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CALIFORNIA
TRANSPORTATION COMMISSION

California Transportation Commission

Corridor Mobility Improvement Account & State Route 99

Accountability Implementation Plan

I. Background

Proposition 1B enacted by a vote of the people of California on November 7, 2006, authorized the issuance of $19.925 billion in State general obligation bonds for specific transportation programs such as the Corridor Mobility Improvement Account (CMIA), State Route 99 (SR 99), Trade Corridors Improvement Fund (TCIF), State and Local Partnership Program, State and Local Transit Program, Local Bridge Seismic Program, Grade Separation Program, and the augmentation of the existing State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP). Consistent with the requirements of Proposition 1B, the California Transportation Commission (Commission) programs and allocates bond funds in each of the above-mentioned programs.

In clarifying legislation to Proposition 1B, on August 24, 2007, the Governor signed into law Senate Bill 88 (SB 88) which designates the Commission as an administrative agency for the CMIA, SR 99, TCIF, STIP, State and Local Partnership Program Account; Local Bridge Seismic Retrofit Account; Highway-Railroad Crossing Safety Account; and SHOPP funded by Proposition 1B. SB 88 imposes various requirements for the Commission relative to adopting program guidelines, making allocations of bond funds, and reporting on projects funded by the bond funds.

In addition, Executive Order S-02-07, issued by Governor Arnold Schwarzenegger on January 24, 2007, significantly increases the Commission's delivery monitoring responsibility for the bond funded projects. Specifically, the Commission is required to develop and implement an accountability plan, with primary focus on the delivery of bond funded projects within their approved scope, cost and schedule.

II. Applicability

This Accountability Implementation Plan (Plan) is applicable to the CMIA and SR 99 programs, but may also be used for other programs as directed by the Commission. This Plan is intended to supplement the Commission's CMIA Program Guidelines, adopted on November 8, 2006, and SR 99 Program

Guidelines, adopted on December 13, 2006. This Plan becomes effective immediately upon approval, and may be amended at anytime, by the Commission.

III. Purpose

Proposition 1B funded projects are highly complex, representing significant costs, constrained schedules, and are subject to many project delivery processes each with considerable impacts to timely project delivery. This Plan is to communicate the Commission's expectations and specifically emphasizes program and project accountability. Specifically, as described in this Plan, the Commission intends to exercise programmatic oversight for the delivery of CMIA and SR 99 projects with regards to scope, cost, schedule and benefits consistent with the program objectives and executed project baseline agreements.

IV. Program Accountability

The Commission has taken several actions related to the CMIA and SR 99 programs that are commensurate with Proposition 1B provisions, Governor's Executive Order S-02-07, and the Budget Act of 2007 including associated legislation (i.e., SB 88). Specifically, this Plan will describe the Commission's accountability structure that is intended to allow for transparent and effective decisions and the timely delivery of transportation system improvements and resulting benefits. The following describes the components of this accountability structure:

A. Front-End Accountability

Establishing the initial programs for CMIA and SR 99 involved the development of program guidelines that included the Commission's policy and expectations for project nominations and selection criteria. The Commission adopted CMIA Program Guidelines on November 8, 2006 and SR 99 Program Guidelines on December 13, 2006. The program development process allowed for public input and took into consideration statewide, regional and local priorities and needs. Initial programs included projects that were nominated by the Department of Transportation (Caltrans) and regional transportation planning agencies (RTPAs). In its program adoption actions, the Commission requested the development of project baseline agreements that would consequently be signed by the RTPA's executive director, the Caltrans' director, and the Commission's Executive Director. The baseline agreements set forth the agreed upon project scope, schedule, cost and expected benefits. These agreements also include the estimated cost of and the start and completion dates for the environmental, right-of-way, design, and construction phases of the project. The baseline agreement is considered the front-end document that forms the foundation for the Commission's in-progress and follow-up accountability.

B. In-Progress Accountability

The following outlines the in-progress accountability steps the Commission intends to employ in order to assure that bond-funded projects are successfully delivered consistent with CMIA and SR 99 program objectives and project baseline agreements.

1) Ongoing Program Monitoring and Review

Implementing agencies are responsible for managing the scope, cost and schedule of the project consistent with the adopted programs and executed baseline agreements. Commission staff shall receive routine program and project progress reports from Caltrans for all CMIA and SR 99 projects. Commission staff may also schedule routine status meetings with implementing agencies, and will perform routine assessments of project progress as compared to the executed baseline agreements. The purpose of this assessment is to identify possible issues of concern, establish an understanding of related impacts, and prepare agenda items for the Commission. Commission Staff anticipates placing projects that are unable to maintain delivery and cost commitments on a "watch list". The Commission has the discretion to determine whether a project on the "watch list" remains in the CMIA or SR 99 program.

2) Project Delivery Thresholds

Commission staff will develop thresholds for variances to approved project scope, schedule, cost and benefits. The purpose of these thresholds is to identify potential concerns early in the process so that prompt corrective action can be taken by implementing agencies to minimize impacts to the project. Commission staff may also utilize these thresholds to place projects on the "watch list".

3) Project Delivery Council

The Project Delivery Council (Council) will assist Commission staff in the development of project delivery thresholds and in monitoring project progress against the executed baseline agreements. The Council will also assist Commission staff in evaluating corrective actions and strategies provided by implementing agencies, and in reviewing resulting amendments to project scope, cost, schedule or benefits.

4) Program or Project Amendments

The Commission will consider program or project amendments at its regular meetings. Program or project amendments requested by implementing agencies shall receive the approval of the same entities that originally signed the project baseline agreement before presentation to the Commission. Amendment requests shall include documentation that supports the requested change and its impact on the scope, cost, schedule or benefits. Caltrans shall coordinate all amendment requests for all CMIA and SR 99 projects, and shall utilize a Program Change Request (PCR), or similar form, to document the requested change. Commission staff may perform additional analysis to ensure a full understanding of the resulting impacts. This information will be discussed with the Project Delivery Council prior to presentation to the Commission for action.

5) Allocation of Funds

The Commission will allocate funds only when the implementing agency is ready to start (or continue) work and requests an allocation for that work included in the executed project agreement. The allocation will specify the amount of funds allocated to each phase of

work. The Commission will consider allocation requests on its regular agenda.

6) Program Reports

a) Quarterly Progress Reports

Caltrans, in cooperation with agencies signatory to the baseline agreements, will report to the Commission each quarter on the status of each project in the CMIA and SR 99 programs. The quarterly progress report shall include information appropriate to assess the current state of the project. The progress report shall include approved budgets, actual expenditures, and forecasted cost for each funding source and for each phase as identified in the baseline agreement. The progress report shall also include approved schedules, progress to date, and forecasted completion dates of each phase as identified in the baseline agreement. In addition, the report shall identify and discuss any significant issues that may impact implementation of the project including financial constraints and commitments, and programmatic risks and impacts. Commission staff will use this progress report to identify issues and concerns that will be discussed with the Project Delivery Council or presented to the Commission for further action.

b) Semi-Annual Reports

The Commission, in cooperation with Caltrans, will provide semi-annual reports to the Department of Finance (Finance) and the Legislature on the status of each program. The purpose of the report is to communicate that projects are being executed in a timely fashion and are within the scope and budget identified in the executed baseline agreements. The semi-annual report shall indicate whether the Commission has approved a corrective plan by the implementing agency for achieving the benefits of a project that is anticipated to exceed the approved baseline budget. The corrective plan shall clearly state whether the project is being down scoped to remain within budget or whether an alternative funding source has been identified to meet the cost increase. Corrective plans will be reviewed by Commission staff, and will be discussed with the Project Delivery Council, before presentation to the Commission for approval.

c) Annual Reports

The Commission will provide in its annual report to the Legislature a summary of its activities relative to the administration of the CMIA and SR 99 programs. This report may also discuss significant issues with these programs, and may recommend legislative proposals that could facilitate their implementation.

C. Follow-Up Accountability

1. Final Delivery Report

Within six months of the project becoming operable, the Department shall provide a final delivery report to the Commission on the scope of the completed project, its final cost, duration, and performance

outcomes as compared to those included the executed project baseline agreements. The final delivery report shall be supplemented at the completion of the project to reflect final project expenditures at the conclusion of all project activities. The Commission may include this information in its semi-annual or annual reports to Finance or the Legislature, respectively.

For purposes of these reports, projects are considered to be operable at the end of the construction phase when the construction contract is accepted. Project completion occurs at the conclusion of all remaining project activities beyond the acceptance of the construction contract.

2. Corridor System Management Plans

Another related accountability feature of CMIA and SR 99 will be the implementation of a corridor system management plan (CSMP). The CSMP, which involves the development of comprehensive agreements along a corridor, will assess current performance, identify casual factors for congestion, and based on testing of alternative improvement scenarios (typically through micro or macro-simulation) propose the best mix of improvements, strategies and actions to restore throughput, improve travel times, reliability, safety, and preserve the corridor. The Department shall report to the Commission such findings and recommendations included in the CSMP. The Department shall also report the status of any projects that have been initiated as a result of the CSMP implementation on a semi-annual basis thereafter. The Commission may include this information in its semi-annual or annual reports to Finance or the Legislature, respectively. The Commission may also consider this information in future State Transportation Improvement Program (STIP) development activities.

3. Audits of project expenditures and outcomes

Audits of project expenditures and outcomes shall be performed in accordance with Generally Accepted Government Auditing Standards promulgated by the United States Government Accountability Office. These audits shall provide a finding on the following:

- Whether project costs incurred and reimbursed are in compliance with the executed project baseline agreements or approved amendments thereof; state and federal laws and regulations; contract provisions, and; Commission guidelines.

- Whether project deliverables (outputs) and outcomes are consistent with the project scope, schedule and benefits described in executed project baseline agreements or approved amendments thereof.

At a minimum, the following audits shall be performed. Additional audits, if deemed necessary, may be requested by the Commission during the implementation phases of the project.

A. Semi-final Audit

Within six months of the final delivery report of the project, the Department shall provide the Commission with a semi-final audit report for each project in the CMIA and SR 99 Programs.

B. Final Audit

Within six months of the date of project completion, the Department shall provide the Commission with a final audit report for each project in the CMIA and SR 99 Programs. This report shall be a supplement to the semi-final report and shall provide findings on total project expenditure and final project outcomes.