

Memorandum

To: Chairman and Commissioners

Date: April 24, 2001

From: Robert I. Remen

File No: BOOK ITEM 4.6
ACTION

Ref: Consideration of Transportation Enhancement Activities (TEA) Program Reforms

Issue: What options for reform of the TEA program have Caltrans and regional agencies offered to help overcome lagging project delivery and other problems in this program?

Recommendation: Staff recommends the Commission discuss the reforms presented here, plus any from other groups and other states that may be brought forward by the meeting, to help direct staff preparation of a package of reforms for Commission consideration and action next month.

Caltrans and Regional Ideas: Staff discussed ideas for reform of the TEA program with Caltrans staff and a representative group of regional agencies during the past three weeks, as well as soliciting Commissioner's ideas at the March meeting. There is general agreement about where reform attention is needed, but as might be expected Caltrans and regional ideas in some ways coincide and in other ways diverge.

The ideas presented and discussed here are arranged by the general topic headings discussed last month:

A. TEA projects and agencies do not fit easily into transportation programs and procedures

1. Caltrans suggested limiting the agencies that can sponsor TEA projects to only local public works agencies, qualified and familiar with federal transportation programs and requirements. Regional agencies would not likely favor this approach, and in fact the genie may already be out of this bottle because so many other kinds of agencies have successfully completed TEA projects over the past five years. Nevertheless, these other agencies have typically required extra help to succeed, causing a burden and uncertainty for the program, and federal requirements (particularly DBE) seem to be getting more, not less, onerous.

B. TEA projects have typically been ad hoc rather than coming from a plan context

1. Caltrans favors requiring TEA projects to be based in a regional transportation plan or the state transportation plan (or by attachment to STIP projects, which all originated in plans), saying "ad hoc programming has a bad track record." Regions on the other hand favor direct project competition, noting that it would be harder for local agencies to participate in the regional planning process way ahead of time than to propose projects when ready. The problem has been too many ad hoc projects have not in fact been ready when proposed. In addition, some regions may not be eager to go through the effort and cost to add a TEA element into their regional transportation plans.

2. Caltrans and some regions favor using TEA investment as a tool in environmental streamlining, but most regions do not want to be forced to use it that way, or do not see a need for it in their area; regions agreed that if regional share TEA funds were to be used this way for Caltrans projects in the STIP, then state share TEA funds should be brought to the table at the same time. As an option, this idea gets wide support, and several regions have already been doing it to a limited extent.

C. The Commission's TEA program design is confusing

1. Both Caltrans and regions favor consolidating the state share into one unified program, perhaps with internal targets for certain kinds or classes of projects. Caltrans and regions suggested several desirable features for the state share: regularly scheduled programming rounds with plenty of lead time, rounds more frequent than every three years, and a place in the state share for projects from statewide environmental interests. Caltrans noted that "conservation lands is strategically valuable as a separate concept," and the details of the design of the state decision-making committee and process are a critical feature to the outcome of the state program
2. Regions strongly defend the concept of regional shares, saying "it saves a lot of effort to program at the regional level," and Caltrans agrees that regional shares are desirable without endorsing the current 75%/25% split of funding. Caltrans suggests that more uniformity in applications would be helpful across all regions, but regions strongly want to keep the current freedom in design, scheduling, applications, and procedures for their own regional share rounds.
3. Both Caltrans and regions endorse multi-year programming, ahead of time, even across the seam into future federal acts, as essential to ensure better delivery. Caltrans is willing to consider some moderate amount of deliberate overprogramming, with delivery to weed out the projects that do and don't get funded, to improve timely use of funds.

D. Programming is not coming out as intended

1. Both Caltrans and regions consider screening for project eligibility to be a major problem needing attention. FHWA has delegated screening for eligibility to Caltrans, where it is done in headquarters. The current screening has become such a bottleneck that many regions routinely ignore it, resulting in ineligible projects and ineligible elements within projects being caught at the very end, at allocation, not a desirable outcome. Caltrans wants to delegate screening out to its districts, once they can be trained sufficiently to ensure sound and uniform performance statewide, whereas regions want to be able to screen themselves, as they do for some other federal local assistance programs. All parties do agree that Caltrans headquarters and FHWA should bear the end responsibility to make precedent-setting or grey-area final eligibility calls.
2. No one really screens effectively for project readiness, but both Caltrans and regions agree in concept that this would be valuable. Such a screening process would have to allow for projects found not ready to reapply later, and ideally to help them get ready. At least some other states do this type of screening. Some regions have tried to incorporate project study report (PSSR)-type features into their project applications, to expose unready projects. Others try to provide extra regional help to project sponsors who turn out to be unprepared for the process of federal

project reviews, even offering outreach workshops up front to help potential sponsors understand what they are getting into. The regions also suggested Caltrans do field reviews to identify potential problems before projects can be programmed. One region suggested prohibiting environmentally-sensitive projects from getting TEA funding, and another noted that any attempt to trim the amount of TEA funding a project sponsor requests is typically fatal to successful delivery.

3. Regions asked for the ability to use state-only STIP funds as blanket match for federal TEA funds, just as they now do for federal CMAQ and RSTP funds. The Commission will consider making this available in upcoming amendments to STIP guidelines. Regions in the past extolled the value of programmatic match in the TEA program, whereby the smallest projects use state-only funding, and thereby can be defederalized, and get credited as match for larger projects which then proceed using 100% federal TEA funds, and would no doubt like to see some way to revive and broaden this practice.
4. Some regions have limited project size, to the minimum \$100,000 suggested in guidelines, and some have suggested that the limit should be higher, say \$250,000, because of the cost of federal red tape overhead; others prefer and even favor small projects, and seem willing to provide extra assistance from the region to help small projects succeed. Caltrans currently tries to hold the line at minimum project size of \$100,000.
5. Both Caltrans and regions criticize panic programming, but from opposite viewpoints. Caltrans sees shortsighted programming by regions facing use-it-or-lose-it deadlines or local political pressures as a problem, while regions see the hurry-up, poorly-advertised application periods for state share rounds as a problem. The end result, either way, has yielded too many half-baked, hard-to-deliver projects. Both sides look to better planning and more certain and deliberative programming rounds.

E. TEA program has serious implementation problems

1. Both Caltrans and regions agree, as a high priority, on the need for better communication from headquarters to districts and then to regions, and better district assistance in project delivery. Caltrans has shifted management of the TEA program into its local assistance program, which focuses on project delivery, and designated TEA “expert staff” (which it is currently training) at each district. Both Caltrans and regions suggested Caltrans use traveling “expert consultants” from headquarters as necessary, and Caltrans may consider rotational assignments from districts to headquarters for training and better statewide perspective.
2. Both Caltrans and regions agree on the need to streamline TEA program administration: manuals, requirements, project tracking, procedures. Both see the need as urgent, and seek drastic streamlining, beyond other federal programs – but it seems elusive to accomplish. Problems that hamper project changes during delivery seem especially to demand attention. Regions suggested a checklist to eliminate federal requirements that do not apply or can be made ministerial for TEA projects, and both Caltrans and regions want to work with FHWA to simplify the way requirements get applied to TEA projects. Caltrans asked that the

Commission delegate some TEA project allocations in the state share program to Caltrans, similar to what it has done elsewhere.

3. Caltrans and regions diverge on program reporting and tracking. Regions prefer to keep the responsibility for managing regional projects themselves. Most regions program their regional share TEA funds as lump sums, then program projects, and deduct funds from the lump sum as projects are delivered and allocated by the regional agency; they see no reason to involve Caltrans at all. Caltrans has improved its TEA program data base, and sees a need to track programming (of all projects) and delivery statewide, partly because it is periodically asked to report on project diversity and status as part of nationwide tracking efforts, and partly to manage federal funds obligation.
4. Both Caltrans and regions see a need to improve project applications, for better definition of project scope, cost, and schedule. Some regions would be amenable to inserting a state-designed section into all applications for this purpose, others prefer to figure out for themselves how to achieve the end with no state direction. Caltrans suggested it may be able to design an on-line application that could automatically assign federal/state project tracking and funding codes.
5. The AB 1012 use-it-or-lose-it provisions pose quandaries, for rural regions in particular. The first deadline, for the state to reclaim unused 1998 and 1999 TEA funds, is coming up in December 2001. For various reasons, including late programming and slow delivery, some regions will not have enough project delivery to use all funds the state may reclaim by December 2001, and face the choice of juggling funds among projects at the cost of considerable red tape or asking the Commission to extend the deadline at least this one time until already-programmed projects can get delivered. Some rural regions have been trying to save up small increments of annual TEA funding to build a larger project, and now risk losing those funds; others have programmed the funds to projects slow in delivery, and have no good substitute projects available.

Commission is continuing to gather other ideas, from environmental interests, from FHWA, and from other states with good reputations for managing and delivering their TEA programs. Staff intends to present any other ideas it may discover on pink at the meeting, to add to the discussion. Staff will be seeking Commission reaction to the various ideas, to help inform preparation of a package of TEA program reforms to be brought forward at the next Commission meeting.

In addition, the Commission at the March meeting asked the regional moderator how regional-share programming is going around the state, whether regions give "extra points" to joint transportation/TEA projects, and what the regions see as the main reasons for slow TEA project delivery. She surveyed the regions, and received answers from sixteen. Those answers are reported in a letter to Commission staff, which also articulates regional recommendations for TEA program reform described above; that letter is attached.

Attachment

CALIFORNIA'S REGIONAL TRANSPORTATION PLANNING AGENCIES

April 23, 2001

Mr. Pete Hathaway
Chief Deputy Director
California Transportation Commission
1120 N Street, Room 2233
Sacramento, CA 95814

RE: Consideration of TEA Program Reforms and RTPA Group Survey

Dear Mr. Hathaway:

In response to questions raised at the March California Transportation Commission meeting, the RTPA group conducted a survey regarding the use of the regional Transportation Enhancement Activities (TEA) program funds.

Enclosed is a copy of the survey that was sent via e-mail to all of the regional transportation planning agencies. A total of 16 surveys were returned, covering nearly all of the major urban areas and a few rural counties. The overall results of the survey can be summarized as follows:

1. Many agencies do give extra points for including enhancement features in projects that are funded out of other grant programs. As a result, enhancement features, such as bike lanes, sidewalks, landscaping, or aesthetic treatments, are encouraged to be included in a variety of projects, not just those projects funded with TEA monies.
2. Nearly all agencies have programmed all of their regional share TEA funds. However, many of the agencies waited until late 1999 to program their funds, due to the late CTC adoption of the TEA program guidelines. In addition, Caltrans delays approving the eligibility of the regional TEA projects has in some cases delayed the adoption of regional TEA projects.

Most agencies program TEA funds through an open competition, with some consideration for regional priorities as set either for the regional TEA program, or established in the regional transportation plan.

3. The stated reasons for delay of delivery of regional TEA projects are varied and include the following:
- a. Some TEA programs were adopted late by the regions, in some cases due to the late issuance of program guidelines;
 - b. Caltrans has delayed the approval of project eligibility, in some cases making duplicate requests for documentation;
 - c. Caltrans' review and processing of TEA projects takes a long time, in some cases due to their lack of knowledge of program requirements;
 - d. Some projects must wait to obtain additional funds, in part due to the small amount of regional TEA funds;
 - e. Some projects were not adequately defined prior to obtaining funds, resulting in an underestimate of costs and a need to redefine the scope;
 - f. Federal, environmental and other regulatory reviews take longer than anticipated, particularly when the applicant is new to the process;
 - g. Community concerns are often raised when projects are presented to the public;
 - h. Revisions to the project scope increase processing time and/or project cost; and,
 - i. Some projects experience difficulties in the right-of-way acquisition process, or in coordinating with related transportation projects.

In our phone conversation with you, we discussed some ideas for improvement of the TEA program. Overall, the regions are pleased with the regional share TEA program and believe that the removal of the requirement for CTC approval has streamlined the process significantly. We hope that the regional share program will continue in its basic format, with only a few important changes. Our suggested changes are:

First, allow regions to determine regional TEA project eligibility, as they do for regional Surface Transportation Program and for Congestion Mitigation and Air Quality Improvement projects. If there are grey areas, Caltrans can indicate ahead of time the types of projects that do not qualify for TEA funds. This change will allow regional TEA projects to begin project development at a much earlier stage.

Second, streamline the Caltrans and federal approval process for TEA projects. The purpose of TEA projects is to provide additional environmental enhancements, yet most TEA projects receive greater scrutiny than a traditional road project. The regions would support a streamlined approval process for TEA projects, including an assumption that projects will be categorically exempt unless determined otherwise. Projects that are more complex or have a greater impact can always receive greater scrutiny.

Third, designate a TEA program coordinator in each Caltrans district whose full time responsibility is to provide one-stop assistance to project sponsors. Such coordinators could be trained on the specific requirements of the TEA program and could hold trainings themselves to educate local project sponsors. In addition, a checklist of project

development requirements could assist project sponsors in better estimating their timelines. As well, we would support having a field review prior to the initiation of the TEA projects to identify potential problem issues in the early stage of the project.

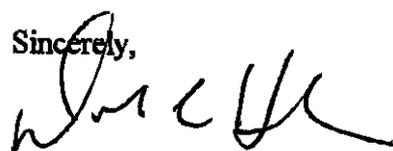
Fourth, some local agencies have expressed confusion between the three statewide TEA shares (SHOPP, statewide TEA, Conservation Lands). Simplification of the statewide programs would be beneficial to the local project sponsors, who often look to the regional agencies for guidance on the myriad of state grant programs. This simplification could involve combination of the statewide programs into a single competitive program, with several eligible categories. In addition, we support a long-range strategy for the use of the state funds. Such a strategy would support the development of a coordinated set of projects, help avoid the use of "hurry up" programming and also to allow coordination with regional projects including the potential for environmental streamlining.

Fifth, certain regional agencies are interested in the ability to use STIP funds to match their TEA projects, in a manner similar to that used for RSTP and CMAQ projects. The STIP funds are used to provide the required local matching funds and help provide an incentive to on-time delivery of the TEA projects.

Finally, we would discourage the development of a statewide application, statewide schedule of funding, or statewide criteria for the regional TEA program. The flexibility of the regional TEA program has helped each region to meet its individual needs. Requiring a statewide process would likely add to the project delivery time. In addition, the rural counties would appreciate the continuing ability to exchange their TEA funds. In fact, it may be appropriate to extend this exchange program to other small regional TEA projects, as has been done by Caltrans in the past.

Thank you for the opportunity to provide regional input on the Transportation Enhancement Activities Program.

Sincerely,



Debbie Hale
RTPA Moderator

FORM NO. 10317130897 P. 03

CALIFORNIA'S REGIONAL TRANSPORTATION PLANNING AGENCIES

Regional Share TEA Program Survey

At the March 28 CTC meeting, Commissioners asked for certain information from regional agencies to assist them in evaluating the TEA program. Please respond to these questions so that we can work with the CTC to assure that any reforms reflect our needs and concerns. **Return your response to Debbie Hale at: debbie@tamcmonterey.org or fax to (831) 775-0897 no later than Monday, April 16, 2001.** I'll be on vacation through April 13, so if you have questions give me a call on Monday, April 16 at (831) 775-4410.

Agency Name:

Contact Person:

Phone Number:

E-Mail:

- 1) Do you encourage enhancement features (those funded by the TEA program) to be included in transportation projects (STIP or local assistance)? How do you do this: for instance, do you give extra points in grant applications for artistic treatment, land or streetscaping, extra land acquisition or bike/pedestrian components?
 - 2) Have you programmed all your TEA-21-era TEA funds, and when did/will you do so? Was it done via an open competition selection process, or were there special incentives or criteria involved?
 - 3) Do TEA projects come from some kind of a regionwide plan, or do you receive projects on an individual basis?
 - 4) What percentage of your six-year regional TEA share have you programmed, and have you obligated to projects (we are presently 58% of the way through the six years 1998-2003)? What are the reasons for delays in the delivery of regional TEA projects?
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