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CALIFORNIA TRANSPORTATION COMMISSION

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Guidelines for Implementation of AB 872
Reimbursement Allocations for Local STIP Projects

Resolution G-00-02

1.1 **WHEREAS**, Section 14529.17 of the Government Code was added by Chapter 572, Statutes of 1999 (AB872 Alquist), and

1.2 **WHEREAS**, Section 14629.17 permits a local agency to expend its own funds for a STIP project prior to Commission allocation of funds, and to be reimbursed for the expenditures subsequent to Commission allocation of funds, and

1.3 **WHEREAS**, the Commission adopted STIP guidelines to govern development and management of the STIP, including allocation of funds, on August 19, 1999 (Resolution G-99-24) with amendments adopted on September 29, 1999 (Resolution G-99-27) prior to the enactment of AB 872, and

1.4 **WHEREAS**, the Commission adopted Guidelines for Allocating, Monitoring and Auditing of Funds for Local Assistance Projects on February 15, 1999 (Resolution G-99-05) with amendments adopted on August 18, 1999 (resolution G-99-25) prior to the enactment of AB 872, and

1.5 **WHEREAS**, at its November 3-4, 1999 meeting, the Commission requested the Department develop draft guidelines to implement AB 872, and

1.6 **WHEREAS**, on January 19, 2000, the Department presented and discussed the draft guidelines for implementing AB 872 at the regional agency (RTPA) meeting and at the Commission meeting, and

1.7 **WHEREAS**, the Commission has considered the draft guidelines and the comments received.

2.1 **NOW, THEREFORE, BE IT RESOLVED**, that the California Transportation Commission adopts the Guidelines for Implementation of AB 872 as presented, which shall supplement the STIP guidelines and the Guidelines for Allocating, Monitoring and Auditing of Funds for Local Assistance Projects, and

2.2 **BE IT FURTHER RESOLVED**, the Commission requests the Department, in cooperation with the Commission staff, distribute copies of the Guidelines to Implement AB 872 to regional agencies, county transportation commissions and representatives of local agencies and transit agencies.

CALIFORNIA TRANSPORTATION COMMISSION

GUIDELINES FOR IMPLEMENTATION OF AB 872

As Adopted under Resolution G-00-02

Assembly Bill 872 (Chapter 572, Statutes of 1999) added Section 14529.17 to the Government Code, permitting a local agency to expend its own funds for a State Transportation Improvement Program (STIP) project, in advance of the Commission's approval of a project allocation, and to be reimbursed for the expenditures subsequent to the Commission's approval of the allocation and Caltrans' execution of a fund transfer agreement. The local agency does not need approval from either the Commission or Caltrans prior to expending the funds.

However, the statute does not require the Commission to approve an allocation it would not otherwise approve, and it does not require Caltrans to execute a fund transfer agreement that it would not otherwise execute. The local entity must comply with all legal requirements for the project and any project expenditures. Projects remain subject to CEQA and NEPA. Expenditures for projects programmed for Federal funding still require advance approval of the Federal obligation for the project (FNM-76). It is important that any local agency intending to take advantage of the reimbursement provisions of Section 14529.17 understand its obligations and the risk that is inherently involved.

Other provisions in AB 872 require implementation of expedited fund transfer actions after the Commission's allocation, including approval of fund transfer agreements and electronic fund transfers. Caltrans is also required to provide annual reports to the legislature on execution of transfer agreements for reimbursement allocations.

To facilitate implementation of reimbursement allocations, the Commission establishes the following guidance which supplement the STIP guidelines amended by the Commission September 29, 1999, and the Guidelines for Allocating, Monitoring and Auditing of Funds for Local Assistance Projects amended by the Commission August 18, 1999.

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

- expenditures made prior to adoption of the project or project component in the STIP;
- expenditures made more than 12 months prior to date of Commission approval of the reimbursement allocation;
- expenditures which exceed the amount that was or is programmed in the STIP for the particular project component;
- expenditures made by Caltrans;

- expenditures made by a local agency for a project component that was or is programmed for Caltrans implementation;
- expenditures made by a local agency on the State highway system, except in accordance with a project-specific cooperative agreement executed between the local agency and Caltrans; and
- expenditures made by a local agency for a project component that was or is programmed for implementation by another local agency, except in accordance with a project specific agreement between the two agencies.

Compliance With Statutes and Regulations Commission approval of any reimbursement allocation is subject to local agency compliance with all state and federal statutory and regulatory requirements for the project. The Commission will approve reimbursement allocations only if it finds that there was no legal impediment to a Commission allocation, other than lack of State budget authority, at the time of the expenditure. This general requirement includes, but is not limited to:

- compliance with CEQA;
- compliance with all Federal rules and procedures that would permit Federal reimbursement, including compliance with NEPA; and
- approval of a Federal obligation for the project, unless the Commission has given prior approval to State-only funding.

Request for Reimbursement Allocation The Commission will consider approval of a reimbursement allocation when it receives a reimbursement allocation request and a recommendation from Caltrans. In addition to the information required for normal allocations, the request must specifically request reimbursement for prior expenditures and the date from which prior expenditures reimbursement is requested. The specific details and instructions for processing requests, approving fund transfer agreements and transfer of funds are included in *Procedures for Administering Local Grant Projects In The STIP* which are part of Caltrans' *Local Assistance Procedures manual.*

Commission Discretion in Approval of Reimbursement Allocations The Commission will approve reimbursement allocations only when it finds that the expenditures were and are consistent with STIP programming and that the project itself is eligible for the STIP. All projects in the STIP are subject to review for eligibility at the time of allocation.

The Commission retains its discretion to approve or disapprove all proposed allocations, including allocations proposed to reimburse expenditures made by local agencies pursuant to Section 14529.17. Even the inclusion of a project in the STIP, the availability of state budget authority, and the lack of specific legal impediment do not obligate the Commission to approve an allocation where the Commission finds that the allocation is not an effective use of state funds, is inconsistent with the Commission's guidelines or policies, or is inconsistent with state or regional transportation plans.

Commission Action Commission approval of any reimbursement allocation will explicitly authorize reimbursement for prior expenditures and specify the earliest date for which the prior expenditures may be authorized. In no case will this date be more than 12 months prior to the date of the allocation.

Delegation of Authority to Caltrans The Commission has delegated to Caltrans the authority to make some STIP allocations, including allocations for local project development, local road storm damage repair projects and local road rehabilitation projects. Where this delegation has been made, Caltrans is delegated the authority to approve allocations for reimbursements in accordance with this guidance.