

		<p>August 3, 2010 10:30 am – 12:30 pm</p> <p>SACOG 1415 L Street, Suite 300 Sacramento, CA 95814 Contact: José Luis Cáceres (916) 340-6218</p> <p>Telephone Number: (712) 432-1438 Participant Access Code: 932832#</p>	
		<p>Meeting called by: Muhaned Aljabiry Facilitator: Abhijit Bagde Recorder: Bruce Abanathie</p>	
<p>Agenda Topics</p>			
Item	Description	Time	Presenter
1	Agenda	10:30	Abhijit Bagde
2	Ground Rules	10:35	Abhijit Bagde
3	Approval of 06/22/2010 meeting minutes	10:40	Abhijit Bagde
4	<p>Announcements and updates:</p> <ul style="list-style-type: none"> • CT Federal Programming Office – changes to staff assignments 	10:45	All
5	<p>Follow-Up Items from last meeting:</p> <ol style="list-style-type: none"> 1. Kimberly Gayle, CT – Mass Transit, to schedule a meeting with FTA regarding use of Toll Credits on FTA funded projects – Item completed (See Item No. 12 below) 2. E-mail handout for Advance Mitigation Program presented by Jay Norvell to the group – Item completed 3. E-mail comments to Michael Lange, CT – Mass Transit, on the current process for CMAQ Transit Transfers by June 25, 2010 (See Item No. 11 below) 4. E-mail Statewide Planning Findings for the 2009 FSTIP from FHWA and FTA to the group – Item completed 5. E-mail FTA 5316 and 5317 listings to MPOs – In progress 	10:50	Abhijit Bagde
6	<p>2010 STIP:</p> <ul style="list-style-type: none"> • Changes to PTA and STA funding due to changes in legislation • Federal-aid project funding guidelines for FFY 2010/11 (Handout No. 1) • Projects programmed with unfunded needs 	11:00	Steven Keck Fardad Falakfarsa Penny Gray
7	Expedited Project Selection Procedures (EPSP) – federal requirements	11:25	Wade Hobbs
8	CTIPS - Update	11:40	CTIPS Office/Dennis Jacobs
9	Toll Credits and CMAQ 100% reimbursement – Update (Handouts No. 2)	11:50	Muhaned Aljabiry
10	<p>2011 FTIP/FSTIP:</p> <ul style="list-style-type: none"> • 2010 SHOPP Grouped Project Listings Report • 2011 FTIP final financial summaries in excel 	12:00	CT Programming

	<ul style="list-style-type: none"> FSTIP PPP 		
11	CMAQ Transit Transfers - Update	12:05	Michael Lange
12	Division of Mass Transit: <ul style="list-style-type: none"> Division Update Use of Toll Credits for FTA funded projects (Handout No. 3) 	12:10	Kimberly Gayle
13	<ul style="list-style-type: none"> Follow-Up Items Open Forum Future Agenda Items 	12:25	All
14	Future meeting dates and locations: September 14, 2010 - MTC, Oakland (10:30 am – 12:30 pm) October 26, 2010 - Caltrans, Sacramento (10:30 am – 12:30 pm) December 7, 2010 - SACOG, Sacramento (10:30 am – 12:30 pm)	12:30	All

California Federal Programming Group (CFPG)

Minutes for August 3, 2010:

1. Agenda:

Abhijit Bagde (Caltrans HQ Programming), reviewed the agenda and no changes to the agenda were requested

Handouts were emailed to the group prior to the meeting and will be addressed during the agenda item that they relate to.

2. Ground Rules:

- Since there are phone participants, everyone who speaks should state his/her name and agency.
- Keep comments as brief as possible.
- Stick to the current agenda item. Additional items not in the agenda will be added to the end and will be discussed if time permits.
- Turn off cell phones and limit interruptions.
- This is a forum to hear everyone's concerns, comments and suggestions. Please make sure your voice is heard.
- Facilitator to ask before moving on to the next item if anyone on the phone has any additional comments on the item, then pause for a few seconds.
- Respond to follow-up items and meeting notices by the deadlines.
- Except for follow-up items, the minutes will include discussions that take place during the meeting only. If you do not want what you say during the meeting included in the minutes, state "off the record."
- **When not speaking, phone participants to keep their phones on mute if possible.**
- **Do not place conference call on hold. Please hang up and redial if you must take another call.**
- Meeting minutes to be distributed to the group with 10 days after the meeting.

Bolded items were emphasized by Abhijit.

3. Minutes:

The minutes of the June 22, 2010 meeting were provided via email prior to the meeting and there were no comments or changes requested – approved

4. Announcements and Updates:

Muhaned Aljabiry (Caltrans HQ Programming) discussed the temporary changes to the assignments of the HQ FTIP Coordinators due to the necessary family leave of Jody Tian. Information was sent to the agencies that have been affected.

Jose Luis (SACOG) will have some altered working hours due to his new family arrival.

5. Follow-Up Items from last meeting:

- a. Kimberly Gayle, CT – Mass Transit, to schedule a meeting with FTA regarding use of Toll Credits on FTA funded projects – Item completed (See Item No. 12 below)
- b. E-mail handout for Advance Mitigation Program presented by Jay Norvell to the group – Item completed

- c. E-mail comments to Michael Lange, CT – Mass Transit, on the current process for CMAQ Transit Transfers by June 25, 2010 (See Item No. 11 below).
- d. E-mail Statewide Planning Findings for the 2009 FSTIP from FHWA and FTA to the group – Item completed
- e. E-mail FTA 5316 and 5317 listings to MPOs – In progress. Programming Office is waiting on the final information from the Division of Mass Transportation to prepare and send the list(s).

6. 2010 STIP:

a. Changes to PTA and STA funding due to changes in legislation

Steven Keck (Caltrans Budgets) discussed the changes to transportation funding as a result of ABx8 6 and ABx8 9, particularly the changes to the Public Transportation Account (PTA). Essentially these two bills combined and redirected much of the revenue to the State Transit Assistance (STA) program. It decreases the amount of funding available for PTA in the STIP. In the 2010 Fund Estimate (FE) staff projected an amount of approximately \$50 million with no future revenue anticipated. The estimated programming for PTA is about \$258 million.

There is a change in that estimated amount based on two factors. First, the Caltrans interpretation of the available PTA funds as a result of the ABx8 6 and ABx8 9 (when they developed the estimate) was different than the State Controller's interpretation and additional money became available to the PTA account. Secondly, tax revenues were up in the fourth quarter of the 09/10 State FY, also adding revenue to the PTA account. Staff will provide an allocation recommendation to the CTC of \$225 million – but still with no projected future revenues. With 75% of state revenue going to STA and the remainder going to intercity rail and department operations there is no capacity left to allocate PTA. The only way to deliver transit projects in the STIP will be to federalize the projects. The Budgets Office will be building a line item in the FE for federalized transit projects in the STIP.

The total capacity of the STIP was also decreased by the amount redirected to the STA in ABx8 6 and ABx8 9. Although State Highway Account (SHA) funds are not available for transit projects, with the exception of some fixed guideway projects, Caltrans will be looking to the direction of the Commission to potentially build a mode-neutral STIP FE and budget for SFY 11-12 and beyond.

Will Ridder (SJCOG) noted the revenue disparity, even with the additional revenue, and expressed concern for the MPOs that have programmed their FTIPs based on the FE and the anticipated PTA availability. Steven and Muhaned assured Will that the current FTIPs programming would be considered accurate if it is based on the most recent FE.

Steve provided additional information about the absence of the TIF and the potential “undoing” of ABx8 6 and ABx8 9 through Proposition 22. This will require the Budgets and CTC staffs to be ready for some back and forth changes from the legislature. Steven also stated that the CTC, as far as he knows, is not considering any modifications to the current FE.

Will then asked for clarification of the new STA funds, if there would be any way for an agency to differentiate between the existing STA and the new STA. Steve said that it would not be possible and it would not matter for allocation and delivery.

Jose Luis asked about projects programmed with PTA in future years and the status of the funding as “reasonably available” based on potential backfill from other state funds. Muhaned stated that all of the programming is based on assumptions and that until the Programming Office receives information officially either from the CTC, Caltrans Budgets, or FHWA changing those assumptions we will continue to operate on the most current information. When changes have to be made the Programming Office will re-evaluate the funding information, make the necessary adjustments, and notify the MPOs of the changes. Steven agreed that it is too early to make any significant changes, particularly with Prop 22 potentially changing everything back to the programs prior to ABx8 6 and ABx8 9.

Sam Kaur (SJCOG) asked if it was safe to say that the RTIPs and FTIPs are still considered financially constrained based on this change. Muhaned, Abhijit, and Steven assured Sam that the current TIPs would be considered financially constrained if they are based on the information received from Caltrans.

Les Beshears (COFCG) stated that Fresno was attempting to develop a long range projection for the sales tax measure plan. In doing so, they use estimations of STIP. Can Caltrans give him any guidance on projecting the STIP availability over the next twenty years? Steven stated that they currently have difficulty establishing a five-year FE with all of the changes, emergencies, tax changes, etc. There is really no way to make a 20-year estimate. If Prop 22 passes the 2010 FE may be the best indicator to use as a base year.

b. Federal-aid project funding guidelines for FFY 2010/11 (Handout No. 1)

Abhijit reviewed the handouts provided for this item. The first is the departmental policy for federal aid funding for FY 10-11, and the second is a one-page example of the fund type for STIP projects that are federalized. These guidelines are based on the potential for all STIP projects to be programmed with federal funds in FY 10-11. This will require modifying current STIP to STIP-AC. This policy is developed to make sure that we are not at risk of losing federal funds in FY 10-11 as we are in this current FY. Fardad Falakfarsa (Caltrans Federal Resources) stated that all STIP projects over \$1 million will automatically be federalized. Abhijit asked Fardad to clarify that this policy applies to projects both *on* and *off* system. Fardad stated that it applied to *all* projects in the STIP.

Sri Srinivasan (MTC) asked for clarification on the matching requirements for the federalized STIP projects. Abhijit stated that the projects would be 100% federal using toll credits for the matching requirements. Sri followed with a question about showing the toll credits in the programming. Abhijit confirmed with Fardad that it was not necessary to show the toll credits in the programming of these projects – it would be up to the MPO to show them if they so choose. Penny Gray (Caltrans HQ Programming) asked if FHWA wanted to see the funding breakdown with toll credits as the match. Muhaned stated that FHWA will have this policy that applies to STIP projects and will understand that a project at 100% funding is using toll credits. Fardad and Muhaned also clarified that some projects with non-participating costs will show funding other than state, federal, and toll credits.

Wade Hobbs (FHWA) discussed the federal consideration of non-participating costs and noted that the FHWA engineers find these items during the PS&E phase and the funding of these elements are clarified at that time - and do not impede the approval process as long as they are identified with an appropriate fund source.

Wendy Li (SanBAG) asked about the STIP funds used to match other federal fund sources. Abhijit clarified that this policy applies to STIP projects funded through the RIP and IIP funds greater than \$1 million. Wendy will call Abhijit for further clarification as needed.

Sam Kaur noted that the letter also mentioned the SHOPP Program, and asked if the policy applied to Garvee funded projects. Steven stated that there would not be any Garvee funds distributed this year and that Garvee projects would have to be federalized anyway. Sam stated that they have existing Garvee projects that are matched with state cash and wanted to know if they would have to process an amendment to change the state cash to federal funds or toll credits. Abhijit and Steve clarified that the projects would remain as is until further notice from Caltrans Programming Office. Steve further clarified that they do not want to touch the Garvee program until they see what kind of obligation year next year will be.

Ty Phimmason (MCAG) asked if federalizing the RIP projects will require federal environmental clearance. Abhijit confirmed that it would. Ty discussed projects already in progress and asked about meeting federal requirements for those projects. Fardad stated that there are exceptions for special circumstances that are available through his office.

Ross McKeown (MTC) asked if the agencies will need to federalize all other funds participating in projects using STIP toll credits and Terry Lewis (MCAG) asked what years and phases this applies to. Steve replied that the need to federalize would be for all phases and all years.

Sam asked if the MPOs were being asked to make the CTIPS changes or if the changes would be made by the STIP office and Terry Lewis asked if there would be a problem if the MPO CTIPS programming was inconsistent with the STIP/CTC CTIPS version. Abhijit confirmed that the MPOS were being asked to make the fund type changes and that there would not be an issue with any potential inconsistencies between the STIP office version and the MPO version.

Linda Wilkins (Caltrans, District 5) asked about toll credits applied to demo projects and SHOPP Minor projects. Fardad stated that demo projects can be programmed to 100% using toll credits and Abhijit stated that the Minor project lists had be sent in May and toll credits can be applied.

c. Projects programmed with unfunded needs

Penny Gray stated that in the process of developing your 2011 FTIP and using the CTIPS mechanism for transferring STIP projects into the TIP, if the project has unfunded needs, the unfunded needs amounts do not automatically transfer, the programmers will have to go into the STIP screen and manually copy over the unfunded needs amounts to show the total project cost.

7. Expedited Project Selection Procedures (EPSP) – Federal Requirements

Wade Hobbs provided a handout (emailed by Abhijit earlier in the day) on Project Selection portion of the Expedited Project Selection Procedures (EPSP). Wade described the process of project selection and the federal regulations applicable to the process. Wade described three levels of selection criteria, those for MPOs that are Transportation Management Agencies (TMAs), for MPOS that are not TMAs, and for non-MPO RTPAs. Wade also described the partners in the projects selection process, defining “public transportation operators” as the

transit operators. Wade explained that the EPSP program applies to all four years of the FSTIP and that projects can be moved in either direction within the four-year element for delivery. For further on the process or the necessary language in a policy please contact your FHWA representative.

8. CTIPS – Update

Dennis Jacobs (Caltrans HQ Programming) discussed the progress toward linking MPO grouped project lists to the CTIPS programming pages. Dennis has received about half of the MPO website links to their grouped project lists. Dennis recognized that some MPOs will not have this information available due to restrictions in webpage capabilities or space. CTIPS Staff is also still working on the business rule that requires at least \$1 of programming in order to delete a project.

9. Toll Credits and CMAQ 100% reimbursement – Update (Handout No. 2)

This item had three handouts, 1 sent last Friday (7/30) and 2 sent out this morning (8/3). The handouts included the final Caltrans policy on the use of toll credits, a change in Highway Bridge Program funding for off federal-aid system bridges, and a Local Assistance office bulletin for toll credits. Muhaned added that Caltrans prefers that regions who wish to obligate CMAQ at 100% use the Energy Act as much as possible rather than the toll credit program to save toll credits for future use.

Sam Kaur reminded the group that we cannot use toll credits for CMAQ projects that will be FTA transfers.

Yin Ping Li (HQ Division of Local Assistance) discussed the changes in the bridge program use of toll credits and the search for future bridge projects. Please submit applications for bridge candidate projects by August 15.

10. 2011 FTIP/FSTIP:

a. 2010 SHOPP Grouped Project Listings Report

Abhijit informed the group that there have been changes made to the 2010 SHOPP project lists since the April SHOPP report, please re-run the report and update the information in CTIPS for the development of your 2011 FTIP. Some MPOs may need to do amendments to their 2009 FTIP based on the updated report. Please contact your HQ FTIP Coordinator should you have any questions about the report or programming the updated information in your FTIP.

b. 2011 FTIP final financial summaries in excel

Teresa Favila (Caltrans HQ Programming) reminded the group that the programming office needs the financial constraint tables in excel format for each region's FTIP by September 15, 2010. Teresa also stated that the regions need to use the most updated spreadsheets and not to alter the spreadsheets. This is so that the spreadsheets can be consolidated into a statewide file.

c. FSTIP PPP

Lima Huy (Caltrans HQ Programming) reminded everyone that the regions will need to post their FTIPs on their webpage and that the programming office will need the link to their FTIP for the programming website.

11. CMAQ Transit Transfers – Update

This item was deferred to the next meeting

12. Division of Mass Transit:

a. Division Update

Kimberly Gayle (Caltrans Division of Mass Transportation) reported that there have been some staff changes that have delayed some of the work. The FTA 5316 and 5317 lists will be made available as soon as possible.

b. Use of Toll Credits for FTA funded projects (Handout No. 3)

Kimberly provided a fact sheet of toll credits for FTA projects handout. One of the issues to be resolved before toll credits can be applied to FTA projects is the desire of FTA to have a specific toll credit allocation program. FTA will not track the toll credits. Caltrans may be able to track the toll credits for the rural (5311) providers, but not for the urban (5307) providers. The MPOs will be tasked with tracking toll credits for urban providers. Ted Matley (FTA) confirmed that operations projects will be eligible for toll credits.

In the discussion of how the toll credits will be applied and any limitations of the amount of toll credits for each region, Sam Kaur stated that the use of toll credits is controlled by the allocations of FTA funds. FTA funds are allocated to specific urbanized areas and the providers cannot over program the funds, so there is a natural limitation in the use of toll credits just as there is a limitation for the streets and roads toll credit program based on the allocations of the FHWA funds annually. This should make the tracking of toll credits less complicated and managed by the MPOs by use of a spreadsheet such as the one provided (also as a handout). Kimberly agreed that the MPOs would do the tracking, but that FTA wanted state-wide tracking as well.

Kimberly and Ted also confirmed that FTA planning fund programs will also be able to use toll credits.

Due to the timing of this, toll credits will not be able to be applied to the FY 09/10 FTA projects.

13.

a. Follow-Up Items

1. Additional clarification of toll credit use for FTA projects
2. Postponement of Item #11 – to next meeting
3. Template for toll credit tracking for FTA projects
4. Additional clarification on distribution of Toll Credits to the regions

b. Open Forum

c. Future Agenda Items

14. Future meeting dates and locations:

September 14, 2010 - MTC, Oakland (10:30 am – 12:30 pm)

October 26, 2010 - Caltrans, Sacramento (10:30 am – 12:30 pm)

December 7, 2010 - SACOG, Sacramento (10:30 am – 12:30 pm)

Handout No. 1: Handout for Item No. 6

Memorandum

*Flex your power!
Be energy efficient!*

To: DEPUTY DIRECTORS
DISTRICT DIRECTORS

Date: July 23, 2010

From: NORMA ORTEGA
Chief Financial Officer



Subject: Federal-aid Project Funding Guidelines Fiscal Year (FY) 2010-11

The FY 2010-11 Federal-aid Project Guidelines (FPFG) reflect the current mix of resources available to the California Department of Transportation (Caltrans) and the need to maximize the use of federal funds to ensure no funds are lost to California. All State Transportation Improvement Program (STIP) and State Highway Operations Protection Program projects over \$1 million in estimated construction costs must be qualified for federal-aid funding. Additionally, Highway Safety Improvement Program projects with a total cost of \$300 thousand or more must also be qualified for federal-aid funding. The only change from the prior guidelines is that this policy is now applicable to STIP Projects (though federal eligibility for these projects was always encouraged). The Preliminary Engineering phase of a project is funded with the same source as the Construction Capital phase, and it should be set up accordingly.

A copy of the complete revised guidelines is available online at:

<http://onramp.dot.ca.gov/hq/budgets/index.shtml>

In limited instances, the Division of Budgets will designate state-only funding. However, please note, that state-only funds are very limited and are used to fund State Operations that are not eligible for federal funds.

This FPFG policy will remain in effect until Caltrans' funding condition changes, or a new FPFG is issued. If you have any questions or concerns regarding this policy, please contact Fardad Falakfarsa, Office Chief of Federal Resources, at (916) 654-3043.

c: Steven Keck, Division Chief of Budgets
Fardad Falakfarsa, Division of Budgets, Office Chief of Federal Resources
Project Management Board
District Single Focal Points

FEDERAL-AID PROJECT FUNDING GUIDELINES

Funding level requirements apply to all projects listed in the State Transportation Improvement Program (STIP) and State Highway Operation and Protection Program (SHOPP) without regard to whether the projects are administered by the California Department of Transportation (Caltrans) or by a Local Agency. Funding level requirements do not apply to projects programed for State-only funding and non-STIP/SHOPP projects administered through the Division of Local Assistance or to other federal funds described in Sections C & D below.

For the purpose of these guidelines the term "qualified" is used when the project will be funded with Federal-Aid Highway Funds in accordance with Title 23 of United States Code. Safety data for projects developed under the Highway Safety Improvement Program (HSIP) or for state-only funded projects is protected by Title 23, United States Code, Section 409, if the project would qualify for federal funding, not withstanding Caltrans qualification process.

All projects qualified for Federal-aid must be listed in the current approved Federal Statewide Transportation Improvement Program (FSTIP).

A. Capital Outlay

1. Construction Phases of Projects

Construction projects (Interstate and non-Interstate) with a total estimated cost (excluding support cost) in excess of \$1,000,000, are to be qualified for Federal-Aid Highway Funds. Federal-Aid Highway Funds will be requested for all such projects unless Division of Budgets determines use of non-federal funds is required.

Exceptions - Capital Outlay projects:

- Capital Outlay projects programmed in the Railroad Grade Separation Program (20.30.010.400) and the Safety Railroad Grade Crossing Protection Program (20.30.010.500) with estimated capital costs of \$100,000 or more are to be qualified for Federal-Aid Highway Funds.
- Projects under Section 146.5 of the Streets and Highways Code, Parking Facilities estimated to cost \$30,000 or more in total are to be qualified for Federal-Aid Highway Funds.
- Projects under Section 148 of the Streets and Highways Code, Transit Related Highway Facilities estimated to cost \$30,000 or more in total are to be qualified for Federal-Aid Highway Funds.
- Highway Safety Improvement Program projects with total cost of \$300,000 or more will be qualified for Federal-Aid Highway Funds.
- All Emergency Relief (ER) projects greater than \$5,000 in total deemed eligible by an approved Damage Assessment Form are to be qualified for Federal ER funds.

FEDERAL-AID PROJECT FUNDING GUIDELINES

- If a portion of a project is funded with Federal funds, the entire project will be qualified for Federal-Aid Highway Funds. This includes local contributions of federal funds to projects.
- Projects eligible under Sections C or D of these Guidelines.

2. The Right-of-Way Capital Phases of Projects

- Right-of-Way (R/W) projects with an estimated capital cost (excluding support cost) of \$1,000,000 or more are to be qualified for Federal-Aid Highway Funds.
- Federal-aid for hardship and protection acquisition will only be requested when total R/W capital costs, including hardship and protection acquisition is \$1,000,000 or more.
- Right-of-Way projects currently authorized by Federal Highway Administration (FHWA) for federal funding will continue to be federally funded and supplemental federal funding requests will be submitted when adding additional work to the projects.

NOTE: Title company service contracts are approved for 100 percent State-only funding.

B. Support

1. Preliminary Engineering

Federal-aid for Preliminary Engineering (PE) will be requested when the associated Construction capital outlay is expected to be funded with Federal-Aid Highway Funds qualified under Section A of these Guidelines. Separate instructions are issued annually regarding the process for requesting Federal-aid for PE under Statewide Preliminary Engineering System (SPES).

2. Construction Engineering and Right-of-Way support

Federal-aid will be requested for all capital outlay support when the associated capital outlay project is funded with Federal-Aid Highway Funds.

Right-of-Way support prior to environmental clearance will be state-only funded.

C. Demonstration (Earmark) and/or Discretionary Projects

Projects funded from federal earmark programs such as High Priority Projects, Projects of National and Regional Significance, National Corridor Infrastructure Improvement Program, and so on shall be qualified for federal funding.

Also, projects funded from other federal Discretionary Programs shall be federally funded. Federal Discretionary Programs include but are not limited to:

FEDERAL-AID PROJECT FUNDING GUIDELINES

- Intelligent Transportation System Deployment Program
- Coordinated Border Infrastructure Program
- Corridor Planning and Development and Border Infrastructure (Corridors & Borders)
- Public Lands Highways
- Scenic Byways
- Transportation, Community, and System Preservation Program
- Value Pricing Pilot Program

These projects are also required to be included in the current approved FSTIP. The discretionary federal funds are normally available for obligation for only one year. It is critical to process a FSTIP amendment early to assure that fund obligation can be completed before the funds lapse.

If earmark and/or discretionary funding is used for a portion of project, the entire project shall be qualified for Federal-Aid Highway Funds.

D. Other Projects

Some federal program funds are specific for certain type of work. The projects that are selected and qualify for using these funds have to utilize these funds regardless of the cost. A few of these programs include but are not limited to:

- Transportation Enhancement Activities
- Coordinated Border Infrastructure
- Safe Routes to Schools
- Highway Bridge

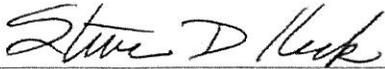
E. Requesting an Exception to the Federal-Aid Project Funding Guidelines

1. State-only funding will only be considered on an exception basis for projects otherwise qualified for Federal-Aid Highway Funds under provisions of these guidelines. Requests for State-only funding are to be submitted to the Chief, Division of Budgets. Instructions for requesting an exception to this Federal funding policy are found in the Division of Budgets' website at: <http://onramp/hq/budgets/fedlibrary.htm>.
2. With the exception of federally funded highway preventative maintenance projects (20.80.100.124), projects funded from the Maintenance Program (20.80.XXX.XXX) and projects programmed in STIP or SHOPP as State-only funded are approved for State funding and requests for State-only funding are not required.

FEDERAL-AID PROJECT FUNDING GUIDELINES

F. Toll Credit

1. To the extent possible, toll credit will be applied to all projects that qualify for federal funding under the provisions of these Guidelines. The use of toll credit eliminates the need for non-federal matching funds for a project but requires additional federal funds to be used in its place.
2. Toll credit shall not be applied to Emergency Relief funds.



 NORMA ORTEGA
Chief Financial Officer

7-23-10

Date Signed

FUND TYPE FOR PROGRAMMING 2010 STIP PROJECTS

CTIPS (California Transportation Improvement Program System) _ | 9 | X

File Edit View Actions Tools Help

Fund Table Manager X

Edit Fund Type

Fund Type Details

Fund ID: Fund Name:

Blended Fund Type

Match %	Match Fund
?	▼

Type:
 Federal
 State
 Local

Archived Fund Type State Highway Account

Browse All Funds

Detailed Fund Description (Huh? Button)

Fund type to be used for programming STIP projects that are to be funded with federal funds.
 FEDERAL PARTICIPATION: 100 percent.

Program Category(s) Containing this Fund Type

IIP
RIP

Select Category to Add:

MPO Filter - This Fund Type Applies to ...

<input checked="" type="checkbox"/> AMBAG	<input checked="" type="checkbox"/> BCAG	<input checked="" type="checkbox"/> COFCO	<input checked="" type="checkbox"/> KCOG	<input checked="" type="checkbox"/> MCAG
<input checked="" type="checkbox"/> MTC	<input checked="" type="checkbox"/> SACOG	<input checked="" type="checkbox"/> SBCAG	<input checked="" type="checkbox"/> SCAG	<input checked="" type="checkbox"/> SANDAG
<input checked="" type="checkbox"/> Shasta	<input checked="" type="checkbox"/> SJCOG	<input checked="" type="checkbox"/> SLOCOG	<input checked="" type="checkbox"/> STANCOG	<input checked="" type="checkbox"/> TCAG
<input checked="" type="checkbox"/> Kings	<input checked="" type="checkbox"/> TRPA	<input checked="" type="checkbox"/> Madera	<input checked="" type="checkbox"/> Rural Non-MPO	

State_overdue
Record: 1/118
Exclusive
NUM

Handout No. 2: Handout for Item No. 9

Final

CALIFORNIA DEPARTMENT OF TRANSPORTATION
TOLL CREDIT USE POLICY

Background:

Section 1111(c) of the Transportation Equity Act for the 21st Century (TEA21), and 23 U.S.C., Section 1044 of ISTEA under Section 120(j) allows states to use certain toll revenue expenditures as a credit toward the non-federal matching share of programs authorized by Title 23 (except for the emergency relief programs) and for transit programs authorized by Chapter 53 of Title 49.

During Fiscal Year (FY) 1992 through FY 2006, California has collected approximately \$18.2 billion in toll receipts, of which over \$7.1 billion was invested to build and/or improve public highway facilities. Based on federal statutes, the State applied for approximately \$5.7 billion in toll credits from investments during this time period. Now approved, these toll credits do not lapse until used by the state.

These guidelines apply to the \$5.7 billion which was approved by the FHWA for the State of California¹ until the end of FY 2011-2012. This two year period represents the demonstration period, permanent program policy to be in place for the FY 2012 and beyond.

Guiding Principles for use of Toll Credits:

- Compliance with state and federal statutes,
- Maximize the use of federal funds,
- Toll credits should not result in the redirection of non-federal funds away from transportation.

Constraints/requirements:

- Use of toll credits does not generate additional federal funding and is limited to the non-federal match required for Apportionments and Obligational Authority (OA) available in any given year.
- All projects proposed to use toll-credits should be fully funded at the maximum allowable federal reimbursement rate.
- Use of toll credits will require amendments to current programming documents.
- FTIPs still need to be financially constrained.
- Toll credits may not be applied to projects funded with FHWA Emergency Relief funds or Appalachian Development Highway System (ADHS).
- The State must establish a special account to track toll credits.
- Processes for the tracking of toll credit usage must be established.

¹ On June 1, 2005, the Department received approval from FHWA for \$104.026 million in toll credits from private entity expenditures on State Route 91. Until the policy for toll credit use in 2012-13 is developed, this \$104.026 million will be kept separate for use within Orange County.

Distribution Process:

1. Toll credits will be made available statewide to the RTPAs for federal match to any eligible federal program, to the Highway Bridge Program Projects for off federal-aid system projects and to the Department to match federal funds used for STIP and SHOPP. Toll credits will not be used for any programmed project in the local safety programs.
 - a. RTPAs will provide the Department with an estimate of the total need for toll credits for the FTIP period by programming year.
 - b. In order for the State to implement the usage of toll credits statewide, the RTPA must submit to the Department on or before October 1 of each federal fiscal year, a list of programmed FTIP projects that are planned to use the credits for the upcoming federal fiscal year (starting October 1).
2. Prior to the end of the two-year demonstration period the policy will be re-evaluated and if necessary changes will be made to the methodology and process for the disbursement of toll credits to take effect in FY 2012-2013.

Monitoring and Reporting of Toll Credit Usage and Balance

In accordance to the FHWA February 8, 2007 Memorandum on Tolling and Pricing Program, Caltrans will establish and maintain a special account to track the use and balance of toll credits for FHWA funded projects.

Prior to using toll credits for projects funded through the FTA, RTPAs and local agencies shall develop and maintain a special account to track the use and balance of toll credits, acceptable to FTA and FHWA. The obligations of funds through FTA constitute final use of toll credits as FTA funds are not de-obligated but are amended through the FTA.

DEPARTMENT OF TRANSPORTATION

DIVISION OF LOCAL ASSISTANCE – M.S. 1

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TTY 711

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Be energy efficient!*

July 15, 2010

All Directors of Public Works and Transportation in California

Change in Highway Bridge Program Funding for Off Federal-Aid System Bridges

Dear Director:

This letter is to inform you that the local assistance Highway Bridge Program (HBP) can now pay 100% of the eligible project costs when local agencies initiate new phases of work for off federal-aid system (OFS) bridges for either new candidate projects or for projects already in progress. One hundred percent reimbursement cannot be retroactively applied to previously authorized phases of work due to federal regulations.

The deadline to submit new HBP applications to your District Local Assistance Engineer (DLAE) is August 15, 2010, for projects to be included in the next Federal Transportation Improvement Program (FTIP). Existing projects eligible for 100% reimbursement have already been changed in the FTIP.

The current California Department of Transportation (Caltrans) Toll Credits Policy states that toll credits can be applied to OFS bridges statewide to allow an HBP federal reimbursement rate of 100% which eliminates the need for local matching funds. The toll credits usage is managed by Caltrans, and the policy will be re-evaluated in 2012. It is expected the toll credits will be available beyond September 30, 2012. Detailed background information on toll credits can be found in Office Bulletin DLA-OB-10-09 at:

http://www.dot.ca.gov/hq/LocalPrograms/DLA_OB/DLA_OB.htm

The intent of providing 100% reimbursement to OFS bridge HBP projects is to accelerate the delivery of this classification of project. With this surcharge of workload, local agencies have the option to contract their project management activities to ensure timely use of these funds and to ensure that the projects are correctly and cost-effectively developed.

Below is additional information related to developing OFS bridge projects:

1. Local agencies must review their bridge inventory to verify bridges are eligible for HBP funds. The complete local highway bridge inventory sorted by local agency/bridge owner is available at:

<http://www.dot.ca.gov/hq/structur/strmaint/local/localbrlist.pdf>

2. Local agencies must verify the functional classification of their candidate projects. OFS bridges carry streets and roads that are functionally classified as urban/rural local streets and roads or rural minor collectors. The current Federal Highway Administration (FHWA) approved functional classification maps for California's public roads can be accessed at:

http://www.dot.ca.gov/hq/tsip/hseb/crs_maps/

Local agencies must provide the map number and map coordinates with their applications.

3. Local agencies may submit "minimal" Exhibit 6A applications to their DLAE to request funds to scope the projects. See Chapter 6, Highway Bridge Program, Section 6.6.2 of the Local Assistance Program Guidelines for minimal application requirements. Caltrans will only fund costs related to Project Approval and Environmental Document (PAED) development for minimal applications. Other phases (final design, Right of Way, Construction) would not be programmed or funded until the scope of the project is determined. Chapter 6, Highway Bridge Program, can be accessed at:

<http://www.dot.ca.gov/hq/LocalPrograms/lam/lapg.htm>

4. Local agencies that have projects on the current inactive project list will not be eligible to request funds for new projects. Rare exceptions will be considered on a case-by-case basis, usually based on issues related to litigation beyond the local agency's control. A list of agencies with inactive projects is available at:

<http://www.dot.ca.gov/hq/LocalPrograms/Inactiveprojects.htm>

5. From the date of PAED Preliminary Engineering (PE) authorization, local agencies will have two years to fully scope the project. A fully scoped project is a complete, high quality Exhibit 6A HBP Application package. Environmental studies may or may not be complete. If the scope is not completed within two years of PAED (PE) authorization, all federal funds spent to date will be returned to FHWA. No time extensions will be considered.
6. Special attention must be used in reviewing the bridge inspection element level information to understand exactly what is triggering the bridge deficiencies. The scope of work must be responsive to solving the bridge safety problems. The element level inspection information is found in the bridge inspection report. The DLAEs can provide copies of the inspection reports if needed.

July 15, 2010

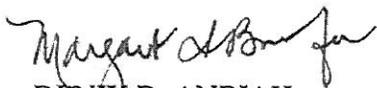
Page 3

7. If it is determined that the project should not proceed based on cost effectiveness or no major reconstruction or preventive maintenance work is required, the local agency may choose the no-build option. The local agency would follow the procedures in the Local Assistance Procedures Manual, Chapter 17, Project Completion, to close the federal aid project and keep the HBP funds spent to date.
8. Low Water Crossing Replacement projects OFS will also be eligible for toll credits.
9. The deadline to submit new HBP Applications to your DLAE is August 15, 2010, for the projects to be included in the next FTIP update. Applications may be submitted on a continuous basis, but late applications will not be programmed into the FTIP until summer 2011.

The Local Assistance Highway Bridge Program Advisory Committee has reviewed and concurred with this letter. Members include Caltrans (Chair), representatives from the League of California Cities, the California State Association of Counties, the California Association of Council of Governments, California Transportation Commission staff, and FHWA.

If you have questions or need additional information, please contact your DLAE.

Sincerely,



DENIZ D. ANBIAH,

Chief

Division of Local Assistance

c: DLAEs, Caltrans, Districts 1 - 12
HBP Bridge Advisory Committee

Handout No. 3: Handout for Item No. 12

SJCOG Example to Use Toll Credits								
			Project Information					
County	Project Sponsor	Project Name	Phase	CTIP ID	Fund Type	FTA Grant Number	FY	Amount
San Joaquin	San Joaquin Regional Transit District	Safety and Security	CON	0000-0000-0000	FTA 5307	5307-XXXXXX	FY 09/10	\$80,000

This is not a real project or proposal, It is an example.

Toll Credit Information	
Amount	Percentage
\$20,000	20%



Expires – Upon Issuance of LPP

Use of Toll Credits in Lieu of Non-Federal Share Match for Local Assistance Federal-aid Highway Projects (Revised July 22, 2010)

I. BACKGROUND

Federal-aid highway projects typically require the project sponsors to provide certain amount of non-federal funds as match to the federal funds. For example, Surface Transportation Program (STP) funded projects require a minimum of 11.47% of non-federal match funds. Through the use of toll-credits, the non-federal share match requirement can be met by applying an equal amount of toll credit and therefore allow a project to be funded with up to 100% federal funds for federally participating costs.

The statutory authority for the use of toll credit was first established in Section 1044 of ISTEA that permitted the use of certain *toll* revenue expenditures as a *credit* toward the non-Federal matching share of all programs authorized by ISTEA and Title 23, thus the term “Toll Credit”. Section 1111(c) of TEA-21 incorporated into 23 United States Code (USC) 120(j) toll credit provisions initially set forth in ISTEA. This provision allows the federal obligation to be increased up to 100 percent of project costs to the extent that credits are available.

The amount of credit a state can earn is determined by the amount of toll revenue used for capital expenditures to build or improve public highway facilities. Once a credit amount is appropriately established, this credit will remain available until used by the state. The state is required to track the use of toll credit on a project-by-project basis and report such use to Federal Highway Administration (FHWA) on a regular basis.

The California Department of Transportation (Caltrans) recently received a conditional approval from the FHWA for \$5.7 billion of toll credit. Caltrans is starting a two-year demonstration toll credit program. Caltrans’ Division of Budgets has issued a statewide “Toll Credit Use Policy”. At this point, toll credit can be used on all federal-aid highway funding programs, except Emergency Relief (ER) Program, Local Safety Programs, and Local On-system Highway Bridge Program (HBP) projects. The limit of toll credit use on Safety program projects and On-system HBP projects is due to the fact that all available funds have been fully programmed. Although FTA transfers are eligible to use toll credit, a tracking system acceptable to both FHWA and FTA will need to be established before toll credit can be used on FTA transfers.

This Office Bulletin prescribes Division of Local Assistance’s implementing procedures for the use of toll credit on federally funded Local Assistance projects.

II. POLICY

It needs to be noted that the use of toll credits does not generate any additional federal funding. Its use is merely to meet the non-federal match requirement of the federal participating cost. As such, when toll credit is used in lieu of the non-federal share cash match, it will help those projects that would otherwise be delayed for the lack of matching funds. The amount of toll credit a state can use each year is limited by the amount of annual Federal Obligation Authority (OA). It is also important to point out that one of the conditions for FHWA’s approval of toll credit is that its use does not reduce the state’s non-federal



transportation capital expenditures. To meet this requirement, California must demonstrate continued efforts to maintain its non-federal transportation expenditure. While this is done on a statewide basis, it is important that the project sponsors do not redirect local transportation funds intended for non-federal match to other purposes not related to transportation.

Toll credits can be used in any phase of a federal-aid projects, Preliminary Engineering, Right of Way, or Construction, as long as that phase of work has not been authorized. FHWA policy does not allow the retroactive use of toll credit on a phase of work that has received federal authorization. However, subsequent phases can be authorized to use toll credit.

In order to use toll credit, a project must meet the following requirements:

- The intended use of toll credit is explicitly expressed in the Request for Authorization (RFA) to proceed by marking the appropriate toll credit use area;
- Indicate the use of toll credit in the Remarks of the signed project Finance Letter;
- Be fully funded at the maximum allowable federal reimbursement rate, excluding federally non-participating costs;
- Properly programmed in the current Federal Statewide Transportation Improvement Program (FSTIP) as using toll credits;
- The project is funded with funds from one of the programs listed in Caltrans' Statewide Toll Credit Use Policy.

III. PROCEDURE

Section 120(j) of 23 USC allows the use of toll credits on federal-aid highway projects to receive up to 100% in Federal reimbursements for participating work. Consequently, the non-federal matching requirement for a project no longer has to be met with non-federal funds.

The following examples demonstrate how the use of toll credit is different than the normal federal-nonfederal match funding.

Scenario A -- Traditional Project Funding with Match

For a project with a total cost of \$120,000 including \$20,000 of federally non-participating costs (\$100,000 federally participating) using a federal reimbursement rate of 88.53%, the funding plan would normally be as indicated in the following Table 1.

Table 1 – Normal Funding					
Prog Code	Total Cost	Participating Cost	Federal Funds	Non-Federal Funds	Toll Credit
L240	\$120,000.00	\$100,000.00	\$88,530.00	\$31,470.00	\$0.00

The Federal Fund amount required in this scenario is 88.53% of the Participating Cost and the non-Federal Funding amount is equal to the Non-Participating amount plus the required 11.47% Non-Federal match.



Scenario B – Toll Credit Funding

When toll credit is being applied to the project, it will be used as a credit toward the non-federal share or \$11,470. Since toll credits are not federal funds, federal share must be increased to accommodate the reduction of Non-Federal funds resulting from the toll credit being used as indicated in the following Table 2.

Table 2 – Use Toll Credit					
Prog Code	Total Cost	Participating Cost	Federal Funds	Non-Federal Funds	Toll Credit
L240	\$120,000.00	\$100,000.00	\$100,000.00	\$20,000.00	\$11,470.00

The federal fund amount required is changed from \$88,530 to \$100,000, the total Participating Cost, and the non-federal funding amount is equal to the Non-Participating amount.

The various Requests for Authorization (RFA) to proceed forms have been updated to include checkboxes for the use of toll credit and are made a part of this Office Bulletin.

Local Agencies:

- Work with the respective Metropolitan Planning Organization (MPO) to ensure the use of toll credit is appropriate and that such use is properly programmed in the MPO’s Federal Transportation Improvement Program (FTIP), and subsequently in the FSTIP;
- Submit RFA and Finance Letter indicating the use of toll credit for the project; Federal funds must equal to 100% of the total participating costs. Include a comment in the Remarks Section of the Finance letter for the use of Toll Credit;
- After receiving Authorization to Proceed and executed Program Supplemental Agreement or State signed Finance Letter, invoices for eligible costs may be billed at up to 100%.

Caltrans District Local Assistance Engineers and HQ Area Engineers:

- Perform normal review to ensure accuracy and completeness of the RFA;
- Enter RFA information into FADS;
- When the RFA and Local Agency signed Finance Letter indicate the use of Toll Credit,
 - Indicate the use of toll credit in the Remark Section of LP2000 Finance Letter.
 - Make “(TC)” to be the last four characters of the “Type of Work” Field on the Fund Sum Screen of FADS. This will allow easier identification of toll credit projects in FADS reporting.



- o Enter the amount of toll credit, calculated as 11.47% (STP, HBP, or CMAQ programs) of the total Participating Cost, into the “Toll Credit” Field on Fund Detail Screen of FADS
- o Include a special remark in the State Comment Field to indicate the use of toll credit use for the project, e.g., “This project will use toll credit in-lieu of non-federal match, resulting in federal reimbursement rate of 100%.”

Fed Prog Line Code No	Imp Cnty Cd	Total	Participating	Federal	Adv Construction	Non-Federal	Toll Credit	Cong. Bridge Dist.
Q240 30	049 06	120,000.00	100,000.00	100,000.00	0.00	20,000.00	11,470.00	
Q230		120,000.00	100,000.00	100,000.00	0.00	20,000.00	11,470.00	
Totals:		120,000.00	100,000.00	100,000.00	0.00	20,000.00	11,470.00	

Functional System: R - MAJOR COLLECTOR
Fed Reimb Rate: 100.00
Toll Road: Yes No
100% Safety: Yes No
Demo ID:
Air Basin: Select one
State Local Adv Const: Select one

Congressional Districts and Percentages: Add/Edit
04 100%

Project Funding Plan: *Totals are not updated to reflect amounts entered in This Sequence amounts until Save button is selected.

	Total	Participating	Federal	Adv Construction	Non-Federal	Toll Credit	AC Converted
Previous Sequence:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
This Sequence:	120,000.00	100,000.00	100,000.00	0.00	20,000.00	11,470.00	0.00
Total:	120,000.00	100,000.00	100,000.00	0.00	20,000.00	11,470.00	0.00

Local Program Accounting:

Review and make payments on project invoices at the reimbursement rate of up to 100% as indicated on the State approved Finance Letter on projects using toll credit.

FTA Transfer Requests

Although FTA transfers are eligible to use toll credit, a tracking system acceptable to both FHWA and FTA will need to be established before toll credit can be used on FTA transfers.

IV. APPLICABILITY/IMPACTS

This will impact all Local Agency federal-aid transportation projects proposed to use toll credit.

Approved: Ray Zhang Date: 7/22/2010
Ray Zhang, Chief
Office of Project Implementation South

Approved: Bill Sandoval Date: 7/22/2010
Bill Sandoval, Chief
Office of Project Implementation North

ATTACHMENT: Various Requests for Authorization Forms

**TRANSPORTATION DEVELOPMENT CREDITS (TOLL CREDITS)
FOR FEDERAL TRANSIT ADMINISTRATION PROJECTS**

FACT SHEET

Transportation Development Credits (formerly referred to as Toll Revenue Credits) provides a credit toward a project's local share for certain expenditures with toll revenues. The amount of credit toward local share to be earned by a State is based on revenues generated by toll authorities within the State. Under the provisions of 23 U.S.C. 120(j), FHWA oversees the determination of transportation development credit within each State. For the Federal Transit Administration (FTA), the effect of utilizing transportation development credits means that FTA, in essence, provides 100 percent of the total net project cost. For example, if the actual cost of the asset is \$500,000, FTA's share at 80 percent equals \$400,000. The remaining \$100,000 match is transportation development credits, so additional Federal funds are needed to equal \$500,000 or 100 percent of the net project cost. FTA calculates a project using transportation development credits as shown in the example below:

Actual cost of the asset	\$500,000
	=====
Federal Share (80%)	\$400,000
Local Share (20%)	\$100,000 (from toll revenue credits)
	\$500,000
	=====

In Transportation Electronic Award and Management (TEAM), the recipient will enter the following:

Total project cost	\$500,000
Federal Share	\$500,000

FTA requires the recipient to state within the comment section of TEAM that transportation development credits provide \$100,000 for the local share. FTA will not approve a retroactive application of Transportation Development Credits, nor will FTA allow additional toll credits to be added to a grant after it is executed.

IMPLEMENTATION STATUS

On July 7, 2010, Caltrans held a meeting with FTA Region IX on the implementation of Transportation Development Credits for transit projects. The FTA agreed to allow Caltrans to utilize these credits under the following conditions:

1. Verification from FHWA on Toll Credit Pool (May 13, 2010 Letter from FHWA).
2. Clarification on the methodology for allocation of toll credits to transit agencies.
3. FTA has no system for tracking toll credits; therefore, Caltrans to track all toll credit allocations for transit projects (including projects in urbanized areas). Also, Caltrans will work with the MPO's and RTPA's to develop their own internal tracking system to be consistent with Caltrans.
4. Caltrans report annually on Toll Credit usage and balances for all federal projects.
5. At the time of the meeting, FTA was unsure whether "operating" projects would be eligible.

Next steps include submission of a letter to FTA verifying the toll credit pool amount and Caltrans plan to allocate and track toll credits for Caltrans-managed transit capital and planning projects and for urbanized area transit projects managed by MPOs. DMT and Budgets are working together to develop an internal process to track toll credit allocations, usage, and annual reporting in accordance with FHWA and FTA requirements. The Division of Transportation Planning (DOTP) is also looking into utilizing toll credits for FTA planning funds. Additional information is forthcoming from DOTP.

Handout No. 4: Handout for Item No. 7

PROJECT SELECTION & EXPEDITED
PROJECT SELECTION FOR THE FSTIP
AND MPO FTIPs

Project Selection

Projects listed in the FTIP/FSTIP must be selected by the appropriate agency using specific project selection procedures to be authorized for federal funding.

MPO (non-TMA)

All title 23 U.S.C. (FHWA) & title 49 U.S.C Chapter 53 (FTA) program funded projects shall be selected by the State and/or public transportation operator(s) in cooperation with the MPO, except Federal Lands Highway (FLH) program projects that are selected pursuant to the provisions of 23 U.S.C. 204.

MPO with TMA designation

All title 23 U.S.C. & title 49 U.S.C Chapter 53 program funded projects shall be selected by the MPO in consultation with the State and public transportation operators, except:

The State shall select projects undertaken on the National Highway System, projects funded with federal Interstate Maintenance (IM) program funds, and projects funded with federal highway bridge program (HBP) funds.

Federal Lands Highway program projects are selected pursuant to the provisions of 23 U.S.C. 204.

"Agreed to List" of Projects

Year 1 of the FSTIP shall constitute an agreed to list of projects by the State, Transit Operators, and MPO, and no further selection action is necessary for the implementing agency to proceed with the listed projects. The implementing agency may advance the projects in any specific order throughout the year.

If an implementing agency wishes to proceed with a project from Year 2, Year 3, Year 4 of the STIP, specific project selection procedures must be followed.

EXPEDITED PROJECT SELECTION PROCEDURES

Expedited project selection procedures, that permit implementing agencies to advance projects from Year 2, Year 3 or Year 4 of the STIP, may be used if agreed to by all the parties involved in the selection.