

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 10-11, 2008

Reference No.: 2.8e.
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Earl R. Seaberg, Jr.
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Local Assistance

Subject: **REQUEST TO EXTEND THE PERIOD OF PROJECT DEVELOPMENT
EXPENDITURE FOR LOCALLY-ADMINISTERED STIP PROJECTS, PER STIP
GUIDELINES
WAIVER-08-42**

RECOMMENDATION:

The Department of Transportation (Department) recommends the California Transportation Commission (Commission) deny the request by the City of Modesto (City) to extend the period of project development expenditure to February 28, 2010, for the Virginia Corridor Rails to Trails Class I Bike Path Transportation Enhancement (TE) project (PPNO 10-009A). The Department also recommends that the Commission direct the City to reprogram the project in a future STIP cycle, through their regional planning agency, when they are ready to proceed.

ISSUE:

In November 2005, the Commission allocated \$200,000 to the City for design of the Virginia Corridor Rails to Trails Class I Bike Path TE project. The allocation was to fund Phase 6 of the multi-phased Rails to Trails project. The City is requesting a 20-month extension to the period of project development expenditure to enable them to complete Phase 5 of the project prior to starting the design for Phase 6 (this allocation). The City had originally planned to defer Phase 5 due to the lack of federal funds available at that time. However, the City was able to obtain federal funds in Fiscal Year (FY) 2005-06 and decided to proceed with Phase 5, thereby delaying Phase 6 of the project. The Department does not recommend approval of this time extension. The City of Modesto requests consideration to extend this project's expenditure deadline for an additional 20 months, to February 28, 2010, based on the information included below. If the Commission approves the extension request, the Department will process an administrative correction to change the budget year of the allocation from FY 2005-06 to FY 2008-09, reducing this year's capacity for allocation.

BACKGROUND:

The Department and the City began addressing issues with the timely use of funds deadlines in March 2008. The Department identified this project with no expenditures two years after funds were allocated and notified the City that the funds for this project would lapse on June 30, 2008, if the funds were not encumbered. The Department requested that the City submit a Request for Authorization to Proceed (E-76). In the same notification, the Department advised the City to submit a request to extend the period of project development expenditure prior to the June 30, 2008 timely use of funds deadline. Although the project was originally programmed in the 2005-06

Federal Transportation Improvement Program (FTIP) at the time of allocation, it required reprogramming in the current FTIP before any federal funds could be obligated.

In May 2008, the Stanislaus Council of Governments approved an amendment to reprogram the project into the 2007-08 FTIP and forwarded the amendment to the Department and the Federal Highway Administration (FHWA) for approval. The project was reprogrammed into the 2007-08 FTIP on August 14, 2008. The City did not submit a request for time extension prior to the timely use of funds deadline of June 30, 2008.

In August 2008, the City submitted an E-76 for this project. The Department notified the City that they had exceeded their timely use of funds deadline of June 30, 2008, and all unexpended funds from the allocation were rescinded. Because these funds were allocated in FY 2005-06, the encumbrance period for these funds has lapsed and a correction will be needed to change the budget year from FY 2005-06 to FY 2008-09 impacting current year program levels.

Current State Transportation Improvement Program (STIP) Guidelines stipulate that funds allocated for local project development or right of way costs must be expended by the end of the second fiscal year following the fiscal year in which the funds were allocated. The Commission may approve a waiver to the timely use of funds deadline one time only for up to 20 months in accordance with Section 14529.8 of the Government Code.