

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: September 22 - 23, 2010

Reference No.: 2.1c.(10b) - **REVISED**
Action Item

From: NORMA ORTEGA
Chief Financial Officer

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Chief
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Subject: **PROPOSITION 1A AND PROPOSITION 1B - LETTER OF NO PREJUDICE FOR THE SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY RESOLUTION LONP1A-A-1011-01 RESOLUTION LONP1B-A-1011-06**

RECOMMENDATION:

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) consider this request by the Southern California Regional Rail Authority for a Letter of No Prejudice (LONP) for the Positive Train Control (PTC) Projects programmed in the Proposition 1A High-Speed Rail Passenger Train Bond Program and Proposition 1B State-Local Partnership Program.

ISSUE:

Due to the unavailability of Proposition 1A and Proposition 1B funds, the Southern California Regional Rail Authority (SCRRA) is requesting authority to substitute a total of **\$78,750,000** Proposition 1A and Proposition 1B funds with other local funds in order to keep this critical project on schedule to meet the federally mandated PTC implementation of 2015. The specific project amounts from each program/funding source are:

- \$46,550,000 Proposition 1A Intercity Rail Program (Formula), Pacific Surfliner Corridor - Positive Train Control, Moorpark to San Onofre (R001HA).
- \$12,200,000 Proposition 1A Commuter and Urban Rail Program - Positive Train Control (R256GA).
- **\$20,000,000** Proposition 1B State-Local Partnership Program - Positive Train Control (R256GB).

BACKGROUND:

CTC Resolution SLP1B-G-0910-003, *Proposition 1B State-Local Partnership Program (SLPP) Guidelines and Funding Shares*, was approved June 30, 2010, and incorporated language regarding Letters of No Prejudice, as authorized under AB 672. Currently, however, there is no legislative authority to approve LONP requests for Proposition 1A projects. The agency (SCRRA) is currently pursuing legislative authority.

If approved by the Commission, the LONP would allow the applicant agency to expend its own funds for any component of the transportation project and seek allocation and reimbursement in the future. Without the legislative authority to approve a LONP for Proposition 1A, however, this portion of the overall project would not be fully funded. Current policy stipulates that projects be fully-funded at the time of allocation (or LONP approval).

Should legislation pass authorizing the LONPs for Proposition 1A projects prior to the Commission's September 2010 meeting, the Department recommends approval of these requests.

RESOLUTION LONP1A-A-1011-01 AND RESOLUTION LONP1B-A-1011-06

Resolved, the California Transportation Commission hereby approves a Letter of No Prejudice for **\$78,750,000** for the Southern California Regional Rail Authority's Positive Train Control project programmed with Proposition 1A bond funds and Proposition 1B State-Local Partnership Program bond funds, upon approval of legislation authorizing Letters of No Prejudice for Proposition 1A projects; and

Be it further resolved, that the agency understands that they proceed at their own risk, as reimbursement is dependent on future availability of Proposition 1A and Proposition 1B bond funding; and

Be it further resolved, that the agency shall report to the Department following LONP approval on progress in executing agreements and third-party contracts needed to execute the work.