M e m o r a n d u m

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 23, 2012

Reference No.: 4.21
Information

From: BIMLA G. RHINEHART
Executive Director

Subject: **HEARING TO AMEND THE 2012 STIP GUIDELINES AND COMMISSION STATEMENT OF POLICY FOR APPROVAL OF AB 3090 REPLACEMENT PROJECTS OR DIRECT CASH REIMBURSEMENTS**

ISSUE:

Under Government Code Section 14529.7, as amended by AB (Assembly Bill) 3090 (Chapter 1243, Statutes of 1992), the Commission, the Department, a regional agency, and a local agency may enter into either one of two types of arrangements under which a local agency pays for the delivery of a State Transportation Improvement Program (STIP) project with its own funds in advance of the year in which the project is programmed. These arrangements are typically referred to as an "AB 3090 reimbursement" or an "AB 3090 replacement project".

The Commission's policies on the approval of AB 3090 arrangements are in the Statement of Policy for Approval of AB 3090 Replacement Projects or Direct Cash Reimbursements (Resolution G-03-05) and reiterated in the 2012 STIP Guidelines (Resolution G-11-08). At the March 28, 2012 Commission meeting, staff presented a recommendation that the Commission consider AB 3090 proposals within the framework of the existing policies and guidelines, and that the Commission only consider AB 3090 cash reimbursement arrangements meeting the following criteria:

- The component being advanced is construction or a transit vehicle procurement.
- The local agency awards the contract within 6 months of the Commission's approval of the AB 3090 (or the AB 3090 arrangement would be cancelled).
- The project is federally funded and federal funds are used for the reimbursement (using the local advance construction process).

The Commission directed staff to continue working with regional agencies to recommend changes to the AB 3090 Policy and STIP Guidelines as necessary. After discussions with regional agencies, staff is recommending the Commission consider amendments to the 2012 STIP Guidelines as proposed in the attached document (on page 4 of the Policies and Procedures Specific to the 2012 STIP and pages 34-36 of the permanent STIP Guidelines), replacing resolution G-11-08 and superseding resolution G-03-05 (the Commission's Statement of Policy for Approval of AB 3090 Replacement Projects or Direct Cash Reimbursements).

The proposed changes would:

- Expand the preference in AB 3090 arrangements to include AB 3090 reimbursements using federal funds and the local advance construction process.
- Note that while scheduled project reimbursements have the highest STIP priority among projects programmed within a fiscal year, the reimbursements are subject to the availability of the appropriate fund type (e.g. federal funds).
- State that in most cases, reimbursement will be programmed over several years and that the Department may pay the reimbursements quarterly.
- Commission staff will develop an "AB 3090 Plan" which will include projects for which regions intend to request an AB 3090 reimbursement in order to advance the project into 2012-13 or 2013-14. The plan will also include a proposed reimbursement schedule.
- Update the period to award to be consistent with the Commission current timely use of funds policy for other STIP projects
- Provide flexibility for a region that is unable to explicitly find that the project to be advanced is the region's highest priority among STIP projects programmed for that fiscal year.
- For a current year request, require that the region explain why the project cannot be advanced using the SB 184 reimbursement allocation process (as described in section 64A of the STIP Guidelines).
- Delete from the STIP Guidelines a paragraph regarding the use of RSTP or CMAQ funds for an AB 3090 replacement project.
- State that the Commission intends to evaluate the limit on AB 3090 reimbursements arrangements biennially as a part of the STIP fund estimate and STIP guidelines.

The limits on AB 3090 reimbursements were raised as an issue by several regional agencies but staff does not recommend increasing the limits. The STIP guidelines and AB 3090 Policy state that "in considering approval of AB 3090 reimbursement arrangements, the Commission intends to insure that no more than $200 million in reimbursements is scheduled statewide for any fiscal year and that no more than $50 million in reimbursements is scheduled for the projects of any single agency or county for any one fiscal year."

A number of regions requested an increase to the limit of $50 million in reimbursements per single agency or county for any one fiscal year so that the Commission can consider AB 3090 reimbursements for projects programmed for more than $50 million. The Commission typically programs AB 3090 reimbursements over several years. Therefore, under current policies, the Commission can approved AB 3090 reimbursements for projects larger than $50 million by programming the reimbursements over several years.

Several regions also requested an increase to the statewide limit of $200 million in reimbursements for any fiscal year. This limit was established in 2003, one year after the Commission adopted the 2002 STIP. The 2002 STIP added an average of nearly $1.3 billion per year to the STIP. At the time the $200 million limited amounted to 15% of the STIP capacity. By comparison, the 2012 STIP added an average of only about $740 million per year. As a percentage of STIP capacity, the AB 3090 reimbursement limit has nearly doubled to 27%.

Rather than increasing the $200 million limit, the Commission may wish to consider lowering the limit. In 2010-11 and 2011-12, the STIP federal funds allocation capacity was $200 million. Subtracting $74 million for federal apportionments that can only be used for Transportation Enhancement projects leaves a capacity for federally funded STIP highway and transit projects of $126 million. Based on recent funding levels, this would be the practical limit on AB 3090 reimbursements from federal funds.

BACKGROUND:

The Commission, the Department, a regional agency, and a local agency may enter into either one of two types of arrangements under which a local agency pays for the delivery of a STIP project with its own funds in advance of the year in which the project is programmed. Under the first type of arrangement, the local agency that advances the STIP project and has another project or projects of equivalent value programmed in its place, and these arrangements are implemented by a STIP amendment designating the specified dollar amount for an "AB 3090 replacement project" without identifying the specific project to be implemented as the replacement. Under the second type of arrangement, the local agency that advances the STIP project is programmed to receive a direct cash reimbursement, and those arrangements are implemented by a STIP amendment that gives approval to the Department to execute a reimbursement agreement and programs the reimbursement for the fiscal year in which the project was scheduled in the STIP or a later year. Scheduled project reimbursements have the highest STIP priority among projects programmed within a fiscal year.

The Commission has adopted guidelines that describe specific procedures for reimbursement arrangements (Advance Local Funding and Reimbursement Guidelines, Resolution G-02-13) and policies for the approval of AB 3090 arrangements for either replacement projects or reimbursements (Statement of Policy for Approval of AB 3090 Replacement Projects or Direct Cash Reimbursements, Resolution G-03-02). The approval of AB 3090 arrangements is reiterated in the STIP Guidelines (section 67A) and addressed in the Policies and Procedures Specific to the 2012 STIP (Resolution G-11-08).

At the Southern California STIP Hearing on February 1, 2012, a number of regional agencies requested the Commission approve AB 3090 arrangements as a part of the adoption of the 2012 STIP. The Commission directed staff to address this request and to review the Commission's AB 3090 policy and guidelines in conjunction with the STIP adoption. At the March 28, 2012 Commission meeting, staff presented a recommendation that the Commission consider AB 3090 proposals within the framework of the existing policies and guidelines, and that the Commission only consider AB 3090 cash reimbursement arrangements meeting specific criteria.

Attachments

May 23, 2012

CALIFORNIA TRANSPORTATION COMMISSION
Amendment of STIP Guidelines

RESOLUTION G-##-##
Amending Resolution G-11-08
Superseding Resolution G-03-05

1.1 WHEREAS Government Code Section 14530.1 requires the California Transportation Commission to adopt guidelines for the development of the state transportation improvement program (STIP) and permits the Commission to amend the guidelines after conducting a public hearing, and

1.2 WHEREAS the Commission last amended the STIP guidelines on August 10, 2011 (Resolution G-11-08), and

1.3 WHEREAS the STIP guidelines reiterate the Commission's Statement of Policy for Approval of AB 3090 Replacement Projects of Direct Cash Reimbursement approevd in Resolution G-03-05, and

1.4 WHEREAS the Commission held a public hearing on amendments to the guidelines on May 23, 2012,

2.1 NOW THEREFORE BE IT RESOLVED that the Commission adopts the amendments to the STIP guidelines, as presented by Commission staff on May 23, 2012, and

2.2 BE IT FURTHER RESOLVED that the Commission adopts the attached amendments to the policies and procedures specific to the 2012 STIP, and

2.3 BE IT FURTHER RESOLVED that the Commission policy for approval of AB 3090 in the STIP guidelines supersedes Resolution G-03-05, and

2.4 BE IT FURTHER RESOLVED that the Commission requests that the Department, in cooperation with Commission staff, distribute copies of the STIP guidelines, as amended, together with the policies and procedures specific to the 2012 STIP, to regional agencies, county transportation commissions, and representatives of local agencies and transit agencies.

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Attachment to Resolution G-##-##

STIP Guidelines
Policies and Procedures Specific to the 2012 STIP

The following specific policies and procedures address the particular circumstances of the 2012 STIP:

- Schedule. The following schedule lists the major milestones for the development and adoption of the 2012 STIP:

Caltrans presents draft Fund Estimate	July 15, 2011
Fund Estimate Workshop & STIP Guidelines hearing	July 27, 2011
CTC adopts Fund Estimate	August 10, 2011
Caltrans identifies State highway needs	September 14, 2011
Regions submit RTIPs	December 15, 2011
Caltrans submits ITIP	December 15, 2011
CTC STIP hearing, South	February 1, 2012
CTC STIP hearing, North	February 8, 2012
CTC publishes staff recommendations	March 8, 2012
CTC adopts STIP	March 28, 2012

- Statewide fund estimate. The statewide capacity for the 2012 STIP fund estimate identifies net new capacity available in the two years added to the STIP, 2015-16 and 2016-17, as well as net increase and decreases in capacity in earlier years. The estimate incorporates the 2011-12 Budget Act and other 2011 legislation enacted prior to the fund estimate adoption. Programming in the 2012 STIP will be constrained by fiscal year, with most new programming in the two years added to the STIP, 2015-16 and 2016-17.

- County shares and targets. The Fund Estimate tables of county shares and targets take into account all county and interregional share balances on June 30, 2011. For each county and the interregional share, the table identifies the following amounts:
  - Base (minimum). This is the share for each county and the interregional program through 2015-16, the end of the county share period that falls within the 2012 STIP period. It is calculated as the sum of the share balance through the June 2011 Commission meeting and the STIP formula share of the statewide new capacity available through 2015-16. In accordance with statute and the STIP guidelines, the Commission will program all RTIP proposals that fall within this amount unless it rejects the RTIP in its entirety.
  - Total Target. This target is determined by calculating the STIP formula share of all new capacity through 2016-17. The Total Target is not a minimum, guarantee, or limit on project nominations or on project selection in any county or region for the 2012 STIP.

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- Maximum. This target is determined by estimating the STIP formula share of all available new capacity through the end of the county share period in 2019-20. This represents the maximum amount that the Commission may program in a county, other than advancing future shares, pursuant to Streets and Highways Code Section 188.8(j), to a county with a population of under 1 million.

- Transit and Rail Projects. The 2012 STIP Fund Estimate indicates that there is negative (-$542 million) program capacity for the Public Transportation Account (PTA). This means that many of the **transit projects currently programmed in the STIP will either have to be delivered with other funds (if the transit project is eligible for State Highway Account or Federal funds) or be unprogrammed**. A region in its RTIP, and Caltrans in the ITIP, shall indicate, for all currently programmed and new transit and rail projects, if the projects are eligible to be funded with Federal or State Highway Account funds. **Transit and rail projects currently programmed in 2012-13 through 2014-15 that are not eligible to be funded with Federal or State Highway Account funds must be unprogrammed. A region that unprograms a transit or rail project because the project cannot be funded with Federal or State Highway Account funds may nominate another project in its place.**

  Article XIX of the California Constitution restricts transit and rail projects that can be funded with nearly all SHA revenues to the "research, planning, construction, and improvement of exclusive public mass transit guideways (and their related fixed facilities), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, the administrative costs necessarily incurred in the foregoing purposes, and the maintenance of the structures and the immediate right-of-way for the public mass transit guideways, but excluding the maintenance and operating costs for mass transit power systems and mass transit passenger facilities, vehicles, equipment, and services."

  Additionally, SHA revenues may not be expended for these purposes "unless such use is approved by a majority of the votes cast on the proposition authorizing such use of such revenues in an election held throughout the county or counties, or a specified area of a county or counties, within which the revenues are to be expended."

  This means, for example, that rail rolling stock and buses may be funded only from the Federal revenues in the STIP. For such projects, the non-Federal match (generally a minimum of 11½%) will have to be provided from a non-STIP source.

  While PTA program capacity has been nearly eliminated, a region may still nominate transit and rail project in its RTIP within the aforementioned State Highway Account and Federal funding constraints.

- Transportation Enhancement (TE) target. The fund estimate tables include targets for TE programming from each county and the interregional share. This target is the formula distribution of the new statewide TE capacity for the two new years in the STIP period. The TE targets are calculated as share formula proportions of the estimated statewide TE apportionments available for new programming. They are

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provided for guidance only. In order to improve delivery of TE projects, the Commission encourages Caltrans and larger regions to program larger TE projects.

It is important to note that while separate TE targets are provided there are no separate TE shares. Programmed TE projects count against a county's total share. As specified in section 22 of the STIP guidelines, an RTIP may propose, and the Commission may program, either more or less than the TE target in a county for TE projects.

While nearly all new TE capacity is in the two new years of the Fund Estimate (2015-16 and 2016-17), an RTIP or ITIP may propose to program any amount in any fiscal year for TE, including changes in the programming of currently programmed projects or reserves. The Commission may change the proposed programming years for TE projects in the adopted STIP if, and only if, statewide TE proposals exceed statewide TE apportionments. Where that occurs, the Commission will give priority to projects carried forward from the prior STIP and may give priority to identified projects over TE reserves.

- TE Allocations. In order to improve delivery of TE projects, the Commission will, in the fourth quarter of the fiscal year, consider advancing for allocation TE projects programmed in outer years if in the first three quarters of the fiscal year less than 75% of the current-year TE projects have been allocated. The Commission's priority for advancing TE projects will be construction allocations for non-motorized transportation projects. If there is not sufficient TE allocation capacity to allocate funds to all TE-eligible projects programmed in that year, the Commission, consistent with Streets and Highways Code section 2373 and section 22 of these guidelines, intends to give priority for allocation to TE projects selected using criteria developed per SB 286.

- Limitations on planning, programming, and monitoring (PPM). The fund estimate includes a table of PPM limitations that identifies the 5% limit for county and interregional shares for the 2012-13 through 2015-16 share period and for 2016-17, based upon the 2008, 2010, and 2012 Fund Estimates. These are the amounts against which the 5% is applied. The PPM Limitation is a limit to the amount that can be programmed in any region and is not in addition to amounts already programmed.

- Advance Project Development Element (APDE). There is no APDE identified for the 2012 STIP.

- GARVEE bonding and AB 3090 commitments. The Commission will not consider proposals for either GARVEE bonding or new AB 3090 commitments as part of the 2012 STIP. The Commission will consider AB 3090 or GARVEE bonding proposals as amendments to the STIP after the initial adoption. Commission staff will develop an "AB 3090 Plan" which will include projects for which regions intend to request an AB 3090 reimbursement in order to advance the project into 2012-13 or 2013-14. The plan will also include a proposed reimbursement schedule. The inclusion of a project on the list is not a commitment by the regional agency to request an AB 3090 reimbursement, an endorsement or recommendation by Commission staff, or an approval by the Commission.

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- Commission expectations and priorities. For the 2012 STIP, the Commission expects to give first priority to the reprogramming of projects from the 2010 STIP, as amended, and to new projects to meet county shares for the period ending in 2015-16.

  Because of the loss of PTA revenues anticipated in the 2012 STIP fund estimate, **transit and rail projects currently programmed in 2012-13 through 2014-15 that are not eligible to be funded with Federal or State Highway Account funds must be unprogrammed.** Additionally, **excluding TE the STIP is overprogrammed (underfunded) by approximately $101 million though 2012-13. This may require that some projects programmed in 2012-13 be delayed (reprogrammed) to 2013-14.** Any cost increases or other new programming in early years will require more reprogramming to later years.

  The selection of projects for additional programming will be consistent with the standards and criteria in section 61 of the STIP guidelines. In particular, the Commission intends to focus on RTIP proposals that meet State highway improvement needs as described in section 20 of the guidelines. As specified in section 20, the Department may nominate or recommend State highway improvement projects for inclusion in RTIPs and identify any additional State highway improvement needs within each region that could be programmed by 2019-20 (three years beyond the end of the STIP period) using revenue assumptions similar to those adopted for the 2012 STIP fund estimate. The Department should provide a copy or list of the identified state highway needs to regional agencies and present this information to the Commission at the Commission's September 14, 2011 meeting.

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CALIFORNIA TRANSPORTATION COMMISSION

STIP GUIDELINES

May 23, 2012

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CALIFORNIA TRANSPORTATION COMMISSION
STIP GUIDELINES

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I. Introduction:

1. Purpose and Authority. These guidelines describe the policy, standards, criteria and procedures for the development, adoption and management of the state transportation improvement program (STIP). They were developed and adopted in cooperation with Caltrans, regional transportation planning agencies, county transportation commissions and local agencies in accordance with Government Code Section 14530.1. The guidelines were developed and adopted with the following basic objectives:

   - Develop and manage the STIP as a resource management document.
   - Facilitate transportation decision making by those who are closest to the transportation problems.
   - Recognize that although Caltrans is owner-operator of the State highway system, the regional agencies have the lead responsibility for resolving urban congestion problems, including those on state highways.
   - Provide incentives for regional accountability for the timely use of funds.
   - Facilitate the California Transportation Commission, and Caltrans role as guardian of State capital dollars, with responsibility for determining how best to manage those dollars in a wise and cost-effective manner.
   - Facilitate cooperative programming and funding ventures between regions and between Caltrans and regions.

   The Commission intends to carry out these objectives through its guidelines, stressing accountability, flexibility, and simplicity.

2. Biennial Fund Estimate. By July 15 of each odd numbered year Caltrans shall submit to the Commission a proposed fund estimate for the following five-year STIP period. The Commission shall adopt the fund estimate by August 15 of that same year. The assumptions on which the fund estimate is based shall be determined by the Commission in consultation with Caltrans, regional agencies and county transportation commissions.

3. STIP Adoption. Not later than April 1 of each even numbered year the Commission shall adopt a five-year STIP and submit it to the legislature and to the Governor. The STIP shall be a statement of the Commission's intent for allocation and expenditure of funds for the following five years as well as a resource management document to assist in the planning and utilization of transportation resources in a cost-effective manner. The STIP shall be developed consistent with the fund estimate and the total amount programmed in each fiscal year of the STIP shall not exceed the amount specified in the fund estimate. The adopted STIP shall remain in effect until a new STIP is adopted for the next two year STIP cycle.

4. Amendments to STIP Guidelines. The Commission may amend the adopted STIP guidelines after first giving notice of the proposed amendment and conducting at least one public hearing. The guidelines may not be amended or modified during the period between thirty days following the adoption of the fund estimate and the adoption of the STIP.

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5. Federal TIPs and Federal STIP. These guidelines apply only to the transportation programming requirements specified in state statutes. They do not apply to transportation programming requirements specified in federal statutes. Generally, all projects receiving federal transportation funds must be programmed in a federal TIP (for projects in urbanized regions) and also in a federal STIP. Metropolitan Planning Organizations are responsible for developing and adopting federal TIPs and Caltrans is responsible for preparing the federal STIP. The requirements for federal TIPs and the federal STIP are specified in federal statutes (Title 23 USC) and federal regulations (23 CFR part 450).

II. STIP Contents:

6. General. The STIP is a biennial document adopted no later than April 1 of each even numbered year. Each STIP will cover a five year period and add two new years of programming capacity. Each new STIP will include projects carried forward from the previous STIP plus new projects and reserves from among those proposed by regional agencies in their regional transportation improvement programs (RTIPs) and by Caltrans in its interregional transportation improvement program (ITIP). State highway project costs in the STIP will include all Caltrans project support costs and all project listings will specify costs for each of the following four components: (1) completion of all permits and environmental studies; (2) preparation of plans, specifications, and estimates; (3) right-of-way acquisition; and (4) construction and construction management and engineering, including surveys and inspection. (See Sections 47 and 50 of these guidelines for guidance on the display of project components and their costs.)

   County and Interregional Shares. The STIP consists of two broad programs, the regional program funded from 75% of new STIP funding and the interregional program funded from 25% of new STIP funding. The 75% regional program is further subdivided by formula into county shares. County shares are available solely for projects nominated by regions in their RTIPs. The Caltrans ITIP will nominate only projects for the interregional program. Under restricted circumstances, an RTIP may also recommend a project for funding from the interregional share (see Section 32 of these guidelines).

   The 1998 STIP period constituted a single county share period ending 2003-04; later county share periods are discrete 4-year periods, ending 2007-08, 2011-12, 2015-16, etc. Both surpluses and deficits of county shares and interregional shares carry forward from one period to the next. The Commission will program each new project, including Caltrans support costs, either from a county share or from the interregional share. (See Sections 53-59 of these guidelines for the method of counting cost changes after initial programming.)

8. Joint Funding from Regional and Interregional Shares. If Caltrans and a regional agency agree, they may recommend that a new project or a project cost increase be jointly funded from county and interregional shares. In that case, the region will nominate the county share in the RTIP and Caltrans will nominate the interregional share in the ITIP.

9. Prior Year Projects. The STIP shall include projects from the prior STIP that are expected to be advertised prior to July 1 of the year of adoption, but for which the Commission has not yet allocated funds.

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10. 1996 STIP Projects. All 1996 STIP project costs will be funded off the top prior to the division of new funds between the regional and interregional programs. This grandfathered funding will include Caltrans support costs, and the project cost display for 1996 STIP projects will conform to the same standards used for new STIP projects. Any cost changes to construction or right-of-way capital costs for 1996 STIP projects will be drawn from or credited to county and interregional shares the same as if they were cost changes to new STIP projects. Caltrans support costs for 1996 STIP projects will be drawn from county and interregional shares only to the extent that they are attributable to a change in project scope since the 1996 STIP. Except where there is a proposal for jointly funding a cost increase from county and interregional shares, cost changes that Caltrans requests for projects originally programmed under the former intercity rail, interregional road system, or retrofit soundwall programs or for NAFTA projects programmed in the 1996 STIP will be drawn from or credited to the new interregional share. All other cost changes will be drawn from or credited to the appropriate regional share. Caltrans, in the ITIP, shall submit updated budgets for all ongoing grandfathered 1996 STIP projects.

11. Transportation Management System Improvements. The Commission supports implementation and application of transportation management systems (TMS) improvements to address highway congestion and to manage transportation systems. Under current statutes Caltrans is owner operator of the state highway system and is responsible for overall management of the state highway system. The regional transportation agencies are responsible for planning and programming transportation strategies, facilities and improvements which address regional transportation issues and system wide congestion. The Commission encourages the regions and Caltrans to work cooperatively together to plan, program, implement, operate and manage transportation facilities as an integrated system with the objective of maximizing available transportation resources and overall transportation systems performance.

    Considering this objective and the respective responsibilities of Caltrans and the regional agencies, it is the Commission's policy that TMS improvements for state highways may be programmed in the State Highway Operations and Protection Program (SHOPP) by Caltrans in consultation with regional agencies if such improvements are part of a region's adopted strategy for addressing system wide congestion. The regions are encouraged to program TMS improvements in their RTIP for STIP programming if timely programming through the SHOPP is not possible because of funding limitations in the SHOPP. TMS improvements include the following types of projects:

    - Transportation Management Centers (TMCs) including necessary computer software and hardware.
    - TMC interconnect projects which allow a TMC to substitute for another TMC during an emergency.
    - TMC field elements such as, but not limited to, traffic sensors, message signs, cameras and ramp meters, which upgrade the existing facilities and are necessary to facilitate the operation of the TMC.

    The application of TMS improvements should be coordinated with other operational improvements such as freeway ramp/local street access modifications and auxiliary lanes in

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order to maximize the TMS benefits. Prior to programming a new highway facility for construction, reconstruction or rehabilitation in the STIP or in the SHOPP, regions and Caltrans should fully consider transportation systems management plans and needs and include any necessary TMC field elements to support operation of existing or planned TMCs**.**

12. Capacity Increasing Highway Operational Improvements. State highway operational improvements which expand the design capacity of the system such as those listed below are not eligible for the SHOPP. To the extent such projects address regional issues, the regional agency is responsible for nominating them for STIP programming through the RTIP process. To the extent such projects address interregional issues, Caltrans is responsible for nominating them for STIP programming through the ITIP process.
    1. High Occupancy Vehicle (HOV) lanes and HOV interchanges.
    2. Interchange design modifications and upgrades to accommodate traffic volumes that are significantly larger than the existing facility was designed for.
    3. Truck or slow vehicle lanes on freeways of six or more mixed flow lanes.

13. Non-Capacity Increasing Highway Operational Improvements. State highway operational improvements which do not expand the design capacity of the system and which are intended to address spot congestion and are not directly related to TMCs or TMC field elements are eligible for the SHOPP. Regions may nominate these types of projects for STIP programming through the RTIP process if timely implementation through the SHOPP is not possible. Examples of such projects include:
    1. Auxiliary lanes for merging or weaving between adjacent interchanges.
    2. Intersection modifications including traffic signals.
    3. Slow vehicle lanes on conventional highways and four lane freeways.
    4. Curve and vertical alignment corrections.
    5. Two-way left turn lanes.
    6. Channelization.
    7. Turnouts.
    8. Chain control and truck brake inspection sites.
    9. Shoulder widening.

III. STIP Requirements for All Projects:

14. Project Study Reports. A new project may not be included in either an RTIP or the ITIP without a complete project study report (PSR) or, for a project that is not on a State highway, a PSR equivalent. This requirement applies to the programming of project development components as well as to right-of-way and construction. This requirement does not apply to the programming of project planning, programming, and monitoring or to the STIP match of RSTP/CMAQ funds. A PSR is a report that meets the standards of the Commission's PSR guidelines. For a Traffic Congestion Relief Program (TCRP) project, a TCRP project application is a PSR for the phases of work included in the application. For a Transportation Enhancement (TE) project, a TE project application prepared in accordance with the Department's program guidelines is a PSR. For a transit project, the Commission's Uniform Transit Application is a PSR equivalent. A project study report equivalent will, at a minimum, be adequate to define and justify the project scope, cost and

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schedule to the satisfaction of the regional agency. Though a PSR or equivalent may focus on the project components proposed for programming, it must provide at least a preliminary estimate of costs for all components. The PSR, or PSR equivalent, need not be submitted with the RTIP or ITIP. However, the Commission or its staff may request copies of a project's report to document the project's cost or deliverability.

15. Programming Project Components Sequentially. Project components may be programmed sequentially. That is, a project may be programmed for environmental work only without being programmed for plans, specifications, and estimates (design). A project may be programmed for design without being programmed for right-of-way or construction. A project may be programmed for right-of-way without being programmed for construction. The Commission recognizes a particular benefit in programming projects for environmental work only, since project costs and particularly project scheduling often cannot be determined with meaningful accuracy until environmental studies have been completed. The premature programming of post-environmental components can needlessly tie up STIP programming resources while other transportation needs go unmet.

    The Commission will program a project component only if it finds that the component itself is fully funded, either from STIP funds or from other committed funds. The Commission will regard non-STIP funds as committed when the agency with discretionary authority over the funds has made its commitment to the project by ordinance or resolution. For Federal formula funds, including RSTP, CMAQ, and Federal formula transit funds, the commitment may be by Federal TIP adoption. For Federal discretionary funds, the commitment may be by Federal approval of a full funding grant agreement or by grant approval.

    When proposing to program only preconstruction components for a project, Caltrans or the regional agency should demonstrate the means by which it intends to fund the construction of a useable segment, consistent with the regional transportation plan or the Caltrans interregional transportation strategic plan.

    All regional agencies with rail transit projects shall submit full funding plans describing each overall project and/or useable project segment. Each plan shall list Federal, State, and local funding categories by fiscal year over the time-frame that funding is sought, including funding for initial operating costs. Moreover, should the project schedule exceed the funding horizon, then the amount needed beyond what is currently requested shall be indicated. This information may be incorporated in the project fact sheets (see Section 45 of these guidelines).

16. Completion of Environmental Process. The Commission may program funding for project right-of-way or construction only if it finds that the sponsoring agency will complete the environmental process and can proceed with right-of-way acquisition or construction within the five-year period of the STIP. In compliance with Section 21150 of the Public Resources Code, the Commission may not allocate funds to local agencies for design, right-of-way, or construction prior to documentation of environmental clearance under the California Environmental Quality Act.

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17. Caltrans/Regional Consultations. Caltrans and regional agencies shall consult with each other in the development of the ITIP and the RTIPs. As a part of this consultation, Caltrans will advise regional agencies, as far in advance as is practicable, of projects that may be or are likely to be included in the ITIP, including the potential for joint funding from county and interregional shares, and will seek the advice of the regional agencies regarding these projects. The consultation should allow regional agencies to consider and to advise Caltrans regarding the potential impact of the ITIP on the programming of projects in the RTIP. The Commission encourages Caltrans to assist the regional agencies that are responsible for preparing a Federal TIP by identifying projects that may be included in the ITIP, recognizing that Federal regulations generally require that a project in a county with an urbanized area be included in the Federal TIP in order to qualify for Federal funding.

    As part of this consultation, each regional agency should seek and consider the advice of Caltrans regarding potential regional program funding for State highway and intercity rail projects and should advise Caltrans, as far in advance as is practicable, of staff recommendations or other indications of projects that may be or are likely to be included in the RTIP. The consultation should allow Caltrans to consider and advise the regional agency regarding the potential impact of the RTIP on the programming of projects in the ITIP. Where the regional agency prepares a Federal TIP, the consultation should provide for the timely inclusion of State highway projects in the Federal TIP.

    Nothing in this section is meant to require that Caltrans or a regional agency make final commitments regarding the inclusion of particular projects in the ITIP or RTIP in advance of the December 15 deadline for submission.

18. Minor Projects. There is no minimum size for a STIP project. The minor reserve in the Caltrans State Highway Operation and Protection Program (SHOPP) is for SHOPP projects only. The Commission will not allocate funds from the SHOPP minor program for capacity-increasing projects, including bicycle and pedestrian facilities, soundwalls, and enhancements and mitigation for STIP projects.

19. Criteria for Measuring Performance and Cost-Effectiveness. In order to maximize the state's investments in transportation infrastructure, it is the Commission's policy that each RTIP and the ITIP will be evaluated, as they are developed, for performance and cost-effectiveness at the system and project level where appropriate. For new projects for which construction of a large new facility or a substantial expansion of an existing facility is proposed and over 50% of a county's target for new programming, as identified in the fund estimate, is applied or is over $50 million in total project costs, a project level evaluation shall be submitted. The project-level evaluation shall include a Caltrans generated benefit/cost estimate and identify the estimated impact the project will have on the annual cost of operating and maintaining the state highway system. The evaluation should be conducted by each region and by Caltrans before the RTIPs and the ITIP are submitted to the Commission for incorporation into the STIP. Each RTIP and the ITIP submitted to the Commission will be accompanied by a report on its performance and cost-effectiveness. Regional agencies and Caltrans will, as part of the transportation planning and programming process, monitor transportation systems and projects for performance and provide performance forecasts for use in evaluation of RTIPs and ITIPs. As performance

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measurement concepts and techniques continue to mature, updated guidance may be provided in future STIP guidelines.

The Commission will consider the evaluations submitted by regions when making decisions on RTIPs as described in Section 60 of these guidelines. The Commission will consider the evaluation submitted by Caltrans when making decisions on the ITIP as described in Section 62 of these guidelines.

The evaluation report should clearly demonstrate how effective the RTIP or the ITIP is in addressing or achieving the goals, objectives and standards which are established as part of the respective regional transportation plan (RTP) or Caltrans' Interregional Transportation Strategic Plan (ITSP). The purpose of the evaluation report is to assess the performance and cost effectiveness of each RTIP and the ITIP based on its own merits, not to attempt a comparative assessment between individual RTIPs or RTIPs and the ITIP. RTIP evaluations should also address how the RTIP relates to the ITSP at key points of interregional system connectivity. Caltrans' evaluation of the ITIP should address ITIP consistency with the RTPs. Each region is responsible for establishing transportation goals, and the objectives of its RTP that are reflected in its RTIP. However, each region should consider improvements to mobility, accessibility, reliability, safety, and productivity (throughput) as part of the fundamental performance goals of its long-range transportation plan and its RTIP submittal. For TE projects, each Region and Caltrans should explain how its use of TE funds supports its transportation goals. A region should explain the how the TE projects included in its RTIP are consistent with locally adopted planning documents such as bicycle transportation plans. Caltrans should explain how TE projects are consistent with statewide planning documents.

Regions and Caltrans are responsible for developing goals, objectives and priorities that include consideration of system performance. The Commission recognizes that many measures of performance and benefit are difficult to evaluate and may be more subjective rather than measurable in quantifiable units. In order to facilitate statewide consistency, regions and Caltrans should also consider using (when appropriate) values of performance and benefits and evaluation methodologies that are commonly accepted and that represent accepted or standard practice. The Commission encourages regions to consider using (when appropriate) values of time, safety, vehicle operation costs and discount rates that are developed by Caltrans for benefit cost analysis of transportation projects.

The Commission does expect that evaluations of performance and cost-effectiveness will be for a 20-year period or on a life cycle basis. Reports to the Commission on evaluations of performance and cost effectiveness should be presented in a format that is disaggregated to the level of the benefits and measures used.

The inclusion of specific performance measures in the STIP is to provide regional agencies and Caltrans the opportunity to demonstrate how the goals and objectives contained in each Regional Transportation Plan (RTP) or the Interregional Transportation Strategic Plan (ITSP) are linked to the program of projects contained in each RTIP and the ITIP. With this in mind, each agency and Caltrans shall provide a quantitative and/or qualitative evaluation of its RTIP or the ITIP, commenting on each of the performance indicators and

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performance measures outlined in Table A. Appendix B was developed to assist agencies with this task. Appendix B will be considered the evaluation report for the STIP cycle and will fulfill the requirement outlined this section of the STIP Guidelines.

The overarching goal for using performance measures in the STIP is to continue a systematic and reliable process that all agencies can use to guide transportation investment decisions and to demonstrate the benefits of proposed transportation system investments. The information gathered in this STIP cycle will not only provide information on how performance measures are currently applied and reported across the state, but will also provide insight into improving performance measures, data collection and performance reporting procedures and integrating the results to enhance decision making. The information collected in Appendix B may also guide future revisions to the STIP, Regional Transportation Plan (RTP) and Project Study Report (PSR) guidelines with the objective of strengthening the continuity and consistency from goal and objective setting to project selection and performance reporting.

In establishing the following criteria the Commission recognizes that it is difficult to develop and utilize criteria that are relevant in both urban and non-urban regions or relevant at both a statewide and regional level. Different criteria may apply depending on the complexity of the region or the functionality of an interregional route. To this end, the regions and Caltrans should use the criteria provided below, and are encouraged to highlight other criteria that are essential for the purposes of program development and project selection. Where applicable, the performance measures listed in Table A should be used to quantitatively evaluate the criteria below. Results of this analysis will not only used to forecast the impact on the transportation system of projects contained in the RTIPs and the ITIP, but also indicate current system performance, thereby establishing a baseline from which future performance trends may be observed.

Regions and Caltrans should use the following criteria for measuring performance of RTIPs and the ITIP:

1. Change in vehicle occupant, freight and goods travel time or delay.
2. Change in accidents and fatalities.
3. Change in vehicle and system operating costs.
4. Change in access to jobs, markets and commerce.
5. Change in frequency and reliability of rail/transit service.
6. Change in air pollution emissions including greenhouse gas emissions.
7. Change in passenger, freight and goods miles carried.

Regions and Caltrans should consider the following criteria for measuring cost-effectiveness of RTIPs and the ITIP:

1. Decrease in vehicle occupant travel, freight and goods time per thousand dollar invested.
2. Decrease in accidents and fatalities per thousand dollar invested.
3. Decrease in vehicle and system operating cost per thousand dollar invested.
4. Improved access to jobs, markets and commerce per thousand dollar invested.
5. Increased frequency reliability of rail/transit service per thousand dollar invested.

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6. Decrease in air pollution emissions per thousand dollar invested.
7. Increase in annual passenger, freight and goods miles carried per thousand dollar invested.

IV. Regional Improvement Program:

20. Submittal of RTIPs. After consulting with Caltrans, each regional agency shall adopt and submit its RTIP to the Commission and to Caltrans no later than December 15 of each odd-numbered year. The RTIP will include and separately identify:

    (a) Programming proposals from the county share(s), consistent with the STIP fund estimate and Section 23 of these guidelines. These proposals may include new projects, changes to prior STIP projects, and reserves for RSTP/CMAQ match and TE projects, as specified in sections 24 and 24A.
    (b) Programming proposals from the county Advance Project Development Element (APDE) share, which is treated as an advance of future share (see Sections 37-42).
    (c) Any request to advance a future county share for a larger project (permitted only in regions under 1 million population).
    (d) Any project recommendations for the interregional share.

    The Department may nominate or recommend State highway improvement projects for inclusion in the RTIP for programming from the county share. The Department should also identify any additional State highway improvement needs within the region that could reasonably expect to be programmed within the 3 years beyond the end of the current STIP period using revenue assumptions similar to those adopted for the fund estimate. These programming recommendations and this identification of State highway improvement needs should be provided to the regional agency at least 90 days prior to the due date for submittal of the RTIP or, if a later due date for project nominations is set by the regional agency, prior to that date. The regional agency has sole authority for deciding whether to accept the Department's STIP recommendations for programming in the RTIP. The Department should provide a copy or list of its RTIP recommendations and identification of additional State highway needs for each region to the Commission.

    Each RTIP should be based on the regional transportation plan and a regionwide assessment of transportation needs and deficiencies. Programming in the RTIP should not be based on a formula distribution of county share among agencies or geographic areas.

    When the Department makes its RTIP recommendation and identification of State highway improvement needs, it should also share with the regional agency its plans for SHOPP projects that may be relevant to the region's consideration of RTIP projects. This is apart from the statutory requirement to make a draft of the SHOPP available for review and comment.

21. Project Planning, Programming, and Monitoring. The RTIP may propose to program up to 5 percent of the county share for project planning, programming and monitoring (PPM) by the transportation planning agency or, within the Southern California Association of Governments (SCAG) area, by a county transportation commission. If the RTIP proposes

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programming funds for both SCAG and a county transportation commission, the total will not exceed 5 percent of the county share.

Funds programmed for this purpose should be spread across the years of the STIP. When allocated by the Commission, the funds will be available to cover costs of:

- Regional transportation planning, including the development and preparation of the regional transportation plan.
- Project planning, including the development of project study reports or major investment studies, conducted by regional agencies or by local agencies in cooperation with regional agencies.
- Program development, including the preparation of RTIPs and studies supporting them.
- Monitoring the implementation of STIP projects, including project delivery, timely use of funds, and compliance with State law and the Commission's guidelines.

Caltrans expenses for these purposes are included in the Department's annual budget and will not be funded through the STIP except when Caltrans is reimbursed for project study reports by a region using funds allocated to that region for PPM.

22. Transportation Enhancement (TE) Projects in the RTIP. A region may include in its RTIP any TE-eligible project and may program a reserve for TE-eligible projects, as specified in Section 24A. The Fund Estimate will include a TE target for each county for each fiscal year of the STIP. The programming of TE-eligible projects and reserves in the RTIP, however, is not limited by the TE target. Federal TE apportionments will be identified in the Fund Estimate as resources for the STIP and included in the calculation of county and interregional shares. All TE-eligible projects in the STIP will be counted as part of the county or interregional share.

The Commission will not program a TE project or allocate a project from a TE reserve without verification by the Department that the project is eligible for Federal TE funding. Each regional agency should forward the project TE application to the Department with the RTIP or otherwise as early as practicable, so there is sufficient time to approve the programming or to make the allocation without delay. This will be particularly important for allocations from the TE reserve near the end-of-year deadline for timely use of funds.

A region may include in its RTIP less than its target for TE-eligible projects and may even propose to program its full county share for non-TE projects. However, if TE-eligible programming statewide falls short of using the projected TE apportionment, the Commission may elect to leave a portion of county shares unprogrammed and available only for amendments of TE-eligible projects.

Senate Bill 286 (Chapter 373, Statutes of 2008) requires that regions and Caltrans utilize criteria that give priority in the selection of TE projects to "sponsors of eligible projects that partner with, or commit to employ the services of, a community conservation corps, or the California Conservation Corps to construct or undertake the project" (Streets and Highways Code section 2371)

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In a given year, if there is not sufficient TE allocation capacity to allocate funds to all TE-eligible projects programmed in that year, the Commission, consistent with Streets and Highways Code section 2373, intends to give priority for allocation to TE projects selected using criteria developed per SB 286.

23. County Shares, Advances, and Reserves. The fund estimate will identify, for each county, (1) the county share for the share period that ends during the current STIP period, (2) the county's proportionate share for the portion of the new four-year period that falls within the current STIP period, and (3) the balance of the estimated share for the four-year period that extends beyond the current STIP period. For the 2012 STIP fund estimate, for example, this means (1) the available share for the period ending 2015-16, (2) the county's proportionate share for 2016-17, and (3) an estimated proportionate share for the period ending in 2019-20.

Any region may, in its RTIP, propose projects or project components during the STIP period from all of these shares, including the share for the period that extends beyond the STIP period. Unless the Commission rejects an RTIP, as described in Section 60, the Commission will include in the STIP, at a minimum, all RTIP projects carried forward from the prior STIP and all new RTIP programming proposed within the level of the county share for the share period that ends during the current STIP (i.e**.,** for the 2012 STIP~~s~~, the share for the period ending 2015-16). Beyond that, as described in Section 61, the Commission may include in the STIP either more or less than each region's proportionate share for the new share period. Overall, the Commission may not program more than the available statewide capacity for the STIP period. The RTIP should identify those projects or project components that it proposes to program within the STIP period from the share for each four-year share period.

As authorized by Streets and Highways Code Section 188.8(j), a region for a county with a population of less than 1 million may also**,** in its RTIP, ask the Commission to advance an amount beyond its county share for a larger project. The requested advance may not exceed 200 percent of the county share for the four-year share period that extends beyond the current STIP period, as identified in the Fund Estimate. The RTIP will separately identify the project or project components it proposes to program with the advance, following the same display format used for other RTIP projects.

Any region may, in its RTIP, ask to leave all or part of its county share unprogrammed, thus reserving that amount to build up a larger share for a higher cost project or otherwise to program projects in the county at a later time. The Commission may use funds freed up by these reserves to advance county shares in other counties. The Commission, with the consent of Caltrans, may also consider advancing county shares by reserving a portion of the interregional share until the next county share period.

24. RSTP/CMAQ Match Reserve. A region may, in its RTIP, propose a reserve from its county share for each year of the STIP to match Regional Surface Transportation Program, and Congestion Mitigation and Air Quality program (RSTP/CMAQ) funds, as authorized by Streets and Highways Code Section 188.5(e). The Commission may allocate funds from this reserve, at the request of the region, to eligible RSTP and CMAQ projects

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without further Commission action to amend the STIP to identify the individual projects. STIP funds programmed and allocated to match RSTP and CMAQ funds are available for any purpose permissible under the Federal STP and CMAQ programs. Because a region's RSTP/CMAQ reserve precludes the programming of the funds elsewhere, the Commission will apply the timely use of funds rule (see Section 65 of these guidelines) to the RSTP/CMAQ reserve as if it were a programmed project.

24A. Transportation Enhancement (TE) Reserve. A region may, in its RTIP, propose a reserve from its county share for each year of the STIP for projects eligible for funding from Federal Transportation Enhancement (TE) funds. The Commission may allocate funds from this reserve, at the request of the region, to TE-eligible projects without further Commission action to amend the STIP to identify the individual projects. STIP funds programmed and allocated from this reserve (including State match for Federal funds) are available for any purpose permissible for Federal TE apportionments. Because a region's TE reserve precludes the programming of the funds elsewhere, the Commission will apply the timely use of funds rule (see Section 65 of these guidelines) to the TE reserve as if it were a programmed project.

25. Regional Improvement Program Project Eligibility. Except for project planning, programming, and monitoring, all STIP projects will be capital projects (including project development costs) needed to improve transportation in the region. These projects generally may include, but are not limited to, improving State highways, local roads, public transit (including buses), intercity rail, pedestrian and bicycle facilities, grade separations, transportation system management, transportation demand management, soundwalls, intermodal facilities, and safety. Non-capital costs for transportation system management or transportation demand management may be included where the regional agency finds the project to be a cost-effective substitute for capital expenditures. Other non-capital projects (e.g. road and transit maintenance) are not eligible.

In addition to meeting general program standards, all STIP projects must meet eligibility requirements specific to the STIP's funding sources, the State Highway Account (SHA), which includes both State revenues and Federal revenues, the Public Transportation Account (PTA), and the Transportation Facilities Account. Unless the fund estimate specifies otherwise, a region may propose, in its RTIP, projects to be funded from any of these funding sources, or a combination of them. The Commission will provide and calculate STIP county shares without regard to the individual STIP funding sources.

Except for project planning, programming and monitoring, regional program RTIP nominations will be consistent with the following statutory sequence of priorities for programming from the State Highway Account:

- Safety improvements on transportation facilities other than State highways where physical changes, other than adding new capacity, would reduce fatalities and the number and severity of injuries. (Safety projects on State highways are programmed in the SHOPP.)
- Transportation capital improvements that expand capacity or reduce congestion, or do both. These improvements may include the reconstruction of local roads and

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transit facilities and non-capital expenditures for transportation systems management and transportation demand management projects that are a cost effective substitute for capital expenditures.

- Environmental enhancement and mitigation, including Transportation Enhancement (TE) and soundwall projects.

Article XIX of the California Constitution permits the use of State revenues in the SHA only for State highways, local roads, and fixed guideway facilities. This means, for example, that rail rolling stock and buses may be funded only from Federal funds.

It is the continuing intent of the Commission that rehabilitation projects, excluding maintenance, on the local streets and roads system remain eligible for funding in the STIP. Proposed projects on local highways functionally classified as local or as rural minor collector (non federal-aid eligible) are also eligible for STIP funding. However, programming of projects on non federal-aid eligible routes shall be limited to availability of state only funding as determined by the Commission.

26. Federalizing Transit Projects. In accordance with Federal statutes and regulations, federal highway funds programmed for transit projects must be transferred from the Federal Highway Administration to the Federal Transit Administration (FTA) for administration when the project or project component is ready to be implemented. In order to facilitate the transfer and timely use of funds, the Commission encourages the implementing agency or fund applicant to submit grant applications to FTA requesting a grant number and tentative approval of project eligibility prior to requesting Commission allocation of funds.

There are four types of transit grants available from FTA which are described in Title 53 USC Sections 5307, 5310, 5311 and 5336. For projects in urbanized areas of greater than 200,000 population, the local agency submits the grant application directly to FTA. For projects in urbanized areas of less than 200,000 population, the local agency submits the grant application through Caltrans to FTA. For projects in areas outside of urbanized areas, Caltrans acts as the grant applicant for the local agency and reimburses the local agency which is implementing the project. Grants for projects in urbanized areas must be submitted by agencies which have been certified by FTA. Grants for projects in urbanized areas are processed by FTA on a quarterly basis. Grants for projects not in urbanized areas are processed by FTA on an annual basis.

Transit related projects such as parking structures and multi-modal stations should also be transferred to FTA for administration. However, on an exception basis, FHWA will administer the funds and a grant application and fund transfer will not be necessary. Proposed exceptions should be discussed and agreed to with Caltrans and FHWA prior to programming the project in the STIP and documented in the PSR equivalent and project fact sheet.

27. Increased STIP Funding Participation. An RTIP may propose, from the county share, to increase a project's STIP funding to replace local funding already committed, provided that the local funding has not been and will not be expended or encumbered under contract prior

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to the Commission's allocation of STIP funds. The proposal will include the revised basis for cost sharing, as specified in Section 49 of these guidelines.

In those instances when any regional agency seeks additional STIP funding for a previously programmed project and the projected funding increase exceeds any increase in the estimated cost of that project, the board of such regional agency, by resolution of a majority of board members, shall declare in writing that the increase in the STIP funding is not for the purpose of "back-filling" other non-STIP funds previously committed to the capital project which have already been, or in the future will be, redirected to non-capital activities and purposes.

28. Pooling of County Shares. Two or more regional agencies may agree to consolidate their county shares for two consecutive county share periods into a single county share for both periods. A pooling agreement will become effective for a county share period if each regional agency adopts a resolution incorporating the agreement and submits it to the Commission with its RTIP. Similarly, SACOG may pool the shares of any counties in its region by adopting a resolution and submitting it with its RTIP.

As an alternative to pooling, two regional agencies may agree to accomplish the same purpose by agreeing to a loan of a specified dollar amount from one region's county share to the other during a STIP period, with the loaned amount to be returned in the following county share period. A regional agency, in its RTIP, may also propose to contribute all or a portion of its current county share for the programming of a project located in another county.

The Metropolitan Transportation Commission (MTC) may pool its county shares for a STIP period by adopting a resolution and submitting it with its RTIP, provided that the amount of any county share advanced or reserved is not more than 15 percent of the county share identified in the Fund Estimate.

29. Consistency with Land Use Plans and Congestion Management Programs. Projects included in the regional program shall be consistent with the adopted regional transportation plan, which state law requires to be consistent with federal planning and programming requirements. The federal requirements (23 U.S.C. 134) include factors to be considered in developing transportation plans and programs, including the likely effect of transportation policy decisions on land use and development and the consistency of transportation plans and programs with the provisions of all applicable short- and long-term land use and development plans.

Congestion Management Programs (CMPs) prepared by counties not electing to be exempted from CMP requirements pursuant to Section 65088.3 of the Government Code shall be incorporated into the appropriate RTIP prior to its adoption and submittal to the Commission. Projects included in the adopted RTIP shall be consistent with the capital improvement program of the CMP. Projects not in the approved CMP shall not be included in the RTIP unless listed separately.

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V. Interregional Improvement Program:

30. General. The interregional improvement program consists of STIP projects funded from the interregional program share, which is 25% of new STIP funding. Caltrans will nominate a program of projects for the interregional share in its interregional transportation improvement program (ITIP). The interregional program has two parts:

    (a) The first, funded from up to 10% of new STIP funding, is nominated solely by Caltrans in the ITIP. It is subject to the north/south 40%/60% split and otherwise may include projects anywhere in the State. The projects may include State highway, intercity passenger rail, mass transit guideway, or grade separation projects. Non-capital costs for transportation system management or transportation demand management may be included where Caltrans finds the project to be a cost-effective substitute for capital expenditures.

    (b) The second part, funded from at least 15% of new STIP funding, is not subject to the north/south split. It is limited to intercity rail projects (including interregional commuter rail and grade separation projects) and to improvements outside urbanized areas on interregional road system routes (which are specified in statute). At least 15% of the 15% (or at least 2.25% of new STIP funding) must be programmed for intercity rail projects, including interregional commuter rail and grade separation projects.

    Under restricted circumstances, an RTIP may also recommend a project for funding from the second part, described in paragraph (b). See Section 32 of these guidelines.

31. Submittal of Caltrans ITIP. After consulting with regional agencies and other local transportation authorities, Caltrans shall submit its ITIP to the Commission no later than December 15 of each odd numbered year. At the same time, Caltrans will transmit a copy of the ITIP to each regional agency. The ITIP will include programming proposals from the interregional share for the five-year STIP period. These proposals may include new projects, program reserves, changes to prior STIP interregional program projects, and the interregional share of proposals for jointly funding new projects or cost increases from county and interregional shares.

    The ITIP should include, for each proposed project, information (including assumptions and calculations) to support an objective analysis of interregional program priorities. That information, which should be based on the project study report, should include:

    - an estimate of total project costs, including mitigation costs and support costs;
    - an estimate of the time of completion of project construction;
    - an estimate of annual project benefits (at project opening) due to vehicle time savings and vehicle operating costs;
    - for road projects, an estimate of annual project benefits (at project opening) due to reductions in fatalities and injuries;
    - for rail projects, an estimate of the project's impact on ridership and the need for operating subsidies; and

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- a description of how the project would implement the interregional strategic plan, including a description of its impact on California's economic growth and the interregional distribution of goods.

32. Regional Recommendations for the Interregional Program. A regional agency may, in its RTIP, recommend improvements outside urbanized areas on interregional road system routes for funding from the interregional share. Interregional road system routes are defined in statute at Streets and Highways Code Sections 164.10 to 164.20, inclusive. By statute, the Commission may program a regional recommendation for the interregional program only if the Commission "makes a finding, based on an objective analysis, that the recommended project is more cost-effective than a project submitted by [Caltrans]." The Commission cautions regions, especially those with priority needs in both urbanized and nonurbanized areas, that nonurbanized area projects of highest regional priority should be proposed in the RTIP from the county share. The interregional program is not a nonurbanized area program, and the Commission does not intend to use the interregional program to meet most State highway needs in nonurbanized areas. The Commission anticipates programming regional recommendations for funding from the interregional program only when a recommended project constitutes a cost-effective means of implementing the interregional transportation strategic plan (see Section 34 of these guidelines).

Any regional recommendation for the interregional program shall be made in the RTIP and shall be separate and distinct from the RTIP proposal for programming from the county share(s). Each project nominated in this way must constitute a useable segment of highway. The nomination must be to fund the project fully through the interregional program. The nomination may not be part of a proposal for joint funding between the regional and interregional programs. Joint funding proposals may be made only in concert with Caltrans, with the region proposing the county share in its RTIP and Caltrans proposing the interregional share in the ITIP.

An RTIP proposal for interregional funding should be accompanied by information (including assumptions and calculations) to support the objective analysis that the Commission must make before it can program the project. That information, which should be based on the project study report, should include:

- an estimate of total project costs, including mitigation costs and support costs;
- an estimate of the time of completion of project construction;
- an estimate of annual project benefits (at project opening) due to vehicle time savings and vehicle operating costs;
- an estimate of annual project benefits (at project opening) due to reductions in fatalities and injuries; and
- a description of how the project would implement the interregional strategic plan, including a description of its impact on California's economic growth and the interregional distribution of goods.

33. Regional Transportation Plan. Projects included in the interregional program shall be consistent with the relevant adopted regional transportation plan(s).

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34. Interregional Program Objectives. The Commission envisions an interregional improvement program that works toward achievement of the following six objectives:

- Completing a trunk system of higher standard State highways (usually expressways and freeways).
- Connecting all urbanized areas, major metropolitan centers, and gateways to the freeway and expressway system to ensure a complete statewide system for the highest volume and most critical trip movements.
- Ensuring a dependable level of service for movement into and through major gateways of statewide significance and ensuring connectivity to key intermodal transfer facilities, seaports, air cargo terminals, and freight distribution facilities.
- Connecting urbanizing centers and high growth areas to the trunk system to ensure future connectivity, mobility, and access for the State's expanding population.
- Linking rural and smaller urban centers to the trunk system.
- Implementing an intercity passenger rail program (including interregional commuter rail) that complies with Federal and State laws, improves service reliability, decreases running times, and reduces the per-passenger operating subsidy.

The Caltrans ITIP should be based on a Strategic Plan for implementing the interregional program. The Strategic Plan should address development of both the interregional road system and intercity rail in California, and it should define a strategy that extends beyond the STIP. The ITIP should describe how proposed projects relate to the Strategic Plan and how the Strategic Plan would implement the Commission's objectives. The Commission will evaluate the ITIP and any regional recommendations for the interregional program in the light of these objectives and the Strategic Plan.

The interregional improvement program will include both State highway and rail projects (potentially including mass transit guideway and grade separation projects).

For State highways, the interregional program should emphasize the development of a basic trunk system (a subset of the larger interregional road system described in statute, with extensions in urbanized areas) that provides:

- access to and through or around California's urbanized areas (over 50,000 population) and the following areas that serve as major economic centers for multicounty areas: Eureka, Susanville, and Bishop; and
- access to California's major interstate and international gateways, including interstate and international border crossings, international airports, and seaports.

The Strategic Plan should identify this basic trunk system, with a primary focus on access between these areas and gateways, not on distribution within regions or on access to all counties. The focus should be on interregional commerce rather than on interregional commuting. While the interregional program may include projects on other interregional

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routes, the Commission expects the development of the basic trunk system to be the focus of near term investment.

The Commission expects the identification and selection of State highway projects for the interregional program to be based on consideration of cost in relationship to the following benefits, with higher priority given to projects with greater net benefit for the investment made:

- traffic safety, including the potential for reducing fatalities and injuries;
- reduced travel time and vehicle operating costs for interregional travel;
- economic benefits to California of expanding interregional commerce through faster and more reliable access between markets; and
- economic benefits to California of expanding interstate and international trade and commerce through faster and more reliable access to California's international airports and seaports.

Commerce includes the movement of people and goods for any economic purpose. It may include extractive industries (such as mining, agriculture, or timber) or recreation.

A large part of California's interregional road system is adequately developed for the near future, and the SHOPP provides for the protection and preservation of the existing system. The Commission therefore expects that the interregional program will be focused on underdeveloped gaps and corridors in the basic trunk system. There is no expectation that STIP interregional improvements will be evenly spread across the State, and the spreading of funding among regions is not a Commission objective for the interregional program. The Commission does encourage Caltrans and smaller regions (generally with populations less than 250,000) to consider and seek formation of partnerships to jointly fund projects on the interregional road system for the mutual benefit of the region and the state**.**

For rail, the interregional program should emphasize:

- the preservation and improvement of the existing system of State-sponsored intercity passenger rail routes, including compliance with safety and accessibility standards and protection of the State's investment in equipment;
- the reduction of the system's dependence on State operating subsidies;
- the improvement of other passenger rail access between major urban centers, airports and intercity rail routes; and
- the use of rail grade separations to improve service reliability for both intercity passenger rail and interregional goods movement.

The Commission expects the identification and selection of rail capital projects for the interregional program (including interregional commuter rail and grade separations) to be based on consideration of cost in relationship to the following benefits, with higher priority given to projects with greater net benefit for the investment made:

- reduced intercity rail running times and operating costs (which may increase demand and reduce the need for operating subsidies);

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- improved intercity rail schedule frequency and reliability (which may increase demand and reduce the need for operating subsidies); and
- economic benefits to California of promoting trade and commerce by creating faster and more reliable highway or rail access to markets, including access to California's international airports and seaports;

For either highways or rail, Caltrans and the Commission may evaluate a project as part of a series of related projects in the same location or corridor. The evaluation may consider the costs and benefits of the projects as a group. All projects in the group should be part of the Strategic Plan for near term funding, whether or not proposed for the STIP.

Where a potential interregional program project may provide substantial local benefits, it is appropriate that costs be divided between the regional and interregional programs. In this case, the evaluation of the project for the interregional program should be based on the interregional program cost share in relationship to the benefits described in this section.

35. Transportation Enhancement (TE) Projects in the ITIP. The Department may include in the ITIP a project from any TE-eligible category that relates to the interregional surface transportation of people or goods or that is a capital outlay project of statewide benefit and interest. In the case of pedestrian and bicycle facilities, the project should provide an alternative to travel on a State highway that is part of the interregional road system or provide access to a state or national park or to an interregional surface transportation facility. The Department may not propose TE-eligible grants to local agencies. However, the Department may propose TE-eligible grants for projects to be implemented by Federal agencies or other State agencies or for scenic land acquisitions by land conservancies through State or Federal agencies.

The Fund Estimate will include a TE target for each county and the interregional share. The programming of TE-eligible projects, however, is not limited by the TE target. Federal TE apportionments will be identified in the Fund Estimate as resources for the STIP and included in the calculation of county and interregional shares. All TE-eligible projects in the STIP will be counted as part of the county or interregional share.

Senate Bill 286 (Chapter 373, Statutes of 2008) requires that regions and Caltrans utilize criteria that give priority in the selection of TE projects to "sponsors of eligible projects that partner with, or commit to employ the services of, a community conservation corps, or the California Conservation Corps to construct or undertake the project" (Streets and Highways Code section 2371)

In a given year, if there is not sufficient TE allocation capacity to allocate funds to all TE-eligible projects programmed in that year, the Commission, consistent with Streets and Highways Code section 2373, intends to give priority for allocation to TE projects selected using criteria developed per SB 286.

35A. Transportation Enhancement (TE) Funding for SHOPP Projects. It is the Commission's intent that available Federal TE apportionment be applied to any TE-eligible project in the SHOPP in order to assure the full and effective use of the state's Federal apportionments.

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The Department may include in the SHOPP any TE-eligible project that is an enhancement directly related to another SHOPP project or STIP project on the State highway system. Federal rules provide that projects are TE-eligible only if they are over and above any normally required project mitigation. The Department may not use the SHOPP for local grants or for stand-alone TE capital outlay projects, which should be programmed through the STIP. The Department may, however, entertain requests from local agencies for enhancements to the Department's SHOPP or STIP projects.

36. Projects and Reserves. The ITIP should include a complete proposal for the programming of the STIP interregional share which complies with the various statutory restrictions, including: the two parts described in Section 30 of these guidelines (the 10% and 15% parts), the north/south split of the first part, and the 2.25% intercity rail minimum of the second part. Any portion of the interregional share that is not proposed for a specific project may be proposed as a reserve for future programming. This may include reserves of any kind, including a TE reserve or a proposal to reserve a portion of the interregional share for the next share period in order to free up funding for county share advances.

VI. Advance Project Development Element:

37. Fund Estimate for Advance Project Development Element. Each fund estimate will identify an amount available pursuant to subdivision (c) of Section 14529.01 of the Government Code for the STIP Advance Project Development Element (APDE), with county and interregional shares identified separately. These APDE amounts are independent of the amounts identified as regular programming capacity.

38. Programming of APDE County and Interregional Shares. Regions and Caltrans may propose projects from their respective county and interregional APDE shares in the RTIPs and ITIP, and they may propose joint regional and interregional APDE funding for a project. The proposal and adoption of projects will be the same as for other STIP projects, except that projects to be programmed through the APDE are limited to the two STIP project development components: (1) environmental and permits and (2) plans, specifications, and estimates. Projects may not be programmed through the APDE if they are simultaneously programmed for acquisition of right-of-way (including support) or construction from regular STIP programming capacity. Project development work already programmed in the STIP may not be shifted to the APDE.

39. Program Year. APDE projects will be proposed for programming and adopted into the STIP and allocated in the same manner as other STIP projects. They may be proposed for any of the STIP's five fiscal years. APDE local projects, when programmed, are subject to the STIP's timely use of funds provisions.

40. Program Amendments. APDE projects may be amended into the STIP at any time in the same manner as other STIP amendments. The amendments will identify the county or interregional APDE share from which the projects are to be funded.

41. Effect on Regular County and Interregional Shares. APDE programming will be treated as an advance of regular future county or interregional share, although every county, including

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a county in a region over 1 million population, is eligible for APDE programming. If all or a portion of any county or interregional APDE share is not programmed, that amount will become available to program for any STIP purpose in the next STIP. Amounts that are programmed in the current STIP from an APDE share will be deducted from the regular county or interregional share for the next STIP. The Fund Estimate for the next STIP will include a new APDE fund estimate with new county and interregional APDE shares.

42. APDE Shares May Not Be Exceeded. The programming of a county or interregional APDE share may not exceed the amount identified in the Fund Estimate. A county or interregional APDE share may not be loaned or advanced. However, regional agencies that have agreed to pool their regular county shares (Section 28 of these guidelines) may also pool their APDE shares. Any region may choose to program project development work from its regular STIP county share.

VII. Display of project descriptions and costs:

43. Project Description. The STIP will include the following information for each project, which should be included in the RTIP or ITIP proposing the project:

    (a) The name of the agency responsible for project implementation.

    (b) The project title, which should include a brief nontechnical description of the project location and limits (community name, street name, etc.), and a phrase describing the type and scope of the project. By definition, the Commission will regard the limits for a rehabilitation project on local streets and roads as including adjacent or nearby streets and roads, thus providing greater flexibility in project scope.

    (c) A unique project identification number provided by Caltrans.

    (d) For projects on the State highway system, the route number and post-mile (or post-kilometer) limits.

    (e) Any appropriate funding restriction or designation, including projects eligible for Public Transportation Account, Transportation Enhancement (TE) funding, projects requiring state-only funding, or projects requiring Federal funds. Agencies proposing projects requiring state-only funding (including local street and road projects not eligible for federal-aid) should recognize that the availability of state-only funding may be limited

    (f) The source and amounts of local or other non-STIP funds, if any, committed to the project.

44. State-only Funding. The Commission will assume that all projects will be qualified for Federal transportation funding unless the RTIP or ITIP designates otherwise. Whenever a region designates a project to be programmed for State-only (non-Federal) funding, the RTIP will explain the reason for this designation. The Commission will not program a State highway project for State-only funding without consulting with Caltrans. Projects programmed without state-only designation and later proposed for state-only funding

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allocations will be subject to Caltrans recommendation for exception to federal funding prior to Commission approval as described in Section 64 of these guidelines.

45. Project Fact Sheets. For each project proposed for new STIP funding, the RTIP or ITIP will include a project fact sheet that includes the information displayed in the Appendix to these guidelines. All regional agencies proposing funding for rail transit projects will include full funding plans with the RTIP, as described in Section 15 of these guidelines.

46. STIP Database. Caltrans is responsible for developing, upgrading and maintaining an electronic database record of the adopted STIP and Commission actions that amend the STIP. Caltrans will publish the STIP record within 75 days of the STIP adoption and make copies available to the Commission and to the regional agencies. To facilitate development, analysis and management of the STIP, Caltrans will provide the Commission and the regional agencies appropriate access to the STIP database as soon as possible. After a regional agency's access to the database is established, a regional agency will develop its RTIP submittals to the Commission utilizing the STIP database.

47. Cost Estimates for Project Components. For each project proposed for programming, the RTIP or ITIP shall list costs separately for each of the 4 project components: (1) environmental studies and permits; (2) preparation of plans, specifications, and estimates, (3) right-of-way, and (4) construction. For the right-of-way and construction components on Caltrans projects, the RTIP or ITIP shall list separate costs for Caltrans support and for capital outlay. For Caltrans projects, that brings the total to 6 project cost components.

    For each project component, the amount programmed shall be escalated to the year proposed for programming, based on the current cost estimate updated as of November 1 of the year the RTIP or ITIP is submitted. The standard escalation rate for the STIP shall be that specified in the fund estimate for the STIP. Caltrans or a region may elect to use alternative escalation factors for right-of-way or other costs as it deems appropriate. STIP costs and non-STIP costs will be displayed separately.

    When project design, right-of-way or construction are programmed before the sponsoring agency completes the environmental process, updated cost estimates shall be submitted in the RTIP or ITIP in the STIP cycle following completion of the environmental process.

    Where a project or project component will be funded from multiple county shares or jointly from the interregional share and a county share, the amounts programmed from the different shares will be displayed separately. Amounts programmed for any component shall be rounded to the nearest $1,000. For jointly funded projects, the county share or ITIP share contribution programmed for a component shall each be rounded to the nearest $1,000.

48. Authority and Responsibility. For projects on the State highway system, only cost estimates approved by the Caltrans Director or by a person authorized by the Director to approve cost estimates for programming will be used. For other projects, only cost

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estimates approved by the Chief Executive Officer or other authorized officer of the responsible local implementing agency will be used.

49. Basis for Cost Sharing. Where a project or project component is to be funded from both STIP and non-STIP sources, the project fact sheet submitted with the RTIP or ITIP shall indicate whether the programming commitment is for a particular dollar amount, a particular percentage of total project cost, or a particular element or item of work. Where a project or project component is to be jointly funded from the interregional share and a county share or funded from multiple county shares, the project fact sheet submitted with the RTIP and/or ITIP shall indicate the basis to be used for apportioning cost increases or decreases between the shares. In the absence of this cost sharing information, project cost increases and savings will be apportioned in the same percentages as programmed.

50. Program Year for Cost Components. The cost of each project cost component will be listed in the STIP no earlier than in the State fiscal year in which the particular project component can be delivered, as described below.

(a) Project development.

(1) Local agency project development costs for environmental studies and permits will be programmed in the fiscal year during which environmental studies will begin. The fiscal year during which the draft environmental document is scheduled for circulation will be identified in the STIP**.** Costs for the preparation of plans, specifications, and estimates will be programmed in the fiscal year during which this work will begin. Local agency costs for environmental studies and design may be listed in different fiscal years, where appropriate.

(2) Caltrans project development costs for environmental studies and permits will be programmed in the fiscal year during which the environmental studies begin. The fiscal year during which the draft environmental document is scheduled for circulation will be identified in the STIP. Costs for the preparation of plans, specifications and estimates will be programmed in the fiscal year during which this work will begin. Caltrans will report, outside the STIP, on year by year expenditures for project development components.

(b) Right-of-way. Right-of-way costs, including Caltrans support costs, will be programmed in the fiscal year during which right-of-way acquisition (including utility relocation) contracts will first be executed.

(c) Construction. Construction costs, including Caltrans construction support costs, will be programmed in the fiscal year during which construction contracts will be advertised. All construction costs that are included in or related to a single construction contract should be listed in one fiscal year, regardless of the length of time over which construction costs will be paid. Projects requiring separate construction contracts should be listed separately for the STIP, even if they are corridor projects grouped for project development and right-of-way programming, as described in Section 58 of these guidelines.

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51. Escalation Adjustments. All projects will count against share balances on the basis of their fully escalated (inflated) costs. All project RTIP and ITIP nominations should therefore be at costs escalated to the year in which project delivery is proposed (see Sections 47 and 50 of these guidelines). Cost estimates for projects components that are already programmed should be updated, as needed, based on the most current cost information. Commission staff may make further escalation adjustments, in consultation with Caltrans and regions, in making its staff recommendations and in developing the STIP (see Section 63 of these guidelines). Ordinarily, the Commission will apply escalation adjustments only to Caltrans construction costs, not to right-of-way, project development, or local grant projects.

52. Prior Costs for Grandfathered 1996 STIP Projects. For every Caltrans project that will be carried forward to the 1998 STIP, Caltrans will identify the amount of its expenditures for right-of-way (including support) and for project development through the 1997-98 fiscal year. These amounts, when added to the amounts remaining and programmed for the 1998 STIP period, will form the project component base cost for the purpose of share balance tabulations and adjustments, as described in Sections 53-58 of these guidelines.

VIII. Share Balances and Adjustments:

53. Long-term balances. The Commission, with assistance from Caltrans and regional agencies, will maintain a long-term balance of county shares and the interregional share, as specified in Streets and Highways Code Section 188.11. The Commission will make its calculation of the cumulative share balances, as of the end of the preceding fiscal year, available for review by Caltrans and regional agencies by August 15, each year.

54. Local Grant Projects. For the purpose of share balances, the costs counted for local grant projects (all project work not implemented by Caltrans) will be the amounts actually allocated by the Commission. No adjustment will be made after the allocation vote for any amount not expended by the local agency. In order to provide a degree of flexibility to local agencies in administering projects, allocated funds may be shifted between project components to accommodate cost changes within the following limits:

- Any amount that is allocated to a local agency for environmental studies and permits may also be expended by that agency for plans, specifications, and estimates. Any amount that is allocated to a local agency for plans, specifications, and estimates may also be expended by that agency for environmental studies and permits.
- Additionally, a local agency may expend an amount allocated for project development, right of way, or construction for another project component, provided that the total expenditure shifted to a component in this way is no more than 20 percent of the amount actually allocated for either component. This means that the amount transferred by a local agency from one component to another may be no more than 20 percent of whichever of the components has received the smaller allocation from the Commission.

Shifting of allocated funds between components will not impact county share balances. County share balances will be based on actual amounts allocated for each component.

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55. Construction. For the purpose of share balances, the costs counted for Caltrans construction projects are the engineer's final estimate presented to the Commission for allocation vote, including the construction support amount identified by Caltrans at the time of the vote.

    At the request of Caltrans, and with the approval of the regional agency for the county share, the Commission may approve a downward adjustment of the allocation vote if the construction contract award allotment is less than 80 percent of the engineer's final estimate. The Department should make its request by letter to the Commission no later than 3 months after the construction contract award date.

    No other adjustment will be made after the allocation vote for the award amount or for changes in expenditures except where the Commission votes a supplemental allocation during or following construction. No adjustment will be made for supplemental allocations made by Caltrans under the authority delegated by Commission Resolution G-12, except that when a Commission supplemental vote is larger than it otherwise would have been because of a prior G-12 rescission (negative G-12) made by Caltrans, the effect of the negative G-12 will be excluded when counting the Commission's supplemental vote for the purpose of share balances. Where a project has not been voted, the programmed amount will be counted.

56. Right-of-Way. For the purpose of share balances, the costs counted for right-of-way on Caltrans projects, including right-of-way support costs, are the amounts programmed for right-of-way in the STIP. No adjustment is made for actual right-of-way purchase costs or support expenditures. This flexibility is intended to facilitate the tracking of share balances and is not intended to be permission to overspend a project budget. If the final right-of-way estimate, including support costs, is greater than 120 percent of the STIP amount, the costs counted will be adjusted to that final estimate. To encourage accurate estimates and minimize the manipulation of share balances, the Commission will consider STIP amendments for project right-of-way costs only in conjunction with the statewide review of right-of-way costs in the annual right-of-way plan. The Commission may also approve a downward adjustment of more than 20 percent of the amount programmed for right-of-way on the basis of a final right-of-way estimate presented to the Commission by Caltrans at the time the Commission allocates funding for project construction.

57. Project Development. For the purpose of share balances, the costs counted for Caltrans project development are the amounts programmed for both environmental studies and permits and preparing plans, specifications, and estimates. No adjustment will be made for cost differences that are within 20 percent of the amount programmed for project development. This flexibility is intended to facilitate the tracking of share balances and is not intended to be permission to overspend a project budget. To encourage accurate estimates and minimize the manipulation of share balances, the Commission will consider STIP amendments for project development only when the change in total project development costs is 20 percent or more or when changes in project development costs are the result of STIP amendments to change the scope of the project.

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58. Corridor Projects. For programming purposes, a single project may consist of segments or phases along a route or in a corridor area that the Department will implement under multiple construction contracts. Where construction is scheduled in more than one fiscal year, the individual segments or phases may be identified separately for construction and combined for right-of-way and project development. In either case, when the Commission allocates a portion of the programmed funds for construction of a particular segment or phase, the unallocated balance will remain programmed for the balance of the project. With each construction allocation, however, the Department will identify the amounts attributable to right-of-way and project development for the segment and an updated estimate of the right-of-way and project development amounts required for the entire project, consistent with sections 56 and 57. The Department will also identify an updated estimate of the construction cost of the entire project or a revised scope to stay within the programmed amount. The Commission's intent is that the Department not defer the identification of cost increases for a corridor project until the completion of the entire project.

59. Federal Earmark Funds. Federal funds earmarked for specific projects that are not subject to federal obligation authority or are accompanied by their own obligation authority, either individually or by project group (such as those specified in the federal SAFETEA-LU authorization act of 2005), are not included in the Fund Estimate or programmed in the STIP. Because these funds are made available outside the STIP, they do not count against county or interregional shares. If the sponsor or implementing agency for the earmarked project seeks RTIP or ITIP funding to match the federal earmark funds or to complete funding for the project, the project becomes a STIP project and the earmark funds are treated as non-STIP funds.

If federal earmark funds become available for projects already programmed in the STIP, the earmark funds may be used in one of three ways. If the STIP project is not fully funded, the earmark funds may be used to help fully fund the project. If the project is fully funded, the earmark funds may be used to increase the scope of the project or they may be used to supplant the state or local funds already committed to the STIP project. If committed funds are supplanted by earmark funds, the beneficiary of the tradeoff will be as follows: For projects funded with county share or local funds, the county share and or local fund will be credited with the benefit. For projects funded with interregional share funds, the interregional share will be credited with the benefit. For projects that are jointly funded, the interregional share, the county share and or the local fund will each be credited with the benefit in proportion to their respective funding commitments in the STIP project.

The Commission advises sponsors and implementing agencies for earmark projects that earmark funds are limited in availability for each specified project, or for groups of projects, to annual obligation authority and to annual allocation percentages specified in federal statutes. This means that the full amount of federal earmark funds specified in federal statute may not be available for the project at the time of planned implementation. These limitations shall be taken into account when determining the amounts of earmark funds available for the options described in the previous two paragraphs.

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IX. Commission Action and Adoption:

60. Commission Action on RTIP Proposals. The Commission will include all RTIP projects nominated from the county share for the four-year share period that ends during the current STIP (i.e., the period ending 2015-16 for the 2012 STIP) unless the Commission finds that (a) the RTIP is not consistent with these guidelines, (b) there are insufficient funds to implement the RTIP, (c) there are conflicts with other RTIPs or with the ITIP, (d) a project is not in an approved CMP or is not included in a separate listing in the approved RTIP as provided by Government Code 65082**,** or (e) the RTIP is not a cost-effective expenditure of State funds. In making its finding, the Commission will consider the cost-effectiveness evaluation of the RTIP submitted by the region as required in Section 19 of these guidelines. The Commission may also make its own evaluation based on the criteria in Section 19 of these guidelines. If the Commission makes one of those findings, it may reject the RTIP in its entirety. For the 6-county SCAG area, the Commission will incorporate or reject each county's RTIP separately. For MTC and SACOG, the Commission will incorporate or reject the multicounty RTIP in its entirety. For any counties that choose to pool county shares, the Commission will incorporate or reject the counties' RTIPs together.

    If the Commission proposes to reject an RTIP, it will provide notice to the regional agency not later than 60 days after the date it receives the RTIP. The Commission's Executive Director may provide the notice by letter; the notice does not require formal Commission action. The notice will specify the factual basis for the proposed rejection. The Commission will act on the proposed rejection of an RTIP no later than the adoption of the STIP. No later than 60 days after the Commission rejects an RTIP, it will hold a public hearing on the RTIP in the affected region unless the regional agency proposes to waive the hearing and submit a new RTIP. Whenever the Commission rejects an RTIP, the regional agency may submit a new RTIP. Unless the new RTIP is rejected in the same manner, it will be incorporated into the STIP as a STIP amendment. This amendment will not require a separate 30-day public notice if the new RTIP is limited to projects considered in the STIP hearings or in a public hearing on the proposed RTIP rejection.

    The Commission may also program projects proposed in the RTIP for funding from the estimated county share for the four-year share period that extends beyond the current STIP (in the 2012 STIP this is the share period ending 2019-20) or from advances against future share periods. A decision by the Commission not to program any of these proposed projects does not constitute or require a rejection of the RTIP. Any portion of the county share for the four-year period that is not programmed in the current STIP will remain available for programming within the same period in the following STIP.

61. Commission Action on Advances and Reserves. In selecting projects for funding beyond the county share for the share period that ends during the current STIP, including advances, the Commission intends to consider regional agency priorities and the extent to which each RTIP includes:

    - projects that implement a cost-effective RTIP, giving consideration to the evaluation submitted as required by Section 19 of these guidelines;

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- projects that complete or fund further components of projects included in the prior STIP;
- grandfathered projects from the 1996 STIP;
- projects to meet identified State highway improvement needs as described in Section 20;
- projects that are eligible for Federal TE funds;
- projects that leverage federal discretionary funds; and
- projects that provide regional funding for interregional partnership projects.

If the Commission approves a region's request to advance an amount beyond its county share for the four-year period to program a larger project, the advance will be deducted from the county share for the following county share period. If the Commission does not approve the advance and does not program the project or project components that the RTIP proposed to program with the advance, the Commission will reserve any portion of the county share that is thereby left unprogrammed until the next STIP. This action will not require a rejection of the entire RTIP.

An RTIP request to reserve part or all of a county share until the next STIP or county share period will free up current period funding that the Commission may use to advance county shares in other counties. The Commission, with the consent of Caltrans, may also consider advancing county shares by reserving a portion of the interregional share until the next county share period.

62. Commission Action on Interregional Program. The Commission will program the interregional share of the STIP from projects nominated by Caltrans in its ITIP or alternative recommendations made by regions in their RTIPs. By statute, the Commission may program a regional recommendation for the interregional program only if the Commission "makes a finding, based on an objective analysis, that the recommended project is more cost-effective than a project submitted by [Caltrans]." The Commission may decline to program any project it finds inconsistent with these guidelines or not a cost-effective expenditure of State funds. In making its finding the Commission will consider the cost-effectiveness evaluation of the ITIP submitted by Caltrans as required in Section 19 of these guidelines. The Commission may also make its own evaluation based on the criteria in Section 19 of these guidelines. After a review of the nominated projects, the Commission may elect to leave a portion of the interregional share unprogrammed and reserved for later interregional programming or, with the consent of Caltrans, may reserve a portion of the interregional share for the next share period in order to free up funding for county share advances.

63. STIP Respreading of Projects. The Commission may program projects, project components and project reserves in fiscal years later than the fiscal years proposed in the RTIP or ITIP if the Commission finds it necessary to do so to insure the total amount programmed in each fiscal year of the STIP does not exceed the amount specified in the fund estimate as required by Section 14529(e) of the Government code. In that case, the Commission will compare all projects nominated for the year(s) from which projects will be postponed, giving consideration to (1) regional priorities and the leveling of regional

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shares across the STIP period, (2) the availability of TE, PTA, or other restricted funds by fiscal year, and (3) in consultation with Caltrans, the need to balance Caltrans' workload by district and fiscal year.

X. STIP Management:

64. Allocation of Funds. The Commission will consider allocation of funds for a project or project component when it receives an allocation request and recommendation from Caltrans. All allocations will be made in units of $1,000, and all allocation requests should therefore be in units of $1,000. The request will include a determination of the availability of funding and a recommendation on the source of funding. The recommendation on the source of funding shall include the amounts by fund account, i.e., State Highway Account, Public Transportation Account, Federal Trust Fund or Transportation Facilities Account, as well as the fund type within the account including type of federal funds. Caltrans' recommendation to the Commission for state only funding of a project will be made in accordance with Caltrans' current policy for exceptions to federal funding. The final determination of fund type available for a project will be made in the Commission's allocation of funds to the project. The Commission will approve the allocation only if the funds are available and are necessary to implement the project as programmed in the STIP. Allocations for right of way acquisition or construction will be made only after documentation of the required environmental clearance for the project.

In compliance with Section 21150 of the Public Resources Code, the Commission may not allocate funds to local agencies for design, right-of-way, or construction prior to documentation of environmental clearance under the California Environmental Quality Act. All funds allocated are subject to the timely use of funds provision as described in Section 65 of these guidelines.

Projects using design-build or design-sequencing procurement shall be identified at the time of allocation. The allocation may be a combined amount to include design, right-of-way, and construction.

The Commission will consider making an allocation that exceeds the amount programmed in the STIP if a region or the interregional program has an adequate unprogrammed share balance or if the Commission finds it can approve an advance to the county share or to the interregional share. Unallocated amounts are available for allocation until the end of the fiscal year in which they are programmed in the STIP. Funds not allocated are subject to the timely use of funds provision described in Section 65 of these guidelines.

If a project or project component is ready for implementation earlier than the fiscal year that it is programmed in the STIP, the implementing agency may request an allocation in advance of the programmed year. The Commission may make an allocation in advance of the programmed year if it finds that the allocation will not delay availability of funding for other projects.

When a local agency (including a transit agency) is ready to implement a project or project component, the agency will submit a request to Caltrans. Caltrans will review the request,

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prepare appropriate agreements with the agency and recommend the request to the Commission for action. The typical time required, after receipt of the application, to complete Caltrans review, and recommendation and Commission allocation is 60 days. The specific details and instructions for the allocation, transfer and liquidation of funds allocated to local agencies are included in the Procedures for Administering Local Grant Projects in the STIP prepared by Caltrans in consultation with the Commission and regional and local agencies.

64A. Reimbursement Allocations. Government Code Section 14529.17, as amended by SB 184 (2007), permits a regional or local agency to expend its own funds for a STIP project, in advance of the Commission's approval of a project allocation, and to be reimbursed for the expenditures subsequent to the Commission's approval of the allocation. However, the statute does not require the Commission to approve an allocation it would not otherwise approve. To qualify for reimbursement of expenditures prior to the Commission's approval of a project allocation, the regional or local agency must submit a project allocation request that includes notice of the agency's intent to expend its own funds for the project prior to the allocation approval. The regional or local agency should submit a copy of the allocation request to the Executive Director of the Commission at the same time it submits the original to Caltrans. The local entity must comply with all legal requirements for the project and any project expenditures, including Federal and State environmental laws. Expenditures for projects programmed for Federal funding still require advance approval of the Federal obligation for the project (E-76). It is important that any local agency intending to take advantage of the reimbursement provisions of Section 14529.17 understand its obligations and the risk that is inherently involved.

Only those expenditures made by or under contract to a regional or local agency for a project that was and is programmed in the STIP are eligible for reimbursement allocations by the Commission. Project expenditures must be in accordance with the STIP at the time of expenditure and at the time of allocation. The following expenditures are not eligible for reimbursement allocations by the Commission:

- expenditures made prior to adoption of the project component in the STIP;
- expenditures made prior to the submittal of the allocation request or prior to the beginning of the fiscal year for which the project is programmed;
- expenditures that exceed the amount that was or is programmed in the STIP for the particular project component;
- expenditures made by Caltrans;
- expenditures made by a regional or local agency for a project component that was or is programmed for Caltrans implementation;
- expenditures made by a regional or local agency on the State highway system, except in accordance with a project-specific cooperative agreement executed between the local agency and Caltrans; and
- expenditures made by a regional or local agency for a project component that was or is programmed for implementation by another regional or local agency, except in accordance with a project-specific agreement between the two agencies.

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The Commission will approve reimbursement allocations only if the regional or local agency submits an allocation request prior to the first expenditure and the Commission finds that there was no legal impediment to a Commission allocation, other than lack of State budget authority, at the time of expenditure. If, at the time of the allocation request, the Commission finds that there is a lack of sufficient funding available and that it would otherwise approve the allocation, then the Commission will approve the project for future allocation when funding becomes available. However, even the inclusion of a project in the STIP, the availability of state budget authority, and the lack of specific legal impediment do not obligate the Commission to approve an allocation where the Commission finds that the allocation is not an effective use of state funds, is inconsistent with the Commission's guidelines or policies, or is inconsistent with state or regional plans.

65. Timely Use of Funds. Funds that are programmed for all components of local grant projects or for Caltrans construction costs are available for allocation only until the end of the fiscal year identified in the STIP. Whenever programmed funds are not allocated within this deadline, the project programming will be deleted from the STIP. The Commission will not make the funds immediately available to the county share or interregional share for reprogramming. The Commission will, however, adjust the share balance to restore the funds in the next county share period.

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. For local grant projects, the local agency must invoice Caltrans for these costs no later than 180 days after the fiscal year in which the final expenditure occurred.

Under statute, funds allocated for construction or for purchase of equipment must be encumbered by the award of a contract within twelve months of the date of the allocation of funds. Commission policy, however, is that allocations for construction, including intercity-rail projects, or for purchase of equipment are valid for six months from the date of approval unless the Commission approves an extension as described below.

Federal highway transportation funds programmed and allocated for transit projects are considered obligated and are deducted from the state's federal obligation authority balances as soon as they are transferred to the Federal Transit Administration (FTA) as described in Section 26 of these guidelines. Federal funds for such projects will be considered encumbered and expended upon completion of the fund transfer to FTA. State funds allocated to match the federal funds for such projects will be subject to the timely use of funds provisions described in this section (transit projects may not use State Highway Account revenues unless eligible under Article XIX of the California Constitution). Upon completion of such projects, after notification by FTA of final project costs, the FHWA will adjust obligation records accordingly. Any federal funds which were transferred to FTA but not expended will be rescinded as state highway account revenue with no adjustment to county shares. Any state match funds which were allocated but not expended will also be rescinded with no adjustment to county shares.

After the award of the contract, the local agency or Caltrans has up to 36 months to complete (accept) the contract. At the time of fund allocation, the Commission may extend

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the deadline for completion of work and the liquidation of funds if necessary to accommodate the proposed expenditure plan for the project. For local grant projects, the local agency has 180 days after contract acceptance to make the final payment to the contractor or vendor, prepare the final Report of Expenditure and submit the final invoice to Caltrans for reimbursement.

The Commission may extend the deadlines for allocation of funds, for award of a contract, for transfer to FTA, for expenditures for project development or right of way, or for contract completion no more than one time and only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The extension will not exceed the period of delay directly attributed to the extraordinary circumstance and will in no event be for more than 20 months.

Whenever allocated funds are not encumbered by the award of a contract or transfer to FTA, or expended within the deadlines specified above, all unencumbered, not transferred, or unexpended funds from the allocation will be rescinded. The Commission will not adjust the county or interregional share for any unencumbered balance of the allocation.

Caltrans will provide monthly reports to the Commission on projects which have not been awarded or transferred to FTA within six months of the date of the Commission's allocation.

These provisions for the timely use of funds do not apply to Caltrans support costs, which the Commission does not allocate, or to Caltrans right-of-way costs, which the Commission allocates annually on a lump sum basis rather than by project.

The Commission will not amend the STIP to delete or change the program year of the funding for any project component programmed in the current fiscal year or earlier except (1) to reprogram funds from a construction project to later mitigation work required for that project, including landscaping or soundwalls, or (2) to reprogram funds from one project to another within the same group or corridor, as described in Section 58 of these guidelines. In either of these two cases, the Commission will consider the amendment only if it is proposed concurrently with an allocation of most of the funds programmed for the project in the current fiscal year. These two types of amendments are adjustments that may be incorporated into the Commission's allocation action. In that case, they do not require the separate notice ordinarily required of STIP amendments.

Where a project or project component will not be ready for allocation as programmed in the current fiscal year, the agency responsible for the project should request an extension of the allocation deadline rather than a STIP amendment.

66. Delivery Deadline Extensions. The Commission may extend a delivery deadline, as described in Section 65, upon the request of the regional agency or the agency responsible for project delivery. No deadline may be extended more than once. However, there are separate deadlines for allocation, for award of a contract, for expenditures for project development or right-of-way, and for project completion, and each project component has

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its own deadlines. The Commission may consider the extension of each of these deadlines separately.

The Commission may grant a deadline extension only if it finds that an unforeseen and extraordinary circumstance beyond the control of the responsible agency has occurred that justifies the extension. The extension will not exceed the period of delay directly attributable to the extraordinary circumstance and will in no event be for more than 20 months.

All requests for project delivery deadline extensions should be submitted directly to the appropriate Caltrans district at least 60 days prior to the specific deadline for which the particular extension is requested (e.g., 60 days prior to June 30 to request the extension of allocation deadlines). The extension request should describe the specific circumstance that justifies the extension and identify the delay directly attributable to that circumstance. Caltrans will review extension requests and forward them to the Commission for action. Unlike proposed STIP amendments, extension requests do not require a 30-day notice period.

For each request to extend the deadline to allocate project construction funds, the agency requesting the extension should submit, in conjunction with the request, a project construction STIP history. The request should also identify any cost increase related to the delay and how the increase would be funded. The STIP history should note the original inclusion of project construction in the STIP and each project construction STIP amendment including, for each, the amendment date, the dollar amount programmed for construction, and the scheduled year of construction delivery. It is the Commission's intent to review this history when considering a construction allocation extension request.

67. STIP Amendments. The Commission may amend the STIP at the request of the entity, either Caltrans or the regional agency that originally nominated the STIP project to be changed or deleted by the amendment. The Commission will amend the STIP only after providing at least 30 days public notice. Projects proposed by amendment will be subject to the same standards and criteria that apply to RTIP and ITIP proposals. Each amendment will designate from which county share(s) or interregional share the project is being funded, and the Commission will adjust share balances accordingly. An amendment may not create or increase a county share surplus unless the Commission finds that it can approve an advance of the county share (see Sections 23 and 61 of these guidelines).

All regional requests for STIP amendments shall be submitted directly to the appropriate Caltrans district. For each amendment that would delay the year of construction, the agency requesting the amendment should submit, in conjunction with the amendment request, a project construction STIP history. The request should also identify any cost increase related to the delay and how the increase would be funded. The STIP history should note the original inclusion of project construction in the STIP and each prior project construction STIP amendment including, for each, the amendment date, the dollar amount programmed for construction, and the scheduled year of construction delivery. It is the Commission's intent to review this history when considering a STIP amendment that would delay the year of construction.

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Caltrans will review proposed amendments and forward them to the Commission for public notice and action. The Commission encourages Caltrans, in cooperation with regions and Commission staff, to develop and implement a set of procedures to standardize and streamline the amendment process and to enhance the accountability of regions for amendments of projects which are not administered by Caltrans.

An amendment may change the scope, cost or program year of any STIP project, except that the Commission will not amend the STIP:

- to change Caltrans right-of-way costs, except in conjunction with the annual right-of-way plan or to make a downward adjustment of more than 20 percent in conjunction with the Commission's allocation of project construction funding;
- to delete or change the program year of the funding for any project component after the beginning of the fiscal year for which it is programmed (except for the adjustments at the time of allocation described in Section 65);
- to change Caltrans project development costs, except when the change in total project development costs is 20 percent or more unless the cost change is the result of a STIP amendment to change the scope of the project; or
- to change the programming of any funds after they have been allocated.

67A. Approval of AB 3090 Arrangements. Under Government Code Section 14529.7, as amended by AB 3090 (1992), the Commission, the Department, a regional agency, and a local agency may enter into either one of two types of arrangements under which a local agency pays for the delivery of a STIP project with its own funds in advance of the year in which the project is programmed. Under the first type of arrangement, the local agency that advances the STIP project has another project or projects of equivalent value programmed in its place, and these arrangements are implemented by a STIP amendment designating the specified dollar amount for an "AB 3090 replacement project" without identifying the specific project to be implemented as the replacement. Under the second type of arrangement, the local agency that advances the STIP project is programmed to receive a direct cash reimbursement, and those arrangements are implemented by a STIP amendment that gives approval to the Department to execute a reimbursement agreement and programs the reimbursement for the fiscal year in which the project was scheduled in the STIP or a later year.

Scheduled project reimbursements have the highest STIP priority among projects programmed within a fiscal year although reimbursements are subject to the availability of the appropriate fund type. In most cases, reimbursement will be programmed over several years. Additionally, the Department may pay the reimbursements quarterly if so specified in the reimbursement agreement.

The Commission has adopted separate AB 3090 Reimbursement Guidelines (Resolution G-02-13) that describe specific procedures for reimbursement arrangements. The following is the Commission's policy for the approval of AB 3090 arrangements for either replacement projects or reimbursements.

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1. The Commission intends to encourage local agencies who wish to use local funds to advance the delivery of projects programmed for construction in the STIP when State funds are not sufficient to support direct project allocations. In doing so, the Commission will consider the approval of either AB 3090 replacement projects or AB 3090 direct reimbursement arrangements, giving preference to the programming of AB 3090 replacement projects where feasible or to AB 3090 reimbursements using federal funds and the local advance construction process.

2. Where a local agency proposes to use its own funds for early delivery of a project component programmed in the STIP for a future fiscal year, the Commission will consider approval of an AB 3090 replacement project under the following conditions:

   a. The regional agency approves the arrangement.

   b. The local agency has identified a local fund source for the project component, and there is a reasonable expectation that the AB 3090 approval will result in the acceleration of construction delivery of a STIP project.

   c. The local agency commits to award a contract or otherwise begin delivery of the project component within ~~12~~ 6 months of the Commission's approval, with the understanding that the arrangement may be cancelled if that condition is not met. AB 3090 arrangements for construction or for purchase of equipment are valid for six months from the date of approval unless the Commission approves an extension.

   d. The STIP amendment approving the arrangement will replace the project component with an unidentified replacement project in the same fiscal year.

3. Where a local agency proposes to use its own funds for early delivery of a project component programmed in the STIP for a future fiscal year, the Commission will consider approval of an AB 3090 reimbursement only when the following *additional* conditions are met:

   a. The regional agency explicitly finds the project to be the region's highest priority among STIP projects programmed for that fiscal year. A regional agency unable to make such a finding shall, in its request for an AB 3090 reimbursement explain why it is unable to make the finding and the relative priority of the STIP projects programmed for that fiscal year.

   b. The Commission determines that reimbursement would be consistent with the fund estimate.

   c. The source of local funds to be used to deliver the project could not or would not be made available for an AB 3090 replacement project. The request for AB 3090 reimbursement approval should identify the source of local funds to be used, why the funds would not be available for the STIP project without an AB 3090 direct reimbursement arrangement, and what the funds would be available for if not used for the STIP project.

   d. Before approving an AB 3090 reimbursement arrangement, the Commission will consider programming the reimbursement in a later fiscal year, consistent with the project's regional and state priority for funding and the projected

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availability of funds to support other projects. The Commission will not change the programming of the reimbursement after approval.

e. The Commission will not approve AB 3090 reimbursement arrangements intended solely to protect a project from being reprogrammed or to protect a local agency's share of STIP funding.

4. The Commission will also consider approval of an AB 3090 reimbursement arrangement for a project component programmed in the current fiscal year if there are not sufficient funds currently available to approve a direct allocation. In this case, the AB 3090 approval will schedule the reimbursement for the next fiscal year or a later year. In making a current year request for an AB 3090 reimbursement arrangement, the region shall explain why the project cannot be advanced using a reimbursement allocation (as described in section 64A).

5. In considering approval of AB 3090 reimbursement arrangements, the Commission intends to insure that no more than $200 million in reimbursements is scheduled statewide for any one fiscal year and that no more than $50 million in reimbursements is scheduled for the projects of any single agency or county for any one fiscal year. The Commission intends to evaluate the limit on AB 3090 reimbursements arrangements biennially as a part of the STIP fund estimate and STIP guidelines.

~~6. The use of RSTP or CMAQ funds by a regional agency that receives an apportionment of those funds under state law constitutes the use of the agency's own funds for the purpose of AB 3090 arrangements. Where RSTP or CMAQ funds are the identified local source of funds to deliver a STIP project under an AB 3090 arrangement, the Commission will consider approval only for an AB 3090 replacement project and not for a cash reimbursement.~~

67B. Selection of Projects for GARVEE Bonding. If the fund estimate projects the availability of federal funding (other than TE) for the STIP, the Commission may by STIP amendment select STIP projects proposed from either an RTIP or the ITIP for accelerated construction through GARVEE bonding. With the agreement of the agency that proposed the project, the Commission may designate a STIP project for GARVEE bonding even if the original RTIP or ITIP did not specifically propose GARVEE bonding. The Commission may also select projects programmed in the SHOPP for accelerated construction through GARVEE bonding. The Commission will select projects for GARVEE bonding that are major improvements to corridors and gateways for interregional travel and goods movement, especially projects that promote economic development and projects that are too large to be programmed within current county and interregional shares or the SHOPP on a pay-as-you-go basis. The Commission's expectation is that, generally, these will be projects that require bond proceeds exceeding $25 million. Major improvements include projects that increase capacity, reduce travel time, or provide long-life rehabilitation of key bridges or roadways.

Each bond will be structured for debt service payments over a term of not more than 12 years. In designating projects for bonding and scheduling bond sales, the Commission will give consideration to the overall annual debt service limit of 15 percent of Federal revenues.

GARVEE bonds cover only the Federally-funded portion of a project's cost (generally 88½ percent). GARVEE bonding in California is structured so that the State's future Federal transportation apportionments cover all debt service payments. This requires that the entire non-Federal portion of project cost (including costs of issuance and interest) be provided at the time of construction on a pay-as-you-go basis. The Commission's policy is that the non-federal portion of project costs will be programmed within current STIP and SHOPP capacity. Although local funds may be applied to the non-federal share, the ability of a local agency to contribute non-STIP funding will not be a major criterion in the selection of projects for GARVEE bonding.

68. Project Delivery. It is a Commission policy that all transportation funds allocated through the State be programmed and expended in a timely manner in order to avoid accumulation of excessive fund balances and to avoid lapse of federal funds. It is the Commission's goal that transportation projects programmed against funds allocated through the State be delivered no later than scheduled in the appropriate transportation programming document. For purposes of this goal, delivery means allocation or obligation of funds for the programmed project or project component. For projects delivered by Caltrans, the Commission's delivery goal each fiscal year (FY) is 90% of the projects programmed in each FY and 100% of the funds programmed in each FY. For projects delivered by agencies other than Caltrans the Commission's delivery goal each FY is 90% of the projects programmed in each FY and 95% of the funds programmed in each FY.

Caltrans and each responsible regional agency or county transportation commission will provide the Commission with status reports on project delivery in accordance with the following schedule:

- Caltrans: Quarterly reports in October, January, April and July of each FY for projects to be delivered by Caltrans.
- Regions/CTCs: Semiannual reports in January and July of each FY for projects to be delivered by agencies other than Caltrans.

Caltrans and regions will also provide the Commission with a semiannual report on completed projects.

The Commission staff in consultation with Caltrans, regional agencies and county transportation commissions will develop a format and content requirement for the reports.

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XI. STIP Development Schedule and Procedures:

69. STIP Development Schedule. The following schedule lists the major milestones for the development and adoption of the STIP:

Caltrans presents Draft Fund Estimate to the CTC.	By July 15 of odd numbered years.
CTC adopts Fund Estimate.	By August 15 of odd numbered years.
Regions submit RTIPs.	By December 15 of odd numbered years.
Caltrans submits ITIP.	By December 15 of odd numbered years.
CTC STIP hearing, North.	Jan. – Feb. even numbered years.
CTC STIP hearing, South.	Jan. – Feb. even numbered years.
CTC publishes staff recommendations.	At least 20 days prior to adoption of STIP.
CTC adopts STIP.	By April 1 of even numbered years.

70. STIP Hearings. Prior to the adoption of the STIP, the Commission will hold two STIP hearings for Caltrans and regional agencies, one in northern California and one in southern California. By statute, the hearings are "to reconcile any objections by any county or regional agency to the department's program or the department's objections to any regional program." The Commission will expect any objections to the Caltrans program or to a regional program to be expressed in terms of the undesirable impact that the program would have on the implementation of the respective agency's long range transportation plan(s).

71. Commission Staff Recommendations. Prior to adoption of the STIP, the Commission staff shall prepare recommendations to the Commission for the adoption of the STIP. The staff recommendations will be made available to the Commission, Caltrans and the regional agencies at least twenty days prior to the adoption of the STIP.

72. Transmittal of RTIPs. By statute, regional agencies are required to adopt and submit their RTIPs both to the Commission and to Caltrans no later than December 15 of odd numbered years. The Commission requests that each region send two copies of its RTIP, addressed to:

Bimla G. Rhinehart, Executive Director
California Transportation Commission
1120 N Street, Mail Station 52
Sacramento, CA 95814

Caltrans requests that each region send at least one copy to the appropriate Caltrans District Director and five copies addressed to:

Rachel Falsetti, Chief, Division of Transportation Programming
Attention: Kurt Scherzinger, Office of STIP
Department of Transportation
Mail Station 82
P. O. Box 942874
Sacramento, CA 94274-0001

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XII. APPENDICES

Appendix A:

STIP PROJECT FACT SHEET

The Caltrans Project Programming Request (PPR) Form will serve as the STIP project fact sheet. A template of this form, in Excel, may be found at:
http://www.dot.ca.gov/hq/transprog/ocip/2012stip.htm.

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Appendix B:

Performance Indicators, Measures and Definitions

Part A:

Complete Part A.

Use the following to indicate quantitatively how the Regional Transportation Improvement Program (RTIP) or the Interregional Transportation Improvement Program (ITIP) is consistent with the goals established in your Regional Transportation Plan (RTP) or the Interregional Transportation Strategic Plan (ITSP). If any of the performance measures in Part A do not reflect the goals contained in an RTP/ITSP or if an RTIP/ITIP does not contain goals that are measurable by the performance measures contained within, simply state "not applicable (na)" for each indicator or each performance measure (where appropriate).

Performance Indicators and Measures

Indicator	Relation to STIP Sec 19 Performance Criteria	Performance Measures			Current System Performance (Baseline)	Projected Impact of Projects
		Mode	Level*	Measures		
Safety	2	Roadway	Region	Fatalities /Vehicle Miles Traveled (VMT)		
	2			Fatal Collisions / VMT		
	2			Injury Collisions / VMT		
	2	Transit	Mode	Fatalities / Passenger Miles		
Mobility	1	Roadway	Region	Passenger Hours of Delay / Year		
	1			Average Peak Period Travel Time		
	1			Average Non-Peak Period Travel Time		
Accessibility	4 (also 1,3,6,7)	Transit	Region	Percentage of population within 1/4 mile of a rail station or bus route.		
Reliability	1	Roadway	Corridor	Travel Time Variability		
	5	Transit	Mode	Percentage of vehicles that arrive at their scheduled destination no more than 5 minutes late.		
Productivity (Throughput)	7	Roadway - Vehicles	Corridor	Average Peak Period Vehicle Trips		
	7			Average Daily Vehicle Trips (ADT)		
	7	Roadway - People	Corridor	Average Peak Period Vehicle Trips Multiplied by the Occupancy Rate		
	7			Average Daily Vehicle Trips Multiplied by the Occupancy Rate		
	7	Trucks	Corridor	Percentage of ADT that are (5+ axle) Trucks		
	7			Average Daily Vehicle Trips that are (5+ axle) Trucks		
	7	Transit	Mode	Passengers per Vehicle Revenue Hour		
	7			Passengers per Vehicle Revenue Mile		
	7			Passenger Mile per Train Mile (Intercity Rail)		
System Preservation	3	Roadway	Region	Total number of Distressed Lane Miles		
	3			Percentage of Distressed Lane Miles		
	3			Percentage of Roadway at Given IRI Levels		
Return on Investment/ Lifecycle Cost	1-7	All	Corridor	Percentage rate of return		

*Level:
Corridor - Routes or route segments that are identified by regions and Caltrans as being significant to the transportation system.
Region - Region or county commission that is responsible for RTIP submittal.
Mode - One of the following transit types (light rail, heavy rail, commuter rail, trolley bus, and all forms of bus transit).

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Part B:

If Part A alone is insufficient in indicating how progress towards attaining goals and objectives contained in each RTP and the ITSP is assessed and measured, complete Part B.

Include the following information:

- List your performance measures.
- Provide a quantitative and/or qualitative analysis (include baseline measurement and projected program or project impact).
- State the reason(s) why selected performance measure or measures are accurate and useful in measuring performance. Please be specific.
- Identify any and all deficiencies encountered in as much detail as possible.

Provide a quantitative evaluation and/or qualitative explanation of how the goals and objectives contained in the Regional Transportation Plan (RTP) or the Interregional Transportation Strategic Plan (ITSP) are linked to the program of projects contained in the RTIP and the ITIP.

For qualitative explanations, state how progress towards attaining goals and objectives contained in each RTP and the ITSP is assessed and measured. If performance indicators and/or performance measures used by an agency are different from those outlined in Table A of the Guidelines and as provided in Appendix B, describe the method(s) used.

If the quality or quantity of data required to demonstrate the linkage between an RTIP/ITIP and the associated RTP/ITSP quantitatively is in question, describe the quality and quantity of data that are available, being sure to highlight those instances where data are not available. Where data are unavailable, please describe data deficiencies in as much detail as possible.

Part C:

For all projects for which construction of a large new facility or a substantial expansion of an existing facility is proposed or which is over $50 million in total project costs, a project level evaluation shall be submitted. If a project-level evaluation is conducted, Table A should be used for reference. The project-level evaluation shall also include a Caltrans generated benefit/cost estimate and identify the estimated impact the project will have on the annual cost of operating and maintaining the state highway system.

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Table A: Performance Indicators, Measures and Definitions
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Indicator	Relation to Section 19 Performance Criteria	Performance Measures			Definition/Indication
		Mode	Level*	Measures	
Safety	2	Roadway	Region	Fatalities /Vehicle Miles Traveled (VMT)	Indicates the ratio of the number of fatalities to the number of vehicle miles traveled.
	2			Fatal Collisions / VMT	Indicates the ratio of the number of fatal collisions to the number of vehicle miles traveled.
	2			Injury Collisions / VMT	Indicates the ratio of the number of injury collisions to the number of vehicle miles traveled.
	2	Transit	Mode	Fatalities / Passenger Miles	Indicates the ratio of the number of fatalities to the number of passenger miles traveled.
Mobility	1	Roadway	Region	Passenger Hours of Delay / Year	Indicates the total amount of delay per traveler that exists on a designated area over a selected amount of time.
	1			Average Peak Period Travel Time	Indicates the average travel time for peak period trips taken on regionally significant corridors and between regionally significant origin and destination pairs.
	1			Average Non-Peak Period Travel Time	Indicates the average travel time for non-peak period trips taken on regionally significant corridors and between regionally significant origin and destination pairs.
Accessibility	4 (also 1,3,6,7)	Transit	Region	Percentage of population within 1/4 mile of a rail station or bus route.	Indicates the accessibility of transit service.
Reliability	1	Roadway	Corridor	Travel Time Variability	Indicates the difference between expected travel time and actual travel time.
	5	Transit	Mode	Percentage of vehicles that arrive at their scheduled destination no more than 5 minutes late.	These measures indicate the ability of transit service operators to meet customers' reliability expectations.

*Level
Corridor – Routes or route segments that are identified by regions and Caltrans as being significant to the transportation system.
Region – Region or county commission that is responsible for RTIP submittal.
Mode – One of the following transit types: light rail, heavy rail, commuter rail, trolley bus, and all forms of bus transit.

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Table A: Performance Indicators, Measures and Definitions
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Indicator	Relation to Section 19 Performance Criteria	Performance Measures			Indicator
		Mode	Level*	Measures	
Productivity (Throughput)	7	Roadway - Vehicles	Corridor	Average Peak Period Vehicle Trips	Indicates the utilization of the transportation system by all vehicles.
	7			Average Daily Vehicle Trips	
	7	Roadway - People	Corridor	Average Peak Period Vehicle Trips Multiplied by the Occupancy Rate	Indicates the utilization of the transportation system by people.
	7			Average Daily Vehicle Trips Multiplied by the Occupancy Rate	
	7	Trucks	Corridor	Percentage of Average Daily Vehicle Trips that are (5+ axle) Trucks	Indicates the utilization of the transportation system by trucks.
	7			Average Daily Vehicle Trips that are (5+ axle) Trucks	
	7	Transit	Mode	Passengers per Vehicle Revenue Hour	Indicates the effectiveness of mass transportation system operations by measuring the number of passengers carried for every mile of revenue service provided.
	7			Passengers per Vehicle Revenue Mile	
	7			Passenger Mile per Train Mile (Intercity Rail)	
System Preservation	3	Roadway	Region	Total number of Distressed Lane Miles	Indicates the number of lane miles in poor structural condition or with bad ride (pavement condition).
				Percentage of Distressed Lane Miles	
				Percentage of Roadway at Given IRI Levels	Indicates roadway smoothness.
Return on Investment/ Lifecycle Cost	1-7	All	Corridor	Percentage rate of return	Return on Investment indicates the ratio of resources available to assets utilized. Lifecycle Cost Analysis is Benefit-Cost Analysis that incorporates the time value of money.

*Level
Corridor – Routes or route segments that are identified by regions and Caltrans as being significant to the transportation system.
Region – Region or county commission that is responsible for RTIP submittal.
Mode – One of the following transit types: light rail, heavy rail, commuter rail, trolley bus, and all forms of bus transit.

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Appendix C:

ADDENDUM to STIP GUIDELINES
Local Alternative Transportation Improvement Programs
State Routes 84 and 238

Resolution G-10-06 Adopted April 7, 2010
Addendum to Resolution G-09-11

Authority and Scope: Government Code Section 14528.56, added by Chapter 291 (AB 1386) of the Statutes of 2009, authorizes the California Transportation Commission (Commission) to incorporate into the state transportation improvement program guidelines additional guidelines specific to the local alternative transportation improvement program, and to adopt guidelines to establish a process to approve advancing a project, if the project is included in the local alternative transportation improvement program approved pursuant to Section 14528.5 or 14528.55 of the Government Code.

The Commission may amend these guidelines at any time after first giving notice of the proposed amendments.

Development of the Local Alternative Transportation Improvement Program: Sections 14528.5 and 14528.55 of the Government Code authorize the development of a local alternative transportation improvement program (TIP) to address transportation problems which were to be addressed by the planned state transportation facilities on State Highway Route 238 in the City of Hayward and Alameda County, and on State Highway Route 84 in the Cities of Fremont and Union City. The City and/or County will act jointly with the transportation planning agency to develop and file the local alternative TIP. Priorities for funding in the local alternative TIPs shall go to projects in the local voter-approved transportation sales tax measure.

The local alternative TIP must be submitted to the Commission prior to July 1, 2010.

All proceeds from the sale of the excess properties, less any reimbursements due to the federal government and all costs incurred in the sale of those excess properties (properties acquired to construct a new alignment for a freeway or expressway bypass to State Highway Route 238 in the City of Hayward and in the County of Alameda, and State Highway Route 84 in the Cities of Fremont and Union City) shall be allocated by the Commission to fund the approved local alternative TIP.

Administration of the Local Alternative TIP: Project funds programmed in the local alternative TIP shall be allocated and expended in the same manner as state funds made available for capital improvement projects in the state transportation improvement program (STIP) adopted by the Commission pursuant to Section 14529 of the Government Code. These funds shall not be subject to the formula distributions specified in Sections 164, 188 and 188.8 of the Streets and Highways Code.

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Advancement of a Project in the Local Alternative TIP: A local agency may, with the concurrence of the appropriate transportation planning agency, the Commission, and the Department of Transportation (Department), advance a project included in the local alternative TIP prior to the availability of sufficient funds from the sale of respective excess properties, through the use of its own funds.

Advancement of a project or projects shall not change the priority for funding and delivery of all projects within each respective approved local alternative TIP.

A local agency may enter into an agreement with the appropriate transportation planning agency, the Department, and the Commission to use its own funds to develop, purchase right-of-way for, and construct a transportation project within its jurisdiction that is included in the respective local alternative TIP.

If the local agency uses local voter-approved sales and use tax revenues to advance a project, any reimbursement made shall be used for the same purposes for which the imposition of the sales and use tax is authorized.

Submittal of Advancement Request: Requests shall be submitted to the Department by the applicant in accordance with established timeframes for project amendments to be placed on the agenda for timely consideration by the Commission.

In order to be considered by the Commission, an advancement request shall:

- Be signed by a duly authorized agent(s) of the applicant agency and implementing agency if different.
- Include all relevant information as described below.
- Indicate that the implementing agency is ready to start work on the project or project component.
- Have a full and committed funding plan for the component covered by the advancement request.
- Indicate anticipated schedule for expenditures and completion of the component.

Content and Format of Advancement Request: The Commission expects a complete request to include, at a minimum, the following information as applicable:

- A letter requesting advancement approval. The request shall include a summary of any concurrent actions needed from the Commission and a discussion of the source(s), amount and commitment of funding to be used to advance the project.
- Alternate local funding source(s) that will be substituted for the local alternative TIP funds and a demonstration of commitment of those funds (e.g., resolution, minute order) from its policy board.
- An expenditure schedule for the component covered by the advancement request.

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- If jointly funded with STIP or Proposition 1B funds, a STIP or Proposition 1B allocation request, an AB 3090 request, or a Proposition 1B LONP request must be included.
- Requests to advance right-of-way purchase or construction must include documentation for Commission review of the final environmental document, as appropriate, and approval for consideration of future funding.

Review and Approval of Advancement Requests: The Department will review advancement requests for consistency with these guidelines and place the request on the Commission meeting agenda.

Advancement will only be granted for work consistent with the approved project's scope, schedule and funding.

Upon approval of the advancement, the Department will execute a cooperative agreement or Master Agreement/Program Supplement with the local agency before it can provide reimbursement for eligible project expenditures.

Initiation of Work: The project requested to be advanced should be ready to proceed upon approval. The local agency shall report to the Department/Commission within four months following advancement approval on progress in executing agreements and third-party contracts needed to execute the work.

Allocations: Funds for the advanced project will be allocated by the Commission when scheduled in the local alternative TIP, contingent on sufficient funds being available in the appropriate Special Deposit Fund. Pursuant to the agreement with the local agency, the Department shall reimburse the local agency for the actual cost of developing and constructing the project, including the acquisition of right-of-way. Reimbursement of project development costs shall not exceed 20 percent of estimated construction costs, or any lesser amount mutually agreed to by the Department, Commission, and local agency. Interest and other debt service costs are not reimbursable.

In no case will an allocation be made that exceeds the amount of funds available in the respective account established in the Special Deposit Fund from the sale of excess properties from Route 84 or Route 238. The agency advancing the project accepts the risk that sufficient funds to fully reimburse all project costs may not be realized from the sale of the excess properties.

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HEARING

Amending 2012 STIP Guidelines for AB 3090 arrangements

Tab 15
Item 4.21

May 23, 2012

Issue

Advancing projects with local $

- Providing flexibility
- Retaining flexibility
- Equity
- Consistency
- Available funding

Proposed Changes

- Preference includes reimbursements using federal $
- Reimbursements subject to availability of fund type
- Reimbursement over several years
- Consistent timely use of funds
- Flexibility on regional prioritization
- Current-year requests look at SB 184 process

Proposed Changes

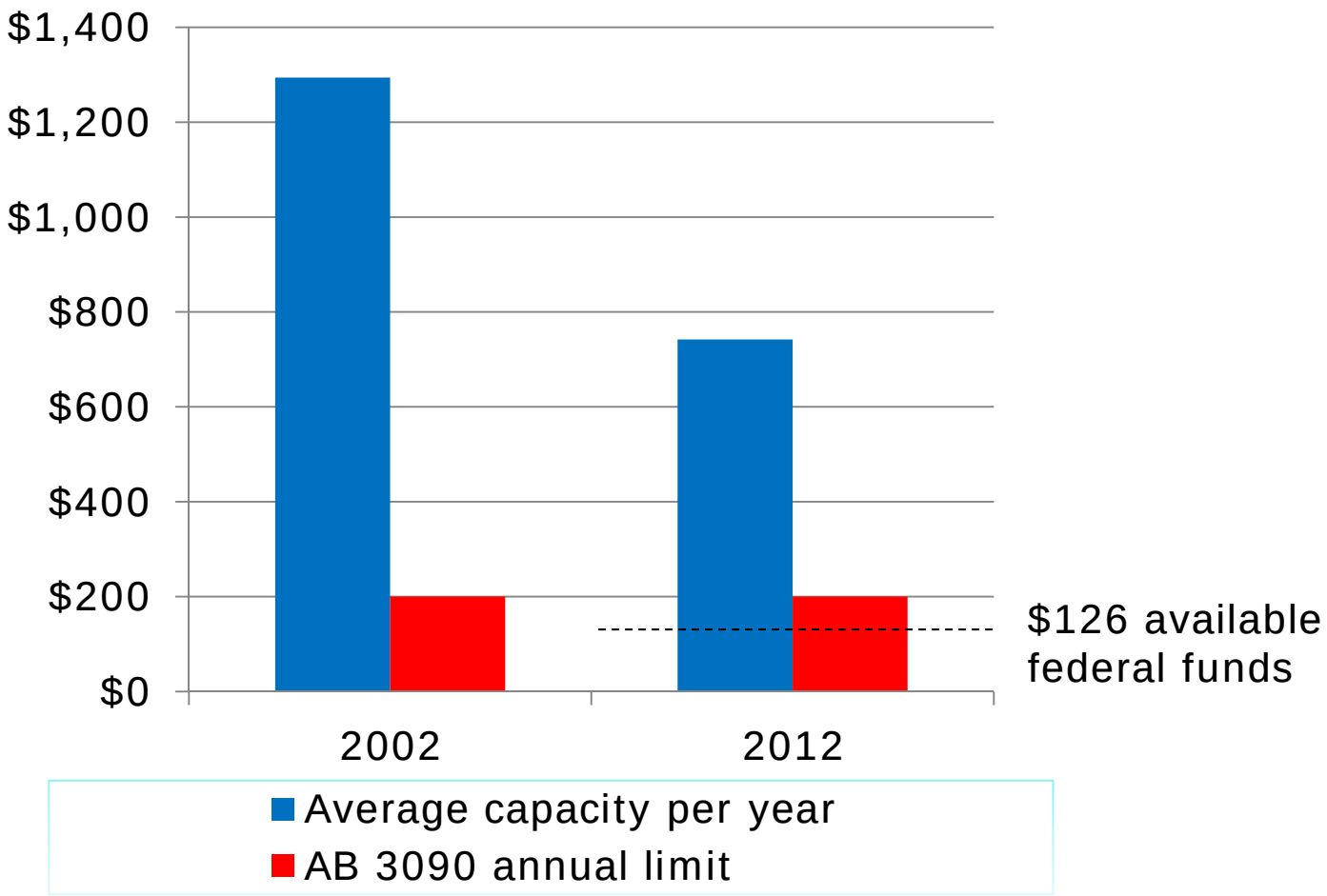
- Delete reference to using RSTP or CMAQ funds
- Evaluate the AB 3090 limit in the fund estimate
- Develop an “AB 3090 Plan”:
  - Projects to be advanced into 2012-13 or 2013-14
  - Proposed reimbursement schedule.

No Change Recommended

AB 3090 reimbursement limits:

- $200M/year
- $50M/agency or county/year
  - Limit on annual reimbursement not project size

STIP capacity v. AB 3090 limit



Next Steps

- Public comment
- Return for adoption
- Develop AB 3090 plan

Questions?