

November 18, 2003

<h1 style="font-size: 4em; transform: rotate(-15deg); opacity: 0.5;">Agenda</h1>		<p>November 18, 2003 10:30 – 12:30</p> <p>Caltrans HQ 1120 N St. Room 2116 Sacramento, CA Muhaned Aljabiry (916)654-3521 Abhijit Bagde (916)654-3638</p>	
<p>Meeting called by: Rachel Falsetti Facilitator: Muhaned Aljabiry Recorder/Time Keeper: Abhijit Bagde</p>			
<p>Agenda topics</p>			
Item	Description	Time	Presentor
1	Topics/Agenda/Introductions	10:30	M. Aljabiry
2	Ground Rules	10:35	M. Aljabiry
3	Announcements / Approval of the 10/08/03 CFPG meeting minutes.	10:40	All
4	Follow-Up Items from last meeting: a. Financial Planning Guidelines 10/31/03 b. Letter to survey whether CTIPS support cost reporting change is supported by all 10/31/03 c. Notifications to MPOs prior to change in May/April 2004 CTIPS for support costs to combine with Capital costs (if survey above is "Yes") d. Grouped projects and minor change draft Guidelines (Taskforce update) 11/18/03 e. Set up meeting possibility of changes to TEAM database to accommodate CTIPS ID, MPO ID no date f. Set up financial constraint committee mtg. to explore alternatives to make FTIPs financially constraint done g. Information to MPOs on ITS Presentation 10/24/03	10:45	CT, FHWA & FTA CT CT FHWA SCAG CT CT
5	Annual listing Taskforce Progress Report	11:10	R. Ayala

6	Financial Constraint of the FSTIP	11:20	M. Aljabiry
7	Fund estimate	11:30	CT
8	STIP update	11:45	K. Scherzinger
9	<p>a. How to build our RTIPs using CTIPS. How to Transfer projects from the new RTIPs to the new FTIPs (we probably can't wait to transfer projects from the STIP to FTIP because the STIP has been delayed).</p> <p>b. Building Project Nomination Fund and Fact Sheets through CTIPS (required for new projects in STIP).</p>	12:00	D. Little
10	2004 FTIP/FSTIP workshop	12:10	R. Falsetti
11	Estimated lump sum values for 2004 FTIPs	12:15	A. Bagde
12			
13	<p>Open Forum & Next meeting date and location</p> <p>2004 CFPG Meetings</p> <p>Jan, 2004 FTIP Workshop - Sacramento</p> <p>Feb. 17, 2004 FTA</p> <p>March 30, 2004 SACOG</p> <p>May 11, 2004 FHWA</p> <p>June 22, 2004 MTC</p>	12:25	All

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P= In person=25
T= By telephone=16

CALIFORNIA FEDERAL PROGRAMMING GROUP (CFPG)
MEETING MINUTES – November 18, 2003

The CFPG meeting was held at Caltrans Headquarters in Sacramento from 10:30 to 12:00.

1. Topics/Agenda/Introductions:

Meeting started with self-introduction of attendees and review of the agenda items.

2. Ground Rules:

Muhaned Aljabiry went over the following ground rules for the meeting.

- 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".

3. Announcements/ Approval of the 10/08/03 CFPG meeting minutes:

Jason Crow announced that Steve Guhin would be retiring from SACOG as of December 5, 2003.

Meeting minutes for October 18, 2003 CFPG meeting were approved.

4. Follow-up items from last meeting:

a. Financial Planning Guidelines (Attachment A):

Abhijit Bagde announced that the draft guidelines had been released to the CFPG members and asked the group to forward comments on the draft document to the State by December 15, 2003. Abhijit also mentioned that these guidelines were prepared to aid MPOs while preparing their financial plan. Leigh Levine mentioned that the document covers basic federal and state requirements and would eventually include best practices and examples.

Raymond Odunlami asked about the timing of release of the guidelines with respect to the upcoming federal re-authorization that could happen in the next few months. Wade Hobbs responded that rules for the reauthorization would not be released for several years. Raymond asked if the MPOs are required to prepare two separate financial plan documents for FTIP and RTP. Wade responded that only one financial plan covering both the documents would be required.

b. Letter to survey whether CTIPS support cost reporting change is supported by all:

The State would send the correspondence prior to the next CFPG meeting.

c. Notifications to MPOs prior to change in CTIPS for support costs to combine with Capital costs (if survey above is "Yes"):

The State would send the correspondence prior to the next CFPG meeting.

d. Grouped projects and minor change draft Guidelines (Taskforce update):

Wade Hobbs mentioned that the draft guidelines were still in works. He stated that the Task Force would require new members with respect to the proposed retirement of Steve Guhin and mentioned that guidelines would not be released to the CFPG members until the new Task Force had an opportunity to finalize the document. Wade anticipated that the information could be released to CFPG members by mid December for comments. Rachel Falsetti announced that John Asuncion would be sending request to the MPOs if they would be interested participating in the Task Force.

e. Set up a meeting to discuss possibility of changes to TEAM database to accommodate CTIPS ID, MPO ID:

Rosemary Ayala mentioned that the Task Force had a meeting on November 18, 2003. She stated that she would contact FTA to explore modifying options to FTA's TEAM database. Rachel Falsetti mentioned that she would set up a meeting within Caltrans to explore ways to send MPO's the required information for the annual listing. Ivan Garcia volunteered to check with the MPOs from other states to survey options they use for complying with the federal regulations regarding obligation. Jason Crow mentioned that he would investigate the report SACOG received from FTA for obligated transit projects in FFY 2002.

f. Set up financial constraint committee mtg. to explore alternatives to make FTIPs financially constrained:

Muhaned Aljabiry mentioned that the State sent the letter to MPOs on November 4, 2003, which included guidelines MPOs might use for demonstrating financial constraint of their FTIP. He also mentioned that this information was also sent to CFPG members via e-mail

g. Information to MPOs on ITS Presentation:

Leigh Levine stated that the presentation would be done at another forum and asked the group to contact FHWA for more information on the program, if required.

5. Annual listing Taskforce Progress Report:

This item was covered under 4(e) above.

6. Financial Constraint of the FSTIP:

Muhaned Aljabiry referred the group to the letter sent by the State on November 4, 2003 and discussed the guidelines on demonstration of financial constraint outlined in the letter. Sookyung Kim expressed that SANDAG's opinion was not taken in account while developing the guidelines. Rachel Falsetti replied that the State would contact SANDAG to discuss this further. Muhaned suggested that MPOs should contact the State if MPOs had any concerns on the guidelines.

7. Fund Estimate:

Rachel Falsetti stated that the Fund Estimate would be posted on the Caltrans website by November 19, 2003. (http://www.dot.ca.gov/hq/transprog/stip/Draft_FE.pdf)

8. STIP Update (Attachment B):

Kurt Scherzinger, STIP Office Chief, stated that the 2004 STIP would include many programming changes to the projects due to funding shortfall. He also mentioned that these changes would be discussed in detail at the next RTPA meeting. Kurt referred the group to the "2004 STIP Resource

Page” website which outlines important information on upcoming 2004 STIP. He also discussed the modified “Fact and Funding Sheet” created in Excel format. Kurt mentioned that the MPOs/RTPAs would not be able to upload them in CTIPS directly and they would need to send them to the STIP office for importing the information in CTIPS. If local agency would like to make changes to the projects, they should incorporate them as part of the RTIP submittal. Kurt also stated that his office would prefer electronic submittal rather than the hard copy.

- 9.**
- a. How to build our RTIPs using CTIPS. How to Transfer projects from the new RTIPs to the new FTIPs (we probably can't wait to transfer projects from the STIP to FTIP because the STIP has been delayed).
 - b. Building Project Nomination Fund and Fact Sheets through CTIPS (required for new projects in STIP).

These items were covered under item no. 8 above.

10. 2004 FTIP/ FSTIP workshop:

Rachel Falsetti announced that the State and FHWA would like to conduct the workshop in January 2004. Detailed information will be sent at a later date.

11. Estimated lump sum values for 2004 FTIPs:

Abhijit Bagde mentioned that the State would not provide the lump sum estimates for various local programs (e.g. HES, HBRR and 130 - Railroad Grade Crossing Protection Program) administered by Caltrans Local Assistance except for Emergency Repair Program. He also stated that for the State Minor Program, the State would provide the project list to MPOs by February 2004. Rachel Falsetti mentioned that the FTIP Office would contact Local Assistance to explore the availability of project lists for various programs administered by them.

12. Open forum and next meeting dates and locations:

The members decided to participate in 2004 FTIP/FSTIP workshop instead of CFPG meeting in January 2004.

Following are future CFPG meeting dates:

<u>Date</u>	<u>Location</u>
February 17, 2004	FTA
March 30, 2004	SACOG
May 11, 2004	FHWA
June 22, 2004	MTC

Follow up items:

<u>Item</u>	<u>By</u>	<u>Due Date</u>
1. Letter to survey whether CTIPS support cost reporting change is supported by all	CT-FTIP	by next mtg.
2. Notifications to MPOs prior to change in CTIPS for support costs to combine with Capital costs (if survey above is “Yes”)	CT-FTIP	By next mtg.
3. Grouped projects and minor change draft guidelines	Task Force	Dec. 15
4. Obligation information received by SACOG from FTA for FY 2002	SACOG	By next mtg.
5. e-mail requesting volunteers for “Grouped projects and minor change draft guidelines” Task Force	SBCAG	done
6. Meeting with Federal Resources – CT to get more Information from FADS	CT_FTIP	By next mtg.
7. Get information from FTA on TEAM database	SCAG	By next mtg.
8. Contact CT – Local Assistance for project list for Lump sums for State administered programs	CT-FTIP	by next mtg.

FINANCIAL CONSTRAINT SUMMARY FOR 2002 FTIP:

MPO NAME:

PROGRAMMING SUMMARY:

FUNDING PROGRAM	FY 2003/04	FY 2004/05	TOTAL
FEDERAL TRANSIT ADMINISTRATION SECTION FUNDS			
1- FTA3037			
2 - FTA5307			
3 - FTA5309(Fixed Guideway Modernization)			
4 - FTA5309(New Starts)			
5 - FTA5309(Bus and Bus Related)			
6-			
7-			
FEDERAL DISCRETIONARY FUNDS			
1 - ITS			
2 - PLH			
3 - RECREATIONAL TRAILS PROGRAM			
4-			
5-			
6-			
FEDERAL DEMONSTRATION PROGRAM			
1 - DEMONSTRATION - TEA21			
2 -			
3 -			
FEDERAL FUNDS - LOCAL			
1 - CMAQ			
2 - RSTP			
3 - TEA			
4 - HBRR			
5 - HES			
6-			
7-			

STATE FUNDING PROGRAMS			
1 - STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)			
2 - STATE HIGHWAY OPERATIONS AND PROTECTION PROGRAM (SHOPP)			
3 - TRAFFIC CONGESTION RELIEF PROGRAM (TCRP)			
4 - MINOR PROGRAM			
5 -			
REGIONAL/LOCAL			
1 - REGIONAL MEASURE(S)			
2 - LOCAL SALES TAX FUNDING			
3 - TDA			
4 - DEVELOPER FUNDS			
5 - PRIVATE FUNDS			
6-			
MISCELLANEOUS FUNDS			
1 -			
2 -			
TOTAL PROGRAMMED			



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[SHOPP](#)

[FSTIP/FTIP](#)

[CMAQ/RSTP/TEA](#)

[CTIPS](#)

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Transportation Programming Office of State Transportation Improvement Program

2004 STIP Resource Page

Getting Started - Important Reading Materials:

- Read the [General Instructions](#) to learn how to make your job a little easier.
- CTC [Policy Rules for STIP Development](#) - **DRAFT**-
- CTC [2004 STIP Guidelines \(Including TEA\)](#) - **DRAFT**-

Important Reference Material:

- 2004 Fund Estimate - **DRAFT**-
- Annual Programming Targets. Ouch! This is not fun. Where's the good news?

Get the Good Stuff:

- [STIP Project List by County](#) - **UNDER CONSTRUCTION**-
Good Place to start. May be used in lieu of standard Fact and Funding sheet for simple changes.
- Current STIP Project, Fact and Funding Sheets.
Already filled in. Does it get any better than this?
- [2004 STIP Nomination Fact & Funding Sheet](#)
For new projects to be added to the STIP.
- [Financial Plan Information and Template](#)
Instructions, forms, questions and answers. Plans due to Headquarters by December 15th, 2003.

2004 STIP Development Schedule:

November 18, 2003	— Department presents proposed Fund Estimate
November 24, 2003	— CTC Special Meeting on Fund Estimate/STIP Guidelines
December 11, 2003	— CTC adopts Fund Estimate & STIP Guidelines
December 15, 2003	— Capital Outlay Project Financial Plans Due to HQ Programming
February 13, 2004	— District Project Candidate List to HQ
April 12, 2004	— RTIPs and ITIP due to CTC & CT HQ
May 12, 2004	— North STIP Hearing (Sacramento)
June 16, 2004	— South STIP Hearing (Santa Clarita)
July 16, 2004	— CTC staff recommendations



[Frequently Asked Questions](#)

Any Questions or Assistance:

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District 4	Ken Solak	(916) 654-4447
Districts 5, 6, 9, 10	Linda Newton	(916) 654-4221
District 7	Rambabu Bavirisetty	(916) 654-2683
Districts 8, 11, 12	Leah Cagle	(916) 651-6881

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					Kings County						Project Totals by			
CO	EA	RTE	Agency Project	Fund	Prior	02/03	03/04	04/05	05/06	06/07	08/09	RW	Const	E & P
KIN	8588		Avenal, City of	RIP					139					122
			KERN ST. RECONSTRUCTION	TOTAL					139					122
			Change Reason ==>											
KIN	8589		Avenal, City of	RIP					180					158
			KERN ST. RECONSTRUCTION	TOTAL					180					158
			Change Reason ==>											
KIN	8590		Avenal, City of	RIP					176					155
			VENTURA ST. RECONSTRUCTION	TOTAL					176					155
			Change Reason ==>											
KIN	8591		Avenal, City of	RIP					99					87
			FIFTH AVE. RECONSTRUCTION	TOTAL					99					87
			Change Reason ==>											
KIN	8592		No Change						262					230
			Schedule Delay	TAL					262					230
			Change Reason ==>											
KIN	8593		Delay w/Cost Change						139					122
			Schedule Advance						139					122
			Change Reason ==>											
KIN	8594		Avenal, City of	RIP					139					122
			SHASTA ST. RECONSTRUCTION	TOTAL					139					122
			Change Reason ==>											
KIN	8595		Avenal, City of	RIP					143					126
			WHITNEY ST. RECONSTRUCTION						143					126
			Change Reason ==>											
KIN	8596		Avenal, City of						146					128
			DOME ST. RECONSTRUCTION						146					128
			Change Reason ==>											
KIN	8597		Avenal, City of						113					99
			THIRD AVE. RECONSTRUCTION						113					99
			Change Reason ==>											
KIN	8598		Avenal, City of	RIP					166					146
			ORANGE ST. RECONSTRUCTION	TOTAL					166					146
			Change Reason ==>											
KIN	C0001		Corcoran, City of	RIP						1,820				1,820
			CORCORAN OVERLAY #1	TOTAL						1,820				1,820
			Change Reason ==>											

Select Change Reason from pull down list.

Funding Summary. Scroll to the right to move funding as needed to be consistent with Fund Estimate targets. Changes will be reflected here.

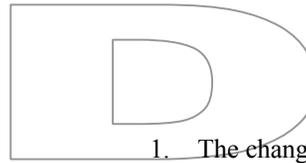
If needed, click here to automatically download a pre-filled in Fact and Funding sheet for this project.

INDIVIDUAL PROJECT LISTINGS

DESCRIPTIVE INFORMATION

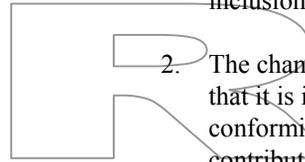
“MINOR CHANGE” CRITERION

Planning and Programming Assumptions



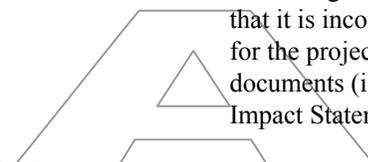
1. The change does not modify the description of a listed project’s design concept or scope in a way that makes it inconsistent with the design concept and scope assumed for the project in the transportation planning and programming processes that resulted in the project’s inclusion in the Federal STIP.

Air Quality Conformity Process



2. The change does not modify the description of a listed project’s design concept or scope so that it is inconsistent with the assumptions relied on, as part of the Federal air quality conformity process for the transportation plan and TIP, in considering the project’s contribution to, or reduction in, transportation related emissions.

Environmental and Planning Studies

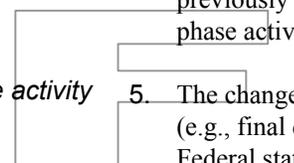


3. The change does not modify the description of a listed project’s design concept or scope so that it is inconsistent with the design concept and scope of the preferred alternative identified for the project through the NEPA process and described in the related environmental documents (i.e., Categorical Exclusion, Environmental Assessment, or Environmental Impact Statement).

The initial inclusion or complete removal of all construction/acquisition activities listed in a TIP.

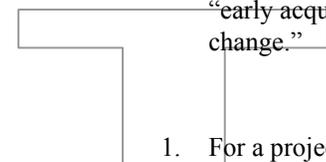
4. The change neither provides for the initial (e.g., original) programming of funds for the construction phase of an individually listed project, nor proposes the deletion of all funds previously listed in the metropolitan or Federal statewide TIP for obligation for construction phase activities.

The initial inclusion of an implementation phase activity (i.e., final design, right-of-way, and construction/acquisition).



5. The change does not propose the inclusion of funds for any of the implementation phases (e.g., final design, right-of-way, or construction activities) of a project presently listed in the Federal statewide TIP solely for project planning and environmental clearance activities, with the following exception. The inclusion of non-Federal funds in the Federal STIP for right-of-way phase activities carried out in accord with established State procedures for “early acquisition” of right-of-way can be proposed for inclusion in the FSTIP as “minor change.”

Total Project Cost



Total Cost ≤ \$10 Million

1. For a project with a total project cost listed at less than ten million dollars (\$10 million), the acceptable “minor change” criteria for an amendment to the total cost, regardless of the source of funds listed in the TIP/STIP for the project, shall be limited to twenty percent (20 %) of the total listed cost.

Total Cost > \$10 Million

2. For a project with a total listed cost of more than ten million dollars (\$10 million), an acceptable “minor change” criterion is the sum of the two million dollars (\$2 million) change permitted for the first ten million of listed project cost plus 5% of the remaining cost.

Full Funding

3. The proposed change does not result in less than full funding for any project listed in the TIP or RTP.

INDIVIDUAL PROJECT LISTINGS (con't)

Source, Year and Amount of Proposed Project Funding:

Amount of Proposed Obligation (\$)

1. The maximum proposed change in the amount of funds listed for obligation for a project phase in the TIP/STIP is limited to the lesser of the following amounts: twenty percent (20%) of the total project cost listed in the TIP/STIP, or \$2 million.

New Individual Listings for Implementation

2. The proposed change does not result in the inclusion of funds proposed for obligation on any project implementation phase (i.e. final design, right-of-way, or construction activities) of a project previously included, and currently listed, in the Federal statewide TIP solely for carrying out project planning and environmental clearance activities. There is one exception:

Exception for Early Acquisition

- Non-Federal funds may be included, as a “minor change,” in a metropolitan and Federal statewide TIP for right-of-way phase activities accomplished in accord with established Caltrans “early acquisition” procedures.

Removal of Implementation Activities Prohibited

3. The proposed change does not result in the removal of all listed amounts proposed for obligation on either: 1) the construction phase, or 2) all project implementation phases (final design, right-of-way, and construction or acquisition phase activities) currently included in California’s Federal statewide TIP.

Full Funding

4. The proposed change does not result in less than “full funding” for any project included in a metropolitan or Federal statewide TIP, or regional transportation plan (RTP), or result in less than full funding being listed for any project phase included in the TIP.

Implementation Priority (e.g., TIP Program Year 1, 2, etc.).

5. A Federal statewide TIP modification that solely amends the proposed year of obligation (i.e., the implementation priority) listed for a programmed project or phase can be included in California’s Federal statewide TIP without FHWA or FTA approval, provided: 1) the mandated interagency consultation or coordination is successfully accomplished and documented, and 2) the amendment does not require the removal or deletion of a project or project phase already listed in the TIP.

Source or Category of Proposed Funds

6. Neither FHWA nor FTA approval action is required for Federal statewide TIP modifications that solely change the source or category of funding proposed for a listed project; provided the change in fund source does not require the removal or deletion of a project or project phase already listed in the metropolitan or Federal statewide TIP.

Lead Agency

Lead Agency

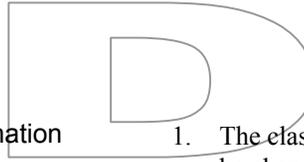
1. An amendment that solely proposes to modify the lead agency information listed for a project in the TIP/STIP may be proposed for inclusion in the FSTIP as a “minor change.”

GROUPED PROJECT LISTINGS

Descriptive Information

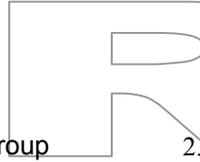
“MINOR CHANGE” CRITERION

Limitation on Changes to Classification Information



1. The classification information listed for a grouped project in the Federal TIP/STIP cannot be changed using the expedited approval procedures agreed to by the State and Federal agencies for processing “minor change” amendments. Likewise, expedited approval procedures for a “minor change” amendment cannot be used to split a grouped project listing in a TIP or STIP into two (or more) separate listings of grouped projects, or to consolidate two or more separate grouped project listings in a TIP or STIP to create a single listing.

Addition or Deletion of Projects in a Listed Group

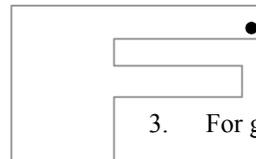


2. The addition of a project to a grouped project listing, or deletion of a project from the grouping may be proposed as a “minor change” amendment to the Federal STIP subject to the following limitations:



- The maximum change in the total project cost information and/or proposed annual obligation information included in the TIP/STIP for a grouped project listing is within the limits of acceptable “minor change” criteria adopted for both:
 - Changes to the total project cost, and/or
 - Changes to proposed obligation amount information.

Grouped Transit Project Listings



3. For grouped listings of transit projects the following rules apply:
 - The consultation or coordination required for project selection pursuant to 23 CFR 450.222 is successfully accomplished and appropriately documented.

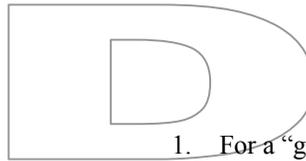


- For grouped listings of transit projects the following rules apply:
 - Earlier phases than those currently listed in the TIP/STIP can be added subject to the limitations on the “minor change” criteria for total project cost information and proposed obligation information described below.
 - Deletion of a construction component (or Vehicle purchase type of items programmed under a construction component) is not allowed
 - Right of way phase can be added or deleted subject to the Minor Cost Change criteria

GROUPED PROJECT LISTINGS (con't)

Total Project Cost

Total Cost ≤ \$10 Million



1. For a “grouped” project with a total (i.e. 3-year) listed amount of proposed funding or obligations less than or equal to ten million dollars (≤ \$10 million), an acceptable criterion for a “minor change” amendment to the total listed project cost, regardless of the source of funds proposed, is:



- Not more than twenty percent (20%) of the total funds proposed for obligation in the current and remaining years of the TIP.

Total Cost > \$10 Million

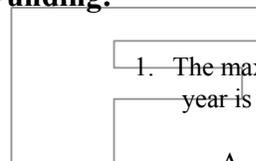
2. For a “grouped” project with a total (i.e. 3-year) listed amount of proposed funding or obligations greater than ten million dollars (> \$10 million), an acceptable criterion for a “minor change” amendment to the total listed project cost, regardless of fund source, is:



- Not more than the sum of the twenty percent (20%) permitted for the first ten million dollars of total funds proposed for obligation in the current and remaining years of the TIP, plus five percent (5%) of any remaining funds proposed for obligation in the current and remaining years of the TIP.

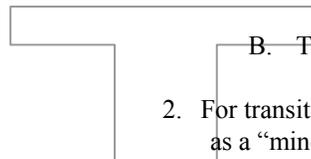
Source, Year and Amount of Proposed Project Funding:

Amount of Proposed Obligation



1. The maximum proposed change in the amount of funds listed for obligation in a program year is limited to the lesser of the following amounts:

- A. Twenty percent (20%) of the total amount listed for obligation in the current and any remaining years of the Federal statewide TIP for the projects in the listed group, or



- B. Two million dollars (\$2 million).

2. For transit project groupings, funds can be moved between previously programmed phases as a “minor change” to the Federal statewide TIP, provided:

- A. All grouped projects remain fully funded, and

- B. The proposed change is consistent with the limits established herein for:

- A “minor change” to the proposed obligation information, and
- The total project cost information listed in the TIP/STIP.

GROUPED PROJECT LISTINGS (con't)

Source, Year and Amount of Proposed Project Funding:

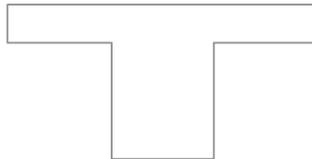
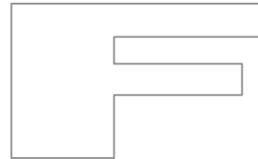
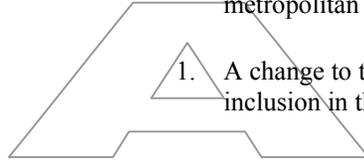
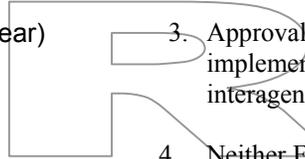
Amount of Proposed Obligation (con't)

Implementation Priority (e.g., TIP Program Year)

Fund Source or Category Proposed

Lead Agency

Lead Agency



3. Approval by the Federal agencies is not required for modifications that solely change the implementation priority for projects included in grouped project listing, provided the required interagency consultation or coordination is successfully accomplished and appropriately documented.

4. Neither FHWA nor FTA approval action is required for Federal statewide TIP modifications that solely change the source or category of funding proposed for a listed project; provided the change in fund source does not require the removal or deletion of a project or project phase already listed in the metropolitan or Federal statewide TIP.

1. A change to the lead agency for a project included in a grouped project listing can be proposed for inclusion in the FSTIP as a "minor change."

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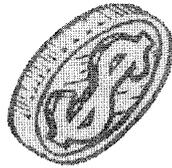
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Financial constraint . . .

and the statewide and metropolitan transportation planning and programming process in California:

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A GUIDE TO FEDERAL AND STATE FINANCIAL PLANNING REQUIREMENTS

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Prepared By:

California Department of Transportation (Caltrans)

Federal Highway Administration (FHWA), California Division

Federal Transit Administration (FTA), Region IX

November 14, 2003

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The Need for Financial Plans and Financial Constraint

A financial plan is the mechanism for demonstrating financial constraint in the metropolitan planning process. Fiscal constraint is a demonstration that there will be sufficient funds to implement proposed improvements, and to operate and maintain the entire system, by comparing costs with available financial resources. The federal agencies (FHWA and FTA) are responsible for making a financial constraint determination on the federally required statewide transportation program (FSTIP), with States and MPOs being called on to demonstrate such fiscal constraint. The Transportation Conformity Rule requires that RTPs and FTIPs in non-attainment and maintenance areas must be fiscally constrained in order to be found in conformity.

In short, federal rulemaking says that RTPs and FTIPs must include a financial plan. States and MPOs must *demonstrate*, and FHWA and FTA must *determine* financial constraint in the metropolitan planning process, all relying heavily on the MPO's required financial plans.

The requirement for financial constraint and financial plans in the metropolitan transportation planning process began in 1991 through ISTEA, and the implementing regulations (23 CFR 450 and 49 CFR 613), and was continued in TEA-21, with added requirements for an annual listing of obligated projects, cooperative revenue forecasting, and illustrative projects. Before 1991, RTPs and FTIPs submitted by MPOs were often viewed as "wish lists" for policymakers and the public.

By developing RTPs and FTIPs that are constrained to include only projects that have realistic or reasonably available funding sources, MPOs gain credibility and trust among their planning partners and the public. Good financial planning challenges policymakers and citizens to consider trade-offs between projects and to make difficult choices early in the planning process. In air quality non-attainment and maintenance areas, the validity of the air quality conformity process depends on reasonable planning for affordable improvements. Overall, financial planning and fiscal constraint requirements strengthen the metropolitan transportation planning process by tying State, MPO, local and transit operator budgets to the decisions made in the process.

A Summary of Federal Financial Planning Requirements

Financial plans prepared by each MPO must demonstrate and document compliance with a number of explicit federal planning and programming requirements including:

1. The financial plan must demonstrate how the RTP and/or FTIP can be implemented. Accordingly, it is required to demonstrate the consistency of proposed transportation investments with already available and projected sources of revenue. The existing and proposed revenues identified in the financial plan must cover all forecasted capital, operating and maintenance costs. In summary, the financial plan must document the comparison of estimated revenue from existing and proposed funding sources (that can reasonably be expected to be available for transportation uses) and the estimated costs of constructing, maintaining and operating the existing and planned transportation system over the

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period of the plan. Federal regulations also require that all cost and revenue projections be based on data reflecting the existing situation and historical trends.

2. The financial plan must indicate what resources from public (local, state and federal) and private sources are reasonably expected to be available to carry out the RTP and/or FTIP. In carrying out the financial planning process, existing revenue available for transportation projects must be estimated by source and any shortfalls must be identified. Proposed new revenues and/or revenue sources proposed to cover identified shortfalls must also be identified in the financial plan, including strategies for ensuring their availability for proposed investments.
3. The financial plan must identify and/or recommend any innovative financing techniques needed to implement planned and programmed projects or strategies. In non-attainment and maintenance areas, the financial plan must address the specific financial strategies required to ensure the implementation of project and programs needed to reach compliance with air quality standards.
4. For information only, the financial plan may also include a listing of “illustrative” or additional projects that would be included in the RTP or FTIP if reasonable additional resources, beyond those identified in the financial plan, were available. To enable accurate and expeditious financial constraint and air quality conformity demonstrations and determinations, illustrative projects should be clearly documented as separate and distinct from the RTP or FTIP project listings used for such demonstrations and determinations.
5. For the FTIP, the financial plan must demonstrate which projects can be implemented using current revenue sources and which projects will be implemented using proposed revenue sources. In non-attainment and maintenance areas, the financial plan must demonstrate compliance with federal requirements limiting the programming of projects for the first two years of the FTIP to those for which funds are “available or committed.”

Demonstrating Financial Constraint for the Metropolitan Plan (RTP) And Program (FTIP)

As discussed, in consideration of financial constraint requirements and the metropolitan transportation planning process, the RTP may rely on a demonstration that funds are “reasonably available” while the FTIP maintains more stringent requirements that may include a demonstration that funds are “available or committed” for the first two years.

Available or Committed Funding

For State funds, “available” means funds derived from an existing source of funds dedicated to or historically used for transportation purposes that the financial plan (in the FTIP approved by the MPO and the Governor) shows to be available to fund projects. In the case of State funds that are not dedicated to or historically used for transportation purposes, only those funds over which the Governor has control may be considered to be “committed” funds.

For local or private sources of funding not dedicated to or historically used for transportation purposes (including donations of property), a commitment in writing/letter of intent by the responsible official or body having control of the funds should suffice as a commitment.

With respect to Federal funding sources, "available or committed" shall be taken to mean authorized funds the financial plan shows to be available to the area on an annual basis. Where the FTIP period extends beyond the current authorization period for Federal program funds, "available" funds may include an extrapolation based on historic authorizations of apportioned Federal funds. For Federal funds that are allocated (distributed on a discretionary basis), including Section 3 and "demo funding", any funding beyond that currently authorized (for project allocation) and targeted to the area should be treated as a new source and must be demonstrated to be a "reasonably available new source".

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Reasonably Available Funding

For periods beyond years 1 and 2 of the FTIP in nonattainment and maintenance areas, for FTIPs in other areas, and for the RTP, funding must be "reasonably available," but need not be currently available or committed. Hence, new funding sources may also be considered. New funding sources are revenue sources that do not currently exist or that require some steps (legal, executive, legislative, etc.) before a jurisdiction, agency, or private party can commit such revenues to transportation projects. Simply identifying new funding sources without identifying strategies for ensuring their availability is not acceptable. The financial plan must also identify strategies for ensuring their availability. It is expected that the strategies, particularly for new funding sources requiring legislation, voter approval or multi-agency actions, include a specific plan of action that describes the steps that will be taken to ensure that the funds will be available within the timeframe shown in the financial plan.

The plan of action should provide information on the actions that will be taken to obtain the new funding, such as, how the support of the public, elected officials, business community, and special interests will be obtained, e.g., comprehensive and continuing program to make the public and others aware of the need for new revenue sources and the consequences of not providing them. Past experience (including historical data) with obtaining this type of funding, e.g., success in obtaining legislative and/or voter approval for new bond issues, tax measures, special appropriations of funds, etc., should be included. Where efforts are already underway to obtain a new revenue source, objective and verifiable information about the amount of support (and/or opposition) for the measure(s) by the public, elected officials, business community, and special interests should be provided.

For innovative financing techniques, the plan of action should identify the specific actions that are necessary to implement these techniques including the responsible parties, steps (including the timetable) to be taken to complete the actions and extent of commitment by the responsible parties for the necessary actions.

The following are examples of specific cases where new funding sources should **not** generally be considered to be “reasonably available”: (1) past efforts to enact new revenue sources have generally not been successful; (2) the extent of current support by public, elected officials, business community and/or special interests indicates passage of a pending funding measure is doubtful; or (3) no specific plan of action for securing the funding source and/or other information that demonstrates a strong likelihood that funds will be secured is available.

Metropolitan Plan (RTP) Financial Plan - Federal Requirements

23 USC section 134(g) (2) (B) requires that metropolitan area long-range transportation plans contain a financial plan. Each MPO’s transportation plan must include a financial plan that demonstrates how the adopted long-range transportation plan can be implemented, indicates reasonably expected resources from public and private sources to carry out the plan, and recommends any additional financing strategies for needed projects and programs.

The RTP’s financial plan may include, for illustrative purposes, more projects that would be included in the adopted long-range transportation plan if reasonable additional resources beyond those identified in the financial plan were available. Also, in the development of the RTP, the MPO and State must cooperatively develop estimates of funds that will be available to implement the RTP.

Two key CFR provisions regulate financial planning for the RTP:

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23 CFR 450.322 (b) (7) requires that the RTP reflect an evaluation of the financial impact of the overall plan; and

23 CFR section 450.322 (b) (11) requires that metropolitan area long-range transportation plans contain a financial plan. Each MPO’s transportation plan must include a financial plan that demonstrates the consistency of proposed transportation investments with available and projected sources of revenue.

The RTP’s financial plan must compare estimated revenue from existing and proposed funding sources that can reasonably be expected to be available for transportation uses, and the estimated costs of constructing, maintaining and operating the total (existing plus planned) transportation system over the period of the plan. Existing and proposed revenues must cover all forecasted capital, operating, and maintenance costs, and all cost and revenue projections must be based on data reflecting the existing situation and historical trends. For non-attainment and maintenance areas, the RTP’s financial plan must also address specific financial strategies needed to ensure the implementation of projects and programs to achieve air quality compliance.

Funding shortfalls are also addressed in the federal requirements for the RTP’s financial plan. In determining estimated revenue by existing revenue source (public and private), shortfalls in funding must be identified. Proposed new revenues and/or revenue sources to cover shortfalls must be identified, including the strategies employed to ensure the

availability of such revenues for ensuring their availability for proposed projects and programs.

Public involvement in the development of the RTP's financial plan is a specific requirement, also addressed in the CFR. Since financial plans will be included in RTPs, the general public and other interested parties, including interagency consultation partners in nonattainment and maintenance areas, should have an opportunity to review and comment on the RTP financial plan through the public involvement process. 40 CFR 93.108 requires the RTP to be financially constrained in order to be found in conformity. 23 CFR 450.316 (b) requires that the RTP be made available for public comment as part of the public involvement process for the metropolitan transportation planning process.

When significant comments are received on the financial plan, a summary, analysis, and report on their disposition must be included in the final RTP and FTIP for consideration by FHWA under the provisions of 23 CFR 450.330 (b).

Metropolitan Program (FTIP) Financial Plan – Federal Requirements

The following statutory provisions shall be followed while developing the FTIP financial plan. 23 USC 134 (h) (2) (B) requires that the FTIP include a financial plan. Each MPO's FTIP must include a financial plan that demonstrates how the transportation improvement program can be implemented and indicates reasonably available resources from public and private sources to carry out the program.

The FTIP's financial plan shall also recommend any innovative financing techniques to finance projects or programs as required. The financial plan may include, for illustrative purposes, more projects that would be included in the approved FTIP if reasonable additional resources beyond those identified in the financial plan become available. 23 USC 134 (h) (3) (D) requires that the FTIP shall include a project, or an identified phase of a project, only if full funding can reasonably be anticipated to be available for the project within the time period contemplated for completion of the project.

23 CFR 450.324(e) requires that the FTIP shall be financially constrained by year. The FTIP shall include a financial plan that demonstrates which projects can be implemented using current revenue sources and which projects are to be implemented using proposed revenue sources, while the existing transportation system is being adequately operated and maintained. Priority should be given to the maintenance and operation of the existing system including capital replacement. A credible cost estimate and replacement schedule must support this assessment. In non-attainment or maintenance areas priority must be given to the implementation of TCMs included in the approved SIPs. The financial plan shall be developed by the Metropolitan Planning Organization (MPO) in cooperation with the State and transit operator. The State and transit operator must provide the MPO the estimates of available Federal and State funds, which the MPO shall use to develop the financial plan.

The FTIP shall include projects for which construction and operating funds are reasonably available. If the FTIP identifies any new funding sources, strategies for ensuring their availability shall be identified in the financial plan. For non-attainment and

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maintenance areas, the FTIP's financial plan must include available or committed funding for the first two years of the FTIP.

Since financial plans will be included in FTIPs, the general public and other interested parties, including interagency consultation partners in nonattainment and maintenance areas, should have an opportunity to review and comment on the FTIP financial plan through the public involvement process. 40 CFR 93.108 requires the FTIP to be financially constrained in order to be found in conformity. 23 CFR 450.316 (b) requires that the FTIP be made available for public comment as part of the public involvement process for the metropolitan transportation planning process.

Statewide Program (FSTIP) Financial Plan – Federal Requirements

The statutory provision 23 USC 135 (f) (2) (D) requires that the FSTIP shall include only fully funded projects. The FSTIP shall include a project, or an identified phase of a project, only if full funding can reasonably be anticipated to be available for the project within the time period contemplated for completion of the project. Illustrative projects may be provided for information only. As for the FTIP, illustrative projects in the FSTIP should be clearly documented as separate and distinct from FSTIP project listings used for financial constraint and air quality conformity demonstrations and determinations.

The regulatory provision 23 CFR 450.216 (a) (5) requires that the FSTIP be financially constrained by year. The FSTIP should contain financial information showing projects to be implemented using current revenues and those projects to be implemented using proposed revenues, while the system as a whole is being adequately maintained and operated. Where proposed funds are included, strategies for ensuring their availability must be identified. In non-attainment and maintenance areas, first two years of the FSTIP may only contain projects for which funds are available or committed.

For statewide transportation planning coordination, 23 CFR 450.210 (a) (10) requires that the State, in cooperation with the MPOs and other participating organizations, provide fully coordinated transportation planning and financial planning.

State Requirements For Transportation Funding/Financial Planning

Basis for Fund Estimate:

Ref: Street & Highways Code Section 163:

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The Legislature establishes a policy for the use of all transportation funds that are available to the state, including the State Highway Account, the Public Transportation Account and federal funds (for which obligation authority is provided under annual federal transportation appropriations acts). The California Department of Transportation (Department) and the California Transportation Commission (CTC) prepare the Fund Estimate (FE). The FE includes annual expenditures for the administration of the Department and for the maintenance, operation and rehabilitation of the state highway system. It also includes expenditures to fund various local assistance programs required by state or federal law or regulations, including, but not limited to railroad grade crossing

maintenance, bicycle transportation account, congestion mitigation and air quality, regional surface transportation programs, local highway bridge replacement and rehabilitation, local seismic retrofit, local hazard elimination and safety, and local emergency relief.

After deducting expenses for administration, operation, maintenance, local assistance, safety, rehabilitation and environmental mitigation, the remaining funds are available for capital improvement projects to be programmed in the State Transportation Improvement Program (STIP).

Biennial Caltrans Fund Estimate Submission:

Ref: Government Code Section 14524:

On July of each odd-numbered year the Department submits a five-year FE to the CTC, in annual increments, of all federal and state funds reasonably expected to be available during the following five state fiscal years. The FE specifies the amount that may be programmed in each county for the regional improvement programs and identifies any statutory restriction on the use of particular funds. For the purpose of estimating revenues, the Department assumes that there will be no changes in existing state and federal statutes. Federal funds available for demonstration projects that are not subject to federal obligation authority are not considered funds that would otherwise be available to the state and are not included in FE. The CTC determines the method by which the estimate is to be determined in consultation with the Department, transportation planning agencies, and county transportation commissions.

Note: Pending further information from Caltrans, final document will also include relevant financial constraint/financial planning requirements for the State's Regional Transportation Plan (RTP).

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FINANCIAL PLANNING CHECKLIST - RTP

RTP - 23 USC Section 134(g) & CFR 450.322

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Financial Resources

- Plan (RTP) includes a financial plan.
- Reasonably available resources from public and private sources to implement the plan are indicated.
- Estimated revenues by existing revenue source (local, state, federal, private) available for transportation projects are determined, and revenue estimates by fund type are provided.
- Shortfalls in estimated revenues are identified.

Project Programming Data

- How RTP (long-range and short-range strategies/actions) can be implemented is demonstrated (i.e. – a project listing).
- Additional projects that would be included in the adopted RTP if reasonable additional resources beyond those identified in the financial plan were available may be identified (e.g. – an “illustrative” or unconstrained project listing).
- Proposed improvements are described in sufficient detail to develop cost estimates per provisions of 23 CFR 450.322(b)(6).
- Design concept and scope descriptions of all existing and proposed transportation facilities are provided in sufficient detail in nonattainment and maintenance areas to permit conformity determinations under the US EPA conformity regulations at 40 CFR Part 51 per provisions of 23 CFR 450.322(b)(6)
- Project selection/prioritization methods are addressed, and consider attainment goals in nonattainment and maintenance areas.

Analysis/Financial Constraint

- Estimated revenue from existing and proposed funding sources expected to be reasonably available for transportation uses, and the estimated costs of constructing, maintaining and operating the total (existing plus planned) transportation system over the period of the plan are compared.
- Consistency of proposed transportation investments with already available and projected sources of revenue is demonstrated.
- Existing and proposed revenues cover all forecasted capital, operating, and maintenance costs.

- Cost and revenue projections are based on data reflecting existing situation and historical trends.
- Financial assumptions regarding anticipated federal funds, sales tax revenues, inflation, etc. are clearly stated.
- For nonattainment and maintenance areas, specific financial strategies required to ensure the implementation of projects and programs to reach air quality compliance are addressed.

Innovative Finance

- Proposed new revenues/revenue sources to cover shortfalls are identified.
- Strategies/required implementation steps for ensuring availability of proposed revenues/revenue sources to cover shortfalls are identified.
- Innovative financing techniques such as: Advance Construction; Garvee Bonding; Tax Increment Financing; Developer Fees; Sales Tax Measures; Tolls, Congestion Pricing etc. are recommended.

Public Involvement – 23 CFR 450.316(b)(1)(vii)

- Financial plan is made available for comment through the interagency consultation process under the conformity regulations.
- Financial plan is made available for public comment as part of the public involvement process for the transportation planning process.
- Significant comments received on the financial plan, a summary, analysis, and report on their disposition are included in the final plan for consideration by FHWA under the provisions of 23 CFR 450.330(b).

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FINANCIAL PLANNING CHECKLIST - FTIP

FTIP - 23 USC Section 134(h) & CFR 450.324

Financial Resources

- FTIP includes a financial plan.
- FTIP only includes projects or identified phases where full funding can reasonably be anticipated to be available for the project within the time period contemplated for completion of the project or phase.
- Resources from public and private sources that are reasonably expected to be available to carry out the programs are indicated.

Project Programming Data

- How the FTIP can be implemented is demonstrated.
- Only projects consistent with the plan (RTP) are included.
- Sufficient descriptive material (i.e., type of work, termini, length, etc.) is provided for projects.
- Estimated total cost is provided for projects.
- Proposed source of Federal and non-Federal funds is provided for projects.
- Identification of the recipients/subrecipients and state and local agencies responsible for carrying out the projects are identified.
- Additional projects that would be included in the adopted FTIP if reasonable additional resources beyond those identified in the financial plan were available are identified.
- Design concept and scope descriptions of all existing and proposed transportation facilities are provided in sufficient detail in nonattainment and maintenance areas to permit conformity determinations under the US EPA conformity regulations at 40 CFR Part 51.
- In nonattainment and maintenance areas, identification of those projects which are identified as TCMs in the applicable SIP are identified.

Analysis/Financial Constraint

- FTIP is financially constrained by year.
- In nonattainment and maintenance areas, projects included for the first two years of the current FTIP are limited to those for which funds are available or committed.

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- Projects that can be implemented using current revenues are demonstrated.
- Projects that can be implemented using proposed revenue sources are demonstrated (while the existing transportation system is being adequately operated and maintained).
- The total federal share of projects included in the FTIP proposed for funding under Section 9 of the Federal Transit Act does not exceed Section 9 authorized funding levels available to the area for the program year.
- The total federal share of projects included in the first year of the FTIP proposed for funding under Section 3 of the Federal Transit Act does not exceed levels of funding committed to the area; and
- The total federal share of projects included in the second, third and/or subsequent years of the FTIP does not exceed levels of funding committed, or reasonably expected to be available, to the area.

Innovative Finance

- Proposed new revenues/revenue sources to cover shortfalls are identified.
- Strategies for ensuring availability of proposed revenues/revenue sources to cover shortfalls are identified.
- Innovative financing techniques such as: Advance Construction; Garvee Bonding; Tax Increment Financing; Developer Fees; Sales Tax Measures; Tolls, Congestion Pricing etc. are recommended.

Public Involvement – 23 CFR 450.316(b)(1)(vii)

- The financial plan is available for comment through the interagency consultation process under the conformity regulations.
- The financial plan is available for public comment as part of the public involvement process for the transportation planning process.
- If significant comments are received on the financial plan, a summary, analysis and report on their disposition must be included in the final plan and FTIP for consideration by FHWA under provisions of 23 CFR 450.330(b).

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FINANCIAL PLANNING CHECKLIST – STATEWIDE PLAN

23 USC Section 135 (e) & 23 CFR 450.214

Financial Resources

- Availability of financial and other resources needed to carry out the plan is provided (may be referenced or summarized).
- The State, in cooperation with the MPOs and other participating organizations, provides for fully coordinated transportation planning and financial planning.

Project Programming Data

- Corridor level information is provided (may be referenced or summarized).
- Applicable short range planning studies, strategic planning and/or policy studies, transportation need studies, management system reports and statements of policies, goals and objectives are provided (may be referenced or summarized).
- Plan is intermodal (including consideration and provision, as applicable, of elements and connections of and between rail, commercial motor vehicle, waterway, and aviation facilities, particularly with respect to intercity travel) and statewide in scope in order to facilitate the efficient movement of people and goods.
- Plan contains as an element, a plan for bicycle transportation, pedestrian walkways and trails which is appropriately interconnected with other modes.
- Plan is coordinated with the metropolitan transportation plans required under 23 USC 134 and meets all other coordination requirements per CFR 450.210.
- Plan shall be reasonably consistent in time horizon among its elements, but cover a period of at least 20 years.

Public Involvement

- Plan provides for public involvement as required under CFR 450.212.

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APPENDIX - FINANCIAL CONSTRAINT: FHWA GUIDE TO THE BASICS

Before 1991, the plans and FTIPs submitted by MPOs were vague documents that contained "wish lists" of projects to be built. The planning regulations of ISTEA brought about a change and required MPOs to consider the financial implications of their planning efforts. To this end, the federal planning regulations put into place the requirement for financial constraint of these documents.

In 23 CFR 450.322(b)(11), it is stated that transportation plans shall:

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Include a financial plan that demonstrates the consistency of proposed transportation investments with already available and projected sources of revenue. The financial plan shall compare the estimated revenue from existing and proposed funding sources that can reasonably be expected to be available for transportation uses, and the estimated costs of constructing, maintaining and operating the total (existing plus planned) transportation system over the period of the plan. The estimated revenue by existing revenue source (local, State, Federal, or private) available for transportation projects shall be determined and any shortfalls identified. Proposed new revenues and/or revenue sources to cover shortfalls shall be identified, including strategies for ensuring their availability for proposed investments. Existing and proposed revenues shall cover all forecasted capital, operating, and maintenance costs. All cost and revenue projections shall be based on the data reflecting the existing situation and historical trends. For nonattainment and maintenance areas, the financial plan shall address the specific financial strategies required to ensure implementation of projects and programs to reach air quality compliance.

In 23 CFR 450.324(e) it is stated:

The TIP shall be financially constrained by year and include a financial plan that demonstrates which projects can be implemented using current revenue sources and which projects are to be implemented using proposed revenue sources (while the existing transportation system is being adequately operated and maintained). The financial plan shall be developed by the MPO in cooperation with the State and the transit operator. The State and transit operator must provide MPOs with estimates of available Federal and State funds that the MPOs shall utilize in developing financial plans. It is expected that the State would develop this information as part of the STIP development process and that estimates would be refined through this process. Only projects for which construction and operating funds can reasonably be expected to be available may be included. In the case of new funding sources, strategies for ensuring their availability shall be identified. In developing the financial analysis, the MPO shall take into account all projects and strategies funded under Title 23 U.S.C., and the Federal Transit Act, other Federal funds, local sources, State assistance, and private participation. In nonattainment and maintenance areas, projects included for the first two years of the current TIP shall be limited to those for which funds are available or committed.

The FHWA California Division has put together some information to help MPOs in the development of financially constrained long range transportation plans (RTP) and FTIPs.

Approach to Prepare a Financial Element for the RTP

The development of a financially constrained transportation plan gives rise to a number of questions including:

What are considered "reasonable" assumptions for revenues over the long term?

What costs are to be included in the plan?

Every MPO is unique. Therefore, it is difficult to define an exclusive set of procedures to prepare a financial plan that will fit every MPO in California. Here are some typical procedures, calculations, approaches, and work activities that can be applied to the MPOs in the state.

Steps for putting your plan together

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Step 1: Identify Plan Revenues

a. Classify revenues into "available or committed" and "reasonably available" categories.

Available or committed revenue sources are those that are currently being used for transportation investments. These would include any federal, state, and local revenues or other revenue streams (i.e. farebox, advertising, tolls)

Reasonably available revenue sources are those that are currently not in place but stand a good chance of becoming available or being used. Historical use of funding, voter support for similar ballot initiatives, and high revenue streams after fare increases are examples of events that would lead one to believe a funding source could be possible. Federal Section 5307 (Section 3) Discretionary and "Demonstration" projects is an example of a "reasonably available new source."

b. Project revenues, by source, over the planning period - 20 years is typically used.

Revenues from various federal, state, and local sources are identified and forecast. In developing a 20-year Transportation Plan an assumption regarding the availability of federal funds must be developed. The best way to do this is to extrapolate currently authorized or appropriated levels of funding into the future to provide an estimate of these fund types. Additional methods for revenue forecasting are listed on a separate page.

In developing forecasts, be sure to document the assumptions used to reach your estimated revenues. The assumptions you make currently may not be valid during the next plan update. Keeping these documented may avoid duplication of work later on. Documentation of your assumptions may also help in justifying if the revenue source can be considered "reasonably available" or not.

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Step 2: Identify Plan Costs

Compile information describing the capital, operating, and maintenance costs of the transportation system including highways and public transit. Maintenance costs are to include operations and other program support costs.

Capital costs are represented in the plan by a listing of proposed projects for all modes. This listing should be readily available by the time a financial plan is being developed. Operations and maintenance (O&M) costs, on the other hand will require some effort. For years, transit systems across the country have been required to gather detailed information about the operations of their systems. So finding information on transit operations and maintenance will be easy to obtain. The operation and maintenance of the road network will involve the cooperation of many agencies. Caltrans is the organization that is responsible for the maintenance and operation of the highway system. Information will have to be garnered from them on how much they are currently spending for O&M. Information will also have to be gathered to determine if the current levels of expenditures for O&M are sufficient. Is there a problem with deferred maintenance? How much will it cost to bring those deficiencies up? The same questions and information needs hold true for local streets and roads. County and municipal officials will have to be quizzed to find out about the state of O&M on their particular part of the system.

Step 3: Allocate Plan Revenues to Plan Costs

- a. Project revenues are to be allocated to project costs based on funding eligibility requirements as well as regional priorities. Emphasis is to be placed on maintaining the current transportation system before any additional system expansion is to be considered.
- b. Identify shortfalls (if any) for system maintenance requirements as well as any proposed system expansion projects (23 CFR 450.322(b)(5)).

Step 4: Reconcile any Differences Between Plan Costs and Plan Revenues

- a. Modify the program to eliminate or reschedule projects and/or develop new funding sources to implement priority projects. Effort should be made to reflect funding sources that are reasonable. Make sure there is enough time for revenues anticipated (such as voter tax measures) to begin flowing properly to ensure a proper revenue stream. Also, any new funding should have an action plan. The action plan will commit the parties involved to certain actions to make sure that the new revenue stream becomes a reality.

Step 5: Prepare Financial Plan Documentation

- a. Develop a financial plan that outlines revenues, operating and maintenance costs, capital costs, and shortfall financing strategies.
- b. The financial plan should go through the public involvement process with the rest of the transportation plan.

**BASIC OUTLINE FOR FINANCIAL ELEMENTS OF THE LONG-RANGE
TRANSPORTATION PLAN (RTP)**

- I. Background
- II. Accomplishments Since Last Transportation Plan
- III. Issues and Assumptions Made
- IV. Financial Plan
 - a. Transit Financing
 - i. Transit Capital and Operating Costs
 - ii. Transit Revenues
 - iii. Transit Revenue Needs
 - iv. Potential Revenue Sources
 - b. Highway Financing
 - i. Highway Capital, Operating, and Maintenance Costs
 - ii. Highway Revenues
 - iii. Highway Revenue Needs
 - iv. Potential Highway Revenue Sources
- V. Other Modes
 - a. Bicycle
 - b. Pedestrian
 - c. Airport
 - d. Intermodal

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Approach to Prepare a Financial Element for the FTIP

Step 1: Identify Revenues

a. Identify all revenues that will be available or committed, or reasonably available for transportation costs during each year of the FTIP.

Step 2: Identify FTIP Costs

a. Identify costs necessary to adequately operate, maintain, and rehabilitate the transportation system during the FTIP period. Any costs for system expansion that are called for in the long-range transportation plan for that period should also be identified.

Step 3: Allocate Plan Revenues to FTIP Costs

a. Project revenues are to be allocated, by year, to project costs based on funding eligibility requirements as well as regional priorities. Emphasis is to be placed on maintaining the current transportation system before any additional system expansion is to be considered.

b. Identify shortfalls (if any) for system maintenance requirements as well as any proposed system expansion projects (23 CFR 450.324(e)).

Step 4: Reconcile any Differences Between FTIP Costs and FTIP Revenues

a. Modify the program to eliminate or reschedule projects and/or develop new funding sources to implement priority projects. Effort should be made to reflect funding sources that are reasonable. Make sure there is enough time for revenues anticipated (such as voter tax measures) to begin flowing properly to ensure a proper revenue stream. Also, any new funding should have an action plan. The action plan will commit the parties involved to certain actions to make sure that the new revenue stream becomes a reality.

Step 5: Prepare Financial FTIP Documentation

a. Develop a financial plan that outlines revenues, operating and maintenance costs, capital costs, and shortfall financing strategies.

b. The financial plan should go through the public involvement process with the rest of the FTIP.

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BASIC OUTLINE FOR FINANCIAL ELEMENTS OF THE FTIP

- I. Background
- II. Accomplishments Since Last FTIP
- III. Issues and Assumptions Made
- IV. Financial Plan
 - a. Transit Financing
 - i. Transit Capital and Operating Costs
 - ii. Transit Revenues
 - iii. Transit Revenue Needs
 - iv. Potential Revenue Sources
 - b. Highway Financing
 - i. Highway Capital, Operating, and Maintenance Costs
 - ii. Highway Revenues
 - iii. Highway Revenue Needs
 - iv. Potential Highway Revenue Sources
 - c. Other Modes
 - i. Bicycle
 - ii. Pedestrian
 - iii. Airport
 - iv. Intermodal

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Strategies for Forecasting Revenue

A number of analysis techniques are valuable in preparing a forecast of expected revenues. Here is a sample of a few:

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Regression: Ordinary Least Squares (OLS):

OLS regressions characterize the relationship of one variable to other variables. A cause-effect link is established, and that relationship is used to project future values of one variable based on the other variables.

Advantages: Simplicity, flexibility, availability, familiarity, OLS regression options exist on most spreadsheet programs. OLS can be used to characterize a variety of circumstances. Explanations are often contained in the spreadsheet manuals. Causal variables are often projected by economists in publicly available sources, and by state and federal agencies.

Disadvantages: Requires a tight cause-effect relationship. Requires data for trend analysis. Requires assumptions for causal variables. To be used properly, requires a working knowledge of statistical methods and properties.

Appropriateness: This method is best for funds that have a direct relationship to economic trends, for example, household income to purchase of goods and services (and the link to sales tax receipts). Regressions are frequently used to predict gas tax receipts. OLS regressions are also used to project total fare revenues from proposed new fare structures.

Regression: Time Series

A time series regression is a way of projecting a variable based on the past values of that variable alone. Time series statistical packages have been used for business cycle analyses and are available on many business application software programs.

Advantages: Simplicity.

Disadvantages: Requires special software. Current packages are a bit of a black box method, both in terms of the statistical analysis done by the computer (the packages often just spit out the answer without any statistical justification or support) and in terms of being able to justify why this projection method is better than other regression or algebraic methods.

Appropriateness: A time series is best for variables that have a constant pattern over time, and no discernible relationship to any other economic variables or political decisions. Some use time series for business cycle variables.

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Input-Output Model:

An input-output model is a characterization of an economic system, and the direct and indirect linkages within it, in a matrix form. Some input-output models can calculate fund revenues, or the variables that drive projections of funding resources. For example, if a region is experiencing defense industry cutbacks, an input-output model could also quantify the decline in tax base due to the decline in the industry sectors that provided inputs to the defense factories, or provided service to former defense industry employees.

Advantages: Accuracy, in some cases.

Disadvantages: Complicated for projecting fund sources. Requires an updated, input-output model. Away from academic circles, this is rare. To be used properly, requires a working knowledge of some advanced statistical/mathematical methods and properties.

Appropriateness: Good for analyzing direct and indirect impacts of a tax structure or toll. Not appropriate where updated input-output models are not readily available.

Geometric, or Exponential Growth Rates:

This method uses a trend curve to characterize the behavior of a fund source and to characterize the behavior of a fund source and to project future values. This can be done on a calculator.

Advantages: Simplicity.

Disadvantages: No sensitivity to political or economic forces.

Appropriateness: A geometric formula can be used to characterize funds that have been increasing at a decreasing rate. An exponential formula is sometimes appropriate to project funds that increase at an increasing rate. An exponential formula is sometimes appropriate to project funds that increase at an increasing rate. This is sometimes appropriate for sources driven by population growth. A bridge that is reaching its technical capacity may generate toll revenues that can be characterized by a geometric formula.

Constant Growth Rates:

This method uses a linear trend line to project future values. For example, if vehicle registration fee receipts have increased 3% per year over the past 10 years, it might be reasonable to project an increase of 3% next year.

Advantages: Simplicity. This can be done on a calculator, or by hand.

Disadvantages: No sensitivity to independent political or economic forces.

Appropriateness: Appropriate to characterize the behavior of some funds sources over time, especially if those fund sources are linked to targets, or have experienced little variation, growth or changes of behavior over time.

Institutional Formula:

Some fund sources are easy to predict because they are based on a legislatively determined formula. Sometimes they are set at a certain dollar level, sometimes the values are geared to their (simple or complex) considerations.

Advantages: Accuracy. This can be done on a calculator, or by hand.

Disadvantages: Only true for some fund sources. Even the ones that are directed by legislative formula are occasionally changed by the legislative body that devised them.

Appropriateness: Appropriate only to funds that are determined by legislative formula.

Algebraic:

Some fund sources have strict algebraic relationships to their variables. For instance, average general fund contribution to transportation may always be 10% of the budget.

Advantages: Simplicity. This can be done on a calculator, or by hand.

Disadvantages: Only true for some fund sources. Algebraic relationship may change. Other variables, assumptions, political or economic factors are often difficult to predict.

Appropriateness: Appropriate only to certain funds, those that don't change much from year to year.

Constant Value:

Some fund sources haven't changed much over time. The question here is, "Well, what did we get last year?" and use that value to predict future values.

Advantages: Simplicity.

Disadvantages: No consideration of political or economic forces.

Appropriateness: Appropriate only to certain funds, those that don't change much from year to year.

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Political Judgment:

Some fund sources are subject to annual budget battles, or are private dedications that are subject to negotiations. These vary widely depending on the circumstances of the decision.

Advantages: Some funds just work like this, and the judgment of experience may be more appropriate than other more technical projection methods for these types of funds.

Disadvantages: Difficult to justify. Everyone may have his or her own opinion on this source and consensus might be difficult to reach. This method relies heavily on an open forum for reasonableness check.

Appropriateness: Certainly not all fund types are subject to a wide amount of political discretion in the short term. Many fund types projected by the other methods should have the wisdom of a good political judgment as a reasonableness check.

The choosing of the most appropriate Technical Projection Method depends on:

1. The past behavior of the funding source, how it has increased and decreased over time, and how it is related to events or trends;
2. Expectations about the continuation of those past relationships in the future;
3. Data that is available, including assumptions where needed, and
4. Experience in using statistical methods.

Choosing a Technical Projection Method is really choosing how to systemize, or rationalize, a judgment about the future. Each of the methods above has its advantages and disadvantages. Sometimes, using methods to project actual values is useful in seeing which comes the closest to that value.

Use of these methods provides a set of checks and balances. Though occasionally labor intensive, a democratic process is usually the best way to proceed. Having an open, cooperative process virtually ensures that all projections will be subject to a reasonableness check.

The Reasonableness Check

After a Technical Projection Method is chosen, the projections, i.e., the dollars projected to be available each year from each fund source, must be reviewed in a reasonableness check. Sometimes a projection method is chosen by consensus at the start. Other times, one agency is delegated the responsibility for projecting one fund source.

In either case, the set of projections are brought before the broader forum (including the federal reviewing agencies such as FTA and FHWA) for endorsement before being used in the Plan or the FTIP. The projections are scrutinized to make sure the estimates are the most defensible and the most justifiable. The limits that financial constraint dictates on the Plan or the FTIP ensure that each projection will be scrutinized carefully.

In testing projections for reasonableness, three checks can be made:

1. Was the correct Technical Projection Method chosen? Was a method used that results in the most statistically probable projection? Is there another method that results in a better projection, or one that fits past experience and future circumstances better?
2. Where assumptions were made, are the assumptions themselves accurate? The OLS regression method, for example, requires assumptions about the causal variables in order to project the effect into the future. These assumptions should be called out specifically in the course of developing financial constraint. If, in the end, the assumptions are suspect, then so are the projections.
3. Where political judgments were made, or where politics were left entirely out of the projection methodology, is this supportable? Political judgments are debatable. The omission of politics in the projection is debatable. It is here that the democracy of an open, cooperative process is especially key.

In this context, the larger forum would reject any projection that is at odds with political reality. If transportation has always been 10% of the state budget, but if the state is going broke and has not shown an ability to balance the budget, it may be unacceptable to continue to assume the same dollar levels from the state in the future.

Financial Planning Resources

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