scoring will necessarily be subjective, relying on the experience, expertise, and balance among the committee members. Within the following general framework, the committee may devise its own process, define the roles of the various committee members, and decide what external information to bring to bear, to evaluate and score project applications:

- projects are to be scored on a 100 point scale, with up to 50 points for relative merit and interest from a statewide perspective and up to 50 points for relative value in the category to which it is assigned,
- all projects should be compared and scored together from a statewide perspective, with the “highest” project to receive 50 points, the “lowest” project to receive 0 points, and the others to be spread between in relation to those two scores,

- statewide perspective evaluation should consider at least the following factors, and may consider others at the committee's discretion:
  - relative importance of link or relationship to broad state interests,
  - amount of direct benefit to transportation,
  - degree of confidence about cost estimate,
  - reasonableness of delivery schedule, and amount of risk of lengthy environmental studies and permits or public controversy about the project,
  - degree to which direct beneficiaries come from around the state (or from out of state) rather than mainly from the local area near the project,
  - relationship to a state plan, or secondarily to a regional or local plan, and
  - extra features from other enhancements categories beyond the one in which the project is being evaluated.
- projects should also be compared and scored within one of the five categories, again with the "highest" project to receive 50 points, the "lowest" project to receive 0 points, and the others to be spread between in relation to those two scores, except that in categories with three or fewer projects the "highest" score may be set at 40 or 30, and the "lowest" score may be set at 10 or 20, if the committee feels the projects involved do not compare fairly on a 0-50 spread, and
- category evaluation should consider at least the following factors, and may consider others at the committee's discretion, with advice from the member with expertise in that category:
  - relative importance, rarity, uniqueness, or significance compared to existing resources of its type,
  - relationship to location of other existing or proposed resources of its type,
  - relationship and value to its context and environmental setting,
  - relative total benefit compared to its cost,
  - urgency or risk of lost opportunity,
  - degree to which the project is a complete stand-alone project,
  - leverage of other resources into the project,
  - value in spreading general public awareness of or access to its type of resource.
- for the first round, the committee should favor any projects that with reasonable certainty can be ready for construction by August 2000 as long as those projects are otherwise competitive in scoring, because of the urgency of spending old enhancements funds from ISTEA before their September 2000 expiration.

### **4.3 Programming**

Once the committee has assigned scores to all projects, it will forward the projects to the Resources Agency. The Resources Agency will assemble a list of recommended projects in order by score to submit to the CTC for programming. The list should go far enough to provide enough projects to use the funding available in both south and north counties, and may contain extra projects up to a point that south and north do not both exceed 150% of the amounts designated for respective programming, considering natural break-points in scoring. The Resources Agency shall also submit to the CTC a separate list showing all remaining projects and their scores, and may add comments as to how far it would recommend programming beyond the amount of funding available.

The CTC shall program projects, up to the amount of funding made available south and north, within two months after receiving a list of project recommendations from the Resources Agency. The CTC may program extra projects from the list only if programmed projects are not delivered, projects are built and leave savings unused, or additional enhancement funds become available to the STE program, between

rounds; the list of extra projects shall expire when the CTC issues a new estimate of funds available for a subsequent round of programming.

## **5. JOINT FUNDING WITH STATE-FUNDED EEM PROJECTS**

Applicants may propose to use state EEM funds as match, where a project qualifies under both programs. The requirements for the state-funded and federally-funded parts of the EEM program are different in several important ways that tend to make the match difficult, and inadvisable or not eligible for many projects:

- eligible categories are largely different, but do overlap for certain kinds of projects such as tree planting or roadside bikeways,
- STE projects must complete the federal environmental (NEPA) process, with lengthy requirements for agency consultation that cannot in many cases be completed successfully within one year, while the EEM program requires projects to be delivered within one year or funding is forfeited, which presents a challenging matchup of timelines,
- the state-funded EEM program does not reimburse costs for environmental studies, which can represent a major cost for STE projects, so another match source (or separate funding) would need to be provided for this phase, and
- regional, local, and non-profit agencies may apply directly for state-funded EEM funds but must have a state or federal agency partner as applicant for federal enhancement funds.

An applicant should work in advance with Caltrans District Local Assistance staff if it intends to propose state EEM funds as match for a STE project.

## **6. PROJECT IMPLEMENTATION**

The applicant agency, acting with its partner, is responsible for implementing STE projects, and Caltrans, acting as the state partner with FHWA (via whose budget the federal enhancement funds are provided), administers the project. The applicant agency deals with one primary contact at Caltrans, a local assistance engineer at the district in which the project is located. Full detail about project implementation can be found in Caltrans' Local Assistance Procedures Manual, including requirements and timing for all project steps; various chapters are cited in the narrative below.

The applicant or its partner agency may begin reimbursable work on the project any time after the project has been included in the Federal TIP and the applicant has received an Authorization to Proceed from Caltrans. Caltrans typically approves reimbursement for enhancement project work in three separate phases:

- project development (environmental studies, preliminary engineering, and design),
- right of way, and
- construction (including construction management and oversight).

### **6.1 Project Development Phase**

The project development phase gets a project ready to implement, covering project agreements, environmental studies, preliminary engineering, design, and permits. The applicant must complete all appropriate steps, generally in a prescribed order, before it can acquire right of way or undertake construction. The steps generally include:

- request for and receipt of authorization to proceed, after which reimbursable work can be undertaken (Chapter 3),
- master agreement and project agreement with Caltrans, for project administration (Chapter 4),
- environmental studies and documents (Chapter 6),
- field review of project, and field review forms (Chapter 7),
- consultant selection, if applicable (Chapter 9), and
- completion of construction plans and documents (Plan Specifications and Estimates) (Chapter 12).

The environmental studies stage is a critical one, since it involves a sequence of steps and decisions that can be challenged in court, may involve considerable detail, and must cover both federal (NEPA) and state (CEQA) laws. Failure to complete steps properly may jeopardize necessary permits or approvals later, and may put at risk or doom the project schedule. The applicant should work closely with Caltrans Local Assistance and Environmental Studies Offices during the environmental studies stage.

The applicant should be aware of federal and state engineering standards that may apply to STE projects (Chapter 11). Caltrans has standards that may be mandatory for bike lanes and bikeways, and for activities, construction, or connections that will require an encroachment permit on state highway right of way. Federal historic preservation standards and the California Uniform Building Code generally apply to work involving buildings (historic or new). The CTC has streamlined the project development phase for STE projects. The applicant may deal directly with Caltrans, without coming to the CTC for allocation of funds, for authority to start work and for reimbursement.

## **6.2 Right of Way Phase**

The right of way phase clears property ownership, access, and use for project construction (Chapters 13 & 14). Right of way activities encompass many issues: property ownership and acquisition (including donations), tenant relocation, transportation access, temporary property access or use for surveys, studies, construction activities, drainage and utility relocation, local zoning and development rights, railroad access, and permits for construction (for such issues as wetlands, flood plains, contaminated or hazardous materials, burial or archaeological sites, water discharge, and endangered species).

The applicant should take particular care to complete right of way steps in the proper order. Even when a project is otherwise not controversial, property rights issues can end up in court. Courts have often held up projects when right of way steps were overlooked, incomplete or done out of proper sequence.

Caltrans may deposit enhancement funds directly into escrow for right of way acquisition, if authorized to do so in the project agreement. Although the deposit can be done electronically, approval of the deposit within Caltrans takes up to three weeks lead time.

## **6.3 Construction Phase**

The applicant or its partner agency bear several responsibilities during the construction or implementation phase. When ready for construction, the applicant must ask Caltrans to get an allocation of funds from the CTC, from which reimbursements can be paid, a process that typically takes 30-60 days from the time the request is made at the Caltrans District. Only after allocation of funds can the applicant advertise the project, accept and open bids, and award a contract (Chapter 15).

